



Anti Money Laundering and Counter Terrorism Financing (AML/CTF)

PEP Methodology: Approach to Politically Exposed Persons (PEPs)

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Section 1 - Executive Summary

The Wolfsberg Group states that *“relationships with PEPs may represent increased risks due to the possibility that individuals holding such positions may misuse their power and influence for personal gain or advantage, or for the personal gain or advantage of close family members and close associates. Such individuals may also use their families or close associates to conceal funds or assets that have been misappropriated as a result of abuse of their official position or resulting from bribery and corruption. In addition, they may also seek to use their power and influence to gain representation and/or access to, or control of, legal entities for similar purposes”* (Wolfsberg Group, Guidance on Politically Exposed Persons, 2017).

To be able to take the first step of PEP identification, financial institutions and other obliged businesses must understand what the term PEP means in a wider context. From Acuris Risk Intelligence’s perspective too, the understanding of the term is paramount since this understanding directly impacts our clients’ ability to manage their own reputational and legal risks exposures associated with dealing with customers who are potential PEPs.

According to the Wolfsberg Group, *“the lack of a globally accepted definition of a PEP, a focus on applying a consistent level of Enhanced Due Diligence (EDD) to all PEPs, irrespective of the risk of committing serious crimes against society, as well as the significant numbers of entries on PEP lists (including PEPs, their relatives and associates, close or otherwise), have considerably diluted both the application of an RBA and the effectiveness of PEP screening”* In this regard, this document attempts to operationalise the PEP definition of Acuris Risk Intelligence (ARI) to ensure that the ARI PEP dataset includes the optimal scope and number of PEPs.

The above stated objective is achieved by firstly, examining the most authoritative PEP definitions as outlined by the Wolfsberg Group as a baseline authority and the United Nations Convention Against Corruption (UNCAC), Financial Action Task Force (FATF), the European Union Fourth Anti-Money Laundering Directive, the UK Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations, the Joint Anti Money Laundering Steering Group (JMLSG), and secondly by analysing these definitions’ transposition into the national AML/CFT legislation of the individual countries.

Our analysis identified common elements of the PEP definitions and based on these findings, a PEP model and risk ranking matrix of various PEP categories has been developed. These are presented in Section 2 and 3. It is believed that by adopting such a model any existing ambiguities and operational differences in PEP identification and profiling can be minimised.

Section 2 – International Definitions of Politically Exposed Persons (PEPs)

The Wolfsberg Group:

The Wolfsberg Group, a body set up by major international banks for the purpose of implementing anti-money laundering policies, agrees that there is not a single, globally agreed definition of a PEP; hence, considering the standards issued by internationally recognised bodies, it does assert that:

“While all holders of public functions are exposed to the possibility of corruption or the abuse of their position to a certain degree, those holding senior, prominent or important positions, with substantial authority over policy, operations or the use or allocation of government-owned resources, have much more influence and therefore normally pose greater risks for a financial institution and should accordingly be categorised as PEPs for the purposes of control and oversight frameworks.”

The Wolfsberg Group notes that *“the focus of the PEP identification and risk management process should remain on the detection of “grand corruption” in politics, which is defined by Transparency International as “acts committed at a high level of government that distort policies or the central functioning of the state, enabling leaders to benefit at the expense of the public good.” Other instances of corruption, including corruption in the private sector, should be identified through the Financial Institution’s (FI’s) Risk Based Approach (RBA) by initial customer due diligence (CDD) and ongoing monitoring.”*

The Wolfsberg Group provides PEP examples, emphasising the importance to take into consideration the seniority, prominence or importance of holders of public functions in order to decide whether they can be categorised as PEPs, available in Appendix I.

The United Nations Convention against Corruption (UNCAC):

The United Nations Convention against Corruption (UNCAC) is a legally binding multilateral anticorruption treaty. The Convention was adopted by the General Assembly by resolution 58/4 of 31 October 2003 and entered into force on 14 December 2005. The Convention has a far-reaching scope and many of its provisions have a mandatory character. The UNCAC covers five main areas: prevention, criminalisation and law enforcement measures, international cooperation, asset recovery, and technical assistance and information exchange.

Art. 52 on *“Prevention and detection of transfers of proceeds of crime”* under Chapter V on *“Asset recovery”* prescribes the obligation of state parties to the Convention to require financial institutions within their jurisdiction to verify the identity of beneficial owners of funds deposited into high value accounts. Financial institutions are also obliged to conduct enhanced scrutiny of accounts sought or maintained by or on behalf of PEPs, defined as *“individuals who are, or have been, entrusted with prominent public functions, and their family members and close associates”*.

Financial Action Task Force (FATF):

The Financial Action Task Force (FATF)¹ definition of PEP is probably the most widely used one. The initial approach based on the FATF 40 + 9 Recommendations of 2003 was expanded in the FATF updated recommendations adopted in February 2012, covering both foreign and domestic PEPs defined as:

- Individuals who are or have been entrusted with prominent public functions by a foreign country (foreign PEPs);
- Individuals who are or have been entrusted domestically with prominent public functions (domestic PEPs); and
- Persons who are or have been entrusted with a prominent function by an international organisation, meaning members of senior management (international organisation PEPs).

Clarifying the meaning of the expression 'PEP', FATF gives examples of the types of prominent public functions that an individual may be entrusted with by a foreign or domestic government such as:

- "Heads of state or of government, senior politicians, senior government, judicial or military officials, senior executives of state-owned corporations, important political party officials."

Similar examples refer to prominent public positions held in an international organisation:

- Directors, deputy directors and members of the board or equivalent function.

However, middle ranking or more junior individuals in the foregoing categories are explicitly excluded

Insofar as business relationships with family members or close associates of PEPs involve reputational risks like those with PEPs themselves, the PEP category also includes:

- Family members are individuals who are related to a PEP either directly (consanguinity) or through marriage or similar (civil) forms of partnership.
- Close associates are individuals who are closely connected to a PEP, either socially or professionally.

FATF acknowledges that although family members and close associates of PEPs are not considered to be PEPs in their own right, they should always be treated as such due to the risk that they may abuse (or be abused by) their connection to the PEP for the purpose of committing criminal activity. At the same time, FATF recognises that although the number of persons who are PEPs is large, the majority will never commit or be involved in any criminal activity. However, it is also highlighting the risk that:

"Many PEPs are in positions that potentially can be abused for the purpose of committing money laundering (ML) offences and related predicate offences, including corruption and bribery, as well as conducting activity related to terrorist financing (TF). The potential risks associated with PEPs justify the application of additional anti-money laundering / counter-terrorist financing (AML/CTF) preventive measures with respect to business relationships with PEPs."

FATF suggests a differentiated risk-based approach in the case of foreign PEPs compared to domestic and international organisations' PEPs as the risks are still most significant in a cross-border context; whereas for the latter, reasonable measures are suggested. For the foreign PEPs, appropriate risk management systems are required to

determine if a customer or beneficial owner is a PEP which is more than is required in the case of domestic PEPs.

FATF recommendations avoid setting a clear time limit beyond which a PEP who no longer holds prominent public functions cease to be classified as such. While it suggests an open-ended approach (i.e. once a PEP - always a PEP), it also stresses the need for following a risk-based approach in cases where countries chose to set a limit (e.g. one year). Possible risk factors to be considered may be:

“the level of (informal) influence that the individual could still exercise; the seniority of the position that the individual held as a PEP; whether the individual’s previous and current function are linked in any way (e.g., formally by appointment of the PEP’s successor, or informally by the fact that the PEP continues to deal with the same substance matters); whether the individual is a close associate or family member of other PEPs; and the level of corruption generally in the country (e.g., for some high risk countries, especially those with a raised level of corruption risks, the possibility may be greater that an individual who is no longer entrusted with a prominent public function is still able to exert influence).”

FATF also acknowledges that the definition of a family member and close associate of PEPs could differ substantially with the culture and risks in a country, and that any useful definition has to be sufficiently broad and flexible for countries, financial institutions and designated non-financial business and profession DNFBPs to adapt to the appropriate local circumstances, and the precise nature of the business relationships.

European Union Fourth Anti-Money Laundering Directive

The European Union’s (EU) Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 (the Fourth Anti-Money Laundering Directive; the 4th AMLD), which came into force on 26 June 2017, is the EU’s legislation, which provides a definition for PEP¹.

The 4th AMLD states that PEP “... means a natural person who is or who has been entrusted with prominent public functions and includes the following:

- a) Heads of State, heads of government, ministers and deputy or assistant ministers
- b) Members of parliament or of similar legislative bodies
- c) Members of the governing bodies of political parties
- d) Members of supreme courts, of constitutional courts or of other high-level judicial bodies, the decisions of which are not subject to further appeal, except in exceptional circumstances
- e) Members of courts of auditors or of the boards of central banks
- f) Ambassadors, chargés d’affaires and high-ranking officers in the armed forces
- g) Members of the administrative, management or supervisory bodies of State-owned enterprises
- h) Directors, deputy directors and members of the board or equivalent function of an international organisation

No public function referred to in points (a) to (h) shall be understood as covering middle-ranking or more junior officials...”

¹ There are more recent directives - (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU)

2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU (5 EUMLD), as well as Directive (EU) 2018/1673 of the European Parliament and of the Council of 23 October 2018 on combating money laundering by criminal law (6 EUMLD) – which, however, don't change the PEP definition, but instead focus respectively on the prevention of terrorism financing through the legitimate financial system and on the regulation of new payment methods such as cryptocurrencies and pre-paid cards; the only reference to PEP in 6 EUMLD is the obligation of EU member states to issue PEP lists.

UK - The Money Laundering, Terrorist Financing and Transfer of Funds (information on the payer)

Regulations 2017:

According to Regulation 35 (12) (a) a PEP means: “an individual who is entrusted with prominent public functions, other than as a middle-ranking or more junior official”.

The same regulation also includes specific definitions for family members of a PEP: spouses or civil partners of the PEP; children of the PEP and the spouses or civil partners of the PEP’s children; parents of the PEP and known close associates of a PEP: individuals known to have joint beneficial ownership of a legal entity or a legal arrangement or any other close business relations with a PEP; or individuals who have sole beneficial ownership of a legal entity or a legal arrangement which is known to have been setup for the benefit of a PEP.

In July 2017, following a wide consultative process, the UK Financial Conduct Authority (FCA) provided a final guidance on the PEP definitions from Regulation 35 and the 4th MLD:

“PEPs are defined as individuals entrusted with prominent public functions, including:

- Heads of state, heads of government, ministers and deputy or assistant ministers
- Members of parliament or of similar legislative bodies – similar legislative bodies include regional governments in federalised systems and devolved administrations, including the Scottish Executive and Welsh Assembly, where such bodies have some form of executive decision-making powers. It does not include local government in the UK, but it may, where higher risks are assessed, be appropriate to do so in other countries
- Members of the governing bodies of political parties – the FCA considers that this only applies to political parties who have some representation in a national or supranational Parliament or similar legislative body as defined above. The extent of who should be considered a member of a governing body of a political party will vary according to the constitution of the parties, but will generally only apply to the national governing bodies where a member has significant executive power (e.g. over the selection of candidates or distribution of significant party funds);
- Members of supreme courts, of constitutional courts or of any judicial body - the decisions of which are not subject to further appeal except in exceptional circumstances – in the UK this means only judges of the Supreme Court; firms should not treat any other member of the judiciary as a PEP and only apply EDD measures where they have assessed additional risks
- Members of courts of auditors or of the boards of central banks
- Ambassadors, charges d'affaires and high-ranking officers in the armed forces – the FCA considers this is only necessary where those holding these offices on behalf of the UK government are at Permanent Secretary/Deputy Permanent Secretary level, or hold the equivalent military rank (e.g. Vice Admiral, Lieutenant General, Air Marshal or senior);
- Members of the administrative, management or supervisory bodies of State-Owned Enterprises – the FCA considers that this only applies to for profit enterprises where the state
 - has ownership of greater than 50% or where information reasonably available points to the state having control over the activities of such enterprises
- Directors, deputy directors and members of the board or equivalent function of an international organisation – the FCA considers that international organisations only include international public organisations such as the UN and NATO. The Government made clear in their consultation of 15 March 2017 that they do not intend this definition to extend to international sporting federations for instance.

The term “prominent public function” varies depending on the type of function. According to the FCA guidance, in the UK, it is not normally necessary to treat public servants below Permanent or Deputy Permanent Secretary as having a

prominent public function. The FCA confirms the definition for “family members of a PEP” as being “the spouse or civil partner; children and their spouses or civil partners; and parents of a PEP.” However, the FCA considers that this definition also includes brothers and sisters of a PEP.

The FCA confirms the definition for “known close associate of a PEP”, as stated in Regulation 35(12)(c). The FCA further elaborates on the nature of close associates and states that a known close associate of a PEP is not a PEP themselves purely as a consequence of being associated with a PEP.

UK - Joint Money Laundering Steering Group (JMLSG):

In the UK, the Joint Money Laundering Steering Group (JMLSG), a body made up of the leading UK Trade Associations in the Financial Services Industry, defines PEP in Section 5.5.15 of its 2017 Revised Guidance for the UK Financial Sector Part 1 as: “...an individual who is entrusted with prominent public functions, other than as a middle-ranking or more junior official”.

The JMLSG also recognises in Section 5.5.13 of the Guidance the fact that: “...individuals who have, or have had, a high political profile, or hold, or have held, public office, can pose a higher money laundering risk to firms as their position may make them vulnerable to corruption. This risk also extends to members of their immediate families and to known close associates...”

Similar to the FATF, JMLSG states that “...the PEP status itself does not, of course, incriminate individuals or entities”.

Moreover, similar to the Fourth EU Directive, the JMLSG definition also imposes a time limit beyond which an individual may be considered to be outside the remit of PEP definition when it states that only those individuals will be considered PEPs “... who is or has, at any time in the preceding year, been entrusted with prominent public functions...”.

Summary:

The above illustrates that there is no “one size fits all” PEP definition and the concept is subjective and that further analysis is required based on the prevalent practice for PEP definition, adopted by national legislators and AML/CTF regulators in the transposition of the international requirements. Without this additional analysis, the definitions set forth by the international community are open to various interpretations depending on jurisdiction and point in time when the individual case is being considered. This leads to a very unsatisfactory situation where operational differences may arise when deciding whether an individual is to be treated as PEP. This is especially true in the case of private sector businesses involved in building up a worldwide database of Politically Exposed Persons.

Section 3 – ARI PEP Definition

ARI's definition of "politically exposed person" (PEP) is derived from the definitions provided by nonlegally binding framework legislation by the Wolfsberg Group, FATF, UNCAC, JMLSG and legally-binding legislation by the EU (4MLD) and by the governments of the individual countries.

Following an analysis of the commonalities of these definitions, ARI defined the following government office positions as the Global Minimum – the role-holders of these positions are considered as PEPs by any national AML legislation.

The following categories of PEPs are considered "global minimum" because they are mentioned in all available country PEP definitions. As a global data provider, ARI covers the roleholders of these positions consistently for all countries in the world.

Tier	PEP Segment - New (Abbreviated)	PEP Segment - New (Full)
PEP Tier 1	Executive Branch - Head of State and Deputy	Head of state and their deputies
PEP Tier 1	Executive Branch - Head and Members of Government and Deputies	Head and members of government (national level in unitary states; sub-federal/state level in federations; supranational level European Commission, Europe Council) and their deputies
PEP Tier 1	Executive Branch - Professional and Ceremonial Heads of the Armed Forces	Heads and top commanders of the armed forces- armed forces joint command members, commanders of the main branches of the armed forces
PEP Tier 1	Legislative Branch - Parliaments	Members of the legislature (national level in unitary states; sub-federal/state level in federations; supranational level European Parliament)
PEP Tier 1	Judicial Branch - Last-Instance Courts	Heads and members of last-instance courts (supreme, constitutional, high, specialised courts, European Court of Justice)
PEP Tier 1	Central Bank and Court of Auditors	Heads and members of Central Bank and Court of Auditors (national level in unitary states; sub-federal/state level in federations; supranational level EU Court of Auditors)
PEP Tier 1	Parliamentary Political Party Leaders	Party leaders and executive council members [parties represented in the national parliament of unitary states and in the federal and sub-federal parliaments in federations]
PEP Tier 2	Executive Branch - Senior Diplomats	Senior diplomats (ambassadors, high-commissioners, charge d'affaires, permanent representatives)
PEP Tier 2	Executive Branch - International Organisations	Heads and board members of the executive bodies of international organisations established by treaty (ARI list of organisations)
PEP Tier 2	Executive Branch - SOE Directors	Members of board of directors of SOEs, top executives (C-level)

Additionally, ARI defines the following government office positions as National Requirement- the role-holders of these positions may be defined as PEPs by the national legislation of certain countries. ARI covers the role holders consistently for those countries, whose national definitions explicitly define them as PEPs:

Tier	PEP Segment - New (Abbreviated)	PEP Segment - New (Full)
PEP Tier 2	Executive branch - Law Enforcement and Regulatory Agencies	Senior officials (e.g. high-ranking civil servants, director generals, directors, heads of units) of agencies and boards appointed by the Head of State, the Government (Cabinet and Ministries) and the Parliament
PEP Tier 2	Executive branch - Regional Governments	Members of executive (e.g.governor, prefect) bodies at sub-national level in unitary states and below sub-federal level in federal jurisdictions
PEP Tier 2	Executive Branch - Regional Legislatures	Members of legislative (e.g. aldermen, councillors) bodies at sub-national level in unitary states and below sub-federal level in federal jurisdictions
PEP Tier 2	Executive branch - Local Governments	Mayor of capital cities and large municipalities (megapolis) [scope to be determined based on the population of the country]
PEP Tier 2	Judicial Branch - District and Regional Courts and Prosecutions	Judges, justices, magistrates, prosecutors, attorneys in courts with jurisdiction at sub-national level in unitary states and below the sub-federal level in federations
PEP Tier 2	Executive Branch - Commanders of the Armed Forces	Commanders of major national military units (battalions, brigades, flotillas, bases)
PEP Tier 3	Executive Branch - Middle and Low-Ranking Diplomats	Middle ranking diplomats (minister-counsellors, councillors, 1st secretaries and 2nd secretaries) and low-ranking diplomats (attaché);
PEP Tier 3	Executive branch - Local Governments	Mayor, council member and senior officials of medium to small municipality [scope to be determined based on the population of the country]

This is a category applied to the Relatives and Close Associates (RCAs) of PEPs. These are:

- **Direct family members of PEPs:** The Global Minimum relevant categories of relatives are parents, spouse or civil partner, children, siblings. These are covered consistently for all countries.
- **Extended family members of PEPs:** Additional categories of relatives are in scope as National Requirement for countries whose national PEP definitions explicitly require them, for example daughter and son-in-law, co- parents-in-law or second-degree relatives such as grandchildren or cousins.
- **Close associates of PEPs:** Individuals explicitly mentioned as "close associate" of a PEP, as well as business partners (defined as joint shareholders in private companies and persons, who are reported as owners of businesses and other assets set up for the benefit of a PEP). The definition also includes "gatekeeper" services providers of PEPs such as lawyers, notaries, accountants, investment advisors, trust and company service providers who assist in transactions involving the movement of money or, as defined by the Wolfsberg Group persons acting in a financial fiduciary capacity. Employers and employees of PEPs could be also considered close associates depending on a) the time of the association and b) the seniority of the appointment and its proximity to the PEP.

PEP related businesses:

The Wolfsberg Group guidance on PEPs (May 2017) clarifies that if a PEP is the beneficial owner or has requisite control of an operating company or organisation, that person may be in a position to use the organisation in furtherance of corrupt purposes. However, the Wolfsberg Group notes that even in situations where a PEP has such control, there may be circumstances that mitigate against concluding that such treatment is warranted. The level of political risk exposure may vary depending on factors such as the relationship of the PEP to the organisation and the function and regulated status of the organisation. Based on the Wolfsberg Group guidance, ARI's definition includes:

- Entities created for the sole benefit of a PEP (such as a private investment vehicle or trust owned by a PEP), where the PEP is the ultimate beneficial owner
- Entities owned by a PEP, where the PEP is a shareholder
- Entities controlled by a PEP, where the PEP is appointed on a senior executive position such as a director, a board member or a C-level executive

The definition does not include publicly traded companies listed on a recognised exchange, subject to appropriate listing rules, good governance requirements and transparent reporting.

Section 5 - ARI Operational Framework

Background:

While all PEP definitions presented in section ARI PEP Definition have merits and are valid sources for financial institutions to comply with relevant regulations, Acuris Risk Intelligence considers them as not sufficiently elaborate for its clients to conveniently refer to the PEP verification process in a comprehensive manner.

To address this issue, Acuris Risk Intelligence has set up in-house PEP Tiering guidelines allowing clients to select PEP data of interest based on their own risk appetite. The same structure is used by Acuris Risk Intelligence editorial teams to follow consistently throughout their systematic research and ad hoc due diligence investigations.

ARI's Politically Exposed Persons (PEP) Framework is an in-house methodology for PEP coverage, which aims at guiding researchers in PEP content creation by listing in a hierarchical order the model definitions of relevant public official (elected or appointed) roles from Tier 1 to Tier 3, where Tier 1 indicates senior roles, Tier 2 - middle-ranking, and Tier 3 - junior officials. It also includes the relatives of close associates of PEPs. The sections below provide more details into the specifics of each PEP category, the internal update prioritisation logic, retention policy and approach to legacy PEP data.

Politically Exposed Persons (PEPs):

The highest priority for ARI's Content teams is to cover the persons currently serving (current PEPs) at all Tier 1 and some Tier 2 positions. These roles form **the Global Minimum Coverage segments** - government roles, whose holders are defined as Politically Exposed Persons by international AML/CFT framework legislation and national, legally binding legislation. Additional Tier 2 and Tier 3 roles may be in scope for countries whose national AML/CFT legislation explicitly defines these roles as relevant and their roleholders as PEPs. These additional segments are referred to as **National Requirement segments**. If a country does not have a national AML/CFT legislation or its legislation does not outline a clear PEP definition, ARI applies the Global Minimum Coverage scope.

The framework is applied to **the national administrative level**, where persons serving at federal/national government bodies are Tier 1, while officials of the regional/provincial/state administration are Tier 2, and officials of local administrations are Tier 3. For example, members of national government (e.g. cabinet members, ministers) in a unitary state are Tier 1; the members of regional governments and governments of the capital city

and major cities are Tier 2, while local, town and village, governments are Tier 3. In federal states such as the USA, Russia, Brazil, Germany etc, officials of the state/provincial/regional government are Tier 1, equal to the federal government officials, while governments and legislatures on the sub-federal (state/provincial/regional) level are Tier 2, and the lower administrative level is Tier 3.

The framework is also applied to the **institutional administrative level**, where the persons appointed in the executive management of the institution are Tier 1, while any other officials appointed or subordinated to them are Tier 2 or Tier

3. At institutional level, taking segment members of government- for example, the minister and their deputies are Tier 1, while the *senior officials* serving within the departments and agencies of the ministry are Tier 2. In PEP classification, ARI editorial teams take in consideration the fact that most international and national definitions explicitly exclude “middle-ranking” and “junior” officials. A senior official is defined as one “with significant control over policy-making and budget”.

PEP coverage is a significant task and therefore requires strict organisation and prioritisation to achieve the desired result

- namely, identify all relevant government officials, who are defined as PEPs by legally binding legislation. The PEP Framework serves as a high-level guidance, which is supplemented by in-depth research by ARI country specialists, taking in consideration the national AML/CFT legislation, the specifics of the public administration structure in the country with focus on uncovering the relevant government institutions and roles, which correspond to the high-level framework definitions of the model. For example, what is the UK equivalent or definition for “head of state”? What is the title of the roleholder of this position, and from there- who is the natural person classified as a Politically Exposed Person due to being “head of state” of the UK?

PEP Status Period and Expiration:

Natural persons retain their PEP status:

- Throughout the appointment on a relevant government position and marked as “Current PEP”.
- For 12 months within their departure from office or according to the national PEP definition [whichever is longer] and is marked as “Former PEP”.

Data related to inactive PEPs (referred to as “Historic PEPs”), namely individuals whose appointments have not been reinstated for a period of 10 years after their status was updated to Former PEP, are classified as Profile of Interest. ARI editorial teams are encouraged to avoid proactive creation of officials (Profile of Interest- new profiles), who have not been in office for more than 1 year or beyond the period for the country, except in case of additional risk factors such as sanctions, financial regulators (FR), law enforcement (LE) and reputational risk exposure (RRE). Existing “Historic PEPs” (created before January 2021) will be available in the database for a period of 10 years

Legacy PEP Content:

Until 2020 and based on non-legally binding definitions such as the FATF and the JMLSG, ARI’s PEP definition included

the following categories of individuals:

- Heads and senior members of mainstream religious groups (e.g. archbishop, patriarch, cardinal, bishop, imam, rabbi)
- Advisers, heads of cabinet and similar roles of senior officials of the military, judiciary, law enforcement, central banks and other state agencies, authorities and state bodies (designation/level to be determined depending on country ML/TF and corruption risks profile and administration structure)

- Heads and board members / senior officials of trade unions. In case of chambers of commerce and charities a risk-based approach is followed
- Presidents, secretary generals, directors, deputy directors and members of the board or equivalent function of international NGOs (e.g. Oxfam, Amnesty, Transparency International etc)
- Alternate/deputy members of parliament/senate (not currently occupying seat)

Following an in-depth review of the national AML/CTF legislation and analysis of the prevalent practice for PEP definition, adopted by national legislators and AML regulators in the transposition of the international framework legislation and recommendations, the above-mentioned categories were removed from scope. This means that ARI's editorial team will no longer profile such personas in a proactive manner; any existing profiles of such personas in the ARI database will be reclassified as Profile of Interest.

Section 6 – Content Creation Methodology

There are two main activities in PEP content creation– country strategy (PEP lists) definition based on the national AML/CTF legislation and content creation.

Sourcing:

In PEP content strategy definition and content creation, ARI researchers refer to the following sources:

1. **The country's national AML/CTF legislation** with focus on uncovering the national definition for PEP to determine the scope for the country– what categories of public officials are considered PEPs (PEP segments), according to legally-binding national legislation? Countries with AML deficiencies may not have a money laundering prevention law, or the current legislation may not clarify a definition for PEP.
2. **Official PEP lists** – For example, [Mexico's list](#) and the [Netherlands' list](#) are detailed lists of roles; [Denmark's list](#) is a detailed list with roles plus names and date of birth of the current roleholders (current PEPs) and within the past year (former PEPs).
3. **The country's constitution and other fundamental legislation** with focus on identifying the national equivalents of the high-level framework definitions and determining the scope of the relevant roles per PEP segment. For example, the scope of segment “heads of state” for Sweden is determined by The Instruments of Government (Regeringsformen) law, one of the four fundamental laws that act as the country's constitution. [Chapter 5, article 1](#) states that that “the King or Queen who occupies the throne of Sweden in accordance with the Act of Succession is the Head of State”. This means that segment “heads of state” for Sweden consists of one relevant PEP role– King of Sweden.

The same sources may further provide information about the length of appointment (term length) for the role, as well as additional qualifying requirements, which are instrumental for the ongoing maintenance of the PEP content– such as mandatory retirement age associated with certain roles. These details are utilised in the execution of periodic review and retention cycles. Going back to the example segment “head of state” in Sweden, [Chapter 5, articles 4 and 5](#) of The Instruments of Government states that the role is hereditary and not associated with a specific retirement age or term-length - “Art. 4. If the King or Queen who is Head of State is not in a position to perform his or her duties, the member of the Royal House in line under the order of succession and able to do so shall assume and perform the duties of Head of State in the capacity of Regent ad interim. Art. 5. Should the Royal House become extinct, the Riksdag elects a Regent to perform the duties of Head of State until further notice. The Riksdag elects a Deputy Regent at the same time. The same applies if the King or Queen who is Head of State dies or abdicates and the heir to the throne has not yet reached the age of eighteen.

It should be noted that not all PEP roles are bound by a fixed term length or mandatory retirement age.

4. **Official public administration websites**, such as websites of ministries, agencies and State Owned Enterprises (SOEs) – with focus on identifying the physical persons serving on the relevant positions. Typically, ARI researchers refer to personnel pages (About us, Our Team, History, Organisation) or similar sections listing the individuals serving as the most senior officials and executives of the institution. In the absence of a designated personnel page, ARI researchers refer to additional resources that might be available on the website such as organisation charts, annual activity reports and press releases. Going back to the example segment “head of state” in Sweden, the official website of [the Royal Court](#) names the physical person currently serving as the King of Sweden (Reference Id: 399411), and provides key personal identifiers instrumental for Know Your Customer (KYC) and Customer Due Diligence (CDD) process, which are captured by ARI researchers.
5. **Media reports** on persons appointed or elected for public office. This is particularly needed sourcing for the ongoing maintenance of PEP segments without a fixed term of appointment and to monitor ad-hoc reshuffles of officials, occupying positions with a fixed term.
6. **Public transparency projects** (aka PEP lists), maintained by the public administration or by private providers, such as the Spanish [Portal de la Transparencia Administracion General del Estado](#) (official), the Ukrainian [PEP.Org.Ua](#) database (non-official), the Italian [OpenPolis](#) project (non-official). These sources are particularly useful for scope determination and roles definitions, as well as for the identification of the physical persons performing these roles.

Temporal [Time-Related] Scope:

Current PEPs:

Defined as the current role-holders of the positions in scope and any newly appointed officials at these positions. Proactively identified and profiled by ARI researchers continuously.

Former PEPs:

Defined as the natural persons who served in a relevant PEP position within the past 12 months [or a longer period as defined by the national PEP definition]. Proactively identified and profiled by ARI researchers on a resource-availability basis.

Profile of Interest:

Defined as the natural persons who served on a relevant PEP position more than 12 months ago [or as defined by the national PEP definition], but no longer than 10 years ago except in case of additional risks such as Sanctions, FR, LE or RRE in which case the retention period is opened. ARI maintains resource-based coverage and risk-based coverage (triggered by additional risks reported by the media or official sources) of Profile of Interest. This new ARI category will include categories of officials previously in scope but discontinued under the new content creation methodology, adopted in April 2020. Please refer to [section Change Management](#) for more details.

Section 7 - Review and Retention Cycles

“Review cycle” is defined as the frequency and priority of periodic update of the content. It is implemented to ensure that the information is up-to-date and accurate in terms of the continuity of the PEP status of the role holders. ARI executes the following review cycles:

- Periodic: Triggered by appointment expiration based on the term length for the position [or every 5 years where no term can be defined for the position] with additional checks every 12 months with focus on changes in the Election Calendar for the position.
- Ad-hoc: Triggered by media monitoring with focus on snap elections and reshuffles [retirement, resignation, re-appointment, etc] occurring in the composition of the relevant government bodies.

“Retention cycle” is defined as the length of retention of the information held by ARI on the physical persons, classified as PEPs. It is implemented in compliance with data privacy and protection regulations, which require data providers to keep data for no longer period than is necessary for the purposes for which it was processed. ARI executes the following retention cycles:

- Open-ended for role-holders with additional risk categories such as Sanctions, FR, LE or RRE.
- 10-year retention for Profile of Interest -inactive officials whose PEP status has not been renewed in this period and no additional risk factors (Sanctions, FR, LE, RRE) have been identified throughout the period.

Section 8 - PEP Content Operational Prioritisation

As a global provider of AML/CFT data, ARI covers 233 countries and territories, maintaining PEP lists with relevant information about and personal data of the natural persons, who currently serve on a position that could be classified under the Global Minimum and National Requirement segments above.

For operational purposes, ARI prioritises the coverage by regulatory requirements and by country based on client demand and commercial prospects as defined by the Regional Sales Teams. There are secondary criteria that may affect the prioritisation such as resource availability in the Content Team and the historical coverage.

By Legally Binding Regulatory Requirements:

Priority 1: Coverage of the current role-holders of positions that can be classified under ARI's Global Minimum PEP segments, including coverage of the **direct family members** of the role-holders of positions from the three most senior PEP segments – Head of state, heads and members of government and members of parliament (See definition of “direct family member” in section PEP by Association).

Priority 2: Coverage of the current role-holders of positions that can be classified under ARI's National Requirement PEP segments for all countries whose national definitions explicitly define as relevant positions.

Priority 3: Coverage of the RCAs of the remaining Global Minimum main PEPs, as well as their business interests.

By Jurisdiction Risk:

ARI's jurisdiction risk framework ranks the countries as High, Medium or Low-Risk based on the country's assessment by FAFT's mutual evaluation report, the US Department of State's International Narcotics Control Strategy Report (INCSR), the Tax Justice Network's Financial Secrecy Index and Transparency International's Corruption Perception Index, as well as international economic sanctions.

Section 9 - Change Management

Please refer to the link below for comparison of the new methodology against the legacy PEP Tiering Framework. The new Global Minimum segments are marked in green, the National Requirement Segments are in pink, the discarded segments – in red. Note the change in the segment titles and order compared to the new one:

PEP Tier	PEP Segment - Old	PEP Segment - New (Abbreviated)	PEP Segment - New (Full)
PEP Tier 1	Heads of state and government and their deputies	Executive Branch - Head of State and Deputy	Head of state and their deputies
PEP Tier 1	Members of government (ministers, deputies, state and under-state secretaries) at national and sub-national levels in case of federal states (e.g. Florida in the US, Bavaria in Germany, Johor in Malaysia, Lagos in Nigeria, Goa in India etc) and provinces in China (e.g. Henan); President and College of Commissioner of the European Commission.	Executive Branch - Head and Members of Government and Deputies	Head and members of government (national level in unitary states; sub-federal/state level in federations; supranational level European Commission, Europe Council) and their deputies
PEP Tier 1	Heads and top commanders of military and law enforcement and their deputies.	Executive Branch - Professional and Ceremonial Heads of the Armed Forces	Heads and top commanders of the armed forces - armed forces joint command members, commanders of the main branches of the armed forces
PEP Tier 1	Members of Parliament or similar legislative bodies (at national and sub-national level in case of federal states); Members of the European Parliament.	Legislative Branch - Parliaments	Members of the legislature (national level in unitary states; sub-federal/state level in federations; supranational level European Parliament)
PEP Tier 1	Heads and members of supreme courts, of constitutional courts or of other high-level judicial bodies whose decisions are not subject to further appeal, except in exceptional cases; similar for EU Court of Justice.	Judicial Branch - Last- Instance Courts	Heads and members of last-instance courts (supreme, constitutional, high, European Court of Justice, specialised courts)
PEP Tier 1	Heads and members of courts of auditors (including EU Court of Auditors) and of the boards of central banks (including the European Central Bank);	Central Bank and Court of Auditors	Heads and members of central banks and court of auditors (national level in unitary states; sub-federal/state level in federations; supranational level European Court of Auditors)
PEP Tier 1	Top ranking officials of mainstream political parties (e.g. party leaders and members of governing bodies) and only the heads/deputy heads of minor political parties (without representation in parliament)	Parliamentary Political Party Leaders	Party leaders and executive council members [Parties represented in the national parliament of unitary states and in the federal and sub-federal parliaments in federations]

PEP Tier 2	Ambassadors, general consuls, high commissioners, permanent representatives, head of missions and their deputies, charge d'affaires.	Executive Branch - Senior Diplomats	Senior diplomats (ambassadors, high-commissioners, charge d'affaires, permanent representatives)
PEP Tier 2	Chairmen, secretary generals, directors, deputy directors and members of the board or equivalent function of international organisations (e.g. UN, EU,);	Executive Branch - International Organisations	Heads and board members of the executive bodies of international organisations established by treaty (the highest governing bodies of ARI list of organisations)
PEP Tier 2	Presidents/chairperson and board members of State-Owned Enterprises (SOEs), businesses and organisations	Executive Branch - SOE Directors	Members of the board of directors of SOEs, top executives (C-level)
PEP Tier 2	Senior officials of the military, judiciary, law enforcement agencies, central banks and other state agencies, authorities and state bodies (e.g. high-ranking civil servants, director generals, directors, heads of units, secretaries (permanent, principal, joint secretaries etc)	Executive branch - Law Enforcement and Regulatory Agencies	Senior officials (e.g. high-ranking civil servants, director generals, directors, heads of units) of agencies and boards appointed by the head of state, the government (cabinet and ministries) and the parliament
PEP Tier 2	Members of legislative (e.g. aldermen, councillors) and executive (e.g. prefects) bodies at regional, provincial, cantonal or equivalent levels (below the level of states in case of federal jurisdiction)	Executive branch - Regional Governments	Members of executive (e.g. governor, prefect) bodies at sub-national level in unitary states and below sub-federal level in federal jurisdictions
PEP Tier 2	Members of legislative (e.g. aldermen, councillors) and executive (e.g. prefects) bodies at regional,	Executive Branch - Regional Legislatures	Members of legislative (e.g. aldermen, councillors) bodies at sub-national level in unitary states and below sub-federal level in federal jurisdictions

	provincial, cantonal or equivalent levels (below the level of states in case of federal jurisdiction)		
PEP Tier 2	Mayors of capital cities (e.g. London, New Delhi, Paris, New York, Rio de Janeiro) and head of cities which are directly appointed and answerable to the Chinese central government;	Executive branch - Local Governments	Mayor of capital city and large municipalities (megapolis) [scope to be determined based on the population of the country]
PEP Tier 2	Judges, justices, magistrates, prosecutors, attorneys in courts with jurisdiction at regional, provincial or equivalent level.	Judicial Branch - District and Regional Courts and Prosecutions	Judges, justices, magistrates, prosecutors, attorneys in courts with jurisdiction at sub-national level in unitary states and below the sub-federal level in federations
PEP Tier 2	Senior officials of the military, judiciary, law enforcement agencies, central banks and other state agencies, authorities and state bodies (e.g. high-ranking civil servants, director generals, directors, heads of units, secretaries (permanent, principal, joint secretaries etc)	Executive Branch - Commanders of the Armed Forces	Commanders of major national military units (battalions, brigades, flotillas, bases)
PEP Tier 3	Middle ranking diplomats (minister-counsellors, councillors, 1st Secretaries and 2nd Secretaries);	Executive Branch - Middle and Low-Ranking Diplomats	Middle ranking diplomats (minister-counsellors, councillors, 1st Secretaries and 2nd Secretaries) and low-ranking diplomats (attaché);
PEP Tier 3	Mayors and members of local councils at municipal, town, village or equivalent levels (i.e., below regional, provincial, cantonal and other levels not captured elsewhere).	Executive branch - Local Governments	Mayor, council member and senior officials of medium to small municipality [scope to be determined based on the population of the country]
PEP Tier 2	Heads and senior members of mainstream religious groups (e.g. archbishop, patriarch, cardinal, bishop, imam, rabbi)	Excluded	
PEP Tier 3	Advisers, heads of cabinet and similar roles of senior officials of the military, judiciary, law enforcement, central banks and other state agencies, authorities and state bodies (designation/level to be determined depending on country ML/TF and corruption risks profile and administration structure);	Excluded	
PEP Tier 3	Heads and board members / senior officials of Trade Unions. In case of Chambers of Commerce and Charities a risk-based approach is followed.	Excluded	
PEP Tier 3	Presidents, secretary generals, directors, deputy directors and members of the board or equivalent function of international NGOs (e.g. Oxfam, Amnesty, Transparency International etc);	Excluded	

PEP Tier 3	Alternate/deputy members of parliament/senate (not currently occupying seat)	Excluded	
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In terms of scope per segment, please note the following changes:

- **Royal Family Members** are no longer automatically considered as PEPs in line with the prevailing interpretation adopted by the national PEP definitions of the examined countries. A royal family member must be appointed to a relevant government position (Global Minimum or National Requirement) in order to be considered a PEP in own capacity (Tier 1, 2 or 3). If they do not hold any relevant position, they may be considered PEP by Association, provided that the relationship to the main PEP is parent, spouse or civil partner, child or sibling (Global Minimum) or any other relevant National Requirement category of relative.
- **Officials of the Law Enforcement** is separate from professional and ceremonial heads of the armed forces, following the prevailing interpretation adopted by the national PEP definitions of the examined countries. These officials are covered in segment "Tier 2 – Executive Branch - Senior officials (e.g. high-ranking civil servants, director generals, directors, heads of units) of agencies and boards appointed by the head of state, the government (cabinet and ministries) and the parliament" for the countries whose national definitions explicitly define the role-holders as PEPs. For example, the Spanish definition explicitly includes "The President, the Vice President and the other members of the Council of the National Commission Markets and Competition, the Chairman of Transparency and Good Governance, the President of the Independent Authority for Fiscal Responsibility, President, Vice President and members of the Board of the Comisión Nacional del Mercado de Valores, President, Directors and Secretary General of the Nuclear Safety Council, and the President and members of the governing bodies of any other regulatory body or monitoring. Directors, Executive Directors, General Secretaries or equivalent regulatory and supervisory bodies"
- **Political Party Leaders** is clarified as parliamentary represented party leaders following the prevailing interpretation adopted by the national PEP definitions of the examined countries. This includes the national parliament in unitary states and the federal & state legislatures in federations.
- **Heads and Board Members of International Organisations** is clarified as heads and board members of specified list of organisations following the Belgian definition, which provides the most details on the scope. As a National Requirement priority, ARI researchers cover international organisations headquartered in the country, following the Dutch definition, which provides an explicit list of in scope international organisations. ARI's complete list of organisations in scope is available upon request.
- **Large city mayors and mayors in general** - Covered as a National Requirement for the countries whose national definitions explicitly define these role-holders as PEPs. Examples, Italy, Spain (mayors, councillors of the provincial capital municipalities, or of the Autonomous Community and of the Local Entities of more than 50,000 inhabitants". The Guatemalan PEP definition only mentions "mayor" without any further clarification, therefore, ARI defined the scope based on population - Guatemala has 0 cities with more than a million people, 8 cities with between 100,000 and 1 million people [their Mayors are covered under PEP Tier 2].
- **Regional government officials** - Covered for all federal states, and for any unitary state, whose definition explicitly requires them. For example, countries like Russia, China, Nigeria, India are federations, and therefore the sub-federal government layer is covered for them as part of segment "Head and members of government (national level in unitary states; sub-federal/state level in federations; supranational level European Commission, Europe Council) and their deputies", regardless of the national PEP definition. Additionally, this layer is covered for countries whose national definition explicitly defines the role-

holders as PEPs. For example, the Italian national PEP definition defines as PEPs the heads of provincial and regional government, as well as the mayors of municipalities with population of over 15,000 inhabitants.

- **State-Owned enterprises (SOE) Directors** – SOE coverage is a separate task to PEP coverage, which requires considerable resources, especially in countries with thousands of SOEs such as China, Russia, Brazil and India. The scope for manual content creation will be determined on a country-by-country basis in consideration with the National Requirements for this segment and ARI's resources availability. In case of large scopes per country ARI will aim at obtaining the data from third-party providers, specialising in SOE research.
- **Religious leaders, heads of international NGOs, official trade unions and chambers of commerce, advisers and alternate members of parliament are no longer considered PEP.** These officials should not be profiled as PEP under any circumstances but may be profiled as other high-risk in case of additional risks such as Sanctions, FR, LE or RRE.
- **Leaders and senior officials of interest groups that seek to influence public policy and legislation in relation to their particular priorities. For example, these groups may include trade union officials and other political pressure groups** – According to ARI's updated methodology, this type of officials are not PEP, because our analysis showed that the prevailing majority of definitions does not define them as such. Trade Union members are profiled as PEP only for those countries that explicitly include them in their PEP lists. Example, Argentina defines as PEPs "Leaders of Chambers of Commerce, Labour Unions and Other Professional Organisations" - Authority of the management and administration bodies of trade union and business organizations (chambers, associations and other forms of corporate grouping). (b. Autoridad de los órganos de dirección y administración de organizaciones sindicales y empresariales (cámaras, asociaciones y otras formas de agrupación corporativa). Therefore, this segment is covered for Argentina.
- **Middle- and low-ranking diplomats (1st, 2nd, 3rd secretary, attaché, consul)** – Covered in ARI National Requirement segment "Tier 3 - Middle ranking diplomats (minister-counsellors, councillors, 1st secretaries and 2nd secretaries) and low-ranking diplomats (attaché)" if the national definition defines the role-holders as PEPs. For example, the German definition defines "ambassador and defence attaché" as PEP; the Argentinian, El Salvadoran and Paraguayan definitions include "ambassadors and consuls".
- **Leaders and senior officials of NGOs, charities, and political or civil activists** - Not covered as PEP, unless included in a country's national PEP list; no such examples have been identified during ARI's in depth analysis of the national legislation of the individual countries. Typically, such NGO officials would be included in the ARI database as Profile of Interest.
- **PEP by Association** – excludes persons, who currently serve or have served in the past in company boards of directors/executive/management bodies alongside PEPs, unless there are sources that specifically indicate that the person is otherwise a close associate of the PEP (friend, classmate, business partner, co-shareholder, etc)

Appendix I – Six Major Definitions

The comparison of PEP definitions examined in section 1 is presented in below table

Table 1: Elements of six major PEP definitions:

Data type	FATF	UNCAC	EU Fourth ML Directive	JMLSG	UK Regulations 2017 / FCA	Wolfsberg Group
Basic PEP definition	Individuals who are or have been entrusted with prominent public functions at domestic level, in a foreign country or by an international organisation... relationships with family members or close associates	Individuals who are, or have been, entrusted with prominent public functions, and their family members and associates	Natural persons who are or have been entrusted with prominent public functions AML/CTF measures taken against PEPs shall also apply to family members or persons known to be close associates of PEPs	Individuals who are entrusted with prominent public functions, other than as middle-ranking or more junior officials... members of their immediate families and known close associates	Individuals who are entrusted with prominent public functions, other than as middle-ranking or more junior officials	Holders of public functions who hold senior, prominent or important positions, with substantial authority over policy, operations or the use or allocation of government-owned resources
Scope	Domestic, foreign and Senior Management of International organisations	Foreign and domestic (not explicit)	Foreign and domestic (not explicit)	Foreign nationals only	Foreign and domestic (not explicit)	Foreign and domestic
Sub-category of PEPs	<p>Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials</p> <p>Persons who are or have been entrusted with a prominent function by an international organisation refers to members of senior management, i.e. directors, deputy directors and members of the board or equivalent functions</p> <p>(Middle ranking or more junior individuals are excluded in the foregoing categories)</p>	Not specified	<p>Head of state, heads of government, ministers and deputy or assistant ministers, members of parliament or of similar legislative bodies, members of the governing bodies of political parties, members of supreme courts, of constitutional courts, or of other high level judicial bodies whose decisions are not subject to further appeal, except in exceptional circumstances, high ranking officers in the armed forces, members of the administrative, management, or supervisory bodies of state-owned enterprises, ambassadors, charges d' affaires, members of courts of auditors or of the boards of central banks, directors, deputy directors and members of the board or equivalent function of an international organisation</p> <p>(Middle ranking or more junior officials are excluded)</p>	<p>Heads of state, heads of government, ministers and deputy or assistant ministers; members of parliaments or of similar legislative bodies, members of supreme courts, of constitutional courts or of other high level judicial bodies whose decisions are not generally subject to further appeal, except in exceptional circumstances; members of courts of auditors or of the boards of central banks; ambassadors, charges d'affaires and high-ranking officers in the armed forces (other than in respect of relevant positions at community and international level) members of the administrative, management or supervisory boards of state-owned enterprises, directors, deputy directors and members of the board or equivalent function of an international organisation</p> <p>(Middle ranking or more junior officials and officials lower than the national levels are excluded, however encourages risk based approach)</p>	<p>Heads of state, heads of government, ministers and deputy or assistant ministers; members of parliament or of similar legislative bodies (e.g. regional governments in federalised systems and devolved administrations), members of the governing bodies of political parties; members of supreme courts, of constitutional courts or of any judicial body the decisions of which are not subject to further appeal except in exceptional circumstances; members of courts of auditors or of the boards of central banks; ambassadors, charges d'affaires and high-ranking officers in the armed forces; members of the administrative, management or supervisory bodies of SOEs; Directors, deputy directors and members of the board or equivalent function of an international organisation such as the UN and NATO</p>	<p>Heads of state, heads of government and ministers; senior judicial officials who sit on bodies whose decisions are not subject to further appeal; heads and other high-ranking officers holding senior positions in the armed forces; members of ruling royal families with governing responsibilities; senior executives of state-owned enterprises, where the SOE has genuine economic or political importance; senior officials of major political parties</p>

	<p>differ substantially with the culture and risks in a country, and that any useful definition has to be sufficiently broad and flexible to adapt to the appropriate local circumstances. Hence, the decision was taken not to define these terms as part of the revised Recommendations.)</p>					
Definition of close associates	<p>Individuals who are closely connected to a PEP, either socially or professionally (the definition of close associates of PEPs could differ substantially with the culture and risks in a country, and that any useful definition has to be sufficiently broad to adapt to the appropriate local circumstances. Hence, the decision was taken not to define these terms as part of the revised Recommendations.)</p>	<p>Persons or companies clearly related to individuals entrusted with prominent public functions</p>	<p>(a) Any natural person who is known to have joint beneficial ownership of legal entities or legal arrangements, or any other close business relations, (b) any natural person who has sole beneficial ownership of a legal entity or legal arrangement which is known to have been set up for the de facto benefit of a PEP</p>	<p>Any individual who is known to have joint beneficial ownership of a legal entity or legal arrangement, or any other close business relations, with a PEP; and any individual who has sole beneficial ownership of a legal entity or legal arrangement which is known to have been set up for the benefit of a PEP</p>	<p>Any individual who is known to have joint beneficial ownership of a legal entity or legal arrangement, or any other close business relations, with a PEP; and any individual who has sole beneficial ownership of a legal entity or legal arrangement which is known to have been set up for the benefit of a PEP</p>	<p>Widely- and publicly-known close business colleagues or personal advisors, in particular persons acting in a financial fiduciary capacity</p>
Time limit	<p>Not specified (however, in the absence of a time limit set by the country, the risk-based approach would suggest that financial institutions and DNFBPs assess the ML risk of a PEP who is no longer entrusted with a prominent public function, and take effective action to mitigate this risk, where appropriate)</p>	<p>Not specified</p>	<p>Twelve months, on a risk based approach</p>	<p>One year, on a risk based approach</p>	<p>Twelve months, on a risk based approach</p>	<p>Not specified</p>

Sources: UN (2003), FATF (2012), EU (2017), World Bank (2009), JMLSG (2017), UK ML Regulations (2017) and Wolfsberg Group (2017).



About MemberCheck

MemberCheck is an online AML compliance service that specialises in scanning for Politically Exposed Persons (PEP) and their Relatives and Close Associates (RCA), sanctioned individuals and organisations, and persons and entities of special interest, to reduce the risks of being associated with money laundering and terrorism financing activities.

By utilising the most reputable data sources such as Acuris Risk Intelligence, MemberCheck can help you meet your compliance obligations.

Contact us today for further information about our PEP and sanction screening services.

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