



Mauritius Institute of  
Professional Accountants

*Identification of Senior Politically Exposed Persons  
(Senior PEPs)*

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To manage money laundering risk, it is important to identify and apply due diligence, and as appropriate enhanced due diligence, to individuals and entities that may pose a higher risk of money laundering. FIAML Regulations defines PEPs as follow:

- a) “domestic PEP” means a natural person who is or has been entrusted domestically with prominent public functions in Mauritius and includes the Head of State and of government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials and such other person or category of persons as may be specified by a supervisory authority or regulatory body after consultation with the National Committee;
- b) “foreign PEPs” means a natural person who is or has been entrusted with prominent public functions by a foreign country, including Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials and such other person or category of persons as may be specified by a supervisory authority or regulatory body after consultation with the National Committee;
- c) “international organisation PEP” means a person who is or has been entrusted with a prominent function by an international organisation and includes members of senior management or individuals who have been entrusted with equivalent functions, including directors, deputy directors and members of the board or equivalent functions and such other person or category of persons as may be specified by a supervisory authority or regulatory body after consultation with the National Committee;

To assess the risks presented by PEPs, reporting persons must take reasonable steps to identify PEPs, their close associates and immediate family members, and apply the appropriate level of due diligence, and as appropriate, enhanced due diligence, and ongoing monitoring for the type and size of contemplated relationship.

### **DEFINITION OF SENIOR PEPs**

While the term Senior PEP and PEP are often used indistinctly, generally, PEP is a broader category that includes persons who would not be considered senior PEPs, and accordingly, not subject to High AML Risk.

A Senior PEP is a current or former:

- Senior official in the executive, legislative, administrative, military, or judicial branches of a government, whether elected or appointed, or paid or not; or
- Senior official of a major political party; or
- Senior executive of a government-owned or government-funded corporation, institution, or charity

The definition of Senior PEP encompasses both foreign and domestic Senior PEP.

The determination that a particular person qualifies as a Senior PEP is based on the person's responsibilities within the government, level of authority and influence over government activities, and/or access to government assets and funds. As a rule, a Senior PEP does not encompass middle-ranking or more junior individuals. Each reporting person must have a guidance, with examples of Senior PEP positions, that they may use as a guidance in identifying individuals considered Senior PEP. Any concern or uncertainties about a prospective client's Senior PEP status must be escalated to Senior Management for review and determination.

### **CLOSE ASSOCIATES AND IMMEDIATE FAMILY MEMBERS**

In addition, the definition of a Senior PEP includes the "close associates" and "immediate family" members of a Senior PEP. A close associate is a person (i) who is widely and publicly known to have a close association with a Senior PEP, or (ii) who is actually known by the reporting person to be a close associate of a Senior PEP, even if the association is not widely known. The immediate family members of a Senior PEP include, for example, spouses, domestic partners, parents, siblings, children, stepchildren, the spouses of children, and a spouse's parents and siblings.

Examples of close associates and immediate family members <sup>1</sup>include:

Close Associates <sup>2</sup>	Immediate Family Members
Agent/Representative	Spouse
Business Associate	Domestic Partner
Adviser (including, but not limited to financial, political, legal)	Ex-spouses <sup>3</sup>
A person who is widely known, or actually known by the Bank, to maintain a close relationship with the Senior PEP	Mother
	Father
	Brother
	Sister
	Son
	Daughter
	Son-in-law
	Daughter-in-law
	Father-in-law
	Mother-in-law
	Brother-in-law
	Sister-in-law Step relatives listed above (e.g., Step-Son, Step Mother)

<sup>1</sup> Immediate family members and close associates remain Senior PEPs even after the primary Senior PEP's death. In the case of close associates, if the business determines, in consultation with Compliance Officer, that the close associate's political influence no longer exists, the close associate can be treated as a non-Senior PEP. Only immediate family members of the Senior PEP listed above, are encompassed by this definition. Immediate family members of immediate family members are not included. In addition, in situations where an individual has multiple relationships with close associates / immediate family members who are Senior PEPs, all of these Senior PEPs must be captured.

<sup>2</sup> While the following are examples of potential "close associates", a determination of whether a person is a close associate depends upon the specific circumstances of each case. For example, not every business associate or co-employee in a large organisation is necessarily a close associate.

<sup>3</sup> This includes only ex-spouses married to the Senior PEP at the same time he/she was a Senior PEP.

## **ENTITIES AS SENIOR PEPs**

Entities are considered to be Senior PEPs when an individual who is an Ultimate Beneficial Owner (UBO) of the entity, is a Senior PEP.

## **BENEFICIAL OWNERSHIP AND DUE DILIGENCE**

When the client is an entity (i.e., it falls within the Corporate or Financial Institution Client Categories or is a Wealth Holding Vehicle), the reporting person must identify the natural persons who are the client's UBOs and determine their Senior PEP status. In those instances where an UBO of the entity meets the definition of Senior PEP, the entity must always be flagged as a Senior PEP Entity.

In addition, when the reporting person has actual knowledge that the entity has been formed by or for the benefit of an Senior PEP or his close associate or immediate family members who may not have been formally identified as UBOs on the KYC Profile, then the entity must be considered as an Senior PEP Entity.

Where an entity is classified as a Senior PEP due to a UBO who is a Senior PEP and that individual ceases being a UBO of the entity, the entity will no longer be classified as a Senior PEP entity, subject to advisement by Compliance.

## **GOVERNMENT AND STATE-OWNED OR CONTROLLED CORPORATIONS**

Client entities that are government and state-owned or controlled corporations (corporations that are owned more than 50% by a government, as distinguished from clients that fall under the Government Client Type), including central banks, are not considered Senior PEP Entities where all their UBOs are determined to be Senior PEP only by virtue of being senior executives of that government/state owned or controlled corporation; however, in instances where a government/state owned or controlled corporation has UBOs that are considered Senior PEP for holding positions unrelated to that government/state owned or controlled entity (e.g. the CEO of a state-owned entity was also member of parliament in that country), the client must be considered a Senior PEP Entity.

Reporting persons, based on an assessment of the associated risks for any specific client, including government-owned or nationalised companies, may identify risk factors that are comparable to private-sector Senior PEP entities, and in such cases, may request a Compliance Exception approval to treat such client as a Senior PEP.

A senior executive of a government or state owned or controlled corporation is considered a Senior PEP by virtue of this role, even where the entity is not considered a Senior PEP; however, as part of the KYC Profile of the government or state-owned or controlled corporation, where such an individual is only considered a Senior PEP by virtue of his/her role as a senior executive of a government or state-owned or controlled corporation, and not by virtue of any other position or association, such an individual's risk status, and accordingly, the applicable due diligence requirements, may be lower than that of other Senior PEP.

Customers classified under the Government Client Type are not considered to be Senior PEP Entities, and furthermore, UBOs for these clients are also not required to be identified as Senior PEPs. Similarly, customers classified under the Embassy Client Type are not considered to be Senior PEP Entities; however, the highest-ranking official must be identified as Senior PEP in the KYC Profile.

### **FORMER SENIOR PEPs**

Once identified and flagged as a Senior PEP, an individual must continue to be identified as a Senior PEP even when the person no longer holds the office or position that triggered the designation.

### **PROMINENT SENIOR PEP ACCOUNTS AND RELATIONSHIPS**

Certain types of Senior PEP may present a higher level of risk due to the prominence of their positions (“Prominent Senior PEP”). Prominent Senior PEPs are subject to enhanced due diligence (EDD).

Prominent Senior PEPs include:

- Heads and Deputies – State/National Government;
- National Government Ministers;
- Members of the National Legislature;
- Heads of the Armed Forces; and
- Senior Members of the Judiciary.

Close associates and immediate family members of Prominent Senior PEPs are subject to the EDD applicable to Prominent Senior PEPs.

### **IDENTIFICATION METHODS AND TOOLS**

While identification methods vary based on the nature of the business and the type of risk posed by a Senior PEP relationship, one or more of the following research tools and services must be used for identifying Senior PEPs, where available:

- Screening solution
- KYC information obtained during the onboarding and/or periodic review process
- Name screening through approved vendor databases such as World-Check and against local, regional, or other government lists.
- Review of major news publication.

Until implementation of a more robust tool to screen and identify Senior PEPs (that would reduce the amount of false positives), Reporting Persons that deal with large volumes of transactions for lower-risk products on a daily basis, may rely on a number of methods/interim compensating controls to identify potential Senior PEPs, using a risk-based approach, so long as such controls are reviewed and approved by the appropriate Senior Management Committee body.

## **ESCALATION**

In the event that the Reporting Person finds discrepancies between information sources or is uncertain about the designation of a prospective client as Senior PEP, the Reporting Person must consult with Compliance for resolution and, if necessary, escalate to Senior Management. Under these circumstances, a decision that a client is not a Senior PEP, including the rationale for the decision, must be documented in the client's KYC Profile.

## **EXISTING CUSTOMERS**

If the Reporting Person becomes aware through periodic review, re-screening or otherwise that an existing client is or has become a Senior PEP, the client must be promptly categorized as a Senior PEP and the Reporting Person must determine what additional due diligence or enhanced due diligence and monitoring, if any, is required in order to maintain the relationship in compliance with local legislations and guidelines. Approval must be obtained from Senior Management, in consultation with the Compliance Officer, to continue the relationship with existing customers identified as Senior PEPs.