



## Non Regulated Financial Service Providers: meet the supervisor!



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## Centrale Bank van Aruba: a short introduction



- What?

- Maintain internal and external value of the florin
- Maintain soundness, stability and integrity of the financial system → Supervision

- Who?

Two supervision departments

- Prudential (financial soundness) and Integrity (AML/CFT)
- Supervisory staff: 17 (lawyers, accountants)

- Where?



# Agenda



- I. Legal framework
- II. Customer Due Diligence (7 steps)
- III. Supervisory approach
- IV. Powers & Enforcement
- V. Registration requirement



## I. Legal framework



- AML/CFT State Ordinance
- Ministerial Regulations

### **Transitional provisions:**

- Enactment State Ordinance
- Guidance Notes



## I. Legal Framework continued



### AML/CFT State Ordinance: **main topics:**

- Customer Due Diligence
- Reporting to the MOT
- Procedures & Measures
- Record Keeping
- Supervision and enforcement



## I. Legal framework continued



AML/CFT State Ordinance



What to do?



Comply!



Implement



Minimize Risks



## II. CDD



- Fundamental questions
- When?
- What?
- How?



## II. The 7 steps of CDD



### Step 1

#### When are the CDD measures required?

##### For all Service Providers:

1. If a business relationship is established in or from Aruba.
2. The performance in or from Aruba of a transaction, two or more related transactions, for the benefit of cash transactions with a value of Afl. 25.000,- or more.
3. If there are indications that the customer is involved in money laundering or terrorist financing.
4. If the service provider has doubts on the soundness or reliability of data obtained from the customer previously.
5. If the risk of involvement of an existing customer in money laundering or terrorist financing gives reason to do so.





## II. The 7 steps of CDD (cont'd)



### Step 2

#### Identification

Collect relevant identification information on a customer:

1. Natural person: the surname, given names, date and place of birth, and address.
2. Legal person: the legal form, name under the Articles of Association, trade name, address, and, if the legal person is listed with the Chamber of Commerce, the registration number, and of the persons acting on behalf of the legal person the surname, given names, and date of birth;
3. Record and retain the information collected.



## II. The 7 steps of CDD (cont'd)



### Step 3

#### Verification

1. Resident natural person: passport, driver's license or identity card.
2. Non-resident natural person: passport.
  - Domestic legal person: company registry extract.
  - Foreign legal person: documents, data, or information that is reliable and internationally accepted or recognized by law in the state of origin of the customer as a valid means of identification.



## II. The 7 steps of CDD (cont'd)



### Step 4

#### Ultimate Beneficial Owner (UBO)

Is the customer a legal person???

Then the UBO must be identified and his identity must be verified.

UBO = a natural person:

- a. Who holds an interest of more than 25% of the capital interest or can exercise more than 25% of the voting rights in the shareholders meeting of a customer, or can in another way exercise actual control over such a customer;
- b. Who is beneficiary of 25% or more of the assets of a legal arrangement, including a foundation and a trust, or can exercise actual control over such a legal arrangement.



## II. The 7 steps of CDD (cont'd)



### Step 5

#### Politically Exposed Person (PEP)

Is a customer a PEP?: “Reasonable Measures”

- Check internet, reliable (inter)national PEP-lists or other reliable information sources.
- Senior management approval is required to enter into the business relationship or perform the transaction.
- Requiring source of wealth



## II. The 7 steps of CDD (cont'd)



### Step 6

#### **Business relationship and risk assessment:**

To assess:

- The purpose and intended nature of the business relationship
- The nature of the transaction
- The source and destination of the funds or other assets involved in the business relationship



## II. The 7 steps of CDD (cont'd)



### Step 7

#### Monitoring and review business relation

- Ongoing attention to the risk profile of a customer
- Monitoring whether the transactions are consistent with the expected business activity and transactions
- If this is not the case, updating of the customer risk profile may be required.

**NOTE:** The NRFSP should consider whether the filing of an unusual transaction report to the MOT is required.



### III. Supervisory Approach



- What is supervision?
- What do we do?
  - On-site activity
  - Off-site activity
- Risk Based Supervision



### III. Regular On-site examination: what can you expect?



- Announcement letter
- Including information request
- Visit to your premises:
  - Interviews (Management/MLCO)
  - File review
  - Exit meeting
- On-site letter (incl. required actions)

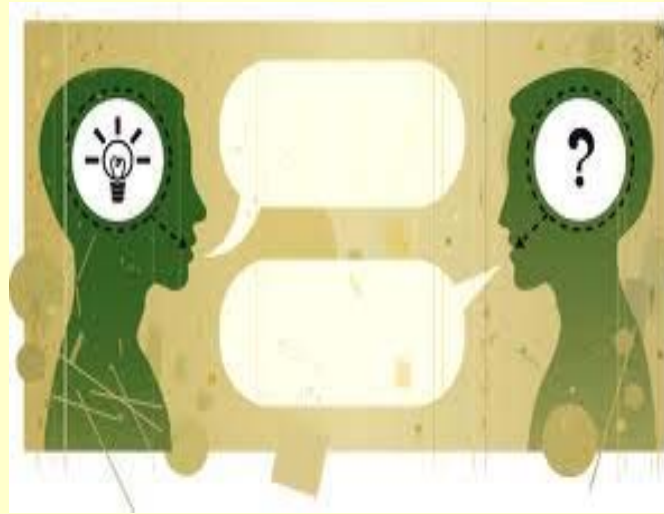




## IV. Supervisory powers



- Access to information
- Obligation to cooperate



## IV. Enforcement: instruments

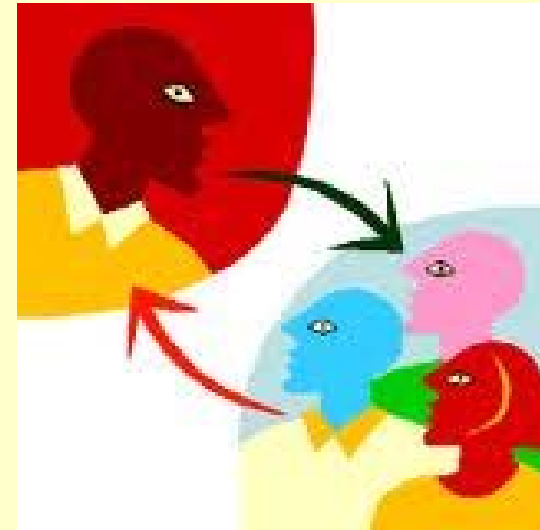


### INFORMAL

- Serious conversation/ warning letter

### FORMAL

- Remediation measures
- Administrative fine
- Report to PPO (OM)



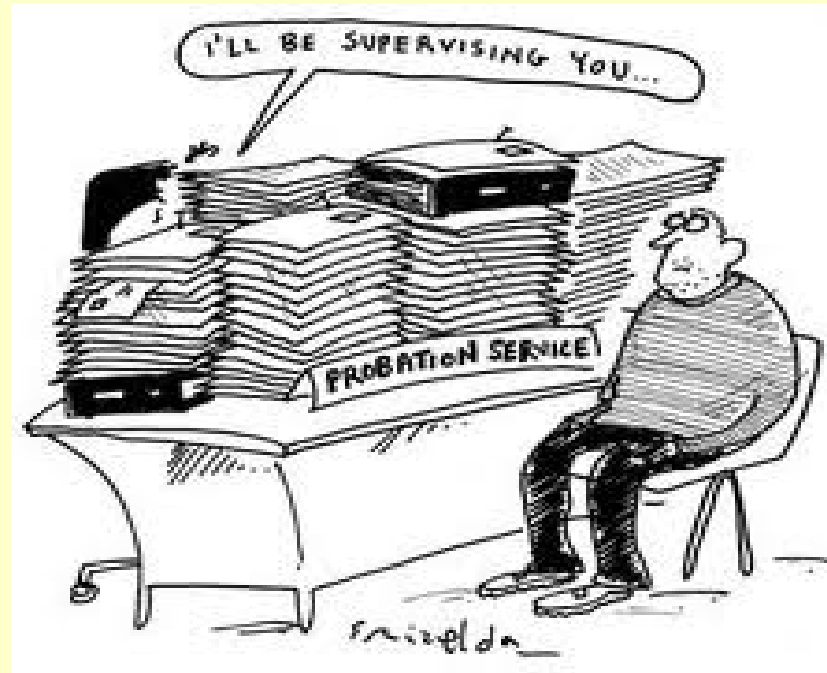
## V. Registration obligation



According to **article 50** of the **AML/CFT State Ordinance**, the **sector must**:

### Register at the CBA

- Registration form on [www.cbaruba.org](http://www.cbaruba.org)
- ✓ • Report changes to the CBA



**OBLIGATION → SANCTION**



Thank you

Thank you



## Questions?

