The PEP Puzzle

A PEP is a ‘Politically Exposed Person.’

But when it comes to risk management, determining who qualifies as a PEP can be complicated.

Companies are challenged when it comes to PEPs because there is no globally agreed upon definition of a PEP.
## Regulatory definitions of PEPs

Organizations should adopt a broad and flexible understanding of PEPs. However, any organization that conducts business across international borders must also stay alert to variations in the legal definitions across different jurisdictions. In recent years there have been significant additions to laws and guidance relating to PEPs. See how Nexis® Solutions can help you address these different requirements.

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<tr>
<th>Rules &amp; Guidance</th>
<th>Compliance Obligations</th>
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| **U.S. Foreign Corrupt Practices Act (FCPA)** | • Illegal to bribe a PEP  
• Requires proof that the person offering the bribe did so with corrupt intent  
• Recommends enhanced due diligence and ongoing monitoring of PEPs |  
| **U.S. Financial Crime Enforcement Network (FinCEN)** | • Requires ongoing monitoring of customers who have carried out suspicious transactions  
• Requires enhanced due diligence for private banking accounts that are established and managed in the U.S. for senior foreign political figures |  
| **UK Bribery Act 2010**                   | • Illegal to bribe a foreign public official  
• Proof of corrupt intent not required |  
| **UK Financial Conduct Authority (FCA)**  | • Requires a risk-sensitive approach to identifying PEPs  
• Requires enhanced due diligence on PEPs  
• Only focuses on PEPs with prominent positions, not local government or junior members of civil service |  
| **UK Criminal Finances Act**             | • Allows regulators and prosecutors to apply to the High Court for an 'unexplained wealth order' which requires the PEP to explain the origin of assets disproportionately greater than their lawful income |  
| **EU Fifth Anti-Money Laundering Directive (EUSAMLD)** | • Requires member states to create a list of national public offices and functions that qualify as politically exposed  
• List will be published by the European Commission |  
| **EU Fourth Anti-Money Laundering Directive (EU4AMLD)** | • Expanded definition of a PEP to include persons with a prominent public position domestically, as well as domestic PEPs who work for international organizations  
• Requires companies to consider if a beneficial owner is a PEP  
• Requires companies to continue to apply enhanced due diligence on an individual for 18 months after they are no longer in public position |