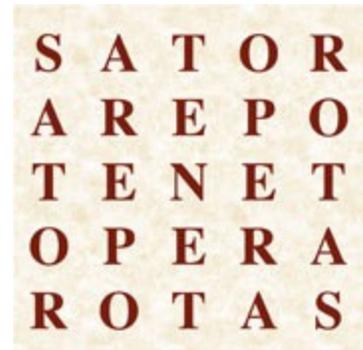


# **AML/CFT Key Areas Review**

**Sator Regulatory Consulting Limited**

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**Customer Due  
Diligence &  
Risk Rating  
Clients**

**Keeping  
Records**

**Role of the  
MLCO & MLRO**

**Staff Training**

**Risk  
Assessment of  
Business**

**Implementation  
Plan**

**S A T O R  
A R E P O  
T E N E T  
O P E R A  
R O T A S**



# 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?**



# Risk Profiling Policy

## INDIVIDUALS

- Citizenship
- Place of Birth
- Residence
- Employment
- Source of Funds/Wealth
- Purpose of Account
- History

## Risk Profiling Policy Cont.

### LEGAL ENTITIES

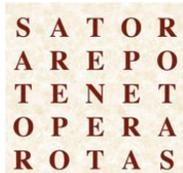
- Place of Incorporation
- Already Regulated? – if so – what standard?
- Type of Business
- Assets
- Private or Public
- Local Presence?

# Higher Risk

- *Trusts, Nominees*
- *Fiduciaries, Correspondent Accounts*
- *Offshore Companies*
- *Politically Exposed Persons (PEPs)*
- *Introduced Accounts*
- *Non-Profit Organisations (Charities)*
- *Non-Resident Accounts*

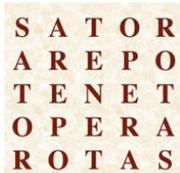
# What Risks are there if there are not well drawn up KYC /Customer Acceptance and Risk Profiling Policies in place?

- 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
  - Records to be kept for 10 Years

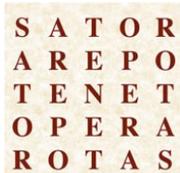


# Appointment of MLRO

## 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**

# First Step

Management should prepare a plan for implementation :-

- Review & document – KYC, Customer Acceptance Policy and Account opening processes– minimum ID requirements, Client Target Profile, Account opening check lists, sign-off authorities to open etc.

# Next Step

- Document a Risk Rating policy for customers – consider various factors (Citizenship, Residence, Place of Birth, Employment, Source of funds/wealth, purpose of account, history, politically exposed?, Corporate entity?, Charity? etc.)

# Next Step continued

- MLRO/MLCO Appointment – Job description, monitoring programme, template for Board Reporting, internal/external Suspicious transaction reporting, segregation of duties, deputies?
- Staff Training – appropriate course for the role carried out i.e. Junior admin. Staff – Basic AML course, Customer Relationship Officers / Senior Admin./Operational Staff more advanced, Directors and Management – Comprehensive

# Next Step continued

- Risk Review of Business – documented and agreed by Board
- Plan to deal with retrospective review of existing Client base – gap analysis of missing information, allocate resources, time scale?
- Review of Staff recruitment process – vetting procedures