



# ML/TF NRA and AML/ATF General Guidance Notes Industry Outreach Session

Presented by: AML/ATF Department

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## Presenters



Seldon Woolridge  
Senior Analyst  
Risk Analytics & Policy



Vashun Blanchette  
Principal  
AML/ATF Supervision

# Agenda

- 2020 National Risk Assessment Results Recap
  - ML NRA
  - TF NRA
- AML/ATF General Guidance Notes Changes
  - Independent Audit
  - Ongoing Monitoring
  - Business Risk Assessment
  - Documentary Evidence
    - Translating Documents
    - Documentary Verification
    - Electronic Verification: Non Face-To-Face
  - Outsourcing

# 2020 National Risk Assessment Results Recap

# 2020 NRA Results Recap

- Overall, the threat level for Bermuda was rated as High, in comparison with Medium-High in 2017.
- Key Domestic ML/TF threats
  - Drug trafficking
  - Corruption
  - Bribery
- Key International ML/TF threats
  - Fraud
  - Corruption/bribery
  - Insider trading/market manipulation
  - International tax crimes
  - Cross-border threats
- Trends in ML/TF risk Fraud & Cybercrime

## Summary of ML Threats

Sector	2020 ML Threat Rating	2020 Inherent Vulnerability Rating	2020 Inherent ML Risk Rating
Banks & Credit Union	High	Medium	Medium-High
Securities	High	Medium-High	High
Long-term Direct Insurance	Medium-High	Medium	Medium-High
General Business & Reinsurance	Low	Medium-Low	Medium-Low
Money Service Business (MSBs)	Medium	Medium	Medium
Trust Service Providers (TSPs)	High	High	High
Corporate Service Providers (CSPs)	High	Medium-High	High

# Overall Scores 2017 vs 2020

2017

vs

2020

OVERALL THREAT	H	M	M	MH	Securities	Deposit Taking & CSP
	MH	M	M	MSBs	Insurance (Long Term Direct)	Trust Service Providers
	M	ML	M	M	MH	MH
	ML	ML	ML	M	M	M
	L	L	Ins (Non AML/ATF Regulated) BSX	ML	M	M
		L	ML	M	MH	H
		OVERALL VULNERABILITY				

OVERALL THREAT	H	M	M	Deposit Taking Securities CSPs	Trust Sector	H
	MH	M	RFI Ins	MH	MH	H
	M	ML	M	MSBs	MH	MH
	ML	ML	ML	M	M	M
	L	L	Ins (Non AML/ATF Regulated) BSX Lending	ML	M	M
		L	ML	M	MH	H
		OVERALL VULNERABILITY				

# TF NRA

- TF threat is Low
- No evidence to suggest that TF has occurred in Bermuda
- Bermuda ATF regime remains robust
- RFIs should not ignore the risk of TF



# AML/ATF General Guidance Notes Changes

# Independent Audit

**Are internal audit reviews the same or different from the independent audit?**

**Does the independent audit require the establishment of a separate dedicated department?**

**Can an independent audit review be conducted on a dynamic basis in line with the risk to the RFI?**

**Should the periodic report from the compliance officer include actions taken to address issues identified in the independent audit?**

# Ongoing Monitoring

**How frequently does ongoing monitoring need to occur?**



# Business Risk Assessment

**What are the RFI's obligations to document and conduct a business risk assessment?**

# Six Steps of a ML/TF Business Risk Assessment

1. Identify and assess inherent risks – (ML/TF risk categories)
2. Establish risk tolerance
3. Establish risk mitigation measures – policies, procedures and controls
4. Evaluate residual risks – risks that are left
5. Implement risk mitigation measures
6. Monitor and review risks

**How should an RFI assign a risk rating?**

# Documentary Evidence – Translating Documents

**How should and RFI determine an appropriate translator or what/who is appropriate to be relied upon for translations, for example, would the Authority consider Google translator a reliable translation source?**

# Documentary Evidence – Document Verification

**Should an RFI continue to obtain a utility bill (for example) to verify an address where identity verification occurs by way of a government ID, which includes the principal address?**



## **RFIs must identify and verify all of the following in relation to the customer:**

- a) Full legal name, any former names (e.g., maiden name) and other names used;
- b) Principal residential address;
- c) Date of birth;
- d) Place of birth;
- e) Nationality; and
- f) A personal identification / unique identifier contained in a valid government-issued document.

## Acceptable documents for address verification if not on the Government issued ID:

- a) Instrument of a court appointment (such as liquidator or grant of probate);
- b) Current land tax demand letter, bill or statement;
- c) Current bank statements, or credit/debit card statements, issued by a Bermuda RFI or an institution in a jurisdiction that imposes equivalent AML/ATF requirements; and
- d) Utility bill

# Documentary Evidence Non- Face- to- Face ID and Verification

**Should non-face-to-face business transactions be considered high risk?**

**Can I onboard customers in a non-face-to-face interaction?**

# Outsourcing

**Who holds responsibility for the oversight of an RFI's outsourcing activities?**

# Insourcing vs Outsourcing







# Thank You For Joining Us!

If you have any further questions, we encourage you to contact your industry association or reach out to us directly on [AML@bma.bm](mailto:AML@bma.bm)