



AML FOR CSA

MANAGING PEP USING PEP PRIVATE

Nov 4, 2021

WHAT CONSTITUTES A PEP?

- Holds a prominent public position
- Potential for abuse of power

FATF: “an individual who is or has been entrusted with a prominent public function. Due to their position and influence, it is recognized that many PEPs are in positions that potentially can be abused for the purpose of committing money laundering (ML) offences and related predicate offences, including corruption and bribery, as well as conducting activity related to terrorist financing (TF).”

WHO ARE PEP?

1. Top government office holders
2. Governmental advisory bodies' members
3. Legislators and quasi local representatives
4. Family members and closed associates of the PEPs (June 2003)

Foreign PEPs: "individuals who are or have been entrusted with prominent public functions by a foreign country, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state-owned corporations, important political party officials."

DOMESTIC AND INT'L ORG PEP

Domestic PEPs: individuals who are or have been entrusted domestically with prominent **public functions**, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state-owned corporations, important political party officials.

International organization PEPs: persons who are or have been entrusted with a prominent function by an international organization, refers to members of senior management or individuals who have been entrusted with equivalent functions, i.e., directors, deputy directors and **members of the board** or equivalent functions.

FAMILY MEMBERS AND CLOSED ASSOCIATES

Family members are individuals who are related to a PEP either directly (consanguinity) or through **marriage** or similar (civil) forms of partnership.

Close associates are individuals who are closely **connected** to a PEP, either socially or professionally

WHAT TO DO WITH A FOREIGN PEP?

For Foreign PEPs

1. Recommendation 12 requires appropriate risk management systems to determine whether the customer or **beneficial owner** is a foreign PEP.
2. This means that proactive steps must be taken, such as assessing customers on the basis of **risk criteria**, **risk profiles**, the **business model**, **verification** of CDD information, and the institution's **own research**, to determine whether a customer or a beneficial owner is a foreign PEP.

WHAT TO DO WITH A DOMESTIC/INT'L PEP?

1. Recommendation 12 requires taking reasonable measures, based on the **assessment of the level of risk**, to determine whether the customer or beneficial owner is a domestic PEP.
2. This means reviewing, according to relevant **risk factors**, **CDD data** collected pursuant to Recommendation 10 in order to determine whether a customer or beneficial owner is a domestic PEP.
3. **Determine the risk** of the business relationship and, in low-risk cases, no further steps to determine if a customer is a PEP are required.

ALL VS SOME CASES FOR EDD

For foreign PEPs

- Apply the **enhanced risk** mitigation measures of Recommendation 12 **in all cases**.

For domestic/international organization PEPs

- **In cases of a higher risk** business relationship with the PEP, apply the **enhanced risk** mitigation measures of Recommendation 12.

RECOMMENDATIONS

1. Evaluation of the kind of positions that may potentially lead to corruption
2. Identification of beneficial owners
3. Prominent public function
4. Time limit of PEP status
5. Family members and closed associates

SOURCE OF INFORMATION

1. Ensuring client information is up-to-date
2. Employee training
3. Internet and media search
4. Commercial database (“not required”, “cost too high”, “not reliable”, “false positive”)

IN-HOUSE DATABASE AND SHARING

Recommendation 18 (internal controls and foreign branches and subsidiaries) requires financial groups to implement procedures for sharing information with the group for AML/CFT purposes.

CUSTOMER SELF-DECLARATION

1. to obtain verbal or written declarations from customers to facilitate taking civil, administrative or criminal action against those PEPs who wrongly chose to not identify themselves as such.
2. Such a procedure would shift the financial institution's or DNFBP's obligation to their customer, which is not an acceptable practice.

PEP PRIVATE DATABASE

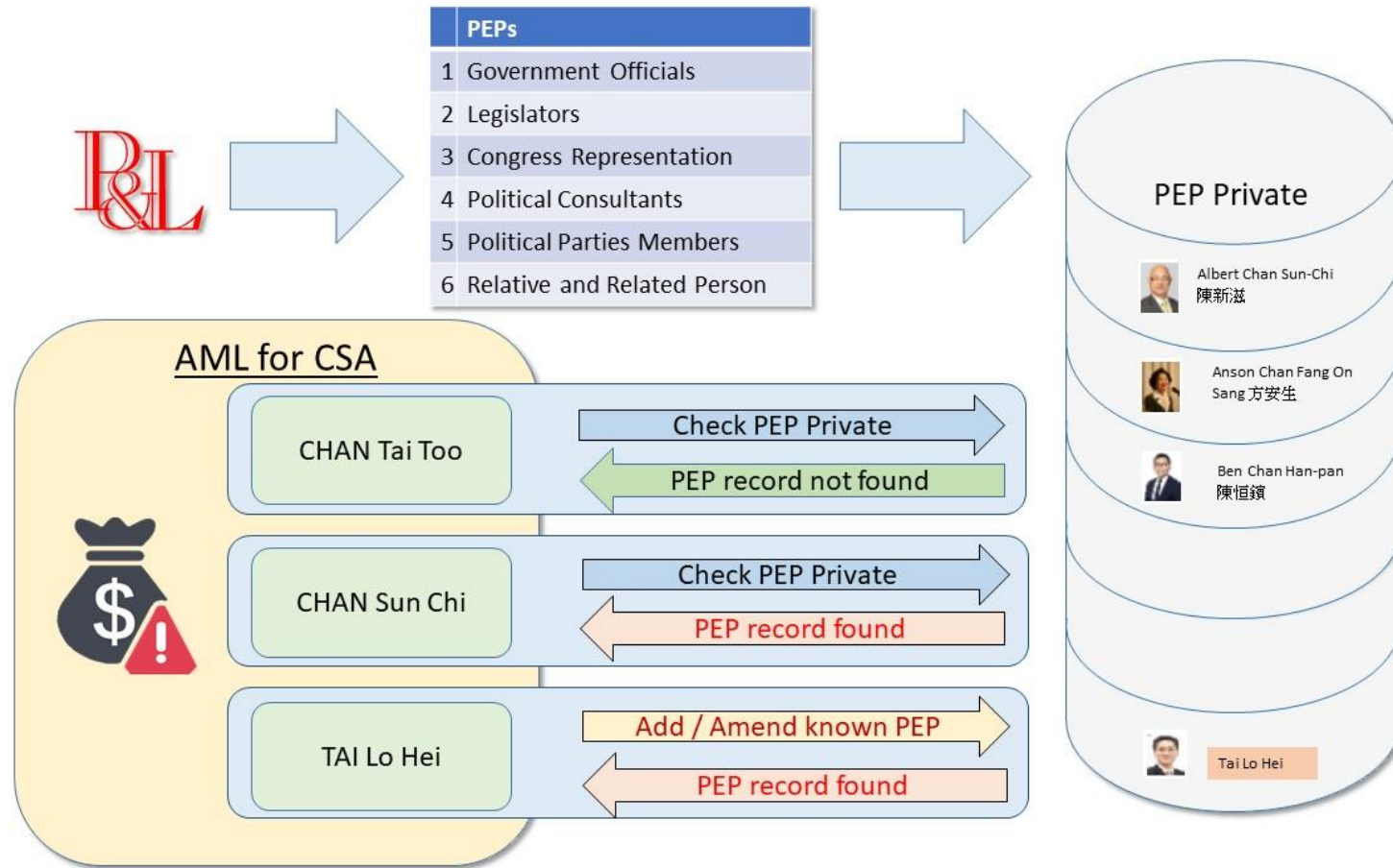
What are the Criteria?

1. Top government office holders
2. Governmental advisory bodies' members
3. Legislators and quasi local representatives
4. Family members and closed associates of the PEPs (June 2003)

Information Sharing (Recommendation 18)

1. Input by P & L Associates
2. Input by AML users
3. Confidentiality


PEP PRIVATE DATABASE



PEP PRIVATE DATABASE


政治人物						
8		[李崧] 1895 - 1989 已故	全國人民代表大會 第四屆至第五屆港區全國 人大代表	PEP	M	
9		[何婉婉] Stanley Ho Hung Sun 何鴻燊(Sibling)		PEP	F	
10		Abraham Shek Lai-him [石禮謙] Razack Ebrahim Abdul Abraham Razack 1945-06-24 - Lisa Har Suk Ping 夏淑萍(Spouse)	香港立法會 / 經民聯 香港立法會議員	PEP	M	
11		Ada Ying-Kay WONG [黃英琦] 1959-08-16 - Kennedy Wong Ying Ho 黃英豪(Sibling)	灣仔區議會 灣仔區議會主席(2004- 2007)	PEP	F	
12		Adam Kwok Kai Fai [郭基輝] 1983年 - Thomas Kwok Ping Kwong 郭炳江(Father and Son)		PEP	M	
13		Agnes Allcock Chung Siu-ling [鍾小玲] 1953-12-09 -	香港特別行政區政府 社會福利署副署長 / 民政事 務局副秘書長 / 公務員事務 局副秘書長 / 駐倫敦經濟貿 易辦事處處長	PEP	F	
14		Agnes Chow Ting [周庭] 1996-12-03 -	香港眾志 創黨成員兼前常委、前副秘 書長	PEP	F	
15		Alan Chuang Shaw Swee [莊紹綏] 1951 - 莊家彬(Father and Son), Karen Yip Leng Chi 葉靈芝 (Spouse), Chong Ka Fung Edwin 莊家豐(Father and Son)	全國政協常委會 第十屆至第十三屆全國政協 委員	PEP	M	
		Alan Hoo Hong Ching [胡漢清]				

PEP PRIVATE DATABASE

PEP Detail	
Name *	Alan Hoo Hong Ching
Name Original Scripts	胡漢清
Other Name	
Profile	
Gender	<input checked="" type="radio"/> Male <input type="radio"/> Female <input type="radio"/> Not specified
Types	<input checked="" type="radio"/> PEP <input type="radio"/> Family Member <input type="radio"/> Close Associates
Organisation/Employer	全國政協常委會
Occupation/Position	第十屆至第十三屆全國政協委員
ID Number	
Date of Birth (yyyy-mm-dd)	1951-10-05
Deceased	<input type="checkbox"/> Date of Death (yyyy-mm-dd) _____

PEP PRIVATE CHECK

1.1.0



P & L Associates

- Entity
- Client
- Sanction Check
- PEP Private Check
- PEP Control Center
- Records
- Template maintenance
- Policies and Procedures
- Setting
- Close

PEP CONTROL CENTER

AML for CSA (1.1.0)

PEP Private Check Close

by keys **CSA search** Record Result

Search CSA data

Input Date
 Since the beginning
 Since

[Today](#) [This Week](#) [This Month](#)

and Client ID

and Jurisdiction

and Client group

and User group

Result

PEP record(s) found Mark this individual as PEP

	Source	Name (Last + First)	UID	ID	Related Client

Marked PEP record(s)

	Source	Name (Last + First)	UID	ID	Related Client
1	Private	ABDUL HAQ	20210820	ABDUL HAQ [01]	[A001] Manatee Seafood "Limi

Search Result Data : ABDUL HAQ

Active clients.
 and "CSA client ID" =

Inspect 5 records.

```

=====
1      [ABDUL HAQ [01]] ABDUL HAQ 阿不都哈克
2      [Chan Tai Man [01]] Chan Tai Man 陳大文
3      [Chan Tai Man [02]] Chan Tai Man 陳大文
4      [Chan Tai Man [03]] Chan Tai Man 陳大文
5      [Lee Hoi Yan [01]] Lee Hoi Yan 李海欣
=====
  
```

Result

```

=====
Marked PEP Records
=====
1      [ABDUL HAQ [01]] ABDUL HAQ:
           [A001] Manatee Seafood "Limited" 海象海
=====
*****
  
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PEP CONTROL CENTER

AML for CSA (1.1.0)

PEP Control Center

Client ID: ** Active Client **

Jurisdiction: ** Acti v

Client group: ** All C v

User group: ** All U v

Option: 1. EDD Check: Listing only marked PEP without EDD record

Order By PEP Descending Date

Show All Checklist Related Client

Buttons: Check PEP Private, Close, Mark PEP, View PEP Private, Clear PEP Mark

	Name (Last +		inf. (date)	V.	KYC (date)	V.	RBA (date)	V.	CDD (date)	V.	related Clients
1	ABDUL HAQ		-	<input checked="" type="checkbox"/>	-	<input checked="" type="checkbox"/>	-	<input checked="" type="checkbox"/>	-	<input checked="" type="checkbox"/>	[A001]
2	Zhu Jian-quo	朱建国		<input checked="" type="checkbox"/>							[B001]
3	CAI Haoyi	蔡浩儀		<input checked="" type="checkbox"/>							[PRC_BOC]
4	Choi Chi Kin	蔡志健		<input checked="" type="checkbox"/>							[S001]
5	Au Apple	歐蘋果		<input checked="" type="checkbox"/>		Working					[AA1], [B000001], [HKG_GPN_1], [HKG_ONE], [HKG_

PEP CONTROL CENTER

PEP Record

https://csa.company123.com/PEPRecord.html?act=V&uid=20210820163542401&key=07a3a3c8733d93598a1af43f528b3a2b&cid=_PNL&usr=MASTER

Zero hedge Account Manager Sign In - Apple P & L Associates

PEP Detail

繁簡


* Required

Seq Key: 2331

Name *: ABDUL HAQ

Name Original Scripts: 阿不都哈克

Other Name:

Profile Photo: 

Gender: Male Female Not Specified

Type: PEP Family Member Close Associates

Organisation / Employer: High risk

Occupation / Position:

ID Number

Type	ID#	Country
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Q & A



Thank you