

Regulations and guidelines 7/2021

Money laundering and terrorist financing risk factors

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**FINANCIAL SUPERVISORY
AUTHORITY**

tel. +358 9 183 51

firstname.surname@fiva.fi

fin-fsa.fi



Legal nature of regulations and guidelines

Regulations

Financial Supervisory Authority (FIN-FSA) regulations are presented under the heading 'Regulation' in FIN-FSA's regulations and guidelines. FIN-FSA regulations are binding legal requirements that must be complied with.

FIN-FSA issues regulations only by virtue of and within the limits of legal provisions that entitle it to do so.

Guidelines

FIN-FSA interpretations of the contents of laws and other binding provisions are presented under the heading 'Guideline' in FIN-FSA's regulations and guidelines.

Also recommendations and other operating guidelines that are not binding are presented under this heading, as are FIN-FSA's recommendations on compliance with international guidelines and recommendations.

The formulation of the guideline shows when it constitutes an interpretation and when it constitutes a recommendation or other operating guideline. A more detailed description of the formulation of guidelines and the legal nature of regulations and guidelines is provided on the FIN-FSA website.

[fin-fsa.fi > Regulation > Legal framework of FIN-FSA regulations and guidelines](https://fin-fsa.fi/Regulation/Legal-framework-of-FIN-FSA-regulations-and-guidelines)



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1 Scope of application

These regulations and guidelines shall apply to the following obliged entities referred to in the Act on Preventing Money Laundering and Terrorist Financing (444/2017):

- credit institutions referred to in the Act on Credit Institutions (610/2014), branches of third-country credit institutions and financial institutions belonging to the same consolidation group with a credit institution referred to in the Act on Credit Institutions
- insurance companies and special purpose vehicles referred to in the Insurance Companies Act (521/2008) where pursuing activities falling within the life assurance classes referred to in the Act on Insurance Classes (521/2008)
- branches of insurance companies from a third country as referred to in the Act on Foreign Insurance Companies (398/1995) where pursuing activities falling within the life assurance classes referred to in the Act on Insurance Classes (521/2008)
- fund management companies referred to in the Mutual Funds Act (213/2019) or custodians authorised under said Act
- investment firms referred to in the Act on Investment Services (747/2012) and branches of EEA investment firms and third-country firms
- a central securities depository, including a registration fund and settlement fund established by such a depository, as referred to in the Act on the Book-Entry System (348/2017)
- account operators referred to in the Act on the Book-Entry System and Clearing Operations and foreign corporations' Finnish offices that have been granted the rights of an account operator
- payment institutions referred to in the Payment Institutions Act (297/2010) and natural persons and legal persons referred to in sections 7, 7 a and 7 b of said Act
- foreign payment institutions referred to in the Act on the Operation of Foreign Payment Institutions in Finland (298/2010) where providing payment services in Finland through a branch or agent
- managers of alternative investment funds authorised as AIFMs in accordance with the Act on Alternative Investment Fund Managers (162/2014), branches of foreign AIFMs in Finland and AIFMs subject to the registration requirement as well as custodians authorised under said Act and Finnish branches of foreign custodians
- insurance intermediaries referred to in the Insurance Distribution Act (234/2018) and branches of foreign insurance intermediaries operating in Finland insofar as insurance falling within the life assurance classes referred to in the Act on Insurance Classes (521/2008) is concerned
- Finnish credit intermediaries referred to in the Act on Intermediaries of Consumer Credit Relating to Residential Property (852/2016) and Finnish branches of foreign credit intermediaries

2 Money laundering and terrorist financing risk factors

- (1) Under Articles 17 and 18(4) of Directive (EU) 2015/849 17, the European Banking Authority has issued Guidelines on customer due diligence and the factors credit and financial institutions should consider when assessing the money laundering and terrorist financing risk associated with individual business relationships and occasional transactions (i.e. the “ML/TF Risk Factors Guidelines” (EBA/GL/2021/02). The Guidelines are addressed to credit and financial institutions as defined in Article 3, paragraphs (1) and (2) of Directive (EU) 2015/849. The Guidelines repeal and replace Guidelines JC/2017/37.
- (2) Paragraph 2.5 of the EBA Guidelines referred to above in paragraph 1 describes risk factors that may be relevant when identifying the risk associated with a customer’s or a customer’s beneficial owner’s reputation. One of the risk factors provided in the paragraph is information that the customer or customer’s beneficial owner has been subject to criminal proceedings.

GUIDELINE (paragraphs 3–4)

- (3) The FIN-FSA recommends that entities falling within the scope of application of these guidelines comply with the EBA Guidelines cited in paragraph 1, which are available at finanssivalvonta.fi.
- (4) According to the FIN-FSA’s interpretation, in applying paragraph 2.5 of the EBA Guidelines referred to above in paragraph 2, it must be taken into account that, pursuant to Article 10 and Article 6(1) of Regulation (EU) 2016/679 of the European Parliament and of the Council (General Data Protection Regulation), the processing of personal data relating to criminal convictions and offences or related security measures is possible only under the control of official authority or when the processing is authorised by Union or Member State law providing for appropriate safeguards for the rights and freedoms of data subjects.