

**ANTI-MONEY LAUNDERING/COUNTER FINANCING OF TERRORISM /COUNTER  
PROLIFERATION FINANCING IN FOCUS**

**Part Twenty:**

**An In-depth Look at the Financial Action Task Force (FATF) Forty Recommendations-  
Recommendation 18: Internal Control and Foreign Branches and Subsidiaries**

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and the National Anti-Money Laundering Oversight Committee (NAMLOC)

Recommendation 18 of the Financial Action Task Force's Forty Recommendations gives very specific guidelines to financial institutions and Designated Non-Financial Businesses and Professions (DNFBPs) on internal controls relating to their foreign branches or subsidiaries. The Recommendation speaks to implementing group wide compliance structures.

It is important that the content of the compliance programme includes: compliance management arrangements which may take the form of assigning a compliance officer at the management level, internal policies, procedures and controls. There should also be continuous compliance trainings for employees and independent audits. When developing this programme, companies should give consideration to their level of risk for money laundering and terrorist financing as well as the size of the business and tailor the programme accordingly.

The effectiveness of the programme lies with its applicability to all branches and subsidiaries, and the successful communication of the policy.

In the case of its foreign operations, the entity may find that the anti-money laundering/countering financing of terrorism requirements of the host country are less stringent than those of the home country. In these circumstances, the institution should ensure that the policies of the home country are implemented to the extent that the laws and regulations within the host country permit. If the laws in the host country do not permit the implementation of the measures, then the onus is on the institution to apply additional measures to combat money laundering and terrorist financing and inform the supervisors within the parent company. The parent company may choose to apply additional supervision if it is dissatisfied with the measures that the entity has instituted.

The 4<sup>th</sup> Round Mutual Evaluation examines Saint Lucia's compliance in the fight against money laundering, terrorist financing and proliferation financing. This Recommendation is one of the forty which will be evaluated by the assessors from the Caribbean Financial Action Task Force (CFATF). When these five assessors conduct their on-site visit from September 16-27, 2019, they will seek to ascertain from financial institutions and DNFBPs, which have subsidiaries and branches, the effectiveness of their internal controls.

More detailed information on Recommendation 18 can be sourced from the CFATF website at <https://www.cfatf-gafic.org>.