



Processes for the setting-up of credit institutions and financial companies

– Check-list –

Section A

ELEMENTS ACCOMPANYING THE APPLICATION – ARTICLE 17 OF THE RGICSF¹
1. Paragraph 1(a) – Characterisation of the type of company to be set up and draft articles of association of the company
(a) Type of institution (see Articles 3, 4-A and 6 of the RGICSF).
(b) Background of the application, indicating its underlying reasons and timeliness.
(c) If the applicant is a legal person, a copy of the minutes of the resolution of the competent body on the setting-up of the institution concerned.
(d) Taking of the form of a public limited company (<i>sociedade anónima</i>) (or limited liability company (<i>sociedade por quotas</i>), where legally permissible).
(e) Draft of the articles of association, including: <ul style="list-style-type: none">(i) indication of the eligible corporate purpose in relation to the type of institution intended, by reference to the list of activities legally permitted by law;(ii) share capital not lower than the legal minimum capital;(iii) reference to nominal shares;(iv) indication of the head office in Portuguese territory;(v) legally envisaged governance model, including the formation of each corporate body (e.g. Article 15 of the RGICSF);(vi) provisions conferring upon institutions full discretion when granting remuneration to holders of issued shares (see eligibility criterion set out in Article 28(1)(h)(v) of Regulation (EU) No 575/2013 and Article 294(1) of the Portuguese Company Law;(vii) compliance with other legal requirements (e.g. other provisions of the RGICSF and corporate provisions).
(f) Valid certificate authorising the trade name or company name.
2. Paragraph 1(b) – Programme of operations, including the types of operations to be carried out, geographical location, internal organisation, as well as the material, technical and human resources used, in addition to prospective accounts for each of the first three business years

¹ This check-list serves merely as a reference guide for the elements accompanying the setting-up authorisation application. Therefore, even if all the elements of the check-list have been submitted, the Banco de Portugal may consider the process as incomplete and request any additional elements it deems necessary for completion of the process.



<p>(a) Business plan covering at least the first three full business years, including:</p> <ul style="list-style-type: none">(i) type of operations to be carried out by reference to the legal framework and relevance of each type in the institution's activity;(ii) a strategic plan including an analysis of the competitive position of the institution in the market and a description and characterisation of the target market/audience;(iii) assumptions of the activity programme and explanation of its feasibility;(iv) indication of the geographical location and its impact on the business model, including the expected opening of any agencies/branches;(v) internal organisation, including organisational chart with a clear indication of organisational structure and lines of responsibility/reporting, as well as a description of the powers of each operational/business or support area and the interaction among the various areas/functions;(vi) indication of the human and material resources available to the institution at the launch of its activity and whose procurement is expected, with their allocation by operational/business or support area and indication of the applicable type of employment relationship;(vii) indication of the IT systems to be used by the institution and their allocation, accompanied by a declaration issued by a specialised entity in such matters, which clearly attests to the suitability and sufficiency of the IT tools for the requirements of the activity to be carried out by the institution, including the provision of information to supervisory authorities.
<p>(b) Information table with the structure of fees and commissions with expected collection, as well as supporting information, leading to the conclusion that they are in line with the prices normally applied in the market.</p>
<p>(c) Prospective accounts for each of the first three business years (preferably in thousands of euro), including:</p> <ul style="list-style-type: none">(i) balance sheet, indicating/describing the expected composition of the asset, liability and equity items;(ii) income statement, including disaggregated information on projected income and costs;(iii) preparation of a baseline scenario and a stress scenario;(iv) description and justification of the macroeconomic and/or business assumptions used in the preparation of the projected financial statements, including in the development of the stress scenario.
<p>(d) Projected prudential information (including the calculation of own funds and the calculation of capital requirements) for at least the first three full years of activity for each projected scenario, as well as proof of compliance with the remaining rules and prudential limits applicable to the type of institution to be set up.</p>
<p>(e) Identification of outsourced functions/services (outsourcing)² and, where applicable, submission of the following information, at least:</p> <ul style="list-style-type: none">(i) the relevant outsourcing policy;(ii) indication of a person responsible for the outsourcing contracts;(iii) identification of the type of outsourced function;(iv) templates of outsourcing contracts whose content complies with the requirements of the <i>EBA guidelines on outsourcing arrangements</i> (EBA/GL/2019/02), as well as the requirements arising from legal provisions (e.g. Articles 78 and 120 of the RGICSF, among others to be indicated).

² Unless outsourcing only occurs for certain services, such as legal advice, see paragraph 28 of the *Guidelines on outsourcing arrangements*.



BANCO DE PORTUGAL

EUROSYSTEM

<i>(f)</i> The business continuity plan (including reference to outsourced services, if applicable), in light of Circular Letter of the Banco de Portugal No 075/2010/DSB.
<i>(g)</i> Recovery plans under Article 116-D of the RGICSF and Notice of the Banco de Portugal No 3/2015 (where applicable).
<i>(h)</i> Information on whether they intend to make use of third parties for the implementation of identification and diligence procedures (Article 41 of Law No 83/2017 and Article 35 of Notice of the Banco de Portugal No 2/2018), indicating: <ul style="list-style-type: none"><i>i)</i> the name of the third party;<i>ii)</i> the institutional type of the third party;<i>iii)</i> the jurisdiction of the third party.
<i>(i)</i> Indication of whether they intend to make use of credit intermediaries for the implementation of identification and diligence procedures (Article 36 of Notice of the Banco de Portugal No 2/2018).
<i>(j)</i> Indication of whether they intend to make use of promoters, non-financial corporations that carry out manual foreign exchange operations in an ancillary and limited manner, and other persons or entities that ensure some kind of intermediation between financial entities and their customers (Article 37 of Notice of the Banco de Portugal No 2/2018).
<i>(k)</i> Information on whether they intend to make use of third-party service providers to continuously implement processes, services and instrumental or ancillary activities in the performance of ML/TF, indicating: <ul style="list-style-type: none"><i>(i)</i> the name of the third-party service provider;<i>(ii)</i> the instrumental or ancillary service to perform the duty/obligation (including designation of the software, where applicable);<i>(iii)</i> the jurisdiction of the head office of the third-party service provider;<i>(iv)</i> frequency of the information timeliness review referred to in Article 38(6)(a) to (d) of Notice of the Banco de Portugal No 2/2018;<i>(v)</i> the relevant duty/obligation.
<i>(l)</i> Where applicable, a description of the procedures to be adopted to ensure compliance with Articles 35, 36, 37 or 38 of Notice of the Banco de Portugal No 2/2018.
3. Paragraph 1(c) – Identification of the direct and indirect shareholders, whether natural or legal persons, with qualifying holdings and the amounts of such holdings, including the identity of the final payee or beneficial owners, in accordance with the definition provided for in Article 2(1)(h) of Law No 83/2017 of 18 August 2017 (“Law No 83/2017”) or, where there are no qualifying holdings, identification of the twenty largest shareholders
<i>(a)</i> List of qualified shareholders, indicating the amount of their holdings and their direct or indirect nature OR list of the twenty largest shareholders when there are no qualifying holdings. (see identification of the beneficial owner(s) in Section B)
<i>(b)</i> For all qualified shareholders: <ul style="list-style-type: none"><i>(i)</i> elements under Section I of Annex I to the Notice of the Banco de Portugal No 5/2010, in particular for the purpose of identifying, assessing good- standing, professional qualifications and experience, with reference to Section 10 of Chapter 3 of Title II of the Joint Guidelines JC/GL/2016/01, and the financial situation and soundness (Section A and/or B, depending on whether they are natural and/or legal persons, including, in the latter case, their executive members of the management body);<i>(ii)</i> completed and signed declarations under Annex III to the Notice of the Banco de Portugal No 5/2010 (for legal persons, by their executive members of the management body);<i>(iii)</i> valid and up-to-date criminal record certificates, issued by the competent authority of the country of nationality or by the competent authority of the country of habitual



<p>residence if other than the former (for legal persons, of their executive members of the management body);³</p> <p>(iv) a simple copy of the citizen cards/identity cards or certified copy of passports, showing their signature and identification number, in order to avoid the need for any face-to-face identification;</p> <p>(v) indication of the companies in which they hold qualifying holdings with the respective share and specification of the name and the Legal Person Identification Number of such companies</p> <p>(vi) articles of association and explanatory memorandum of the group to which they belong (for legal persons);</p> <p>(vii) documents proving the existence of each entity in the chain of ownership of each qualified shareholder (e.g. online extract of the company register or similar document) and documents proving the ownership of the relevant holdings in that same chain of ownership (e.g. shareholder register or similar document):</p>
<p>(c) In relation to qualified shareholders with specific configurations:</p> <p>(i) for trusts:</p> <ul style="list-style-type: none">– the identity of trustees, beneficiaries and settlor and, where applicable, their share in the distribution of income generated by the trust;– a copy of the document for the establishment and management of the trust; and– description of the legal characteristics of the trust and its operation. <p>(ii) for investment funds:</p> <ul style="list-style-type: none">– their management agreements. <p>(iii) for limited partnerships:</p> <ul style="list-style-type: none">– limited partnership agreement;– certificate of incorporation; and– management agreement (where applicable).
4. Paragraph 1(d) – Reasoned explanation of the adequacy of the shareholder structure for the stability of the investment firm
<p>(a) Explanation mentioned immediately above.</p>
<p>(b) Shareholders' agreements in force or expected to be concluded.</p>
<p>(c) An express indication of existing situations under Articles 13-A and 13-B of the RGICSF for the purpose of attributing voting rights.</p>
5. Paragraph 1(e) – Declaration of commitment to the effect that on the date of setting-up and as a prerequisite of the same, the amount of share capital required by law has been deposited with a credit institution
<p>(a) Declaration mentioned immediately above.</p>
6. Paragraph 1(f) – Robust corporate governance arrangements
<p>(a) Description of the arrangements to be adopted regarding internal government, in a complete and proportionate manner to the risks inherent to the business model and the nature, level and complexity of the activities of the institution to be constituted, evidencing effective processes in place to identify, manage, monitor and report the risks and appropriate internal control arrangements, namely:</p>

³ Original document, stamped with an apostille in accordance with the Hague Convention or duly legalised, if it is not issued by the Portuguese authorities and with a certified translation, stamped with an apostille or duly legalised translation, if it is not written in English or Portuguese.



<p>(i) internal control manual showing the adopted model, as well as the reporting lines and powers of each internal control function (including possible accumulation of functions);</p> <p>(ii) policy for selecting and assessing members of the management and supervisory bodies and the key function holders;</p> <p>(iii) policies responsible for identifying, managing, monitoring and mitigating current or potential risks;</p> <p>(iv) indication of the persons responsible for each internal control function, when already established;</p> <p>(v) document describing the institution's risk profile;</p> <p>(vi) plan/regulation of the internal audit function to be approved by the management body (where applicable).</p>
<p>(b) Remuneration policy.</p>
<p>(c) Policy for preventing conflicts of interest.</p>
<p>(d) In the case of a credit institution, confirmation of intention to join the Deposit Guarantee Fund (see Article 156 RGICSF).</p>
<p>7. Paragraph 1(g) – Identification of the members of the management and supervisory bodies to be appointed</p>
<p>(a) Elements under Instruction of the Banco de Portugal No 23/2018:</p> <p>(i) questionnaires, duly completed and signed, in accordance with the template provided for in the Annex to the Instruction;</p> <p>(ii) valid and up-to-date criminal record certificates, issued by the competent authority of the country of nationality or by the competent authority of the country of habitual residence if other than the former;⁴</p> <p>(iii) individual assessment reports of proposed members for the management and supervisory bodies, prepared and signed by the proposing shareholders (corresponding to the justification of the applicants as provided for in Article 17(1)(g));</p> <p>(iv) collective assessment reports of proposed management and supervisory bodies, prepared and signed by the proposing shareholders (corresponding to the justification of the applicants as provided for in Article 17(1)(g)), including the collective assessment matrix, duly completed, in accordance with the template provided for in the Annex to the Instruction;</p> <p>(v) simple copies of the citizen cards/identity cards or certified copy of passports showing their signature and civil identification number, in order to avoid any the need for any face-to-face identification;</p> <p>(vi) where any applicant has already been granted authorisation to perform functions in another institution subject to the supervision of the Banco de Portugal, a copy of the minutes of the meeting of the management body of the latter institution proving that such body has become aware that the person concerned intends to perform functions in the entity to be set up.</p>
<p>8. Other elements</p>
<p>(a) Proxy granting representation authority to the applicant(s) for the procedure concerned (where applicable) OR initial application signed by the applicant(s) with duly witnessed signatures.</p>

⁴ See footnote 3.



Section B

1. Identification of beneficial owner(s)
(a) The identification data and supporting documents provided for in Article 32(1) of Law No 83/2017, as well as the supporting documents referred to in Article 32(2) of Law No 83/2017, while the submission of simple copies is admissible, unless otherwise stated.
(b) The submission of trustworthy supporting documents of the beneficial owner's status, including the shareholding and/or control structure substantiating such status, with an indication of the jurisdiction of origin of every intermediate shareholder.
2. Information on project financing
(a) Detailed information on the financing features of the project and documentation of a credible source attesting to the origin of the funds to be used for paying up the share capital, including: <ul style="list-style-type: none">(i) detailed description of the economic activity that generated the funds to be used for paying up the share capital, accompanied by the respective supporting documentation;(ii) identification of all the financial institutions involved and their jurisdictions, as well as identification of the bank accounts used in the circuit of the funds up to the amount reserve necessary for paying up the share capital (statements of those bank accounts should be made available for this purpose);(iii) graphical representation of the information requested in the foregoing paragraph;(iv) if the applicant entity has obtained all or part of the financing from external financing sources, signed copies of the relevant supporting documents must be provided, while in any event submission of the documentation described in subparagraph (a) is required, regarding the economic activity pursued by the applicant entity which will serve for future payment of debts incurred;(v) if the above amount is not paid up when the proposed acquisition is submitted to the competent authorities, a description of the financial institutions and their bank accounts, which are highly likely to be used for obtaining the financing, should be made available.



Section C

3. Information on the management body, those responsible for the compliance and regulatory compliance function, and other human resources
<p>(a) For the purposes of Article 13 of Law No 83/2017 and Article 3 of Notice of the Banco de Portugal No 2/2018, detailed information on the degree of involvement and terms of the intervention of the institution's management body in establishing, approving and/or following up:</p> <ul style="list-style-type: none">(i) the entity's ML/TF risk management model;(ii) the company's organisational culture and its strategies, policies, procedures and processes of internal control for ML/TF prevention;(iii) the appointment of the person responsible for regulatory compliance referred to in Article 16 of Law No 83/2017 and the procedures adopted to ensure the independent exercise of their functions, in particular with regard to the aspects referred to in Article 13(3) of Law No 83/2017;(iv) the monitoring of the activity of all other members of the senior management, in the cases laid down in Article 13(2)(f) of Law No 83/2017;(v) periodic evaluation and monitoring of the effectiveness of the institution's internal control policies and procedures.
<p>(b) Indication of the member of the management body specifically responsible for ML/TF prevention, under Article 13(4) of Law No 83/2017 and Article 3 of Notice of the Banco de Portugal No 2/2018.</p>
<p>(c) As regards the compliance staff member that will be the regulatory compliance officer (RCO), under Article 16 of Law No 83/2017 and Article 7 of Notice of the Banco de Portugal No 2/2018, as well as, where appropriate, the general officer of the entity's compliance function:</p> <ul style="list-style-type: none">(i) identification and contact details (telephone and email address);(ii) detailed professional and training curriculum;(iii) comprehensive description of the functions assigned and their integration in the organisational structure. <p>OR</p> <p>(d) Where the persons responsible are not yet known, in lieu of the information requested in subparagraphs (i) and (ii), a detailed description of the selection criteria to be taken into account in order to comply with the requirements set out in Article 16(3)(a) to (e) of Law No 83/2017.</p>
<p>(e) where the institution belongs to a financial group with a common service for the development of the responsibilities conferred to the compliance function, the institutions sharing that service must be identified.</p>
<p>(f) Characterisation of the compliance function (in addition to the information contained in the Internal Control Manual), including information on the level of independence, decision-making autonomy, permanence⁵ and effectiveness of the RCO, and the level of access of the RCO to the activities of the entity and its supporting information.</p>
<p>(g) In addition to the information contained in the institution's programme of activities, detailed information on human resources, to be allocated to ML/TF prevention, including information on</p>

⁵ The information to be provided on the RCO's permanence must include an indication of the staff member who will perform the corresponding functions as alternate.



the estimated number of internal and external employees who perform functions relevant to ML/TF prevention.⁶

4. ML/TF risk management

(a) The ML/TF risk assessment matrix prepared in accordance with Articles 14 and 15 of Law No 83/2017, and more specifically in accordance with the terms set out in 3.7 and in table A of the Annex to the Instruction of the Banco de Portugal No 5/2019 of 30 January 2019, including information/documentation on:

- (i) the projected business and geographical areas of activity;
- (ii) the estimated risk factors inherent to ML/TF in the context of the entity's specific operative reality, by business area (taking into account at least the aspects listed in Article 14(2)(a) of Law No 83/2017);
- (iii) the qualitative and duly substantiated assessment of the likelihood level (low, medium-low, medium-high, high) of occurrence of each risk factor identified in (b);
- (iv) the qualitative and duly substantiated assessment of the financial or reputational impact level on the entity's activity (low, medium-low, medium-high, high), resulting from the occurrence of each of the risk factors identified in (b), taking into account all relevant variables in the context of the entity's operative reality, including those provided for in Article 14(2)(b)(i) of Law No 83/2017;
- (v) the qualitative and duly substantiated assessment of the entity's overall risk and, if applicable, its business areas, to be determined on the basis of the weighting of each of the specifically identified and assessed risks;
- (vi) the policies, means and procedures that will incorporate the entity's internal control system for ML/TF prevention, including the means and control procedures established/to be established to mitigate the identified and assessed risk factors;
- (vii) description of the specific procedures to mitigate the ML/TF risks associated with new products or practices likely to favour anonymity, in accordance with Article 15(1) of Law No 83/2017;
- (viii) how the entity will monitor the sufficiency, appropriateness, quality and effectiveness of the procedures and controls implemented to mitigate the identified and assessed risk factors, in accordance with the provisions of Article 17 of Law No 83/2017, including at least:

1. the projected frequency and range (with an estimate of the aspects to be assessed) of the procedures to test the effectiveness of the internal control system designed to prevent ML/TF, according to the risk level associated with each of the business segments or areas to be developed;
2. identification of who is expected to carry out the effectiveness tests (internal audit, external auditors or accredited third party, in which case the identification of the entity or an indication of the respective selection criteria should be provided).

(b) Description of the ML/TF preventive procedures used to assess the entity's transactions and contractual counterparties, in transactions it carries out on its own account (including intra-group transactions) or on behalf of third parties who do not review the quality of customers (including, but not limited to, those resulting from the provision of portfolio management services on behalf of third parties).

⁶ This must include the members of the management body; those who will establish face-to-face or remote contact with customers; employees who will be allocated to the functional areas of compliance, risk management and internal audit, without prejudice to others classified as such by the institution.



(c) Description of the procedures established/to be established to monitor the adoption and enforcement of legal, regulatory and other local ML/TF prevention provisions on the part of the entity's branches and agencies, in particular in the context of identification, due diligence, retention, review, refusal, secrecy and communication obligations.

(d) Where the entity belongs to a financial group, information pertaining to restrictions on information circulation within the financial group to which the entity belongs and which are likely to prevent or hinder effective control of ML/TF risks, as well as an indication of the additional measures adopted to effectively control the risks arising from such restrictions, in accordance with Article 22 of Law No 83/2017.

5. Details on information systems with functions within the scope of ML/TF prevention (Articles 18 and 19 of Law No 83/2017)

(a) A table that clearly identifies the filtering tools used by the institution, with a breakdown of the following information:

- tool/system name;
- supplier;
- tool/system objectives;
- nature of the filtering (manual or automatic);
- stage of implementation of the filtering process (e.g. prior to establishing a business relationship, prior to performing a one-off transaction, in the course of a business relationship, account update, periodic scans in the course of a business relationship);
- types of operations that can be filtered by the tools in question [i.e (i) SWIFT; (ii) TARGET; (iii) SEPA; or (iv) Others];
- whether filtering is guaranteed for all customers, their representatives and beneficial owners;
- internal and external lists⁷ feeding the filtering tools;
- updating frequency of internal and external lists with the following details:
- indication of the time span between the update to information on the restrictive measures and the subsequent reflection on the filtering IT system of the financial entity
- areas of the institution that will use the tools in question;
- the percentage of matches between the names scanned and the names on the lists, deemed relevant for concluding on a positive identification.

Note: The above information must take into account:

- The quality of “politically exposed persons”, “close family member”, “person recognised as closely associated” and “holder of another political or public position” in relation to the customers, and representatives or beneficial owners, of the financial entity to be set up;
- The restrictive measures adopted by the United Nations Security Council or the European Union against a designated person or entity in connection with terrorism, the proliferation of weapons of mass destruction or their financing, taking into account:
 - the obligation to provide information or prior notification of funds transfer;
 - prior authorisation for funds transfers;
 - freezing of funds and economic resources.

⁷ If the entity intends to make use of external entities, the following information must be provided: whether they allow the information contained in the restrictive measures to be updated at all times: (a) if so, indication of the external entities; (b) if not, description of the procedure adopted.



(b) A table that clearly identifies the tools for document management and monitoring used by the institution, with a breakdown of the following information:

- tool/system name;
- supplier;
- tool/system objectives;
- types of operations that can be monitored by the tools in question;
- nature of the monitoring (manual or automatic);
- areas of the institution that will use the tools in question;
- a clear description of their specific features, taking into account the following:
 - record of identification data and other elements relating to customers, their representatives and beneficial owners, as well as their updates;
 - definition and updating of the risk profile associated with customers, business relationships, one-off transactions and operations in general (identifying each risk variable and the relative weight of each of these variables);
 - the monitoring of customers and operations in the face of identified risks, including the timely (and central) detection of changes relevant to the operating standard, other risk events or transactions and/or elements characterising suspicion⁸;
 - the blocking or suspension of the establishment or continuation of a business relationship or the carrying out of a one-off transaction or operation in general, in particular for the purpose of exercising the duty to refrain, the freezing of funds resulting from the application of restrictive measures and/or the intervention of a member of the senior management or other of a higher hierarchical level;
 - the implementation of central records to ensure the aggregation of one-off transactions or other split transactions, taking into account the criteria set out in Articles 13 and 14 of Notice of the Banco de Portugal No 2/2018;
 - timely collection of reliable and understandable information to support the analysis and decision-making process by the relevant internal structures, as well as the exercise of reporting and collaboration obligations as provided by law;

(c) Information regarding the management of confidential information and the auditability of the procedures adopted, including a description of the security policies specific to employees with functions in preventing money laundering and terrorist financing, to be established in relation to:

- (i) access control;
- (ii) access profiles;
- (iii) auditability (logs and audit trails);
- (iv) backup policy (frequency, safekeeping period, and location).

6. Manual of policies and procedures for preventing money laundering and terrorist financing

⁸ The institution must demonstrate that the system designed to monitor and analyse operations will accommodate its specific operative reality, indicating in particular:

- (a) whether the monitoring of operations will be carried out by customer and/or by account (if any);
- (b) whether the monitoring of operations will take into account the ML/TF risk profile of customers and other stakeholders;
- (c) the criteria for aggregating operations and issuing alert indicators (as well as the corresponding reference time periods);
- (d) whether the computer system creates a history of stakeholders, analyses and status changes for each of the alerts analysed.



BANCO DE PORTUGAL
EUROSYSTEM

A manual of policies and procedures to be implemented by the requesting entity within its internal control system should be submitted, as well as completion of the table in Annex I to the same manual.

Where part of the elements mentioned in the table are dealt with in other internal documents or in specific manuals, they should be made available and the table should also expressly mention them.

Notes on official documents (e.g. criminal records):

- If they are not issued by Portuguese authorities, the documents must be stamped with an apostille in accordance with the Hague Convention or duly legalised.
- If they are not drawn up in Portuguese or English, the documents must be accompanied by a certified translation and stamped with an apostille in accordance with the Hague Convention or duly legalised.

Notes on translated documents:

- Translations must be certified and accompanied by information on the translation entity certifying their suitability.



BANCO DE PORTUGAL
EUROSYSTEM

Annex I – Identification of the relevant elements of the manual of policies and procedures for preventing money laundering and terrorist financing

Obligation	Specification	Relevant pages of the manual of procedures
Obligation to identify and perform due diligence	1.1. Description of the policies and procedures regarding acceptance of customers and their representatives, including: a. forms, sheets and other documents to obtain and record information; b. a comprehensive indication of the documentation required to prove the elements relating to natural and legal persons and arrangements, as appropriate.	
	1.2. Description of the due diligence procedures to comply with Article 27 of Law No 83/2017, including: a. obtaining information and, where necessary, proving (i) the purpose and nature of the business relationships to be established; (ii) the origin and destination of the funds to be moved in the context of a business relationship or in the performance of a one-off transaction; (iii) the elements characterising the customers' activity; (iv) and the alignment between the transactions carried out in the course of a business relationship and the customer's risk activities and profile; b. procedures to ensure the timeliness, accuracy and completeness of the information, for the purposes provided for in Article 40 of Law No 83/2017, including information on the time ranges for updating, the degree of risk associated with each of these ranges and the events that should trigger the adoption of updating procedures.	
	1.3. Description of the procedures to identify beneficial owners, as set out in Articles 29 to 32 of Law No 83/2017, adopted by the entity in the scope of business relations and one-off transactions, including: a. description of the measures to be adopted in order to assess, obtain information and check the status of beneficial owner, in accordance with the criteria set out in Article 30 of Law No 83/2017; b. description of the procedures to be adopted to know the customer's ownership and control structure under Article 31(4) of Law No 83/2017;	



BANCO DE PORTUGAL
EUROSYSTEM

	<p>c. description of the procedure to attest to the identifying elements of the beneficial owner, as set out in Article 32 of Law No 83/2017.</p>	
	<p>1.4. Description of the procedures to be adopted in relation to simplified due diligence measures for the purposes of Article 35 of Law No 83/2017, including:</p> <ul style="list-style-type: none">a. the identification of potentially lower risk situations provided for in Annex II to Law No 83/2017 which are likely to occur in light of the specific operative reality projected;b. the identification of situations which, in addition to those provided for in Annex II to Law No 83/2017, justify the adoption of simplified due diligence measures;c. description of the specific simplified due diligence measures to be adopted;d. description of the safeguards to be adopted to ensure ongoing monitoring of the business relationships and the detection of suspicious ML/TF transactions, in accordance with Article 35(7) of Law No 83/2017. <p><i>Note:</i> Table B2 in the Annex to the Instruction of the Banco de Portugal No 5/2019 of 30 January 2019 should be taken into account.</p>	
	<p>1.5. Description of the procedures to be adopted in relation to enhanced due diligence measures for the purposes of Articles 36 to 39 of Law No 83/2017, including:</p> <ul style="list-style-type: none">a. the identification of increased risk situations provided for in Annex III to Law No 83/2017, which are likely to occur in light of the specific operative reality projected;b. the identification of situations which, in addition to those provided for in Annex III to Law No 83/2017, justify the adoption of simplified due diligence measures, including weighting the exposure to offshore centres, high-risk non-profit organisations and commercial risk practices (commercial-based money laundering);c. description of the specific enhanced due diligence measures to be adopted, in light of identified risk situations;d. the procedures specifically applicable to the establishment of business relationships, the carrying out of one-off transactions or other operations that may in any way be related to natural or legal persons or arrangements established in high-risk third countries (see Article 37 of Law No 83/2017);e. specific procedures in the context of business relationships and one-off transactions established or carried out in a remote setting (see Article 38 of Law No 83/2017);	



BANCO DE PORTUGAL

EUROSYSTEM

	<ul style="list-style-type: none">f. the procedures specifically applicable to business relationships, one-off transactions and general operations with customers, representatives and beneficial owners that are «politically exposed persons», «close family members», «persons recognised as closely associated» and «holders of another political or public positions», in accordance with the provisions of Article 39 of Law No 83/2017;g. the description of the procedures adopted must also specify the sources to be considered for detecting the qualification – originating or supervening – according to these qualities, as well as an indication of the criteria to be considered for an increased risk, in accordance with Article 39(3) of the Law; <p><i>Note:</i> Table B1 in the Annex to the Instruction of the Banco de Portugal No 5/2019 of 30 January 2019 should be taken into account.</p>	
	1.6. Description of the procedures to be adopted in the case of third-party cash deposits in customer-denominated accounts.	
Obligation to report information	2. Description of the information flow in the reporting process of suspicious transactions (from the moment the suspected situation is detected until the possible decision to report it to the competent authorities), as provided for in Articles 43 and 44 of Law No 83/2017, including information on: <ul style="list-style-type: none">a. the associated IT features;b. the type of internal documentation to be created;c. formal players of the process;d. reporting to the entity's management body or similar body;e. the means used to report suspicious transactions to the competent authorities;f. other aspects to ensure that the information flow is handled in a simple and agile manner.	
Obligation to refrain	3. Description of the procedures to be adopted for the fulfilment of the obligation to refrain, as provided for in Article 47 of Law No 83/2017, in particular with regard to the measures to be adopted to determine the cases where it is impossible to exercise the obligation to refrain or which must be subject to prior consultation with the competent authorities, under the terms and for the purposes of Article 47(3) and (6) of Law No 83/2017.	
Obligation to refuse	4. Description of the procedures to be adopted in order to fulfil the obligation to refuse, under Article 50 of Law No 83/2017, including the procedures for: <ul style="list-style-type: none">a. depending on the case, terminating, blocking and/or restricting the business relationship;b. repayment of the amounts that entrusted to the entity at the time of termination of the business relationship.	



BANCO DE PORTUGAL

EUROSYSTEM

Obligation to keep documents and records	5.1.	Indication of durable media – physical and/or digital – to be used by the entity for the safekeeping of documents, in order to comply with the obligation to keep documents and records set out in Article 51 of Law No 83/2017, with a description of their guarantees regarding accessibility, durability, reliability and legibility, as well as the procedures to be adopted to ensure their integrity in the event of reproduction.	
	5.2.	Description of the document storage policy to be adopted by the entity for the specified media (physical and/or digital), including a description of the procedures to be adopted to ensure the location and immediate access to the specified media (physical and/or digital).	
Obligation of scrutiny	6.	Description of the operational procedures to be adopted by the entity in order to fulfil the obligation of scrutiny, under Article 52 of Law No 83/2017, including information on the associated IT features.	
Obligation to cooperate	7.	Description of the internal procedures to be adopted in order to fulfil the obligation to cooperate, under Article 53 of Law No 83/2017, including a description of the procedures to be adopted in the context of the inspections to be carried out by the Banco de Portugal.	
Obligation of non-disclosure	8.1.	Description of the procedures to be adopted to prevent the disclosure, to customers or any third party, of information subject to secrecy, in accordance with Article 54 of Law No 83/2017.	
	8.2.	Description of the measures to be taken to ensure that the information flow within the entity occurs on a “need-to-know” basis and with the necessary diligence to ensure compliance with the obligations of non-disclosure.	
Obligation to train staff	9.1.	Description of the training policy to comply with Article 55 of Law No 83/2017.	
	9.2.	Description of the ML/TF prevention training plan for the first two years of the entity’s activity, with emphasis on the following elements, in relation to the training initiatives planned: <ul style="list-style-type: none"> a. topics to be addressed; b. type (entry or further training), nature (internal or external) and environment (in-person or remote); c. expected frequency and duration; d. characteristics of target participants/employees; e. in the case of external training, identification of persons or entities who offer the training or indication of their selection criteria. 	
Prevention of the financing of terrorism in particular (taking into	10.	A detailed description of the preventive procedures to be implemented for the mitigation and control of the specific risk of terrorist financing, which should take into account the following indicators: <ul style="list-style-type: none"> a. account-related indicators: <ul style="list-style-type: none"> i. accounts where frequent operations are observed for which the holder of the accounts does not provide a credible justification; ii. accounts whose activity exceeds by far that to be expected at the time of its opening; 	



BANCO DE PORTUGAL
EUROSYSTEM

account the indicators applicable to the operative reality of the entity to be set up)	iii.	joint accounts or accounts operated by persons who have no personal or professional relationship with each other;	
	iv.	accounts held by legal persons or similar entities pursuing economic activities with no relation to each other, and the accounts are operated by the same natural persons;	
	v.	accounts with a large number of small claims and a small number of debts of a substantial amount;	
	vi.	accounts in which frequent deposits are made by persons with no apparent personal or professional relationship with the holders of such accounts;	
	vii.	accounts which are used to concentrate funds from other accounts, subsequently transferred as a package, in particular when such transfers occur outside the national territory;	
	viii.	accounts which, for no apparent reason, show a sudden rise in debit and credit operations, in the amounts of the operations or their average balances;	
	ix.	accounts used almost exclusively for the international transfer of funds, both outbound and inbound, that are not substantiated by customer activity;	
	x.	accounts that hold a virtually nil balance, even though they account for multiple and frequent deposit and withdrawal transactions or transfer of funds ("pass-through accounts").	
	b.	indicators related to the financial entity's employees:	
	i.	employees, including credit intermediaries, arrangers or other intermediaries, who repeatedly fail to comply with the legal obligations or internal procedures for ML/TF prevention;	
	ii.	employees, including credit intermediaries, arrangers or other types of intermediaries, who establish familiar or close relationships with customers who go beyond the normal standard in the context of the functions assigned to them, or who are inconsistent with the internal practices of the financial entity;	
	iii.	employees, credit intermediaries, arrangers or other types of intermediaries, who demonstrate a pattern of social behaviour or other external signs that are not compatible with their financial situation, to the extent that the latter is known by the financial entity;	
	iv.	credit intermediaries, arrangers, other types of intermediaries or third-party service providers whose suitability and good commercial reputation are under suspicion for potential association with ML/TF operations;	
Regulation (EU) No	11.	Description of the procedures to be adopted to facilitate compliance with Regulation (EU) 2015/847 of the European Parliament and of the Council of 20 May 2015 and Chapter XI of Law No 83/2017, concerning information accompanying transfers of funds, in particular as regards the following:	



BANCO DE PORTUGAL

EUROSYSTEM

2015/847 of the European Parliament and of the Council of 20 May 2015 and Chapter XI of Law No 83/2017 – Transfers of funds (where applicable)	a. description of the procedures to be adopted by the payment service provider of the payer, in order to ensure that transfers of funds are accompanied by the information provided for in Article 4(1), (2) and (3) of that legal instrument;	
	b. a description of the procedures to verify the accuracy of the information on the payer or the payee;	
	c. exposure of verification procedures to be adopted by the service provider in order to ensure that all payment providers involved in the payment chain are established in the European Union with a view to the application of Article 5 of that legal instrument;	
	d. description of the IT means and their control procedures for the detection of transfers of funds of an amount of €1000 or above, whether single or aggregate;	
	e. description of the controls to be adopted in order to detect money transfers involving cash or anonymous electronic currency;	
	f. information on the IT means and procedures and/or manuals for the detection of missing information concerning the payer and the payee, as well as an indication of their accompanying measures in accordance with Articles 7, 8, 11 and 12 of that legal instrument.	