

information is required in writing it must be submitted within a period of no less than seven days (the seven day requirement is to protect FIs taking into account formal procedural duration, information is provided earlier if available). When information is required verbally (i.e. in urgent situations), any deadline for the provision of information can be imposed as there is no limiting factor in the legislation; such verbal communications must be followed up in written form. Responses to verbal communications are made within the required timeframes and do not trigger the seven day requirements.

Weighting and Conclusion

All criteria are met.

Recommendation 11 is rated compliant.

Recommendation 12 – Politically Exposed Persons

In its 3rd MER, Turkey was rated non-compliant with these requirements (para. 263, 264 and 276). The key technical deficiency was that Turkey had not implemented AML/CFT measures concerning the establishment of customer relationships with PEPs.

Criterion 12.1 – There is no specific reference to foreign PEPs in Turkish AML/CFT legislation. In relation to high-risk customers (in addition to performing the CDD measures required under Recommendation 10):

- a) FIs are required to establish risk management policies (ROC art. 4), carry out risk management activities (arts. 11 and 12) and take enhanced measures for high-risk groups (art. 13). However, there is no specific obligation for FIs to establish risk policies and procedures for the express purpose of determining whether a customer or the beneficial owner is a PEP.
- b) FIs are required to implement “one or more or all” of a range of enhanced measures, which includes obtaining approval of senior manager to commence or continue business relationship or carry out transaction. However, due to the noted provision, this becomes one of several optional enhanced measures and does not meet the sub-criterion.
- c) When faced with high-risk customers and high-risk transactions, FIs are obliged to take one or more or all of a range of enhanced measures to reduce the risk identified (see criterion 12.1(b)). This includes gathering additional information on the customer (although, there is no specific requirement to establish the source of wealth) and information on the source of funds.
- d) Conducting enhanced ongoing monitoring on the relationship is also one of a range of enhanced measures that is possible (see criterion 12.1b).

Criterion 12.2 – There is no specific reference to domestic PEPs in Turkish AML/CFT legislation:

- a) FIs are not required to take reasonable measures to determine whether a customer or the beneficial owner is a domestic PEP (see Criterion 12.1).
- b) In cases when there is a high-risk business relationship, a range of enhanced measures may be selectively taken; however, this is not sufficient (see Criterion 12.1).

Criterion 12.3 – FIs are not required to apply the relevant requirements of criteria 12.1 and 12.2 to family members or close associates of all types of PEP.

Criterion 12.4 – Insurance companies are obliged entities: ROM, art. 4. They are required to implement additional measures when faced with high customer risk, as well as identify and verify beneficial ownership: ROM, art. 17/A. Furthermore, life insurance policy holders (insurers) are required to disclose the beneficiary of insurance policies to insurance companies: TCC, art. 1493(2). MASAK has issued communiqués for the insurance sector, including in relation to risky individuals or organisations (although, none of these communiqués explicitly references PEPs or obligations relating to life insurance policies and PEPs). There is no requirement that, where higher risks are identified, FIs must inform senior management before the payout of the policy proceeds, conduct enhanced scrutiny on the whole business relationship with the policyholder, or consider making an STR.

Weighting and Conclusion

There is no specific reference to or obligation on FIs relating to foreign or domestic PEPs.

Recommendation 12 is rated non-compliant.

Recommendation 13 – Correspondent Banking

In its 3rd MER, Turkey was rated non-compliant with these requirements (para. 265 – 266, 277).

Criterion 13.1 – In relation to cross-border correspondent banking and other similar relationships, FIs are required to do the following (ROM, art.23.1):

- a) obtain, by making use of publicly available resources, reliable information on whether the respondent FI has been subject to a ML/TF investigation or been sanctioned; its business field; reputation; and the adequacy of its supervision. The language does not cover the need to understand fully the nature of the respondent’s business.
- b) assess the respondent institution’s AML/CFT controls;
- c) obtain approval from senior management before establishing new correspondent relationships; and
- d) clearly understand the respective AML/CFT responsibilities of each institution.

Criterion 13.2 – With respect to “payable-through accounts,” FIs are required to satisfy themselves that the respondent bank:

- a) has performed CDD obligations on its customers that have direct access to the accounts of the correspondent bank: ROM, art. 23(d).; and
- b) is able to provide relevant CDD information upon request to the correspondent bank: ROM, art. 23(d).

Criterion 13.3 – FIs are prohibited from entering into or continuing correspondent relationships with shell banks, as well as banking relationships with banks where there is doubt as to whether or not the bank permits their accounts to be used by shell banks: ROM, art. 23(2).