

## Internal Controls and Foreign Branches and Subsidiaries

**Countries should ensure that:**

- > Financial institutions (FIs) implement programmes against money laundering (ML) and terrorist financing (TF) to include:
  - (a) the development of internal policies, procedures and controls, including:
    - appropriate compliance management arrangements – include the appointment of a compliance officer at the management level; and
    - adequate screening procedures to ensure high standards when hiring employees;
  - (b) an ongoing employee training programme; and
  - (c) an independent audit function to test the system.
- > The type and extent of measures to be taken by FIs are appropriate having regard to the risk of ML and TF

and the size of the business and FIs should apply, in their foreign branches and majority-owned subsidiaries, AML/CFT measures consistent with the home country requirements implementing the FATF Recommendations through the financial groups' programmes against ML and TF.

- > Financial groups should implement group-wide programmes against ML and TF, including policies and procedures for sharing information within the group for AML/CFT and CDD risk management purposes with adequate safeguards on the confidentiality and use of information exchanged (including preventing tipping-off) which should be applicable to all branches and majority-owned subsidiaries of the financial group. These programmes should include measures under (a) to (c) above, appropriate to the business of the branches and majority-owned subsidiaries and implemented effectively.