



Foundation Event Series One

Developing and documenting Policies and Procedures

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Overview

- Need for Policies and Procedures
 - WHY?
 - WHEN?
 - WHAT?
 - WHO?
 - HOW?
- Guidelines for AML/CFT Procedures Manual
 - “AML/CFT Issues Guide for Procedures Manuals” – Published on the FSC’s website (www.fsc.org.ai)

WHY is there a need for a policies and procedures?

- Requirement by Law
 - Section 16(1) of the AML/CFT Regulations R.R.A. P98-1
 - Requirement for a service provider to establish, maintain and implement appropriate policies, systems and controls to prevent and detect money laundering and terrorist financing.



WHEN should the policies and procedures be documented?

- Ideally –
 - Before you open doors for business.
 - Staff is aware of and can follow procedures from day one.
 - Before you offer additional services to your customers or there is a change in business operations.

WHAT should the policies and procedures include?

- “Customer due diligence measures and ongoing monitoring;
- The reporting of disclosures;
- Record-keeping;
- The screening of employees;
- Internal controls;
- Risk assessment and management; and
- The monitoring and management of compliance with, and the internal communications of, its policies, systems and controls to prevent and detect money laundering and terrorist financing.”

WHO is responsible for establishing and documenting policies and procedures?

- The board or senior management is ultimately responsible.
 - Identifying and managing the money laundering and terrorist financing risks faced by the service provider;
 - Ensuring adequate resources are devoted to AML/CFT efforts;
 - Ensuring compliance with the obligations under POCA, AML/CFT Regulations and the Code.

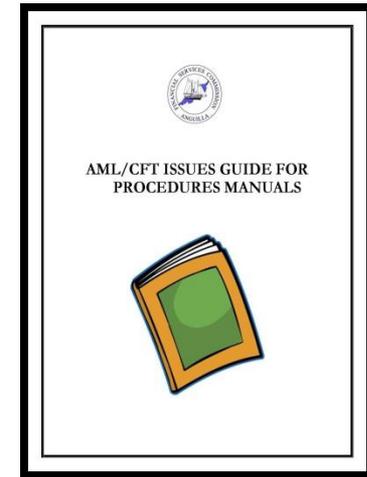


HOW to go about establishing policies and procedures?

- Use the AML/CFT Code R.R.A. P98-4 as a **guide** to assist in establishing policies and procedures.
- While there is no need to reinvent the wheel, each service provider is responsible for ensuring that the policies and procedures are **relevant to his/her business**.

AML/CFT Issues Guide for Procedures Manuals

- **Introduction of AML/KYC/CFT**
 - Define the terms above
 - Detail the purposes of the manual
 - Comment on Board / Senior Management's commitment



AML/CFT Issues Guide for Procedures Manuals cont'd

- **AML – Procedures (Identifying risks)**
 - Risk assessment (high, low) say what policies are in place, explain the risk assessment process.
 - Detail the responsibility of board for AML/CFT compliance.
 - Responsibility of money laundering reporting officer.
 - Responsibility of money laundering compliance officer.

AML/CFT Issues Guide for Procedures Manuals cont'd

- **KYC/Customer Due Diligence**
 - When is CDD obtained
 - Measures to be applied by service provider
 - Identification / verification information of individual customers
 - Identification / verification information on legal entities
 - Identification / verification of directors and beneficial owners
 - Identification / verification information of trusts and trustees
 - Identification / verification information of foundations

AML/CFT Issues Guide for Procedures Manuals cont'd

- **Enhanced Due Diligence**
 - Non face to face business
 - Politically Exposed Persons (PEPs)
 - Identification and approval process

- **Reliance on third parties**
 - Intermediaries and Introducers
 - Documentation required
 - Certification required
 - Process of approval

AML/CFT Issues Guide for Procedures Manuals cont'd

- **Record keeping and Training**
 - Transaction records – protection of data
 - Records containing suspicious transactions etc.
 - Records containing policies, systems and controls and training
 - Reviews of record keeping procedures

AML/CFT Issues Guide for Procedures Manuals cont'd

- **Reporting of suspicious transaction**
 - What is a suspicious transaction
 - Internal reporting procedures
 - MLRO reporting procedures
 - Evaluation SARs by MLRO
 - Reports to Reporting Authority
 - Documenting SARs
- **Board / Senior Management approval of procedures**

Closing Comments

- The developing and documenting of policies and procedures should be seen as a necessary process for the smooth and safe execution of the business of a service provider.
- Policies and procedures increase the likelihood that the service provider is in compliance with all relevant legislation.
- Policies and procedures should be readily available to all persons involved in the management and work of the service provider.
- Policies and procedures can protect board or senior management and staff of the service provider from committing offences under the POCA, AML/CFT Regulations and AML/CFT Code.

Thank You