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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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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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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 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	✓ Governance & Oversight
✓ Due Diligence Checks	✓ Money Laundering Reporting Officer
✓ AML Policy & Procedures	✓ Audits & Monitoring
✓ Staff Training & Awareness	✓ Record Keeping & Reporting

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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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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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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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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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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.

<ul style="list-style-type: none">✓ <i>Checklists</i>✓ <i>Procedure Audits</i>✓ <i>Due Diligence Re-checks</i>✓ <i>Management Information (MI)</i>✓ <i>Transaction Monitoring</i>	<ul style="list-style-type: none">✓ <i>Gap Analysis</i>✓ <i>Spot Checks</i>✓ <i>Staff Assessments & Tests</i>✓ <i>Ongoing Risk Assessments</i>✓ <i>Updating Procedures & Manuals</i>
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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 Suspicion Reports
- MLRO Annual Reports
- Information Not Acted Upon
- Training and Compliance Monitoring
- Effectiveness of Training Information
- Management Information Regarding AML

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Tipping Off

Money Laundering is a critical enabler of Serious and Organised Crime. This costs the UK an estimated £24 billion a year.

381,862 SAR submitted in one year
£44,375,449 of assets denied to criminals

2 million SARs in the NCA's database

Help tackle terrorist financing and organised crime.

Your SAR can provide the missing piece of the puzzle

'Tipping Off' is a criminal offence that carries severe penalties and implications

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

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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?

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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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Q&A

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