

New Financial Compliance Rules

New Regulation on AML procedures

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A photograph of a wooden desk with a laptop, a white mug of coffee, and a rolled-up document with a pen. The image has a warm, orange-red color overlay.

New Regulation about AML procedures

**BACEN CIRCULAR # 3.978/ 2020 AND
CVM INSTRUCTION # 617/2019**

PROCEDURES

Following FATF (Financial Task Force – “GAFI”)’s recommendation and International Best practices, new required preventive procedures are imposed by

BRAZILIAN CENTRAL BANK (“BACEN”) CIRCULAR # 3.978/ 2020 AND

BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (“CVM”) INSTRUCTION # 617/2019

THESE NEW REGULATION SHALL ENTER INTO FORCE ON OCTOBER 1ST, 2020

LEGAL REQUIREMENT AND RETENTION PERIOD - BRAZILIAN DATA PRIVACY LAW (LGDP)



BACEN AND CVM NEW REGULATION

AML -RISK BASED APPROACH/ EFECTIVENESS

AML Policy must be compatible to the **risk profile** of :

- Clients (counterparties – CVM);
- Financial Institution;
- Operations, transaction, products and services (including new technology);
- Employees, partners, third parties/agents ;
- Operation related to terrorist financing activities; and
- UNSCR assets freezing procedures/monitoring

RISK ASSESSEMENT (annually – CVM and biannual - Bacen) – APPROVAL OF THE BOARD OF DIRECTORS

EVALUATION OF EFECTIVENESS OF THE AML PROGRAM (ANUAL REPORT) – BOARD OF DIRECTORS



BACEN AND CVM NEW REGULATION

AML -RISK BASED APPROACH

KYC

- IDENTIFICATION – minimum information/documentation
(Beneficial Owner – 25% ownership – Bacen/ or controller or significant influence in the decision - CVM)
- QUALIFICATION
(including PEP and related to PEPs/transaction and CVM – Non-Profit Institution)
- CLASSIFICATION (risk approach)

KYE/KYP/KYS

- Based on the FI's AML Policy and Risk Assessment
- DD/CLASSIFICATION
- THIRD PARTIES - DD AND CERTIFICATION ON AML PROGRAMS
- TRAINING, INCLUDING THIRD PARTIES (AGENTS – CVM)



BACEN AND CVM NEW REGULATION

AML -RISK BASED APPROACH

IMPROVEMENTS TO DRIVE EFFECTIVENESS TO THE AML PROGRAM:

REGISTRATION OF THE OPERATION

INTERNAL CONTROL/MONITORING

COMUNICATION TO COAF (BRAZILIAN FINANCIAL INTELLIGENCE UNIT)

Operation involving cash - BRL 50,000 (around USD 10,000) – up to the next day following the operation

Suspicious transaction

Annual communication if no suspicious operation was identified

(Bacen – up to 45 days of the operation)

(CVM - 24 Hours after the analysis)



Questions?



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