

Brussels, 26 October 2016

## **Annex 1 to circular NBB\_2016\_43**

### Scope

*Payment institutions and electronic money institutions governed by Belgian law and central contact points in Belgium of payment institutions and electronic money institutions authorised in other Member States of the European Economic Area, and insofar as they meet the conditions as stated in circular NBB\_2016\_42 of 26 October 2016.*

<b>Short-form annual questionnaire on the prevention of money laundering and terrorist financing</b>
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## **I. METHODOLOGY**

This short-form periodic questionnaire on the prevention of money laundering and terrorist financing is intended for payment institutions and electronic money institutions governed by Belgian law which, by virtue of Articles 48 or 105 of the Law of 21 December 2009, are exempted from the application of most of the provisions of this law, and for small- or medium-scale "central contact points" ("CCP's") of Belgian networks of agents and/or distributors of payment institutions or electronic money institutions authorized in other Member States of the European Economic Area.

As in the case of the full questionnaire, which is intended for other types of financial institutions established in Belgium, including payment institutions and electronic money institutions which are not exempted from application of the provisions of the Law of 21 December 2009 and larger-scale CCP's, the aim of this short-form periodic questionnaire is to gather information which enables the National Bank of Belgium to adequately exercise its powers of monitoring compliance with the obligations regarding the prevention of money laundering and terrorist financing ("AML/CFT"), taking into account the principle of proportionality. This questionnaire focuses on information relating to the consistency of the AML/CFT arrangements in place with the legal and regulatory obligations. It will contribute to a better documented assessment of the vulnerability/resilience of each CCP or each payment institution / electronic money institution to the risk of money laundering and terrorist financing. It should allow the NBB to target its controls accurately and efficiently, in order to allow an optimal allocation of its monitoring resources.

Consequently, the answers to the questionnaire constitute one of the bases for the Bank to target its supervision; however, this supervision may not be limited to a review of the answers to the questionnaire. Designed with this in mind, the questionnaire should therefore be seen as a prudential tool. It is based on the power assigned to the Bank both by the Law of 21 December 2009 and by the Law of 11 January 1993 [1] to receive all the information necessary for exercising its supervisory powers.

### **1. General format of the questionnaire**

The short-form questionnaire is divided into two chapters. The first chapter contains a limited number of specific questions regarding the consistency of the arrangements in place with certain legal and regulatory obligations that are particularly relevant to the activities carried out by exempted payment institutions or electronic money institutions, or by European payment institutions or electronic money institutions which make use of the services of agents or distributors established in Belgium.

In general, the terminology used in the questionnaire is standardised with that of the Law of 11 January 1993 and of the CBFA Regulation of 23 February 2010 on the prevention of money laundering and terrorist financing ("the Regulation"). In case of doubt as to the exact scope of the questions, please refer in the first place to the clarifications provided in Circular CBFA\_2010\_09 of 6 April 2010, as amended by Circular CBFA\_2011\_09 of 1 March 2011, on the customer due diligence obligation, the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, and the prevention of the financing of the proliferation of weapons of mass destruction (consolidated version).

The second chapter also contains two general self-assessment questions. The first of these questions concerns the consistency of the internal AML/CFT arrangements which are applicable within the Belgian institution with the legal and regulatory obligations, whereas the second question relates to the effectiveness of the implementation of these arrangements.

### **2. Nature of the questions**

<sup>1</sup> Law of 11 January 1993 on preventing use of the financial system for purposes of laundering money and terrorism financing, Article 39, § 2, paragraph 1.

- (a) Chapter 1: Consistency questions : the purpose of the consistency questions is essentially to verify whether the internal procedures duly take into account the main elements of the legal and regulatory obligations. These questions can generally be answered with "yes" or "no".

The answer "not applicable" (N/A) is systematically presented as the third possible answer to all the questions. This answer "N/A" must however be strictly limited to cases where the rule which underlies the question does not apply to the CCP or to the payment institution / electronic money institution concerned, taking account in particular of the particularities of the activities exercised or of the way in which they are exercised. Thus, for example, questions relating to remote identification may need to be answered with N/A where all the transactions which involve agents or distributors of the network require the physical presence of the customer.

To ensure a good understanding of the answers to the questionnaire, each answer "N/A" must be motivated briefly in the comment box provided for the question concerned.

- (b) Chapter 2: Self-assessment questions

The self-assessment questions concerning the consistency and the effectiveness of internal procedures can be answered with "fully", "largely", "partly" or "insufficiently" consistent or effective. These terms must be understood as follows:

Self-assessment of consistency :

"Fully" consistent	According to the financial institution, the internal procedures are not deficient in any way in complying with the relevant legal or regulatory obligations.
"Largely" consistent	According to the financial institution, the internal procedures are not significantly deficient in complying with the relevant legal or regulatory obligations; the deficiencies identified, both individually and combined, may be considered to be minor.
"Partly" consistent	According to the financial institution, the internal procedures are significantly deficient in complying with the relevant legal or regulatory obligations, and the deficiencies identified may significantly increase the financial institution's vulnerability to risk; this opinion may be based either on the individual scope of one or more of the deficiencies identified, or on the scope of all deficiencies combined.
"Insufficiently" consistent	According to the financial institution, the internal procedures are seriously deficient in complying with the relevant legal or regulatory obligations, and the deficiencies identified may unacceptably increase the financial institution's vulnerability; the seriousness of the deficiencies identified may be based either on the individual scope of one or more of these deficiencies, or on the scope of all deficiencies combined.

Self-assessment of effectiveness :

"Fully" effective	According to the financial institution, the internal procedures are effectively and adequately implemented in all its sectors of activity.
"Largely" effective	According to the financial institution, the implementation of the internal procedures is not significantly deficient; the deficiencies identified in their implementation, both individually and combined, may be considered to be minor.
"Partly" effective	According to the financial institution, the implementation of the internal procedures is significantly deficient and the deficiencies identified may significantly increase the financial institution's vulnerability to risk; this opinion may be based either on the individual scope of one or more of the deficiencies identified, or on the scope of all deficiencies combined.
"Insufficiently" effective	According to the financial institution, the implementation of the internal procedures is seriously deficient and the deficiencies identified may unacceptably increase the financial institution's vulnerability; the seriousness of the deficiencies identified may be based either on the individual scope of one or more of these deficiencies, or on the scope of all deficiencies combined.

- (c) Comment boxes: Each question is accompanied by a comment box, which allows the CCP or the payment institution / electronic money institution to clarify, qualify, or if necessary, briefly justify the answer given.

As mentioned previously, a brief justification is mandatory for all answers "N/A".

However, it is important to note that the aim of the questionnaire is not to gather comprehensive information covering every detail of the internal procedures, but that it should provide the Bank with a sufficiently accurate picture of the preventive measures defined and effectively implemented within the Belgian institution, in order to enable it to carry out a relevant risk assessment. The comments provided in addition to the answers to the questions should therefore be limited to 150 characters.

## II. QUESTIONNAIRE

### 1. Consistency questions

- 1.1 Do your internal procedures provide for the identification of occasional customers and for the verification of their identity irrespective of the amount of the transaction, where this transaction consists in a transfer of funds as referred to in Regulation (EC) No 1781/2006 of the European Parliament and of the Council of 15 November 2006 on information on the payer accompanying transfers of funds?

Answer :	Yes / No / N/A
Comments : (maximum 150 characters)	

- 1.2 Do your internal procedures prescribe that a customer must be re-identified in case of doubt about the veracity or accuracy of his identification data?

Answer :	Yes / No / N/A
Comments: (maximum 150 characters)	

- 1.3 Do your internal procedures prescribe that the identification data regarding natural persons (surname, first name, place and date of birth) must be verified by means of a supporting document within the meaning of the Law and the Regulation, and do they specify which measures must be taken, to the extent possible, in order to collect relevant information regarding the customer's address?

Answer :	Yes / No / N/A
Comments: (maximum 150 characters)	

- 1.4 Do your internal procedures prescribe that the remote verification of the identity of natural persons must be carried out by means of one of the following supporting documents:

- the customers' electronic identity card, or
- a qualified certificate within the meaning of the Law of 9 July 2001 establishing certain rules relating to the legal framework for electronic signatures, or
- a copy of the customer's identity card the veracity of which has been verified in the National Register?

Answer :	Yes / No / N/A
Comments : (maximum 150 characters)	

- 1.5 Do your internal procedures provide for the identification and identity verification of agents of customers by means of a supporting document of which a copy is taken on paper or by electronic means, a/ prior to the execution of the transaction and b/ in case of doubt about the veracity of the identification documents presented ?

Answer :	Yes / No / N/A
Comments : (maximum 150 characters)	

- 1.6 Do your internal procedures stipulate that the verification of the identity of agents of customers is subject to the same rules as the verification of the identity of the customers themselves ?

Answer :	Yes / No / N/A
Comments : (maximum 150 characters)	

- 1.7 Do your internal procedures stipulate that it must be verified that the customer acts for its own account, and where appropriate, that the third person(s) on whose behalf he acts (the "beneficial owners") must be identified, and that adequate and risk-based measures must be taken in order to verify the identity of these persons ?

Answer :	Yes / No / N/A
Comments : (maximum 150 characters)	

- 1.8 Do your internal procedures provide for enhanced measures for the acceptance of customers who are themselves, or whose agent or beneficial owner are politically exposed persons?

Answer :	Yes / No / N/A
Comments : (maximum 150 characters)	

- 1.9 Do your internal procedures provide for enhanced measures for the acceptance of customers who have their residence or domicile in a country or territory in respect of which the FATF <sup>[2]</sup> recommends taking enhanced customer due diligence measures or countermeasures ?

Answer :	Yes / No / N/A
Comments : (maximum 150 characters)	

<sup>2</sup> The Financial Action Task Force (FATF) is an intergovernmental organization created in 1989 by the Ministers of its member states, including Belgium. The FATF's objectives are developing standards (through the "40 FATF Recommendations") and promoting the effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other threats to the integrity of the international financial system.

The list of the countries mentioned in question 1.9 above can be found on the website of the FATF: <http://www.fatf-gafi.org/>

1.10 Do your internal procedures provide for enhanced measures for the acceptance of customers wishing to carry out unusually large transactions?

Answer :	Yes / No / N/A
Comments : (maximum 150 characters)	

1.11 In the cases referred to in questions 1.8 to 1.10, do your internal procedures specify the enhanced customer due diligence measures to be taken in the context of the identification and identity verification process ?

Answer :	Yes / No / N/A
Comments : (maximum 150 characters)	

1.12 Are there any written procedures which specify, for the benefit of the agents in direct contact with the customers and the transactions, the appropriate criteria which allow them to determine the atypical transactions which require their special attention, and the procedure for drawing up and transmitting written reports on atypical transactions to the person responsible for the prevention of money laundering and terrorist financing as referred to in Article 18 of the Law, including the deadlines for their transmission?

Answer :	Yes / No / N/A
Comments : (maximum 150 characters)	

1.13 Is there a second line monitoring system in place which provides for an ex post verification of the transactions carried out by customers of the Belgian network in order to detect atypical transactions:

(a) Within your CCP ?

Answer :	Yes / No / N/A
Comments : (maximum 150 characters)	

(b) At the principal office of the European payment institution or electronic money institution which is represented by your CCP ?

Answer :	Yes / No / N/A
Comments : (maximum 150 characters)	

1.14 Do your internal procedures provide for the application of enhanced due diligence measures (both first-line and second-line) with regard to the transactions in the following situations :

(a) Where the customer or his agent have been identified remotely?

Answer :	Yes / No / N/A
Comments : (maximum 150 characters)	

(b) Where the customer, his agent or one of his beneficial owners is a politically exposed person ?

Answer :	Yes / No / N/A
Comments : (maximum 150 characters)	

(c) Where the customer has his residence or domicile in a country or territory in respect of which the FATF recommends taking customer due diligence measures or countermeasures ?

Answer :	Yes / No / N/A
Comments : (maximum 150 characters)	

(d) Where the transaction is unusually large in the light of the knowledge you have of the customer ?

Answer :	Yes / No / N/A
Comments : (maximum 150 characters)	

1.15 Do your internal procedures provide for the terms and conditions for the careful examination of atypical transactions or intriguing facts detected by the monitoring system, in order to determine whether they give rise to suspicions of money laundering or terrorist financing which might prompt you to report them to the CTIF/CFI ?

Answer :	Yes / No / N/A
Comments : (maximum 150 characters)	



- 1.16 Do your institution's internal procedures and systems prevent a transfer of funds from being carried out if not accompanied by complete information on the payer (his name, his address or his place and date of birth, and his account number or a unique identifier) or, where the payment service provider of the payee is situated in the European Economic Area, if the transfer of funds is not accompanied at least by a unique identifier allowing the transaction to be traced back to the payer?

Answer :	Yes / No / N/A
Comments : (maximum 150 characters)	

- 1.17 If a transfer of funds where the payment service provider of the payee is situated in the European Economic Area, is accompanied only by a unique identifier, do your institution's internal procedures and systems ensure that complete information on the payer can be made available to the payment service provider of the payee within three working days of receiving such a request from the payment service provider ?

Answer :	Yes / No / N/A
Comments : (maximum 150 characters)	

- 1.18 Do your institution's internal procedures and systems guarantee that transfers of funds received which are not accompanied by the required information on the payer can be detected?

Answer :	Yes / No / N/A
Comments : (maximum 150 characters))	

- 1.19 Do your institution's internal procedures determine the policy to be followed with regard to rejecting transfers of funds, suspending their execution or asking for complete information from the payment service providers of the payers where the transfers of funds received are not accompanied by the required information?

Answer :	Yes / No / N/A
Comments : (maximum 150 characters)	

- 1.20 Do your institution's internal procedures stipulate that missing or incomplete information on the payer must be considered as a factor in assessing whether the transfer of funds is suspicious and whether it must be reported to the CTIF-CFI?

Answer :	Yes / No / N/A
Comments : (maximum 150 characters)	

- 1.21 Do your institution's internal procedures and systems ensure that the information on payers whose payment service provider it is, and the payees of the transfers of funds received, are checked against the current lists of persons or entities which are subject to financial embargo or assets freeze measures ?

Answer :	Yes / No / N/A
Comments : (maximum 150 characters)	

**2. General self-assessment questions**

- 2.1 Do you consider that the internal procedures relating to the prevention of money laundering and terrorist financing that are applicable within your payment institution / electronic money institution or throughout the network for which you act as a CCP (hereinafter "your internal procedures") are fully, largely, partly or insufficiently consistent with the Belgian legal and regulatory obligations in this area ?

Answer :	Fully consistent / Largely consistent / Partly consistent / Insufficiently consistent
Comments : (maximum 150 characters)	

- 2.2 Do you consider that the implementation of your internal procedures is fully, largely, partly or insufficiently effective within your payment institution / electronic money institution or throughout the network for which you act as a CCP ?

Answer :	Fully effective / Largely effective / Partly effective / Insufficiently effective
Comments : (maximum 150 characters)	