European Federation of Building Societies
Fédération Européenne d'Epargne et de Crédit pour le Logement
Europäische Bausparkassenvereinigung

To the members of the
European Federation of Building Societies

Brussels, 8 March 2012

Anti-Money Laundering:

Publication of the revised FATF-Recommendations

Dear member,

In order to fight Money-Laundering and the financing of Terrorism and Proliferation the Financial Action Task Force of the OECD has developed internationally applicable requirements ("International Standards on Combating Money Laundering and the Financing of Terrorism and Porliferation"). Since 2009, these former recommendations were subject to a process of revision to deal with new threats in the field of Money Laundering and to incorporate the experiences the members have made in the course of the implementation of the FATF recommendations. This process has been finalized with the publication of the revised version of the recommendations. The following recommendations are of importance to the Bausparkassen:

1. **Alleviated Customer Due Diligence**

According to recommendation 1 the risk of Money Laundering shall determine the necessary level of Customer Due Diligence. The Member States shall estimate the possible risk of Money Laundering and evaluate how strict the requirements for customer registration should be. Recommendation 1 and No. 21 of the Interpretive Notes provide that a low risk of Money Laundering shall entail the possibility

- to register customer information after the conclusion of the contract,
- to update customer information less frequently,
- to be not obliged to permanently monitor the transactions,
- to be relieved from the obligation to collect selected information which indicates the type of professional relationship because the relationship itself and the transaction already give sufficient information about its nature.

Therefore, the Member States need to establish proportionality between the requirements for customer registration and the risk of Money Laundering.

2. **Customer Due Diligence for real estate agents**

According to the FATF recommendations (No. 10, 22 b)) customer due diligence shall apply for real estate agents in the course of a transaction. Yet, the English term "transaction" used in the recommendation is misleading. In its proper sense, it could also commit a real estate agent to respect the customer due diligence although no money transfer is implicated. In some Member States (e.g. Germany) the transfer of money is not part of the real estate agent's duties because only after the notarization the notary provides the payment for the purchase of a residential property. At the early stage of action of the real estate agent there is no risk of Money Laundering. Therefore, a real estate agent, to whom the customer due diligence would apply, would suffer disproportionally and the purpose of customer due diligence would be missed.

Please find enclosed the revised version of the FATF recommendations.

For further questions, please do not hesitate to contact us.

Yours sincerely,

Andreas J. Zehnder
Managing Director
European Federation of Building Societies

Annex

- FATF-Recommendations of 16 February 2012