



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Central Bank's Approach to AML/CFT Supervision

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1. Background



- Under Section 63 of the **Criminal Justice (Money Laundering and Terrorist Financing) Act 2010**, as amended in 2013 ("**CJA 2010**"), the Central Bank of Ireland ("**CBI**"), as the State's competent authority, must:
 - Effectively monitor credit and financial institutions ("designated persons"); and
 - Take measures (i.e. criminal and/or administrative sanctions) that are reasonably necessary for the purpose of securing compliance by those designated persons with the requirements in Part 4 of the CJA 2010.





2. Inspection Methodology





3. Governance and Compliance



- Appropriate board oversight and challenge
- Detailed documented risk assessments
- Comprehensive policies and procedures that reflect the outcome of the risk assessment and resulting controls and mitigants
- Assurance Testing
- Management Information
- Record Keeping
- Training
- Strong governance and testing of outsourcing arrangements



4. Customer Due Diligence



- Clear policies around timeframes for conducting due diligence and controls around related processes
- Appropriate CDD measures required to identify customers, beneficial owners and politically exposed persons
- Third Party Reliance (S40)
- Appropriate on-going monitoring framework
- Assurance Testing



5. Identification and Escalation of Suspicious Transactions



Revenue



Section 42(1) of the CJA 2010 requires a designated person who knows, suspects or has reasonable grounds to suspect that another person has been or is engaged in an offence of money laundering/terrorist financing to report to An Garda Síochána and the Revenue Commissioners that knowledge or suspicion.



6. EU Financial Sanctions (FS)



Queries can be directed to:
sanctions@centralbank.ie



7. Post Inspection Follow-Up



- Post Inspection Letter, Findings and Required Actions
- Ongoing correspondence with Firm until all issues resolved satisfactorily
- Conclusion of Inspection Process
- Further action by the Central Bank where warranted



8. Enforcement

Because of the way the game is written, the way the game is played, you could find a technical offence with everything. But you have to decide is it of any materiality, has it made an impact in relation to the contest.

Alain Rolland, former Leinster and Ireland rugby player and former rugby referee, during Setanta's Sports' "Men in Black", first broadcast Friday, 27 June 2014.



9. High Level Inspection Findings

More work required by Funds and Fund Service Providers (FSPs) to effectively manage ML/TF/FS risk. Some examples of findings include:

- Delays in the implementation of the requirements of the CJA 2010
- Limited engagement by the Board of Directors and Senior Management in the mitigation of risks identified by the Firm's risk assessment. (Particular focus to be given to the oversight by the Fund of the activities conducted by the FSP on their behalf)
- Due diligence documentation for investors outstanding for a significant period of time with no action being taken by the Fund or FSP
- Lack of assurance testing completed on third party reliance arrangements pursuant to Section 40 of the CJA 2010
- Lack of a robust/meaningful transaction monitoring process for underlying investors and limited STR reporting
- Limited on-going monitoring completed on high risk investors including PEPs



10. FATF Mutual Evaluation Review of Ireland 2016



11. FATF MER – Immediate Outcome 4 – Recent MER Findings

FATF Immediate Outcome 4 (IO4)

Financial institutions and DNFBPs adequately apply AML/CFT preventive measures commensurate with their risks, and report suspicious transactions.

- **Norway – December 2014**
 - Requirement for ML/TF risk assessment not clearly understood in some sectors.
 - Financial institutions and DNFBPs not having an understanding of the depth of measures required to manage ML/TF risks
 - Weaknesses in CDD measures, particularly with regard to beneficial owners in the case of foreign ownership
 - Weak preventative measures regarding PEPs
 - On-going monitoring and periodic review requirements have not been effectively implemented
 - Concerns over quality and quantity of STRS
- **Australia – April 2015**
- **Belgium – April 2015**



12. Whistleblowing



- Protected disclosures- Part 5 of the Central Bank (Supervision and Enforcement) Act 2013
- Disclosure in good faith to the Central Bank having reasonable grounds for believing a breach of, or offence under, financial services legislation has taken place
- Confidentiality of disclosures (section 40(5))
- Employees have statutory protection from being penalised by their employer for making the disclosure
- Obligations on Persons in Controlled Functions
- Protected disclosures can be made to: confidential@centralbank.ie
1890 130 014



Thank You
