



Foundation Event Series One

Reliance on Introducers and Intermediaries

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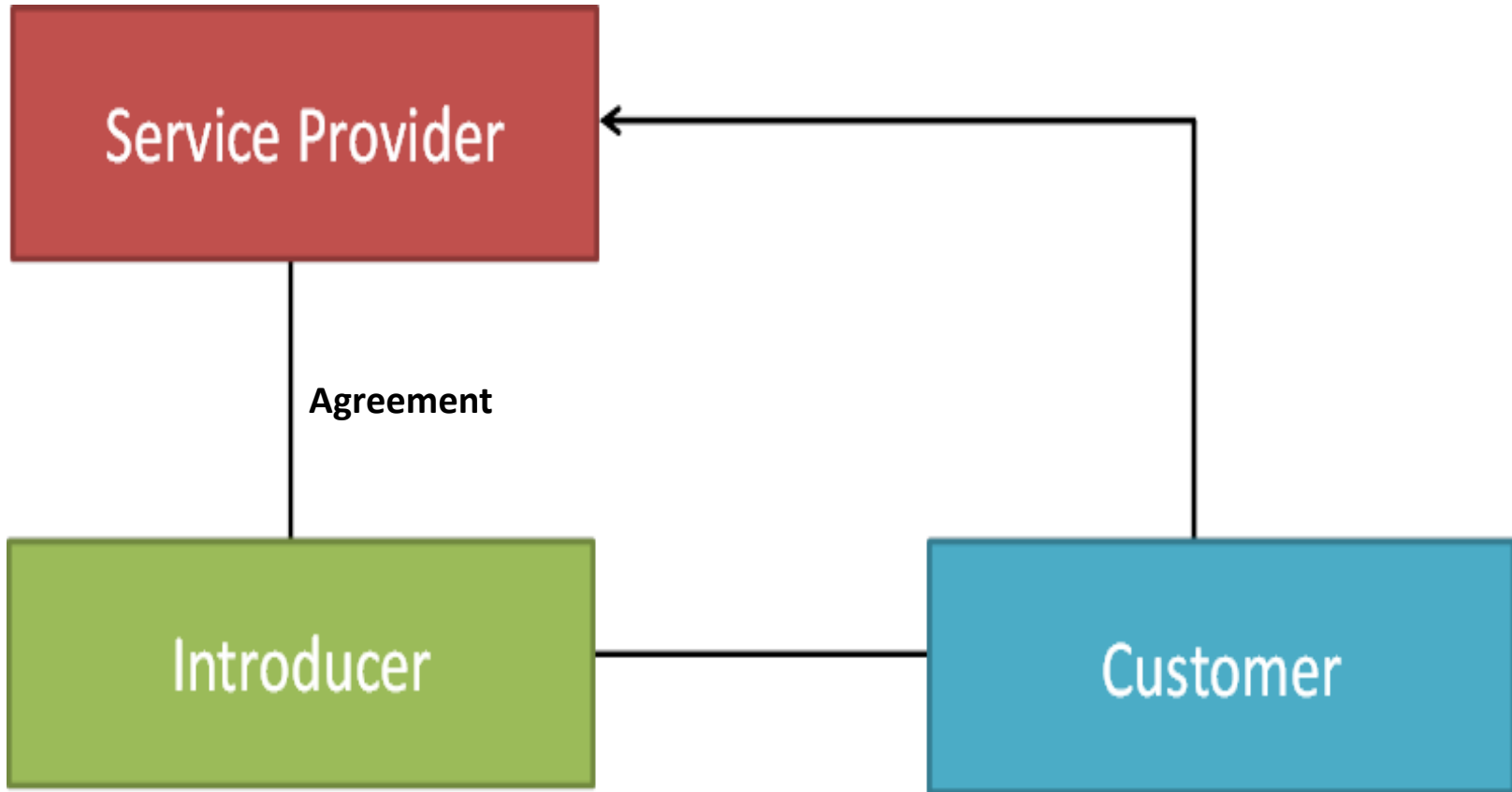
Overview

- Company Managers/Trust Companies
- Who is an Introducer/Intermediary?
- Overseas agents
- Reliance on Introducer and Intermediary
- Conditions of reliance on Introducer and Intermediary
- Concerns
- Where is the risk?

Who is an Introducer?

- Person who has a business relationship with a customer.
- Introduces customers to service provider.
- Introducer's customer becomes service provider's customer.

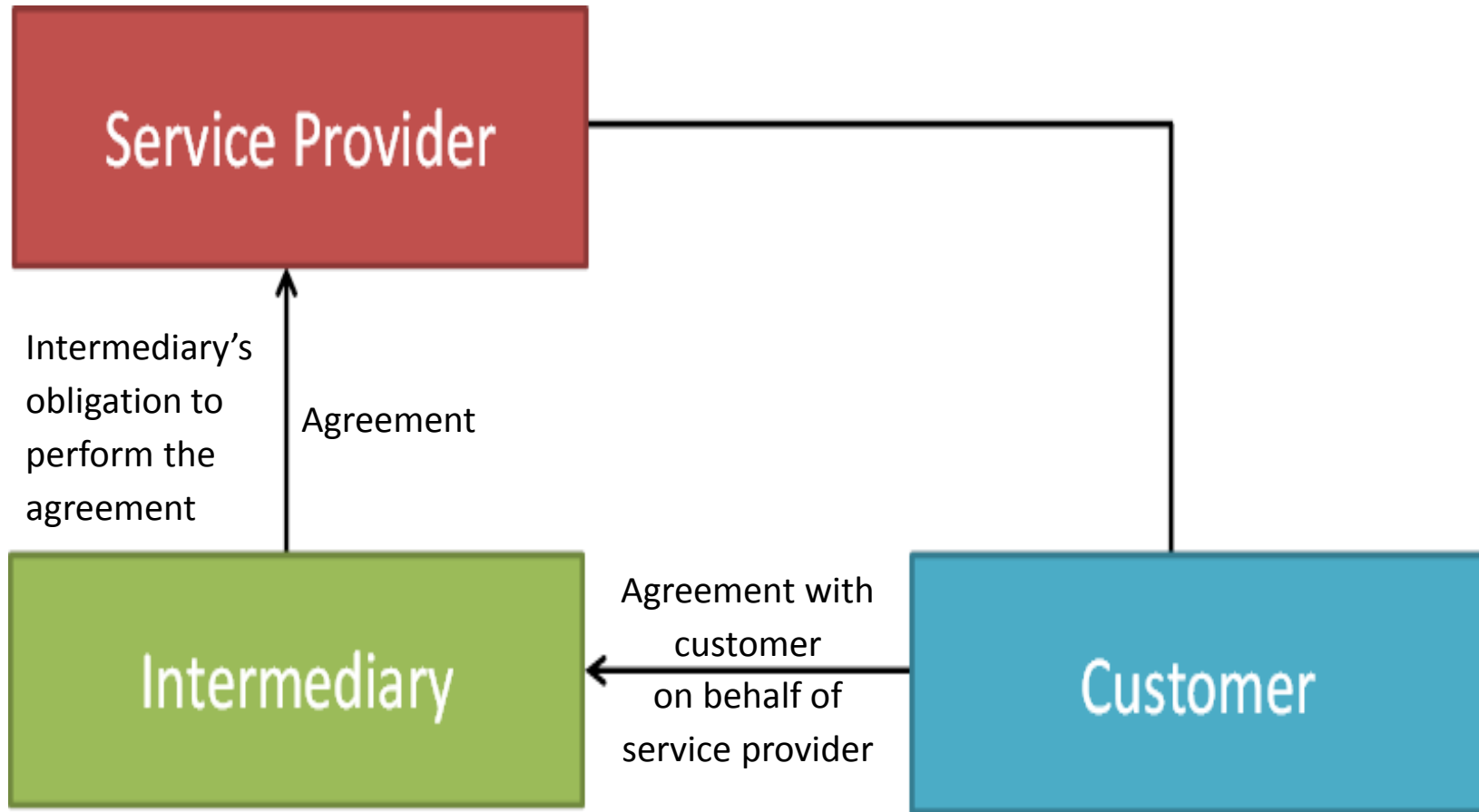
Relationship between Service Provider and Introducer



Who is an Intermediary?

- Person who has a business relationship with a customer.
- Carries out transactions with the service provider on behalf of the customer.
- The intermediary becomes a customer of the service provider.

Relationship between Service Provider and Intermediary



Overseas Agents

- Definition of overseas agent.
- Agreement
- Relationship between overseas agent and service provider.

Reliance on Introducer and Intermediary

- Service provider relies on introducers and intermediaries to apply customer due diligence measures with respect to a customer, third party or beneficial owner.
- Where a service provider relies on an introducer or intermediary to apply customer due diligence measures, the service provider remains liable for any failure to apply those measures.

(Section 13 of the *Anti-Money Laundering and Terrorist Financing Regulations*, R.R.A. P98-1)

Conditions of reliance on Introducer and Intermediary

- The introducer or intermediary is a regulated person or a foreign regulated person; and
- The introducer or intermediary consents to being relied on.

What is a regulated person and foreign regulated person?

- Regulated person is a person who holds a regulatory license.
- Foreign regulated person are persons having their principal place of business outside Anguilla and subject to effective compliance supervision by a foreign regulatory authority adhering to the legal requirements in its home jurisdiction for the prevention of ML/FT that are consistent with the FATF requirements.

(Section 7 of the Anti-Money Laundering and Terrorist Financing Regulations, R.R.A. P98-1)

Additional conditions before reliance on Introducer or Intermediary

- Need for a risk assessment to determine whether appropriate to rely on introducer or intermediary.
- Depending on the risk assessment a service provider may need additional measures to mitigate the additional risk.

(Section 26 of the Anti-Money Laundering and Terrorist Financing Code, R.R.A. P98-4)

Agreement

- Service provider should obtain adequate assurance in writing from the introducer or intermediary that:
 - has applied the customer due diligence measures for which the service provider intends to rely on it;
 - is required to keep, and does keep, a record of the evidence of identification relating to each of the customers of the intermediary or introducer;
 - will, without delay, provide the information in that record to the service provider at the service provider's request; and
 - will, without delay, provide the information in the record for provision to the Commission, where requested by the Commission.

Concerns

- Lack of risk assessment of introducers and intermediaries.
- Lack of customer risk assessment where due diligence is held with introducers, intermediaries and overseas agents.
- Failure to mitigate risks when determined.
- Lack of due diligence tests to ensure receipt of CDD without delay.

Where is the risk?

- You have to determine where is the risk – (risk assessments).
- You have to mitigate the risk – (control measures).