25th July 2017

Dear Stakeholders,

ANNEX III – Sector Specific Guidance Notes for Anti-Money Laundering & Anti-Terrorist Financing (AML/ATF) Regulated Financial Institutions for Investment Business Providers, Investment Funds and Fund Administrators

The Bermuda Monetary Authority (the Authority) would like to thank stakeholders for reviewing and providing comments on the "Sector Specific Guidance Notes for Anti-Money Laundering & Anti-Terrorist Financing Regulated Financial Institutions Investment Business Providers, Investment Funds and Fund Administrators" (Investment GN). As stated in the Notice to the Investments GN, the Authority will be issuing sector-specific guidance notes, which applies the Guidance Notes for AML/ATF Regulated Financial Institutions on Anti-Money Laundering & Anti-Terrorist Financing (AML/ATF GN) to specific sectors. As the Investment GN must be read in conjunction with the AML/ATF GN, our responses to the comments received were aligned with our responses to the AML/ATF GN, where applicable. It is important that the Bermuda AML/ATF regime be aligned with international standards, and as such, we appreciate the support and valuable feedback received from our stakeholders in order to achieve this objective.

CONSOLIDATION OF COMMENTS – AML/ATF INSURANCE GUIDANCE NOTES
Sector-Specific Guidance Notes for Investment Business Providers, Investment Funds and Fund Administrators

The Bermuda Monetary Authority (BMA or Authority) issued "Sector-Specific Guidance Notes for Investment Business Providers, Investment Funds and Fund Administrator" (Investment GN), which forms part of the guidance notes for AML/ATF Regulated Financial Institutions on Anti-Money Laundering & Anti-Terrorist Financing (AML/ATF GN), for consultation and we received the following comments below. The responses to some of the comments are aligned with the responses provided for the AML/ATF GN. Further, we received queries on the AML/ATF GN, which is not part of this response on the Investment GN, but we will communicate our response to those stakeholders directly.

Section	Comment	BMA's Response
General Comment	"All RFIs can be participating. Is it anticipated they would all be expected to conduct or could reliance be placed on others? i.e. Fund Manager place reliance on Fund Administrator for investor/shareholder due diligence (particularly if the Administrator has been contracted to perform such duties)."	RFIs can conduct their own due diligence checks or can rely on third parties or can outsource the function to a service provider. In the example given here, where a fund administrator has been appointed to perform certain duties, including Customer Due Diligence (CDD), then this would be considered an outsourced arrangement rather than reliance on a third party. It should be highlighted that the RFI remains ultimately responsible for ensuring that they comply with the legislation and related guidance. Please refer to Paragraph III.37 of the Investment GN for further details.
III.23	"Is there a list of equivalent jurisdictions or is this up to the RFI? Is this for Bermuda business only (i.e. where the subsidiary is performing duties for a Bermuda client)?"	There is no list of equivalent jurisdictions. Each jurisdiction is required to comply with the Financial Action Task Force (FATF) 40 Recommendations. It is therefore, up to the RFI to ensure that its local and foreign operations apply the requirements, policies and procedures equivalent to that in Bermuda, unless the foreign jurisdiction's requirements are

		higher.
III.33	"Is this speaking on insurance products or trusts investing in the portfolio or providing investment services for those types of customers or both?"	This paragraph states that the RFI should consider risks present in insurance and trusts where their business may be connected to these sectors, and as such, to refer to the relevant guidance notes on these sectors as they conduct their risk assessments.
III.34	"Need further clarification on "Downstream" or "Upstream", perhaps scenarios or examples."	Paragraph III.34 provides clarity on how RFI's should conduct CDD depending on the relationship the RFI has with the investor/customer. Where the RFI (could be an investment broker or financial institution) interfaces directly with the investors, they are required to conduct CDD requirements (Downstream RFI). Where the Downstream RFI is a customer (Customer RFI) of another RFI (such as a bank) (Upstream RFI), and is conducting business on behalf of the investor (i.e. the Upstream RFI is performing financial services for the Customer RFI for their customers/investors), then the Upstream RFI must ensure that the Customer RFI has conducted CDD appropriately and can receive this information where and when appropriate. The Customer RFI must be prepared to provide the CDD information to other relevant RFIs, where and when required.
III.40	"Clarify this is captured under outsourcing."	Paragraph III.40 refers to using third parties to screen employees, intermediaries and other third-party service providers. Where an RFI uses a third party to conduct such screening, this is usually done as an outsourced arrangement. Please be advised that the RFI is ultimately responsible for compliance with the relevant legislation and guidance. Paragraph III.38 of the Investment GN references the relevant paragraphs in the AML/ATF GN which relate to outsourcing.

III.54 & III.55	"Need further clarification on the terms upstream/downstream intermediaries."	Paragraph III.54 does not relate to upstream or downstream intermediaries. Please refer to our earlier response to Paragraph III.34 on these terms. Paragraph III.55 highlights the concern where CDD is not effectively conducted, especially where there are several layers between the RFI and the customer. We recognise that there are instances where an RFI does not have direct contact with the customer who it may be providing a service for, or it may be providing a financial service for the customers of its customer. Risks may increase where there are layers of intermediaries between the RFI and the underlying customer. These risks are heightened and transferred along the chain if CDD is not being done properly. This paragraph seeks to draw that to the RFI's attention and for the RFI to assess its risks in this regard.
III.57	"On-monitoring – is this on-going monitoring? Prevent use? – Ensure omnibus accounts do not impede the ability to prevent effective application."	The language suggested seems appropriate. See revised wording below: "…RFIs conducting investment business should take appropriate measures to ensure any omnibus, pooled account or other arrangement does not prevent the effective application of CDD…."
III.61-III.68	"Customer due diligence – Is this level of due diligence specifically also speaking to the investors/shareholders in the Funds?"	RFIs who are Investment Funds/Fund Administrators should conduct CDD on the shareholders/investors of the funds.
III.91	"Definition of operator of fund in IFA is in terms of a mutual fund, the Company. How is it expected the Company (Fund) will conduct due diligence on self."	The fund's board of directors can conduct (or rely on third parties or outsource) due diligence on customers, in addition, they are responsible for ensuring that the fund operates in a sound and prudent manner, which includes compliance with the required legislative and regulatory framework. However, any reliance and/or outsourcing does not remove the ultimate responsibility from the board of the fund.

III.107	"Define or what would be considered unusually large, is this dependent on the actual customer/customer type? Large institutional customers could invest regular large amounts. Can this be covered by already known information…nature of business etc?"	This paragraph refers to Reg 7(2)(b) of the Regulations which is related to the RFI's ongoing monitoring of client transactions. Neither the Regulations nor the Guidance Notes seek to define "unusually large" transactions. RFIs need to understand each customer's business and risk profile and apply the provision where transactions occur outside the normal understanding of the information on the customer. Further, Regulation 7(2)(b) goes on to state that the transactions may be complex or exhibit unusual patterns which may have no apparent economic or lawful purpose.
III.113	"If Administrator is contracted party, reliance on reliance model?"	Where the Fund Administrator has been contracted to conduct due diligence, the Administrator cannot rely on another third party's due diligence findings to form the basis of the work it was contracted to perform. Refer to Paragraph 5.125 of the AML/ATF GN.
III.140	"Further clarity to determine if liquid funds are riskier from an AML/ATF perspective?"	FATF Recommendations and related guidance provides information on cash and liquid funds. Higher risks involving the transfer of cash and liquid funds can occur in a number of instances and the RFI should review the ML/TF risks that may be presented when transactions of such nature are presented.
III.191	"Need more clarity on early redemptions of long-term investments (Is this a locked in position?). i.e. Redemptions outside of regular cycle."	Generally, early redemption is redemption before the required holding period or before termination/maturity. In the AML context "early redemptions of long-term investments" means investments situations where positions are changed or terminated so quickly so as to incur such a high penalty that it would seem to be an unusual activity, when compared to normal investing activity.
III.236	"Need clarity of purchase of valuable assets followed by instant redemption."	There are instances where persons who wish to launder funds, may seek to place illicit funds into the system by purchasing valuable assets (such as art, wine, etc.) and then

		sell the asset immediately to retrieve legitimate funds from the seller.
III.104	"Sub-heading "Timing of customer due diligence", where it provides that "An RFI must apply CDD measures when it: …"…carries out any wire transfer in an amount of $1000 or more"", we are not clear on what type of CDD measures are being referred to. Please assist. Moreover, this could be very time consuming and reduce operational efficiencies if every wire over $1000 requires a further file review. Even though the section cross-references Chapter 8 in the main Guidance Notes for AML/ATF Regulated Financial Institutions for further guidance, unfortunately it does not appear to provide specific guidance on the type of CDD requested. We believe that there should be more clarity and specific guidance in this regard and perhaps a higher threshold amount for enhanced file review."	Regarding wire transfers and the type of CDD undertaken, the RFI should determine, based on the customer's risk profile, whether standard, simplified or enhanced CDD should be applied. Please refer to Chapters 3-5 of the AML/ATF GN on CDD. We acknowledge the comment regarding carrying out CDD on "any wire transfer in an amount of $1,000 or more" and we will delete this from Paragraph III.104 of the Investment GN.
III.173	"If an RFI is investing in individual equities or fixed income products, this would certainly be part of the due diligence process before making the investment. The problem arises when the BMA-regulated RFI is investing in managed securities such as mutual funds. As you can imagine, much due diligence is involved in choosing a fund manager but it does create a situation where the RFI is one step removed from the specific investments. For example, a situation could arise where there is a de minimis fund holding in an entity owned by a sanctions target or that an investment is made and the RFI only becomes aware of the holding after the fact. Further, there may be a situation where a sanctions list change might make a holding subject to	We have noted the concerns and do understand that the RFI may become aware, after the fact, and even after conducting their due diligence, that a de minimis fund may invest in a holding owned by a sanctions target. This can also arise where the sanctions list changes. Please refer to III.174-III.177 of the Investment Guidance Notes and Chapter 6 of the AML/ATF GN for further information.

	concerns from a sanctions perspective but an immediate exit from that position might not be possible or in the clients' best interests. The inclusion of oil and gas derivatives are even more of a concern as these would be a very common component when gaining exposure to the energy market."	
III.173	"Self-directed accounts - investors can access any securities that are offered by the custody/clearing firm. They have full control over their accounts and can trade without approval from the RFI. Researching the ownership structure of all holdings purchased by clients on an unsolicited basis seems unreasonable."	Where a client is self-investing their own money they would be responsible for ensuring that they comply with the relevant legislation including the Bermuda sanctions regime. Depending on the nature of the relationship between the RFI and the accountholder, if the latter engages in activities which contravenes Bermuda's AML/ATF regime, the RFI may consider terminating the business relationship with this client and/or filing a Suspicious Activity Report (SAR) with the Financial Intelligence Agency (FIA).
III.173	"This is difficult – suppose a hedge fund has 1,000 different positions – I don't think the Bermuda administrator has any hope of screening. I know this is a "should" item – but the practicalities are prohibitive and costly. Really by the time an administrator books an item, the investment transaction has been done. The administrator should be limited to inquiring of prime brokers, investment advisors, etc. that they have a robust sanctions screening process in place so the investment is not made in the first place, and also if a held position becomes subject to sanctions, a policy is in place to deal with it."	We appreciate that compliance in this area will require RFIs to expend the necessary resources, however, these are required by law (please refer to Chapter 6 of the AML/ATF GN and the relevant legislation). While the RFI is not exempt from the requirements governing sanctions, the RFI may choose to engage with entities that do have a robust sanctions regime in place, ensuring that regime complies with Bermuda's requirements. This will mean that the RFI needs to conduct its due diligence of persons/entities it engages with to ensure this is the case. Even in that instance, such reliance will not exempt the RFI of having a sanctions regime in place.
III.71	"Collecting information to determine whether the investment product is to be used as collateral by the client. Please explain why this is considered a ML/TF risk to the RFI."	Paragraph III.71 is part of the section "Purpose and intended nature of the customer's business relationship with the RFI". The list in III.71, while not an exhaustive list, is intended to guide the RFI in collecting information to understand the

		customer, its business, formulating a risk profile of the customer, understanding the customer's reasons for the transactions/investments, what they will be used for, etc. This understanding will help RFIs identify any red flags if the customer risk profile changes.
III.110	"Changes standards for obtaining updated documentation to add "the expiration of a document establishing identity". This is a serious departure from the standards previously agreed to. The previous standard was in place to alleviate the burden of having to go out to every client for a new passport, just because it had expired. It was recognized that expiration of the passport did not equate with no longer knowing your customer. In an operation like ours, we would need a full-time staff of considerable numbers in order to comply with this. Periodic file reviews and trigger events would highlight expired documents, but even then, is it necessary to get a new passport every time one expires?"	Paragraph III.110 does not refer to passports. It states that RFIs should take advantage of opportunities presented to ensure aging information is accurate and up-to-date.
III.122	"We are being asked to periodically test the willingness and ability of the intermediary client to comply with our policies and procedures. Unless these requests are being made in line with regulatory requests (e.g. from the FIA or the courts) it is unlikely that our low risk intermediary clients will be open to this. We question the ability of our low risk clients to comply with these requirements and their openness to sharing confidential client information with us. In the case of distributors with omnibus or other accounts, the distributor is our client and not the underlying investor. We oversee the programme of the	RFIs who engage with intermediaries, must ensure that they can receive information, where and when necessary and that there are no impediments to receiving this information, especially where reliance is being placed on the intermediaries. This is a requirement of Regulation 14 of the Regulations. RFIs should regularly test their intermediaries in order to attain this comfort, because it becomes extremely critical in times when higher risk situations/customers are present or where the RFI is being asked by authorities to provide information.

	distributor, but do not have the authority to review their clients."	
III.124	"Some of the oversight techniques being proposed are not reasonable and would not be accepted by the client. Generally, intermediaries would have to get permission from the regulator to share sections of reports. Obtaining the right to audit a client's AML/ATF procedures and periodically testing those controls is not practical – from a resource perspective on our side, and from access perspective on the client side."	III.124 is not related to getting information from the regulator about the intermediary. This is where, as the RFI conducts its risk assessment of intermediaries, and it "has reason to believe that an intermediary is subject to insufficient or no legislation, regulation or guidance in respect of AML/ATF or simply as a matter of good practice" the RFI should put certain measures and safeguards in place given the potential exposure to ML/TF risks. The paragraph makes suggestions the RFI may undertake, though this is up to the RFI to ensure it implements appropriate measures to manage this potential risk exposure.
III.173	"Requires us to scrutinize all investment instruments to ensure they do not involve a sanctions target in an upstream or downstream portion of a securities custody chain. Please explain what is meant by this."	Please refer to Chapter 6 of the AML/ATF GN and related legislation governing sanctions. RFIs must ensure that no levels of the chain of investments/securities are owned or controlled by sanctions targets.
III.192	"One trigger for monitoring of an intermediary client is "changes in fee amounts the intermediary charges customers". How would we know this, and why would this raise ML/TF risk or require monitoring?"	RFIs, as part of their due diligence, can request this information from the intermediary as fee increases can be red flags suggesting higher risk situations or higher risk customers. This will help the RFI assess these actions against what the current profile it has formulated about the intermediary. This can be something the RFI requests from the intermediary.
General	"Many investment funds are managed by fund administrators, many of whom are not in Bermuda. The fund's policies and procedures would be that of the non-Bermuda fund administrator's, which are compliant with the laws and requirements of the administrator's domicile. Adjusting those policies and	After careful review of the issue, the BMA has determined that it will not require funds to submit policies and procedures (including the administrator's policies and procedures) for review. The BMA will require that the fund rely on the outsource agreement with the fund administrator. The fund, or its board, will need to undertake the necessary

	procedures for the fund, to reflect Bermuda's AML/ATF requirements, is onerous and a deterrent for establishing operations in Bermuda. Further, the BMA's supervisory practice of approving these policies and procedures prior to registration is also a deterrent to doing business in Bermuda. The expense and timing now involved in fund setup, because of the AML requirements, have increased in ways that are just not comparable to [other jurisdictions] experience."	due diligence by assessing the fund administrator's domicile's ML/TF risks, and also review the integrity of the domicile's supervisory framework, to ensure that the fund administrator is supervised in a comparable manner. The fund will be required to submit the outsource agreement, and the signed board resolution to the BMA. The board resolution and the outsourcing agreement must reflect that, regardless of the outsourcing agreement, the fund will comply with Bermuda's legislative and regulatory requirements, including filing suspicious activity reports with the FIA in Bermuda.
General	"Annual audits. These should occur at the appropriate level (e.g. administrator level where the fund board receives a report on the outcome). Clarity on this in the SSGN would be welcome."	The Authority has no objection to the annual audits being done at the administrator's level.
III.78	"The term "intermediary" should not include advisors or administrators. It is industry standard to consider a party in the investment chain to be an intermediary. Often, that party is the investor/customer as contemplated by Section III.88. We would also generally consider an entity that is authorized to place transaction orders on behalf of an investor/customer to be an intermediary."	The guidance makes reference to 'advisory' and 'administrative' (adjectives) which are not the same as making references to 'advisor' or 'administrator' (noun). An intermediary can be a customer of an RFI and as a customer, could be performing advisory or administrative duties for an investor (see below) - that does not mean the intermediary is an administrator (like a fund administrator as defined under the IFA). For example, there are investment businesses that introduce their clients or make recommendation to clients on third party funds or investment products (offered by third parties). In this example, the IB entity is an intermediary and a customer of the investment manager (of the third party fund) but not the underlying investor. The duties the intermediary is performing for the investor can be vast and thus it makes sense to include various categories currently captured by the guidance notes.

III.92 (7th bullet)	"How is an RFI to establish whether any of the intermediary's customers, employees, managers, beneficial owners or directors are PEPs? As discussed, the intermediary is typically our customer. [We] screen all the names we are required to obtain (typically signatories, possibly directors and less often beneficial owners - because the intermediaries are Customer RFIs that are subject to SDD). We have never encountered an expectation that we screen names of individuals we are not required to collect - such as a roster of employees. Also, this is inconsistent with section 5.101 of the 2016 GN, which anticipates screening only beneficial owners."	This section suggests that an RFI, who establishes a business relationship with an intermediary, needs to conduct its due diligence on the intermediary's AML/ATF regime to ensure that it is appropriate and applied in the latter's operations and business relationships. The RFI can establish whether any of the intermediary's customers, employees, managers, beneficial owners or directors are PEPs by reviewing the intermediary's regime on how they identify PEPs, as well as asking the intermediary to confirm as such. The RFI does not have to identify or verify any of the persons in these groups to determine if they are PEPs that is the responsibility of the intermediary.
III.92 (9th bullet)	"We would appreciate guidance as to what it means to establish the customer base of an intermediary."	In determining the intermediary's risk profile, the RFI would need to understand, inter alia, the nature of their operations, the types of business activities they engage in, geographical reach and the targeted customer groups (e.g. high net worth, institutional investors, pensioners, etc.). The RFI can ask the intermediary these questions and may even choose to request a list of the customers.
III.92 (10th bullet)	"This provides that RFIs should establish the ownership and management structure of the intermediary and any upstream or downstream intermediaries appointed to or working with or on behalf of the intermediary. This is extremely broad and is something about which we would appreciate much more detailed guidance. This is of particular concern when financial institutions invest with an RFl through one or more other financial institutions."	Where an intermediary is the customer of the RFI, the RFI must know who is/are the beneficial owner(s) of its customers, as well as have a clear understanding of who manages the customer. Beneficial ownership is a key issue under the FATF Recommendations (24 and 25). Where the intermediary has persons/intermediaries working on its behalf (agent relationship), then those agents, who are part of the intermediary's operations, should be known to the RFI. Agents of the intermediary present risks to the RFI in the same way as the intermediary itself.
III.92 (11th bullet)	"Our view is that RFIs' AML/ATF duties should not include a requirement that they make a substantive and	The Authority has agreed to remove the text.

	likely subjective determination as to whether an investment conforms to the investment restrictions or objectives within the prospectus of a customer."	
III.94	"Where the intermediary is an RFI's client, we do not see why an RFI an agreement in place to set forth a division of AML/ATF responsibilities. We would have expected that either: (i) RFls are, assuming the customer is a Customer RFI , entitled to apply traditional SDD (as described in part A(I) above) or (ii) RFls would be required to perform the diligence on the underlying customers. We are familiar with the requirement that an agreement be in place in the context of traditional "third party reliance" (discussed in part A(3) below) but not in the context of the relationship between an RFI and its direct customer."	We agree to remove the requirement for a written agreement to be in place, however, where the RFI and the customer intermediary have AML/ATF responsibilities, this must be clearly understood. The RFI should ensure that the customer intermediary has the appropriate AML/ATF policies in place. It should also be noted that SDD is not a default designation but it must be based on an assessment of the customer's risk profile. Chapter 5 of the AML/ATF GN provides further details on when it is appropriate to apply SDD.
III.70-III.71	"There are numerous references in the Draft Sector GN to RF ls collecting information about the nature and intended purpose of the investment business relationship, even (in some cases) when "the purpose and intended nature of a proposed business relationship may appear self-evident" (see sections III.70, III.71 and III.I05). In an investment context, as opposed to banking or nominee/custodial relationships, we see little reason to gather this. Customers investing in investment funds are clearly seeking to grow their capital. There is no question that will elicit this response without being so obvious as to make the customer wonder why an RFI would bother inquiring."	We understand that some business relations may <u>appear</u> self-evident, however, as part of the KYC and formulating the customer's risk profile, the necessary information should be collected. This becomes very important if the transactions generate red flags, if competent authorities require information, if a SAR needs to be filed, etc. If a customer is risk rated as low, then the RFI can apply SDD measures based on that risk assessment.
III.66	"This section states that RFls must identify and take reasonable measures to verify the identities of beneficial owners. This provision is similar to sections	We will review the various sections to ensure a consistent approach.

	4.77 and 4.87 of the 2016 GN and to section 5 of the Regulations, but it is not consistent with other sections. Please see part B(2) below."	
III.68	"Not all RFIs in this sector are subject to the Investment Business (Client Money) Regulations 2004. Like in section Ill.67, we suggest that language please be included to indicate that this section is not always relevant."	Suggest that wording in III.67 be used in III.68: "RFIs should also understand, where relevant".
III.21	• Screen employees against high standards - there is no definition for what this means and specifically what tools are available in Bermuda for the screening of employees. • Inconsistency regarding audit in this section. At least once per calendar year is included but Section 1.75 of the RFI-wide Guidance Notes dated 20 September 2016 talks about at least once a year and more frequently	• Regulation 18(1) (c) requires relevant persons to screen all relevant employees prior to hiring to ensure high standards. RFIs need to hire employees who are fit and proper for the post and are trained in and understand the AML laws and obligations. We would expect RFIs to assess their hiring needs/skillsets required so as to comply with the requirements under the legislation. • We will amend the Investment GN to be aligned with the AML/ATF GN.
III.35	111.35 states in relevant part, the following: "In turn, there is a heightened inherent risk that the intermediary will fail to apply appropriate due diligence measures on the customer and source of funds and will fail to recognise and report knowledge, suspicion, and reasonable grounds to know or suspect." As there is no such "reasonable ground to know or suspect" standard in Bermuda law related to money laundering or terrorist financing, this should be removed. The term "reasonable grounds" also appears in a number of other places such as paragraph III.72 and III.202.	We noted a similar comment in the AML/ATF GN and we have amended those GN to reflect what is currently in legislation. However, please note that FATF Recommendation 20 requires the three-pronged test of knowledge/suspicion, belief and reasonable grounds to suspect. The Authority agrees to remove from the GN and recommend that the legislation be amended to include the three-pronged test. Once the legislative change has been made, the guidance notes will be updated.
III.133	"Reliance on intermediaries has always been a really	RFIs that rely on intermediaries for CDD must ensure that

	big issue for the Authority and what reliance you can place on that intermediary. In section III.122 reference is made to testing the willingness and ability to make available the CDD but there is no guidance on what this means and how often."	they are able to get the CDD information. Chapter 5 of the AML/ATF GN provides greater detail on reliance on third parties. RFIs must conduct their necessary due diligence on third parties where reliance is placed since they need to get the CDD information from these third parties. RFIs expose themselves to ML/TF risks if there are hindrances to receiving information from these third parties, therefore, RFIs should assess these potential risks on a periodic basis (which should be part of their risk management framework).
III.113, III.116, III.118	"III.133 says that RFIs cannot "contract out of its statutory and regulatory responsibilities to prevent and detect ML/TF". III.118 states a RFI can place reliance on persons except certain duties as stated in III.116. Appears confusing."	While the RFI can outsource certain functions, there are some duties which still remain with them such as the filing of SARs. Outsourcing and reliance do not remove the ultimate responsibility from the RFI to comply with Bermuda's AML/ATF regime.
III.215	"The criminal sanction, under Proceeds of Crime Act 1997 and Anti-Terrorism (Financial and other Measures) Act 2004 (ATFA), for failure to report, is a prison term of up to three years on summary conviction or ten years on conviction in indictment, a fine up to an unlimited amount, or both. This section should be amended as the ATFA actually states the penalties under Schedule I for failure to report as follows: (15) A person guilty of an offence under this paragraph is liable(a) on summary conviction, to a fine of $10,000 or to imprisonment for six months, or to both, or (b) on conviction on indictment, to a fine of $100,000 or to imprisonment for five years, or to both."	Noted. We will amend accordingly.