AML/CFT Key Areas

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Customer Due Diligence
Risk Rating
Clients
Keeping Records
Role of the MLCO & MLRO
Staff Training
Risk Assessment of Business
Staff Vetting
Customer Due Diligence

• Need to establish ‘Know Your Customer’ (KYC) and Customer Acceptance Policies

• KYC - Source of Wealth, Customer identification, expected activity, rationale of account etc.

• Customer Acceptance – Type of Person (individual / Corporate), Country of origin / residence/operation etc.

• Ongoing monitoring requirements – obligation to report suspicious transactions that does not fit the expected customer activity
Risk Rating Clients

What is the Risk to your business by holding this account?

What costs will be incurred by maintaining the account? – does the margin justify its maintenance?

Are you equipped (staff/systems) to maintain accounts that are perceived to be ‘High Risk’?

RISK v REWARD?
INDIVIDUALS

• Citizenship
• Place of Birth
• Residence
• Employment
• Source of Funds/Wealth
• Purpose of Account
• History
LEGAL ENTITIES

• Place of Incorporation
• Already Regulated? – if so – what standard?
• Type of Business
• Assets
• Private or Public
• Local Presence?
Higher Risk

- Trusts, Nominees
- Fiduciaries, Correspondent Accounts
- Offshore Companies
- Politically Exposed Persons (PEPs)
- Introduced Accounts
- Non-Profit Organisations (Charities)
- Non-Resident Accounts
What Risks are there if there are not well drawn up KYC /Customer Acceptance and Risk Profiling Policies in place?

- Reputational Risk
- Legal Risks
- Regulatory Risks
- Operational Risks
- Concentration Risks
Keeping Records

• Policies

• Key Documentation:-
  – Customer KYC
  – Acceptance process
  – Suspicious Activity Reports (internal/external)
  – Training
  – Board Reporting
Appointment of MLRO

MLRO

Investigates internal AML suspicious activity reports and makes the appropriate decision/action to report to the MOT

Deputy appointment in case of absence
Appointment of MLCO

MLCO
Ensures the firm is complying fully with the firms legal requirements under the Law (staff training, systems and controls, procedures being followed etc.) and reports to the Board

MLRO & MLCO can be the same person depending on size of business
**Staff Training**

**ALL** Staff to be trained in AML – fitting to role and responsibilities within the firm to include :-

- Generic overview of AML/CTF
- Internal Reporting requirements
- Legal Responsibilities (individual/employer)

Records maintained to show training conducted and that persons have been tested on their understanding.
AML/CFT
Risk Assessment of Business

• What is your view on the Risks to your business?
• What services and products do you offer?
• Where is your client base?
• Have you the right infrastructure in place to combat AML/CFT?
• Where do you do business?
AML/CFT
Risk Assessment of Business

• What products & services do you offer?
• What future markets are intended to be entered?

Do you consider your business as a Low or High risk for AML/CFT activities?

MUST BE DOCUMENTED
BOARD AGREEMENT
Staff Vetting

- What information do you currently request from potential employees?
- Do you check key information? (reasons for leaving last job, qualifications etc.)
- Are you satisfied that the integrity of the person is of the level expected to be employed by your business?

**MUST BE DOCUMENTED**