



Banco Santander  
 Bank of America  
 Barclays  
 Citigroup  
 Credit Suisse  
 Deutsche Bank  
 Goldman Sachs  
 HSBC  
 JPMorgan Chase  
 MUFG Bank  
 Société Générale  
 Standard Chartered Bank  
 UBS

# the Wolfsberg Group

## CBDDQ Glossary

<b>1st Line of Defence</b>	First line of defence refers to the front-line, customer facing functions, such as lines of business.
<b>2nd Line of Defence</b>	Second line refers to independent risk and/or control stewards which support the first line of defence, such as Compliance, Operations, Risk or Legal among others.
<b>3rd Line of Defence</b>	Third line of defence relates to any other independent assessment function.
<b>Adverse Media/Negative News Screening</b>	Adverse media, also known as negative news, is information that suggests that there may be reputational or Financial Crime risks in establishing or maintaining a relationship with a particular Entity or individual. Adverse Media screening refers to the ongoing screening of potential adverse information in relation to the entity's relationships and management of alerts generated.
<b>Affiliate</b>	A company that controls, or is controlled by, or is under common control with the participant. Control of a company is defined as (a) ownership, control, or holding with power to vote 20% or more of a class of voting securities of the company; or (b) consolidation of the company for financial reporting purposes. <sup>1</sup>
<b>AML</b>	Anti-Money Laundering refers to the controls that entities follow to prevent, detect, and report money laundering activities.
<b>Anonymous Account or Fictitious Named Accounts</b>	A bank account that has no features identifying its owner and/or a bank account where it is not possible to identify the true owner or account-owning entity from the account name. This denies the other banks in a payment the ability to screen the transaction appropriately.

<sup>1</sup> Bank for International Settlements (BIS), 17 October 2016. *Glossary*. Last accessed on 6 February 2023 at <https://www.bis.org/cpmi/publ/d00b.htm?&selection=2&scope=CPMI&c=a&base=term>.

<b>Arms, defence, military</b>	Customers, including companies, governments, military departments and other entities which manufacture, sell, purchase or use weapons for either defensive or offensive purposes. Weapons include: <ul style="list-style-type: none"> <li>- guns, ammunition, bombs, missiles and landmines;</li> <li>- platforms for weaponry, e.g. tanks, combat aircraft, armed vehicles, warships, aircraft carriers, gunboats, naval submarines and unmanned aerial vehicles (drones) with missile capabilities;</li> <li>- platforms not fitted with weapons at the point of sale but designed and anticipated to have weapons fitted after sale;</li> <li>- material parts of a weapon or platform for weaponry with no generally accepted non-military use, e.g. the gun turret of a tank, the barrel of a gun or the casing of a missile.</li> </ul>
<b>Authorised Signatories</b>	An authorised signatory is a party who is recorded in the bank's records (e.g. CDD) as a party who has authority over the customer's account(s) or is authorised to act in an otherwise controlling manner over the customer's business. Also referred to as legal representative.
<b>Bearer Share</b>	Bearer shares refer to negotiable instruments that accord ownership in a legal person to the person who possesses the physical bearer share certificate, and any other similar instruments without traceability. It does not refer to dematerialised and/or registered forms of share certificate whose owner can be identified.
<b>Beneficial Owner</b>	Beneficial owner refers to the natural person(s) who ultimately owns or controls (directly or indirectly) a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement.
<b>CDD</b>	Customer Due Diligence (CDD) is the process by which an Entity analyses and assesses the risk of the customer relationship based on collected information.
<b>Correspondent Relationship</b>	A Correspondent Relationship is a business relationship provided by a Financial Institution (FI) for another Bank/FI for the provision of commercial or business products or services. The degree of risk in a Correspondent Relationship is dependent on the risks posed by the nature of the relationship. For example, the degree of risk is generally higher where the bank/FI receiving the services (Respondent) uses its Correspondent Relationship to provide banking services to its own customers. This is because the FI providing the services (Correspondent) is acting as an intermediary for underlying customers of another Bank/FI. This activity may warrant a higher level of due diligence compared to when a Bank deals with another Bank/FI on a purely principal to principal basis.
<b>Correspondent Banking Activity</b>	Correspondent Banking activity (and by extension a Correspondent Banking Relationship) is defined as the provision of banking-related services by one Bank to another, for the execution of third-party payments, trade transactions and processing of paper clearing needs in a particular currency. These services may include the provision of a current or other liability account and related services. A Correspondent bank enables its Respondent customers to provide their own customers with cross-border products and services. The Correspondent is effectively acting as the Respondent's agent or conduit, executing payments or other transactions for the Respondent's customers. These

	customers may be individuals, legal entities, or FIs. <sup>2</sup>
<b>Customer</b>	Customer refers to the natural and/or legal persons to whom the Entity provides financial services.
<b>Customer Identification</b>	The collection of information from the customer which permits the Entity to identify and understand its customer. The number of questions and its complexity will vary dependent upon the local Regulatory requirements and the Entity's policies and procedures.
<b>Cross-Border Bulk Cash Delivery</b>	Bulk shipments of currency using air/land/sea carriers to transport large volumes of bank notes from one jurisdiction to another.
<b>Cross Border Remittances</b>	Transactions which are transferred outside their originating jurisdiction of issuance.
<b>CTF</b>	Counter-Terrorist Financing (CTF) Programmes refer to strategies, and tools to disrupt and dismantle global terrorist financial and criminal laundering operations.
<b>Domestic Bulk Cash Delivery</b>	Bulk shipments of currency using air/land/sea carriers to transport large volumes of bank notes within the same jurisdiction of the Entity.
<b>Downstream correspondent banking</b>	Downstream correspondent banking occurs when an FI gains access to the financial system by operating through a correspondent banking account belonging to another FI (Respondent).
<b>E-Commerce Platforms</b>	An e-commerce platform is a software that enables purchasing and selling over the internet.
<b>EDD</b>	Enhanced Due Diligence
<b>Embassies/Consulates</b>	Any embassy, consulate or honorary consulate, high commission, diplomatic mission, trade mission, ministry or other office representing an Owner Government (the sovereign or regional government which the Embassy represents) in a host country/territory for which the senior officials/controlling parties are appointed by the Owner Government or for which there is a direct linkage with an embassy through the operation of bank accounts or through the exercise of management control.
<b>EWRA</b>	See Financial Crime Enterprise-Wide Risk Assessment (EWRA).
<b>Expected Activity</b>	A clear explanation of the purpose of the account, product or service. The projected activity of the account and the ongoing activity are key indicators for an ongoing assessment and transaction monitoring of the customers' activities. Understanding the account activity involves the account size and total value of funds to be paid into account on an annual basis, expected transfers, intention to purchase monetary instruments and other.
<b>EU</b>	European Union.
<b>FATF Recommendation 13</b>	FATF Recommendation 13 states: "Financial institutions should be required, in relation to cross-border correspondent banking and other similar relationships, in addition to performing normal customer due diligence measures, to: (a) gather sufficient information about a respondent institution to understand fully the nature of the respondent's business and to determine from publicly available information the reputation of the institution and the quality of supervision, including whether it has been subject to a money laundering or terrorist financing investigation or regulatory action; (b) assess the respondent institution's

<sup>2</sup> Ibid.

	<p>AML/CFT controls; (c) obtain approval from senior management before establishing new correspondent relationships; (d) clearly understand the respective responsibilities of each institution; and (e) with respect to “payable-through-accounts”, be satisfied that the respondent bank has conducted CDD on the customers having direct access to accounts of the correspondent bank, and that it is able to provide relevant CDD information upon request to the correspondent bank. FIs should be prohibited from entering into, or continuing, a correspondent banking relationship with shell banks. FIs should be required to satisfy themselves that respondent institutions do not permit their accounts to be used by shell banks.”<sup>3</sup></p>
<b>FATF Recommendation 16</b>	<p>Recommendation 16 aims to ensure that basic information on the originator and beneficiary of wire transfers is immediately available, among other parties, to ordering, intermediary and beneficiary FIs to facilitate the identification and reporting of suspicious transactions, and to implement the requirements to take freezing action and comply with prohibitions from conducting transactions with designated persons and entities, as per the obligations set out in the relevant United Nations Security Council resolutions (i.e. 1267 (1999) and its successor resolutions, and r 1373 (2001) relating to the prevention and suppression of terrorism and terrorist financing). Recommendation 16 applies to cross-border wire transfers and domestic wire transfers, including serial payments, and cover payments.</p> <p>Information accompanying all qualifying wire transfers should always contain:</p> <ul style="list-style-type: none"> <li>(a) the name of the originator;</li> <li>(b) the originator account number where such an account is used to process the transaction;</li> <li>(c) the originator’s address, or national identity number, or customer identification, or date and place of birth;</li> <li>(d) the name of the beneficiary; and</li> <li>(e) the beneficiary account number where such an account is used to process the transaction.</li> </ul> <p>In the absence of an account, a unique transaction reference number should be included which permits traceability of the transaction.<sup>4</sup></p>
<b>FCC Programme</b>	<p>The Entity’s Financial Crime Compliance standards and controls designed to meet internationally recognised standards to mitigate the Money Laundering and Terrorist Financing risk presented to FIs through products, customer base and jurisdictions.</p>
<b>Financial Crime Enterprise Wide Risk Assessment (EWRA)</b>	<p>EWRA provides an assessment of inherent Financial Crime and Sanctions risks, the effectiveness of the control environment designed to mitigate those risks, and the level of residual or unmitigated risk. The EWRA demonstrates a point-in-time view of current risks and how they are managed. EWRA covers all lines of business. Results are calibrated across the bank and enable a comparison between businesses and countries to ensure a consistent approach to assessing and mitigating risks and identifying potential outliers. A single EWRA may cover AML, Sanctions</p>

<sup>3</sup> Financial Action Task Force (FATF), (2012-2022), *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation*, FATF, Paris, France. Last accessed on 6 February 2023 at <https://www.fatf-gafi.org/content/dam/recommendations/pdf/FATF%20Recommendations%202012.pdf.coredownload.inline.pdf>.

<sup>4</sup> Ibid.

	and ABC. If a group-wide EWRA covers all branches and group entities, each branch and group entity may not need its own. For more information, see <a href="#">the Wolfsberg FAQs on Risk Assessments for Money Laundering, Sanctions and Bribery &amp; Corruption</a> .
<b>Financial Markets Trading</b>	This is inclusive of the following Financial Markets products: Securities and equities; Stocks and bonds; Bullion products; Loans/ cash borrowings; Currency transactions; Derivatives and Structured products; Foreign exchange and Interbank market; Commodities.
<b>Foreign bank</b>	A foreign bank is a bank organised under foreign law compared to the jurisdiction from which services are being provided. A bank includes offices, branches, and agencies of commercial banks, trust companies, private banks, national banks, thrift institutions, credit unions, and other organisations chartered under banking laws and supervised by banking supervisors of any jurisdiction.
<b>Foreign Branch</b>	A foreign branch is a bank branch in a different jurisdiction to the head office of that bank and where that branch is obligated to follow the regulations of both the home and host countries.
<b>Gambling</b>	Activities which typically involve a customer staking or risking something of value upon the outcome of a contest of chance or a future contingent event not under their control or influence, upon an agreement or understanding that they, or someone else, will receive something of value in the event of an unknown outcome. Gambling businesses include businesses with a physical location (e.g. casinos, bookmakers, operators of slot machines), online and remote gambling businesses.
<b>Hold mail</b>	Hold mail accounts are defined as accounts where the customer has instructed all documentation to be held on his/her behalf until his/her collection; thus, an individual could use the bank's address as their own.
<b>Immediate Shareholder</b>	The company or person showing in the share registry or any other form of ownership documentation with direct ownership of the Entity, without any company or person between them and the Entity in the ownership structure.
<b>Independent Testing</b>	A function independent from the team that executes financial crimes functions, which performs testing on the effectiveness of the programme. This team would be in addition to Internal Audit which may perform less frequent internal audits as a fundamental pillar of the overall control environment.
<b>Inherent Risk</b>	Risks that are inherently material to the running of the business. Inherent risk is associated to the maximum plausible impact before considering the effectiveness of the key controls in place.
<b>Internal Watchlists</b>	Internally maintained lists of individuals and entities that are not officially designated but have been identified as presenting financial crime risk internally. This may include lists used for transaction screening only or for screening all customer, staff and third-party service provider records.
<b>International Cash Letter</b>	Cash Letter is a deposit and clearing service which provide access to the clearing systems. Cash Letter allows a customer to send monetary instruments (bank/official/cashier checks and money orders, and traveller's checks received from international customers) drawn on banks. There are the following Cash Letter delivery channels: Remote Deposit Capture, Image Cash Letter, Paper Cash Letter and Mobile Remote Deposit Capture.

<b>Investment Banking</b>	Investment banking includes underwriting new debt and equity securities for all types of corporations, facilitating mergers, acquisitions, reorganisations and broker's securities trades for both institutions and private investors.
<b>Key controllers</b>	A Key Controller is someone who is elected or appointed to exercise more direct control over the Customer entity, by participating in the governance or senior executive activities of the Customer. Key Controllers typically set the strategic direction of the entity. The title given to a Key Controller varies according to the type of entity, country of operation, and country of incorporation/registration/formation. Most commonly, a Key Controller will include the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Managing Partner, Chairman of the Board and Directors. Usually, control is exercised jointly with other directors/senior executive management.
<b>KYC</b>	Know Your Customer. A process in which the FI collects information in relation to its customer to understand the customer and risk associated with maintaining the business relationship.
<b>Legal Entity Identifier (LEI)</b>	The Legal Entity Identifier (LEI) is a unique 20-digit, alphanumeric code designed to identify distinct entities that engage in financial transactions.
<b>List Management</b>	List management is based on consistent application of the Global Lists across the FI's entities and across all screening solutions, with timely upload, distribution and activation of changes to the Global Lists, Local Lists and Internal Watch Lists ("Lists"); consistent standards for the use of Internal Watch Lists; consistent governance of the inputs to the Lists.
<b>Low Price Securities</b>	Low-priced securities, also known as penny stocks, refer to low-value equity interests in companies that are publicly traded or are about to become so. The issuers of these shares generally have legitimate business operations and revenue streams. However, some publicly traded penny stocks are in fact shell companies that may be used for a reverse merger. In any event, shares in these issuers will often be represented with physical securities that can be deposited with a securities intermediary. These shares are not likely to be traded on traditional exchanges, but rather in over-the-counter (OTC) markets or on bulletin boards. Penny stocks typically have very low trading volume but, unlike bearer securities, ownership of these shares will often be registered with the issuer and/or a transfer agent. <sup>5</sup>
<b>Management Information (M.I.)</b>	Data that is used for identification and management of potential risks and for reporting purposes, e.g. volumes of alerts, number of customers on-boarded, risk metrics, among others.
<b>Marijuana Related Entity</b>	Businesses involved in the cultivation, production, distribution or sale of marijuana (cannabis) and related entities.
<b>Monetary instruments</b>	Monetary instruments include official bank checks, cashier's checks, money orders, and traveller's checks.
<b>Money Laundering</b>	Money laundering is the processing of criminal proceeds to disguise their illegal origin.
<b>Multilateral Development Bank</b>	An FI that provides financing for national or regional development. The FI is formed by a group of countries and/or supranational institutions,

<sup>5</sup> FATF, October 2009, "Money Laundering and Terrorist Financing in the Securities Sector". Last accessed on 6 February 2023 at <https://www.fatf-gafi.org/content/dam/rapports/ML%20and%20TF%20in%20the%20Securities%20Sector.pdf>.

	consisting of both donor and borrowing nations/entities. It can also offer financial advice regarding development projects.
<b>MVTS (or MSB, or Exchange Houses, or Casa de Cambio)</b>	Money or value transfer services (MVTs) refer to financial services, excluding banks, that involve the acceptance of cash, cheques, other monetary instruments or other stores of value and the payment of a corresponding sum in cash or other form to a beneficiary by means of a communication, message, transfer, or through a clearing network to which the MVTS provider belongs. Transactions performed by such services can involve one or more intermediaries and a final payment to a third party. Sometimes these services have ties to particular geographic regions and are described using a variety of specific terms, including hawala, hundi, and fei-chen.
<b>Name Screening</b>	The screening of customer, related party, staff member or third-party service provider names against lists provided by relevant competent authorities both at initial on-boarding and at other points during the relationship.
<b>Non-account customers</b>	A person who walks into a bank who initiates a business transaction without having an account or any other financial dealings with the bank (for example, cashing a check without having an account in the bank).
<b>Non-Bank Financial Institution (NBF)</b>	Institutions other than banks that offer financial services. Common examples of NBFs include, but are not limited to, casinos and card clubs; securities and commodities firms (e.g. brokers/dealers, investment advisers, mutual funds, hedge funds, or commodity traders); Money services businesses (MSBs), insurance companies; loan or finance companies; operators of credit card systems; other FIs (e.g. dealers in precious metals, stones, or jewels; pawnbrokers).
<b>Non-Government Organisations</b>	A non-governmental organisation (NGO) is any non-profit, voluntary citizens' group which is organised on a local, national or international level. NGOs' goals and mandate are organised around specific issues, such as human rights, environment or health. NGOs perform a variety of services, including humanitarian functions, advocacy and provision of information.
<b>Non-Resident customers</b>	Customers primarily resident in a different jurisdiction to the location where bank services are provided.
<b>Nuclear Power</b>	A form of energy generated by power plants that derive their heat from fission in a nuclear reactor.
<b>Offshore Banking License</b>	A license to conduct banking activities which, as a condition of the license, prohibits the licensed entity from conducting banking activities with the citizens of, or with the local currency of, the country which issued the license.
<b>On-Boarding</b>	The end-to-end process which establishes the relationship with the customer, from a due diligence and financial crime perspective
<b>Payable-Through-Accounts</b>	Payable-through-accounts, or pass-by accounts, are correspondent accounts that are used directly by third parties to transact business on their own behalf. They are used by foreign FIs to give their customers access to the domestic banking system. This enables the foreign bank's customers to write checks and make deposits at a bank in the jurisdiction

	like any other accountholder (in effect, giving customers of respondent banks access to more services). <sup>6</sup>
<b>Payment Service Provider (PSP)</b>	A Payment Service Provider (PSP), also known as third-party payment processor, refers to a provider offering services which can include remittances, merchant acquiring and issuing stored value instruments. A merchant acquirer is a third party that facilitates and helps merchants in the accepting of payments. In online shopping, PSPs will process various methods of payment, including direct debit, bank transfer, real time bank transfers using online banking, and credit card. A PSP can connect to multiple acquiring banks as well as payment and card networks.
<b>PEP</b>	Politically Exposed Persons (PEPs) are individuals who are or have been entrusted with prominent public functions, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state-owned corporations, senior political party officials. Persons who are or have been entrusted with a prominent function by an international organisation refer to members of senior management, i.e. directors, deputy directors and members of the board or equivalent functions.
<b>PEP Close Associate</b>	PEP Close Associate includes a PEP's widely- and publicly-known close business colleagues or personal advisors, in particular persons acting in a financial fiduciary capacity.
<b>PEP controlled or owned</b>	The institution is controlled by a PEP if a PEP holds a management position, such as CEO, President, COO, CFO or a similar title. The institution is owned by a PEP if a PEP owns 25% or more of the institution.
<b>PEP Screening</b>	On-going screening of potential PEPs and the management of alerts generated.
<b>PEP-Related</b>	Close family members of a PEP.
<b>Periodic Review</b>	Ongoing review of relationships the Entity holds, as per local regulation and industry standards.
<b>Precious metals and stones</b>	There is no unique definition of precious metals and stones. However, in general, precious stones will include diamonds, emeralds, sapphires and rubies and precious metals are comprised of gold, silver, platinum and platinoid metals.
<b>Primary Financial Regulator</b>	An Entity may be supervised by a number of different regulators, especially if the entity has branches in different jurisdictions to the Head Office. The Primary financial regulator will be the lead regulator which has the most authority over the Entity. Often, it is the Regulator based on the same jurisdiction as the Entity's Head Office.
<b>Private Banking</b>	Private Banking is the provision of services by a bank to high-net-worth individuals.
<b>Privately Owned</b>	Where 50% or more of the entity is privately owned (i.e. 50% of the Entity is neither government owned nor publicly traded).
<b>Prohibited Activities</b>	Activities which the Entity has classified as 'prohibited' due to its regulatory/legal requirements or due to not meeting the Entity's AML risk appetite. Prohibited activities are not acceptable by the Entity and

<sup>6</sup> FATF, 2016, "Guidance on correspondent banking services". Last accessed on 6 February 2023 at <https://www.fatf-gafi.org/content/dam/fatf/documents/reports/Guidance-Correspondent-Banking-Services.pdf>.



	may cause the customer to be rejected or exited, based on the Entity's risk-based approach. Refer to "Restricted" for further clarification.
<b>Public Official</b>	Public Official can fall into one of three categories: - officers and employees, whether elected or appointed, of any national, regional, local, or municipal government, including officers and employees of any governmental department or agency; - employees of state-owned or state-controlled entities; - officers and employees of international public organisations. Any person filling a role traditionally associated with government should be considered a Public Official, regardless of rank or title.
<b>Pump and Dump Schemes</b>	Pump-and-dump is a manipulative scheme that attempts to boost the price of a stock or security through fake recommendations. These recommendations are based on false, misleading, or greatly exaggerated statements. The perpetrators of a pump-and-dump scheme already have an established position in the company's stock and will sell their positions after the hype has led to a higher share price.
<b>Quality Assurance</b>	Quality Assurance (QA) reviews are routine reviews of control processes to determine whether process output adheres to established quality objectives. Unlike Compliance Testing and Internal Audit, QA is not an independent process but rather is a form of self-assessment.
<b>Red light business / Adult entertainment</b>	Adult entertainment means any enterprise from which minors are excluded and which sells, rents or displays sexually explicit matter, including, but not limited to, adult bookstores, adult magazine stores, stores selling sexually oriented adult games or devices, adult motion picture theatres, adult peep shows, establishments where nude or topless dancing or their displays regularly occur or other similar business.
<b>Regulated/unregulated charities</b>	In many jurisdictions, charities are regulated, licensed or supervised by an official authority/commission. Note: that some charitable organisations might fall outside the scope of the regulatory/licensing/supervisory regime, for example, charitable trusts.
<b>Remote Deposit Capture</b>	Remote Deposit Capture (RDC) refers to the ability to deposit cheques and monetary instruments (e.g. traveller's cheques or money orders) into a bank account from a remote location, such as an office or home, without having to physically deliver the cheque to the bank. RDC allows a bank's customers to scan a cheque or monetary instrument, and then transmit the scanned or digitised image to the institution.
<b>Residual Risk Rating</b>	The level of risk remaining, taking into account the current effectiveness of the control environment.
<b>Restricted Activities</b>	Activities which the Entity has classified as 'restricted' due to its regulatory/legal requirements or due to the Entity having a limited risk appetite. Restricted activities may be acceptable by the Entity with additional controls in place (placed by its customer and/or by the Entity). Refer to "Prohibited Activities" for further clarification.
<b>Retail Banking</b>	The provision of retail services by a bank to individuals and other corporate entities which would fall within a Retail Banking division.
<b>RFIs</b>	Requests For Information (RFIs) are submitted to customers to obtain additional information to disposition transaction monitoring or screening alerts or other AML related requests. <sup>7</sup>

<sup>7</sup> See [Wolfsberg Transaction Monitoring Request for Information \(RFI\) Best Practice Guidance](#).

<b>Risk Appetite</b>	The risk appetite of the Correspondent Bank should set out the different type of parties and transactional activity the Correspondent prohibits from being processed through the Respondents account(s) and this should be communicated internally and to its Respondent Banks.
<b>Sanctions</b>	Economic and/or trade-based measures (e.g. asset freezes or commercial prohibitions) taken by a government or international body to promote foreign policy or national security goals against certain jurisdictions or targeted individuals or entities. Examples of authorities that implement sanctions include, but are not limited to, the United Nations Security Council, the U.S. Treasury Department's Office of Foreign Assets Control (OFAC), the Council of the European Union, HM Treasury's Office of Financial Sanctions Implementation, the Japanese Ministry of Finance.
<b>Sanctions List</b>	Any of the lists of specifically designated nationals or designated or sanctioned individuals or entities (or equivalent) issued by any governmental or international sanctions authority.
<b>Service to walk-in customers (non-account holders)</b>	A person who walks into a branch office initiating a business transaction without actually having an account or any other financial dealings with the bank (for example, cashing a check without having an account in the bank). See also Non-account customers.
<b>Screening</b>	The process of checking names or details against designated lists, e.g. sanctions, PEPs, negative news/information, etc.
<b>Section 311 designated FIs</b>	Section 311 of USA PATRIOT Act grants the US Secretary of the Treasury the authority, upon finding that reasonable grounds exist for concluding that a foreign jurisdiction, institution, class of transaction, or type of account is of "primary money laundering concern," to require domestic FIs and financial agencies to take certain "special measures" against the entity of primary money laundering concern.
<b>Securities Services/Custody</b>	An FI that is responsible for looking after the securities of a mutual fund, institutional investor or individual financial advisor. Provision of custody (safe keeping) and clearing (settlement) services, can also include fund services, corporate trust and agency services.
<b>Shell Banks</b>	According to the <a href="#">FATE</a> , a bank that has no physical presence in the country in which it is incorporated and licensed, and which is unaffiliated with a regulated financial group that is subject to effective consolidated supervision. "Physical presence" means management located within a country. The existence simply of a local agent or low-level staff do not constitute physical presence. Shell banks may be used to shield the identity of their underlying owners/controllers.
<b>Shell Companies</b>	A company that either has no operations or has assets consisting solely of cash and cash equivalents and nominal other assets. A shell company has no active business and usually exists only in name as a vehicle for another company's business operations.
<b>Source of Funds</b>	A customer's source of funds refers to the origin and means of transfer of currency or financial instruments deposited on the account, which includes the amount to be transferred at onboarding.
<b>Source of Wealth</b>	A customer's source of wealth refers a description of the economic, business and/or commercial activities that generated, or significantly contributed to, the customer's overall net worth (assets minus liabilities), recognising that the composition of wealth generating activities may

	change over time, as new activities are identified and additional wealth is accumulated. <sup>8</sup>
<b>Special use or concentration accounts.</b>	<p>Concentration Accounts are accounts held by an FI in its name and used to aggregate funds from different customers into a single centralised account. These accounts facilitate the processing and settlement of multiple customer transactions without individually identifying the originators, usually on the same day.</p> <p>Concentration Accounts may also be known as special-use, suspense, settlement, intraday, sweep, and bulk or collection accounts. Concentration Accounts are frequently used to facilitate bulk transactions for private banking, trust and custody accounts, fund transfers, and international affiliates or for internal manual processing by bank operations of customer transactions.</p>
<b>Sponsoring Private ATMs</b>	Privately owned ATMs are typically found in convenience stores, bars, restaurants and grocery stores. Some Independent Sales Organisations (ISOs) are large-scale operators, but many privately-owned ATMs are owned by the proprietors of the establishments in which they are located. Most dispense currency, but some dispense only a paper receipt (scrip) that the customer exchanges for currency or goods.
<b>Stored Value Instruments</b>	The Terms Prepaid Card and Stored Value Card are used interchangeably in the cards industry. The physical card is either the token to access value recorded remotely and linked to the card, or the value is stored on and accessible from the physical card's chip (i.e. stored value cards, also known as an electronic purse).
<b>Stripping of Payments/Wire Stripping</b>	Stripping is the deliberate act of changing or removing information from a payment or instruction, obscuring the identity of the payment originator/destination or to connect them to sanctioned parties, individuals or countries.
<b>Subsidiary</b>	<p>A company is a "subsidiary" of another company, its "holding company", if that other company: (a) holds a majority of the voting rights in it; or (b) is a member of it and has the right to appoint or remove a majority of its board of directors; or (c) is a member of it and controls alone, pursuant to an agreement with other members, a majority of the voting rights in it, or if it is a subsidiary of a company that is itself a subsidiary of that other company.</p> <p>A company is a "wholly-owned subsidiary" of another company if no other entity has an ownership interest.</p>
<b>Suspicious Activity Reporting</b>	As a key control and requirement of the AML programme, a Suspicious Activity Report is filed to the relevant authorities (law enforcement/regulators) when a potential suspicious activity performed by a customer is identified, indicating a potential risk of money laundering or terrorist financing (also known as Suspicious Transaction Reports).
<b>Terrorist Financing</b>	Terrorist financing is the financing of terrorist acts, and of terrorists and terrorist organisations.
<b>Third Party/Intermediary</b>	A third party is a separate legal entity which provides service(s) to the responding Entity. A Third Party can, therefore, be either external (e.g. a Supplier) or internal (e.g. another legal entity within the Group also known as an Affiliate).

<sup>8</sup> See [Wolfsberg Group Frequently Asked Questions \(FAQs\) Source of Wealth and Source of Funds](#).

<b>Third Party Payment Processors or Aggregators Third Party/Intermediary</b>	Businesses that provide payment processing services to merchants and other business entities. These merchant transactions include credit card payments, debit card payments, covered Automated Clearing House transactions, remotely created cheques and prepaid card transactions. They provide merchants with a portal to banks with access to financial transactions processing and clearing systems. Aggregators act on behalf of merchants collecting payments, and not on behalf of the Merchants' customers who are obliged to make them for goods or services received.
<b>Three Lines of Defence</b>	A risk management and internal control structure to ensure that an FI achieves its commercial aim while meeting regulatory and legal requirements in addition to its responsibilities to shareholders, customers and staff. Please refer to the 1 <sup>st</sup> , 2 <sup>nd</sup> and 3 <sup>rd</sup> Lines of Defence definitions at the opening of the Glossary.
<b>Trade Finance</b>	Trade Finance can be described as the provision of finance and services by FIs for the movement of goods and services between two points, either within a country or cross border. <sup>9</sup>
<b>Transactional Banking</b>	Transactional Banking includes the following services: cash management, liquidity management and trade finance for corporates and FIs.
<b>Transaction Monitoring</b>	The automated or manual process of monitoring transactions after their execution in order to identify unusual transactions, including monitoring single transactions as well as transaction flows, for subsequent review and, where appropriate, reporting to authorities. See Suspicious Activity Reporting.
<b>Transaction Screening</b>	The sanctions screening of transactions, including the parties involved in the transactions for sanctions compliance. These are typically cross-border outward and inward payments, stocks, bonds, securities in general, as well as loans.
<b>Trigger Events</b>	Examples of Trigger events: a) new or changed information about a customer being identified between periodic reviews (discovery of PEP links, discovery of sanctions linkage, SARs, Law enforcement enquiries, adverse/negative media events); or b) new products being taken on by a customer
<b>Ultimate Beneficial Ownership/Ultimate Shareholder</b>	Refer to 'Beneficial Owner'. The ultimate individuals who hold the ownership of the entity such as shareholders, trust beneficiaries, partners, among others.
<b>Ultimate Parent</b>	The entity effectively owning majority voting power over the Entity.
<b>UN</b>	United Nations.
<b>Virtual Bank License</b>	A license which allows a bank to primarily operate through internet or other digital means rather than physical branch or office.
<b>Virtual currencies</b>	A digital representation of value that can be digitally traded and functions as a medium of exchange; and/or a unit of account; and/or a store of value, but does not have legal tender status (i.e. when tendered to a creditor, is a valid and legal offer of payment) in any jurisdiction. It is not issued nor guaranteed by any jurisdiction, and fulfils the above functions only by agreement within the community of users of the virtual currency. Virtual currency is distinguished from fiat currency (also known as "real currency," "real money," or "national currency"), which is the

<sup>9</sup> The Wolfsberg Group,, Trade, International Chamber of Commerce (ICC) and Bankers Association for Finance (BAFT), 2019, "Trade Finance Principles". Last accessed on 6 February 2023 at: <https://www.wolfsberg-principles.com/sites/default/files/wb/Trade%20Finance%20Principles%202019.pdf>.

	coin and paper money of a country that is designated as its legal tender, circulates and is customarily used and accepted as a medium of exchange in the issuing country. It is distinct from e-money, which is a digital representation of fiat currency used to electronically transfer value denominated in fiat currency. It can also be called “digital asset”.
<b>Virtual Asset Service Provider (VASP)</b>	FATF defines a virtual asset service provider as “any natural or legal person who conducts one or more of the following activities or operations for or on behalf of another natural or legal person: exchange between virtual assets and fiat currencies; exchange between one or more forms of virtual assets; transfer of virtual assets; safekeeping and/or administration of virtual assets or instruments enabling control over virtual assets; and participation in and provision of financial services related to an issuer’s offer and/or sale of a virtual asset.” <sup>10</sup>
<b>Wealth Management</b>	Wealth Management in broader terms involves the optimisation of a customer’s portfolio according to their financial goals and risk appetite. See also Private Banking.
<b>Whistleblower Policy</b>	A whistleblower policy encourages staff to come forward with credible information on illegal practices or violations of adopted policies of the organisation, specifies that the organisation will protect the individual from retaliation, and identifies those staff or board members or outside parties to whom such information can be reported.

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<sup>10</sup> FATF, 2021, “Updated Guidance for a Risk-Based Approach to Virtual Assets and Virtual Asset Service Providers”. Last accessed on 6 February 2023 at <https://www.fatf-gafi.org/media/fatf/documents/recommendations/Updated-Guidance-VA-VASP.pdf>.