

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

**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

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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



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