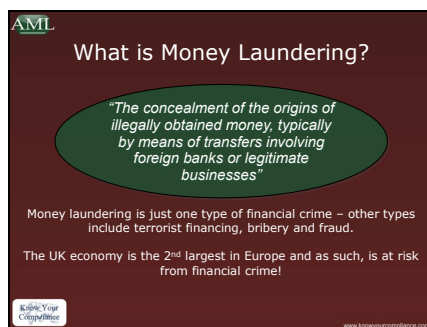


Slide 1



Slide 2



Slide 3



Slide 4

AML

Joint Money Laundering Steering Group

JMLSG is made up of the Financial Services industry's leading trade associations

The FCA uses JMLSG's provisions and guidance when deciding whether the conduct of a firm amounts to a breach of relevant requirements.

Senior Management Responsibility

Internal Controls

Risk-Based Approach

Training

Customer Due Diligence

Money Laundering Reporting Officer

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AML

Financial Action Task Force (FATF)

An independent intergovernmental organisation that develops policies to combat money laundering & terrorist financing.

- FATF was established by the G8 Summit in Paris in 1989 as a response to the growing concern over global money laundering threats.

34 Members

40 + 9 Special Recommendations

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Slide 6

AML

The Money Laundering Process

Placement

Layering

Integration

The Proceeds of Crime Act 2002 (POCA) suggests that there are 3 stages involved in money laundering schemes.

What do you think these 3 stages mean?

Watch 'How Money Laundering Works'

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AML

AML Measures & Controls

Regulatory and legal requirement to have anti-money laundering measures, controls and procedures in place.

How Can We Prevent Money Laundering?

✓ Risk Based Approach

✓ Due Diligence Checks

✓ AML Policy & Procedures

✓ Staff Training & Awareness

✓ Governance & Oversight

✓ Money Laundering Reporting Officer

✓ Audits & Monitoring

✓ Record Keeping & Reporting

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AML

Risk Based Approach

A risk based approach is a common process used for money laundering and terrorist funding prevention and encompasses:-

✓ Identification of the Risks

✓ Carrying out Risk Assessments

✓ Design and Implement Controls & Procedures for Risk Mitigation

✓ Monitor Controls to Improve Effectiveness & Efficiency

✓ Good Record Keeping Methods

What are some of the risks and risk areas for your business?

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AML

Due Diligence

• Taking reasonable care before entering into an agreement or transaction

• An investigation onto a person or business to verify their identity, status and history

• Research and analysis to determine the accuracy of a statement or situation

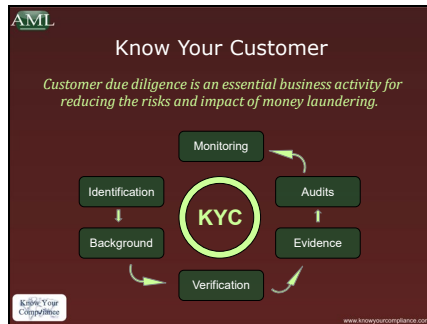
• Reasonable steps taken by a person or business to avoid committing and offence

Due diligence has multiple definitions, all of which mean protecting a firm from financial crime and money laundering.

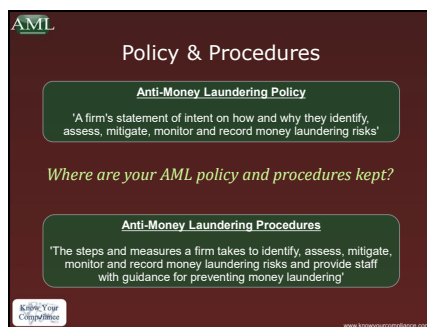
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Slide 12



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AML

Governance & Oversight

Senior management have a responsibility to ensure that effective controls and procedures are in place within their firm.

UK legislation on money laundering and financial crime places a number of obligations on firms and their senior management, including:-

- To apply Customer Due Diligence measures
- To maintain appropriate systems and controls for AML/CTF purposes
- To monitor customer transactions and activities
- To report suspicious activity, both internally and externally
- To keep appropriate records and train staff
- To comply with the UK financial sanctions regime

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AML

Money Laundering Reporting Officer & Nominated Officer

These terms are often used interchangeably, but for regulated firms, a **Money Laundering Reporting Officer (MLRO)** is an FCA mandatory requirement and a controlled function.

A **Nominated Officer** is the person responsible for AML oversight and for making disclosures to the National Crime Agency (NCA) and is a requirement for all firms with MLR obligations.

Use the MLRO Statement Pack and decide which statements are correct and incorrect when applied to the Money Laundering Reporting Officer

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AML

Audits & Monitoring

Money laundering prevention is not a once only task!

Auditing and monitoring the controls and procedures used to prevent money laundering is a regulatory requirement.

✓ Checklists	✓ Gap Analysis
✓ Procedure Audits	✓ Spot Checks
✓ Due Diligence Re-checks	✓ Staff Assessments & Tests
✓ Management Information (MI)	✓ Ongoing Risk Assessments
✓ Transaction Monitoring	✓ Updating Procedures & Manuals

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AML

Record Keeping

Why is record keeping important?

Firms must retain:-

- Copies of evidence obtained of a customer's identity
 - for 5 years after the end of the customer relationship
- Details of customer transactions for 5 years from the date of the transaction

Firms should also retain:-

- Customer Information
 - Transactions
 - Internal & External Suspicious Reports
 - MLRO Annual Reports
- Information Not Acted Upon
- Training and Compliance Monitoring
- Effectiveness of Training Information
- Management Information Regarding AML

KPMG Your Compliance

www.kpmg.com/au/pages

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AML

Tipping Off

**Money Laundering is a critical enabler of Serious and Organised Crime.
This costs the UK an estimated £25 billion a year.**

381,882 SARs submitted in one year

£46,375,449 of assets deemed 'at risk'

2 million SARs in the NCA's database

Helps tackle terrorism, financing and organised crime

Your SAR can provide the missing piece of the puzzle

"Tipping Off" is a criminal offence that carries serious penalties and implications

- ✓ What is 'tipping off'?
- ✓ How can a firm reduce the risk?
- ✓ What are the penalties of 'tipping off'?

Know Your Client/Office

www.knowyourclient.co.uk

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Reporting & SAR's

If you operate in a regulated sector, you are required to make a report where you:-

- know;
- suspect; or
- have reasonable grounds for knowing or suspecting;

that a person and/or firm is engaged in, or attempting, money laundering or terrorist financing.

A Suspicious Activity Report (SAR) is made to NCA when there is any suspicion or knowledge of money laundering or a suspicious activity.

Who makes the Suspicious Activity Report?

Katie Your Compliance

www.katieyourcompliance.co.uk

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AML

Supervisory Authority



Those with MLR17 obligations must be monitored by a Supervisory Authority

- ✓ FCA
- ✓ HMRC
- ✓ The Gambling Commission
- ✓ Professional Body

Who is your Supervisory Authority?

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AML

Q&A

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