

Wolfsberg Guidance on Politically Exposed Persons (PEPs)

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Introduction

This guidance updates the original Wolfsberg Group¹ Guidance on Politically Exposed Persons (PEPs) issued in 2003 and the Frequently Asked Questions (FAQs) issued in 2008. The objective of this paper is to explain what has changed since the guidance was first issued and how PEP identification and risk management have evolved in the context of a more holistic customer risk assessment process.

The focus of the PEP identification and risk management process should remain on the detection of “grand corruption” in politics, which is defined by Transparency International as “acts committed at a high level of government that distort policies or the central functioning of the state, enabling leaders to benefit at the expense of the public good.”² Other instances of corruption, including corruption in the private sector, should be identified through the Financial Institution’s (FI’s) Risk Based Approach (RBA) by initial customer due diligence (CDD) and ongoing monitoring.

While Financial Action Task Force (FATF) guidance³ recommends that all foreign PEPs should automatically be classified as high risk, the Wolfsberg Group advocates for the application of an RBA for all PEPs, whether foreign or domestic. In recent years, the lack of a globally accepted definition of a PEP, a focus on applying a consistent level of Enhanced Due Diligence (EDD) to all PEPs, irrespective of the risk of committing serious crimes against society, as well as the significant numbers of entries on PEP lists (including PEPs, their relatives and associates, close or otherwise), have considerably diluted both the application of an RBA and the effectiveness of PEP screening.

In jurisdictions where the adoption of an RBA is permissible, an FI may consider a number of factors that may impact the risk posed by PEP relationships when determining the appropriate controls. Where an RBA is applied, the risk factors associated with PEPs are simply additional factors that need to be considered as part of an FI’s standard customer risk assessment, rather than being considered in isolation. These additional factors may include the political environment and the vulnerability of the PEP’s country of political exposure to corruption, the rationale for wishing to open an account in a

¹ The Wolfsberg Group consists of the following financial institutions: Banco Santander, Bank of America, Bank of Tokyo Mitsubishi-UFJ Ltd, Barclays, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JPMorgan Chase, Société Générale, Standard Chartered and UBS.

² <https://www.transparency.org/what-is-corruption#define>

³ FATF Politically Exposed Persons (Recommendations 12 and 22), Paragraph 23: <http://www.fatf-gafi.org/media/documents/recommendations/Guidance-PEP-Rec12-22.pdf> fatf/

jurisdiction beyond where political office is held, the products or services being sought, the individual circumstances of the customer and, where appropriate, the source and amounts of the customer's funds and wealth.

It is therefore reasonable that not all FIs will apply the same framework to classify and manage PEP relationships as this will depend on the types of products and services offered by the FI. For example, a private banking/wealth management business may have a different framework from a high volume, low value, retail or insurance business. FIs may conclude that a PEP whose political position and country of political exposure has a low risk of corruption, who has a genuine business need for their financial product and against whom there is no indication of higher levels of risk, can be subject to a lower level of due diligence requirements. In such lower risk circumstances, it would not be necessary to obtain additional due diligence from the customer themselves. Likewise, in compliance with the RBA, it may be reasonable for a low risk business to screen its customer base against PEP lists at a lower frequency than a higher risk business.

In certain jurisdictions, local regulatory requirements may require, for example, the application of a broader PEP definition or specific control requirements (e.g. with respect to de-categorisation of a PEP). In such cases an FI's standards will need to be augmented or changed to meet local regulatory requirements.

⇒ PEP Risk

Relationships with PEPs may represent increased risks due to the possibility that individuals holding such positions may misuse their power and influence for personal gain or advantage, or for the personal gain or advantage of close family members and close associates. Such individuals may also use their families or close associates to conceal funds or assets that have been misappropriated as a result of abuse of their official position or resulting from bribery and corruption. In addition, they may also seek to use their power and influence to gain representation and/or access to, or control of, legal entities for similar purposes.

It is important to understand, however, that the majority of PEPs are neither in a position to, nor do, abuse their position through grand corruption and therefore will not represent any undue additional risk to an FI solely by virtue of their categorization as a PEP.

⇒ Definition of a PEP

There is no single, globally agreed definition of a PEP. In formulating this guidance, consideration was given to the standards issued by internationally-recognised bodies. Local or regional regulations may differ in respect of particular elements of the PEP definition and should be considered by an FI when determining PEP categorisation standards and associated relationship management procedures.

While all holders of public functions are exposed to the possibility of corruption or the abuse of their position to a certain degree, those holding senior, prominent or important positions, with substantial authority over policy, operations or the use or allocation of government-owned resources, have much more influence and therefore normally pose greater risks for an FI and should accordingly be categorised as PEPs for the purposes of control and oversight frameworks.

FIs should consider a range of factors when determining whether a particular holder of a public function has the requisite seniority, prominence or importance to be categorised as a PEP. Relevant factors could include assessing the nature of the relevant country's political and legal system and its vulnerability to corruption as per various publicly available, independent indices, the official responsibilities of the individual's function, the nature of the title (honorary or salaried political function), the level of authority the individual has over governmental activities and over other officials, whether the function affords the individual access to significant government assets and funds or the ability to direct the awards of government tenders or contracts and whether the individual has links to an industry that is particularly prone to corruption.

A basic element of the PEP definition is that a PEP is a natural person. The involvement of a PEP in the management of an entity-based relationship, as treated below, could increase the risks involved in establishing or maintaining a relationship with such an entity, but may not necessitate the categorisation of the entity as a PEP. However, accounts for trusts, personal investment companies, foundations, operating companies or other entity based accounts should, if established for the specific benefit of a PEP, Close Family Member or Close Associate, be subjected to the control framework appropriate for PEPs.

PEPs are also often the subject of intense public and media scrutiny, with the increased possibility of commensurate reputation risks for FIs that maintain relationships with them. This guidance considers the financial crime risk of a PEP and not the reputational risk which firms should clearly also consider, in line with their risk appetite.

Characterisations of specific senior public functions, such as those noted below, can be useful as indicators of seniority, prominence or importance and used to determine whether an individual should be considered a PEP.⁴ However, even within these categories, care should be taken to ensure that only those positions which are genuinely prominent are captured. Some examples of specific functions that would be likely to give rise to PEP status are:

⁴ Additional information on public functions and Public Officials is provided in the Wolfsberg ABC Compliance Programme Guidance

- Heads of State, heads of government and ministers
- Senior judicial officials who sit on bodies whose decisions are not subject to further appeal
- Heads and other high-ranking officers holding senior positions in the armed forces
- Members of ruling royal families with governing responsibilities
- Senior executives of state-owned enterprises, where the state owned enterprise has genuine economic or political importance
- Senior officials of major political parties

In addition, the following may also be considered to fall within the definition but, equally, may be excluded in countries or organisations where the risk of corruption or abuse is considered to be relatively low e.g. where there is low record of corruption or where the individual does not have significant influence or the ability to control or divert funds.

- Heads of supranational bodies, e.g. UN, IMF, WB
- Member of parliament or national legislatures, senior members of the diplomatic corps e.g. ambassadors, *chargés d'affaires* or members of boards of central banks
- City mayors and governors or leaders of federal regions

Holders of public functions not meeting the above standards of seniority, prominence or importance (and therefore not categorised as PEPs) could still represent a heightened reputational or money laundering risk for FIs. However, such individuals should be assessed using appropriate risk factors as part of an FI's customer risk assessment process.

To date, governments have not taken the opportunity to identify PEPs or senior political positions with respect to their own countries. The Wolfsberg Group recommends that FATF encourage its membership, and those of its associate and regional bodies, to publish lists of senior, prominent or important political posts or the holders of public functions, their Close Family Members and Close Associates as they are best placed to make such an assessment. This would assist FIs to focus their resources on truly high risk situations and to decrease the risk of unintended consequences. Should governments not wish to publish such lists, consideration should be given to making them available to regulated/supervised entities through regulators/supervisors in order to support the common goals of combatting grand corruption and associated financial crime while minimising the impact on the majority of PEPs who pose no additional risk.

⇒ Definition of “Close Family Members” and “Close Associates” of a PEP

PEPs may abuse their power and position for their personal gain and advantage by use of close (immediate) family members or close associates to conceal funds or assets that have been misappropriated as a result of abuse of their official position, or resulting from bribery and corruption. It is therefore important to define “Close Family Members” and “Close Associates” and include them within the control framework established for PEPs. While “Close Family Members” and “Close Associates” may be subjected to levels of EDD, it should be clear that they are not the ones holding a prominent public function and it is not necessarily appropriate in all cases that they be classified as PEPs, or indeed receive the same due diligence treatment as the political officeholder themselves. In addition to the statutory or regulatory definitions that may apply, the FI should consider factors such as degrees of familial separation from, the level of exposure to, and the length of the relationship with, the political officeholder in determining whether a “Close Family Member” or “Close Associate” should be classified as a PEP and the level of due diligence they require.

- Close Family: will include a PEP’s direct family members, their spouse,⁵ their children and their spouses, parents and the siblings of the PEP
- Close Associate: will include a PEP’s widely- and publicly-known close business colleagues or personal advisors, in particular persons acting in a financial fiduciary capacity

In any of these cases there may be circumstances which suggest that those in the categories above do not have a close relationship with a PEP, and that would mean it is not appropriate to subject them to the same control framework. Such circumstances include separation, estrangement or the end of a business relationship between the PEP and the close associate. Equally certain ethno-cultural-religious links may require the above definition of “close family members” to be extended. These circumstances could be considered as part of the risk assessment process and documented accordingly.

⇒ Identification of a PEP or their “Close Family Member or Close Associates”

FIs should apply an RBA to identifying whether a prospect or an existing customer is a PEP.

The following measures may be appropriate and effective when seeking to identify and risk assess a PEP:

- Making enquiries regarding the PEP status of prospective customers during the account opening process

⁵ or a person considered to be equivalent to a spouse

- Screening new and prospective customers and key principals of the overall customer relationship against a database of such persons. These databases may be developed internally or provided by an external service provider
- In certain circumstances, searching for publicly available information from reputable sources⁶
- The inclusion of appropriate PEP training to relevant staff. This may form part of regular anti money laundering (AML) training

Despite the reasonable efforts of an FI, it may be difficult to identify a PEP, particularly if the customer fails to provide important information, provides false/inaccurate details, or their circumstances change during the course of the relationship. In seeking to mitigate this, an FI will utilise their customer identification procedures and associated due diligence processes to try to detect such connections and relationships alongside publicly available information. The level of detail available to an FI will also vary by product or service. In a retail relationship, there will be less opportunity to establish such connections than in a private banking/wealth management situation. The difficulties of identifying Close Family Members and Close Associates are typically greater than for identifying PEPs because, unlike the PEP themselves, any political exposure may not be immediately apparent through the due diligence obtained from the customer.

⇒ Foreign vs Domestic PEPs

FIs should assess the risk posed by PEPs regardless of whether they are domestic or foreign and apply commensurate due diligence standards. Typically, foreign PEPs may pose a higher risk compared to domestic PEPs, however this may not always be the case. The greatest risks appear to be present where a PEP seeks to establish a relationship with an FI beyond their country of political exposure and where there is no obvious rationale for holding an account outside of that jurisdiction. Consideration should also be given to the fact that certain countries prohibit certain government officials from holding bank accounts outside the country where they hold office.

⇒ PEP Control of Organisations

If a PEP is the beneficial owner or has the requisite control of an operating company or organisation, that person may be in a position to use the organisation in furtherance of corrupt purposes. In such circumstances, an FI should consider whether it would be appropriate to subject that organisation to relevant elements of the control framework established for PEPs. In the case of Close Family Members or Close Associates who are beneficial owners or have requisite control of an organisation, consideration to the level of due diligence should be made as referenced in section 3.

⁶ “reputable sources” in this context are understood to mean well-known, independent and unbiased sources

However, even in situations where a PEP has such control, there may be circumstances that mitigate against concluding that such treatment is warranted. The level of political risk exposure may vary depending on factors such as the relationship of the PEP to the organisation and the function and regulated status of the organisation. Accordingly, the level of due diligence performed may vary from that of a direct PEP relationship. Generally, an entity created for the sole benefit of a PEP (such as a private investment vehicle or trust owned by a PEP) would present the highest level of political risk, i.e. akin to establishing an account directly for the PEP. On the other end of the spectrum, where a board member or corporate officer is a PEP of the following types of organisations, an FI may be exposed to a significantly lower level of risk and may consider adjusting their due diligence treatment accordingly:

- Where it is a publicly traded company listed on a recognised exchange, subject to appropriate listing rules, good governance requirements and transparent reporting
- Where the organisation is well regulated and subject to independent supervision, e.g. banks and other FIs
- Private or state owned organisations (including Central Banks, sovereign wealth funds) subject to good governance, appropriate checks and balances and transparent reporting

Standard due diligence undertaken in respect of an operating company may include basic due diligence on the company's management, board members, persons with significant ownership interests and other individuals capable of exercising control over corporate decisions. Using an RBA to corporate due diligence, as outlined more extensively in the Wolfsberg RBA paper,⁷ the nature and extent of corporate due diligence applied in determining PEP involvement may vary depending on the circumstances.

⇒ PEP control of state owned entities and public sector bodies

Many state owned entities and public sector bodies will have PEPs in controlling positions within the organisation. However, this does not always mean that the PEP will transfer corruption risk to that organisation. In some cases, the individual will only be classified as a PEP as a result of their position within that organisation, in which case it is not appropriate to subject the organisation itself to the PEP control framework. In other cases, the individual may be a PEP as a result of a different position, but may be acting in their official rather than personal capacity within the organisation in question (for example, Finance Ministers representing their countries on the board of international financial institutions). Again, this does not mean the organisation should be treated in the same way as a PEP.

⁷ [http://www.wolfsberg-principles.com/pdf/standards/Wolfsberg_RBA_Guidance_\(2006\).pdf](http://www.wolfsberg-principles.com/pdf/standards/Wolfsberg_RBA_Guidance_(2006).pdf)

However, some State Owned Entities will have genuine PEP risk. This is more likely to occur where the ruler of a country appoints family members to key positions, or where there is not a sufficiently clear separation between state finances and the personal finances of those in power.

8. Key components of the PEP Risk Management Framework

A wide range of controls may be considered for the identification and management of PEP relationships but not all will be appropriate for application across an FI's entire range of business as referenced in section 4.

Identification – New Customers: FIs should have risk based procedures to determine whether a customer is a PEP, either before the relationship is established or, where permitted under applicable law, shortly thereafter. Once a new customer is determined to be a PEP the FI should risk assess the customer and apply appropriate due diligence measures in a timely manner.

Identification – Existing Customers: where an FI becomes aware that an individual has become a PEP it should apply risk based due diligence and controls.⁸

Customer Risk Assessment: Once it has been determined that a new or existing customer is a PEP, the FI should undertake a risk assessment to determine both the level of financial crime risk posed by that customer and the proportionate levels of due diligence and monitoring that are required. The FI should use its customer risk assessment process, taking into account risk factors such as geography, product, business type and delivery channel. For geographic risk, the FI should consider information available from reliable and independent sources as to the levels of systemic corruption in the country of political exposure.

Due Diligence: Once the PEP has been subject to risk assessment, firms should apply risk based due diligence procedures, which may include:

- Understanding and documenting the length of time, the title or position and country in which the PEP holds, or held, political exposure. If the individual customer is a close family member or close associate, the relationship of the person to the PEP must be documented
- Understanding and documenting the nature and intended purpose of the relationship/account, the source of the initial funds (where appropriate) and the anticipated levels of account activity
- Understanding and documenting the customer's source of funds and source of wealth (e.g. salary and compensation from official duties and wealth derived from other sources). Where the financial crime risks are high or there are doubts as to the veracity of the information provided by the customer, FIs should validate this

⁸ This would include previously dormant accounts that have become active again

information using independent and reliable sources. FIs may use internet and media searches to determine and/or validate this information, having considered the potential limitations of such sources

- Conduct Negative News/Adverse Media screening on the customer and evaluate any positive hits
- When the due diligence on an immediate family member or close associate of a PEP indicates that the source of funds originates from the PEP, then the FI should determine and document the PEP's sources of funds and wealth. Negative News/Adverse Media Screening on the PEP who funds the account may assist in establishing whether the PEP has deliberately attempted to disguise their involvement in funding the account

Approval: PEP relationships should be approved by senior management who understand both the financial crime risk and their responsibility within the FI's AML control environment. The level of seniority should be directly proportionate to the nature of the FI and the money laundering risk posed by the PEP

Enhanced Monitoring (manual or automated): accounts with a PEP relationship should, using an RBA, be subject to proportionate enhanced monitoring to detect unusual and potentially suspicious activity

Periodic reviews for existing PEP customers: such relationships should be subject to periodic review to ensure that due diligence information remains current and the risk assessment and associated controls remain appropriate. Frequency of periodic reviews should be determined by the risk of the customer and be documented appropriately. If the risk of the PEP has materially changed since the last review/approval (Death/Divorce), you may consider subjecting the PEP to re-approval by relevant senior management.

PEP Risk Exposure (FI/Portfolio wide): Beyond the individual customer reviews an FI should review its overall exposure to PEP risk, in particular on a business line level, with senior management confirming that the risk exposure remains within the FI's defined risk appetite

Training & Education: The business are the first line of defence in preventing and detecting financial crime and also have a crucial role to play in identifying customers or potential customers who are PEPs. It is therefore vital that the risk, policies, procedures and processes associated with PEPs are communicated to relevant employees and their managers and form part of the regular AML training programme.

⇒ PEP Declassification

There is no agreed method for determining the time period that an individual should be regarded as a PEP after they have left the public function that gave rise to the initial categorisation. The risk associated with a PEP is closely related to the political situation and the inherent corruption risk in their country of political exposure, the office or function they held and the influence associated with that post. Although that influence may substantially reduce as soon as they have left office, a PEP may have been in a position to acquire his or her wealth illicitly, so that a high level of scrutiny with regard to such individuals may be warranted even after they have left office.

The Wolfsberg Group does not believe that the approach known as “once a PEP, always a PEP” is consistent with an RBA to managing financial crime risk. While there will be certain higher risk PEPs where maintaining classification as a PEP indefinitely will be warranted, for other categories, a holistic approach should be taken when considering when a PEP should be de-classified. The following considerations should be made when determining the length of time appropriate post departure from public function:

- The level of inherent corruption risk in their country of political exposure
- The position held and its susceptibility to corruption or misappropriation of state funds or assets
- Length of time in office and likelihood of return to office in future
- The level of transparency about the source of wealth and origin of funds, in particular those funds generated as a consequence of office held
- Links to any industries that are high risk for corruption • The overall plausibility of the stated customer profile and their net worth
- The level of transparency and plausibility of transactions processed through the account
- Whether there is relevant adverse information about the customer widely published in reputable sources
- How politically connected they remain once they have left office

Where a PEP is deceased but was the source of funds/wealth for close family members’ or close associates’, a risk based assessment will need to be made to determine whether those relationships still merit appropriate levels of EDD on their own merits or whether they should be declassified.

Any declassification of a PEP should be subject to an appropriate level of senior management review and approval. This review should be documented. Once a PEP has been de-classified, their prior PEP status should be noted for investigatory purposes (e.g. in the event of a suspicious activity reporting).

⇒ PEP Screening

PEP screening is the screening of customer names and associated details against PEP information at certain points during the customer relationship. While some relevant, competent authorities do publish PEP lists, this is the exception rather than the norm as PEP lists are usually compiled internally or sourced from vendors/list providers.

Regulatory requirements usually require FIs to adopt reasonable, risk-based measures to identify PEPs. While this could include PEP screening, the decision as to the manner in which screening should be conducted will depend on the size, scale, footprint and capability of each given FI and on the inherent risk of PEPs using the FI's products and services to launder the proceeds of crime. Where deemed to be an appropriate control, PEP screening should be automated. However, manual screening may be acceptable where deemed appropriate for the size of the business and the materiality of the inherent risk posed by PEPs.

PEP screening should occur in accordance with an FI's risk appetite applying an RBA and take place at least:

- As part of the onboarding process
- At periodic customer review
- When there is a trigger event which warrants a customer due diligence review

It should be noted that, in many instances, PEP screening is not the primary control for identifying PEPs.

The responsibility for PEP identification remains with business lines who have direct contact with the customer and should be embedded within a firm's CDD processes as outlined above.

Parties to be screened

As a minimum, PEP screening should be undertaken on those parties who are subject to identification requirements to meet KYC and CDD standards. This could include, but is not limited to: account holders, beneficial owners (including settlors, named and vested beneficiaries) and individuals with control over the account.

PEP Screening Categories

FIs should assess which categories of PEPs fall within their global PEP definition and which PEP positions are therefore appropriate to be screened. There is no requirement to screen information concerning positions which sit outside of an FI's PEP definition.

As part of an FI's RBA for screening, it may be acceptable for customers to be screened more frequently against categories of PEPs that are deemed to present the highest risk and/or are most likely to identify a match aligned to the FI's risk appetite.

Wherever possible, PEP screening standards should be applied consistently and on a global basis. Nevertheless, in certain jurisdictions, local regulatory requirements may require the application of different standards.

PEP List Providers

As indicated above, depending on its size and geographical footprint, an FI may choose to source its PEP data for screening purposes from a third party vendor. Some FIs may choose to develop their own internal database.

Minimum data quality standards required for effective PEP Screening

In order to carry out effective and efficient screening, FIs should have complete and accurate electronic customer data records and the PEP database used for screening should contain sufficient unique identifying data. Without this information, PEP screening will result in irrelevant alerts, which is not only ineffective and inefficient, but inconsistent with an RBA.

Unique identifying data, whether maintained by vendors or determined internally by an FI, should include the following:

1. Name (all known names and aliases)
2. Date of Birth, and where this isn't available, Year of Birth
3. Country of political exposure
4. Gender (where available)
5. Politically exposed role(s), and date(s) or year(s) of appointment
6. Date or year that the PEP left their position (where applicable)

In addition, should a PEP be deceased, it would be helpful to have that appropriately recorded.

The accuracy and completeness of the PEP data should be subject to regular review and changes in personal details and political positions should be reflected in a timely manner.

PEP Screening Methodology, Rules Management and Tuning

While screening PEP data on an "exact match" basis will likely be too restrictive, it is acceptable to undertake screening on a "close match" basis. This should take account of transposition errors, common variations on names and minor typos and misspellings.

When using an automated screening solution, it is acceptable for FIs to implement rules that are aligned to their risk based standards. These rules could include auto-discounting, i.e. where irrelevant alerts are automatically discounted based on pre-defined criteria, such as a material difference in the year of birth. Care should be taken to ensure that auto-discounting criteria are based only on reliable information indicating a clear difference between the PEP and the customer or related party being screened.

An FI may choose to implement ongoing delta screening, whereby changes to the PEP database are continuously screened against the full customer population to be screened, and changes to the customer data are continuously screened against the full PEP database. In such cases the definition of a “change” should be set to include not only any new records on either side, but also any material alteration to the existing data such that the reliability of the previous “no-match” assessment could be compromised.

Where an FI chooses not to implement delta screening, it may maintain a “no-match” list of false matches, in order to prevent matches between the same PEPs and customers (or related parties) from being repeatedly regenerated each time PEP screening is carried out. In such cases, it should be the match between the PEP and the customer that is listed, rather than the customer themselves, as the customer may still be matched to another PEP record. Any material changes to the PEP or the customer record should result in the “no-match” assessment being reconsidered.

Identification of a True Match

When a true match to a PEP is identified, the appropriate team or individual responsible must be notified and the appropriate due diligence procedures should be instigated if not already underway or completed.

To the extent that the PEP relationship should have been, but was not, identified by business lines/customer-facing staff, the FI should seek to understand why this did not occur, and, where necessary, consider any changes to procedures or training.

Training and Awareness

For those employees who are involved in PEP alert handling, appropriate training should be designed and delivered on a regular basis.

⇒ Conclusion

The regulatory approach to dealing with PEPs predates the establishment of the RBA. Now that the RBA has been enshrined as the first of the FATF Recommendations and in the interests of increased effectiveness, the Wolfsberg Group believes that it is acceptable for PEPs to be integrated into an overall RBA and thereby be subjected to a more tailored and risk based control framework. The Wolfsberg Group acknowledges, however, that FIs may nonetheless choose to assess PEPs as a specific, potentially

higher risk customer segment or may be required to do so by local regulations. Regardless of the approach, the Wolfsberg Group would reiterate the key notions which it deems essential to the appropriate management of PEP Risk:

- the definition of a PEP should focus on those in senior, prominent political positions, who have substantial authority over policy, operations or the use or allocation of government-owned resources and are therefore more vulnerable to grand corruption
- the definition of a PEP should not be diluted by the inclusion of categories of natural persons who may exert considerable influence and are politically connected, but do not hold public office
- not all foreign PEPs are higher risk by definition
- while, under certain circumstances, relatives and close associates should be subjected to the same control framework as PEPs, they should not themselves be considered PEPs in all cases
- the principle of “once a PEP, always a PEP” runs counter to an appropriate RBA and should be considered very carefully before being applied
- regulatory requirements set out the need for reasonable risk-based measures for identifying PEPs, it is noted that while this may include automated screening, this is not necessary in all circumstances

The Wolfsberg Group would reiterate its request that governments find a way of sharing their views on which positions should be considered to be PEPs per country, either through publication or a sharing mechanism via regulatory/supervisory authorities, as this will contribute to a more accurate understanding of critical positions and, as such, ensure a more relevant assessment of, and application of appropriate controls to, PEP risk by FIs.