

COMPLIANCE COMMISSION

WHAT TO EXPECT

FROM

ON-SITE OFF-SITE

EXAMINATIONS

AND ITS

FINDINGS

DEFICIENCIES

17 & 18 December 2020

COMPLIANCE COMMISSION

PARTICULARS OF THE BUSINESS

- ✓ Name of Firm.
- ✓ Business License No.
- ✓ Branches, locations, contact details.
- ✓ Number of Staff, Directors, Partners, Lawyers, Accountants, Brokers and Developers and their professional qualifications.
- ✓ Their commencement and ending dates with the firm.

COMPLIANCE COMMISSION

AML/CFT OBLIGATIONS

- ✓ AML/CFT Policies and Procedures document.
- ✓ ML/TF and other identified risk assessment.
- ✓ Introduction of any new technologies, products or business practice.
- ✓ Money Laundering Reporting Officer (MLRO).
- ✓ Compliance Officer (CO).

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RISK-BASED CUSTOMER VERIFICATION PROCEDURES AND RECORDS

- ✓ Facilities on record and their ratings i.e. low, medium, high.
- ✓ Cash transactions conducted by a facility holder or a non-facility holder that exceeds the legal threshold.
- ✓ Transactions identification & verification in accordance with the financial institution's AML/CFT policies and procedures.
- ✓ Confirmation of verification by Eligible Introducers (EI). what is required, what should be in the letter. The Commission will issue further information in addition to the current guidance.
- ✓ Facility holder and beneficial owner identification and verification in compliance with the firm's policies and procedures for customer verification.

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TRANSACTIONS RECORD KEEPING PROCEDURES

- ✓ Facilities contain all transaction records as required by Section 15 of the FTRA.
- ✓ the firm records retention period i.e. for 5 years.

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AML/CFT TRAINING AND STAFF AWARENESS

- ✓ Staff receiving AML/CFT training conducted by the Commission or another organisation either locally or abroad or by the Firm.
- ✓ Provision of written training program for staff that is kept up-to date. This can be incorporated in the P&P or as a separate document inclusive of guidance in the CC Codes, legislation and other relevant guidelines.
- ✓ Commission's most current Codes of Practice, FIU Guidelines and the GFSR guidelines on financial crime and proliferation and relevant AML/CFT laws form part of the AML/CFT training and awareness procedures for staff.

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SUSPICIOUS TRANSACTIONS REPORTING PROCEDURES

- ✓ The number of suspicious transactions reports that have been made to the MLRO.
- ✓ The number of accounts where opening procedures were started but not opened or aborted due to issues arising from customer due diligence procedures.
- ✓ The number of suspicious transactions reports filed with the MLRO because the firm was unable to verify the identity of the beneficial owner or due to incomplete customer due diligence.
- ✓ The number of suspicious transactions reports that have been made to the FIU.
- ✓ The firm documented rationale for submitting STRs.

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INTERNAL AML/CFT EFFECTIVENESS COMPLIANCE REVIEWS

- ✓ The firm's documented internal AML/CFT effectiveness compliance reviews, when does take place i.e. frequency, who authorize it, who conduct it and who sign off on the same.

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POLITICALLY EXPOSED PERSONS, HIGH RISK CLIENTS, COUNTRIES & SANCTIONS

- ✓ The number of clients that are domestic, foreign, international organization, and whose family members or close associates of PEPs.
- ✓ The firm's risk management system for customers and beneficial owners to determine if they are PEPs.
- ✓ Higher risk relationship assessed with a PEP, are these relationships approved by senior management, measures to mitigate high risk in compliance with guidelines in the policies and procedures document.
- ✓ Relationships with clients assessed as high risk approved by senior management and in compliance with guidelines in the policies and procedures manual.

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POLITICALLY EXPOSED PERSONS, HIGH RISK CLIENTS, COUNTRIES & SANCTIONS

- ✓ The firm's risk management system for customers and beneficial owners and screen to determine and monitor if they are listed on the United Nations Sanctions as individuals or designated entities subject to sanctions from any other official body or government that would prohibit the establishment of a facility or conduct of a transaction and implement the prohibition requirements of the relevant UNSCR's, including attempted transactions.

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POLITICALLY EXPOSED PERSONS, HIGH RISK CLIENTS, COUNTRIES & SANCTIONS

- ✓ The firm's risk management system for customers and beneficial owners and screen to determine if they originate from a higher risk country as defined by Financial Action Task Force (FATF) and apply the appropriate measures defined by the FATE.
- ✓ The firm's awareness and application of the policies and procedures regarding financial institutions obligations in section 43-49 of the Anti-Terrorism Act including reporting to the relevant competent authority any assets frozen or actions taken in compliance with the prohibition requirements for Targeted Financial Sanctions related to terrorism/terrorist financing and proliferation financing, including attempted transaction.

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POLITICALLY EXPOSED PERSONS, HIGH RISK CLIENTS, COUNTRIES & SANCTIONS

- ✓ The firm's receipt of the list of individuals or designated entities from the Compliance Commission and without delay freeze all the funds held by it in the name of a designated entity and notify the relevant competent authorities as defined by law.
- ✓ Reporting of the amount of funds frozen and the number of related accounts under any of the UNSCR's or directives.

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FOREIGN BRANCHES AML STATUS

- ✓ The firm's foreign branches or majority owned subsidiaries of a financial group.
- ✓ The firm's provisions for policies and procedures for sharing information required for the purposes of customer due diligence and ML/TF risk management and information sharing for reporting STRs. Also adequate safeguards on the confidentiality and use of information exchanged.

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FINDINGS FROM ON-SITE, OFF SITE EXAMINATIONS

On submission of the examinations the Compliance commission conduct evaluations to determine its findings which are duly recorded and forwarded to the Inspector for review and comments. This process is carefully examine to capture and document all findings no matter how insignificant it may appear.

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DEFICIENCIES

All deficiencies that are uncovered during the evaluations are analyzed to determine if there is a pattern with a particular firm or firms. They are recorded and the Inspector informs the firm(s) by way of a letter of their deficiencies from the submitted examination, issue a reasonable time to effect remedial actions and report to the Compliance Commission their remediation(s).

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THANK YOU!