[Your Company Name]

Anti-Money Laundering Policy & Procedure

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It is important to work through the document and customise any areas to ensure that the finished template accurately reflects what your organisation does and the controls that you have in place. You should consider your regulatory and legal obligations and any standards or requirements that apply to your industry or business type when customising the content.

Template Guidance

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The content in this template is based on the general requirements set out in The Money Laundering, Terrorist Financing and Transfer of Funds *(Information on the Payer)* Regulations *2017 (including 2019 amendments)* and utilises some of the requirements specified by the HMRC and FCA.

Whilst this is a standalone template, AML works in conjunction with due diligence and risk management so should be used and read in conjunction with those policies *(either your own or those you have purchased to customise).*

Referencing Other Policies

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Revision History

VERSION	REVISION DATE	SECTION REVISED	REASON FOR REVISION	DESCRIPTION OF REVISION

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1 POLICY STATEMENT

[Your Company Name] *(hereinafter referred to as the **"Company"**)* and its employees are committed to the highest standards of money laundering and terrorist financing prevention, including anti-fraud, anti-corruption and anti-bribery. We have robust and effective risk assessment and due diligence measures and controls in place to ensure compliance with the current regulations, laws and standards and ensure a continuous practice of monitoring and training for an inclusive approach.

We understand that the money laundering regulations and legislation place a responsibility upon the Company and its employees to combat money laundering across a broad spectrum, including financial transactions, including possessing, or in any way dealing with, or concealing, the proceeds of any crime. We operate in a transparent environment with assessment, monitoring and reporting at the core of our business functions. We are dedicated to the prevention of financial crime and continue to improve upon existing measures.

The money laundering regulations and legislation apply to the below entities and persons: -

- credit institutions
- financial institutions
- auditors, external accountants and tax advisors, and any other person that undertakes to provide, directly or by means of other persons to which that other person is related, material aid, assistance or advice on tax matters as principal business or professional activity
- notaries and other independent legal professionals, where they participate, whether by acting on behalf of and for their client in any financial or real estate transaction, or by assisting in the planning or carrying out of transactions for their client concerning the:
  - buying and selling of real property or business entities
  - managing of client money, securities, or other assets
  - opening or management of bank, savings, or securities accounts
  - organisation of contributions necessary for the creation, operation, or management of companies
  - creation, operation or management of trusts, companies, foundations, or similar structures
- trust or company service providers
- estate agents and letting agents
- other persons trading in goods to the extent that payments are made or received in cash in an amount of EUR 10,000 or more, whether the transaction is carried out in a single operation or in several operations which appear to be linked
- casinos and providers of gambling services
- providers engaged in exchange services between virtual currencies and fiat currencies
- custodian wallet providers

- persons trading or acting as intermediaries in the trade of works of art, including when this is carried out by art galleries and auction houses, where the value of the transaction or a series of linked transactions amounts to EUR 10 000 or more
- persons storing, trading, or acting as intermediaries in the trade of works of art when this is carried out by free ports, where the value of the transaction or a series of linked transactions amounts to EUR 10 000 or more

2 PURPOSE

The purpose of this policy is to ensure that the Company complies with the obligations and requirements set out by UK legislation, regulations and rules regarding the prevention, identification and reporting of money laundering or terrorist financing. This includes ensuring that we have adequate systems and controls in place to mitigate the risks posed to the Company and its clients, including the strict verification of, and due diligence checks on customers, transactions and third parties with whom we do business.

[illegible]

[illegible]

3 SCOPE

This policy applies to all staff within the Company *(meaning permanent, fixed term, and temporary staff, any third-party representatives or sub-contractors, agency workers, volunteers, interns and agents engaged with the Company in the UK or overseas).* Adherence to this policy is mandatory and non-compliance could lead to disciplinary action.

4 WHAT IS FINANCIAL CRIME & MONEY LAUNDERING?

Financial crime is any kind of criminal conduct relating to money or to financial services or markets, including any offence involving: -

(a) Fraud or dishonesty; or

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Part 7 of POCA requires regulated financial institutions and businesses to report to the UK Financial Intelligence Unit, which is part of the NCA, any suspicions about criminal property or money laundering.

The Serious Organised Crime & Police Act 2005 came into effect on April 7, 2005 and created the National Crime Agency (NCA). Firms who are subject to the money laundering regulations and laws should be familiar with the NCA, as they are the agency associated with reporting suspicious activity and transactions. Suspicious Activity Reports (SARs) are made by a Money Laundering Reporting Officer (MLRO) or Nominated Officer (NO) to the NCA.

The NCA is responsible for gathering intelligence regarding the proceeds of crime and financial information arising from suspicions of money laundering.

Anti-Terrorism, Crime & Security Act 2001 came into effect on December 14, 2001 and was initially introduced into Parliament after the 9/11 attacks in New York. Part 12 of the Act contains legislation regarding bribery and corruption and define what constitutes an offence.

The Serious Crime Act 2007 created serious crime prevention orders and contains provisions for information sharing where fraud is a concern. It contains a schedule of what is classed as a serious crime in the UK, ***which includes: -***

- *Money Laundering*
- *Fraud*
- *Corruption*
- *Bribery*
- *Tax Evasion*

In the UK, relevant laws and regulations regarding money laundering became effective in 1994 *(subsequently amended in 2003, 2007, 2017 and 2019).* The Money Laundering Regulations 2007 came into force in the UK on 15/12/2007 and The Money Laundering (Amendment) Regulations 2012 extended the scope of the Regulations. However, with the progression of technology and the digital age, a more risk-based approach was needed to combat terrorist financing and financial crime.

In June 2015, the European Union's ***Fourth Anti-Money Laundering Directive (EU) (2015/849)*** (MLD4) came into force, requiring all EU Member States to update their current money laundering regulations and transpose the changes into local law. In response to this Directive, the UK drafted ***The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer)*** **Regulations 2017**, effective from 26th June 2017 and repealing previous money laundering legislation *(the MLR17 was further amended in 2019 to comply with the 5MLD).*

The new regulations place a higher emphasis on a risk-based approach, with risk assessments being pivotal in the prevention of financial crime. They also expand upon the previous customer due

diligence requirements, providing extensive details of the measures to be taken and further clarification on simplified and enhanced due diligence.

The regulations also see the expansion of the Politically Exposed Persons (PEPs) definition and the introduction of a central register for beneficial owners.

5 Supervisory Authority

[illegible]

[illegible]

- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]

[illegible]

6 Responsible People or Reporting Officers

Dependant on the industry an organisation works within, they may have multiple reporting officer obligations, and/or be required to pass the HMRC's fit and proper assessment prior to registering.

6.1 Nominated Officer

Organisations regulated by the Money Laundering Regulations are required to appoint a **Nominated Officer** whose role it is to be aware of any suspicious activity in the Company that might be linked to money laundering or terrorist financing and to report such suspicions or activities where necessary. ***The officer is responsible for: -***

- Receiving reports of suspicious activity from any employee in the business

- Considering all reports and evaluating whether there is any evidence of money laundering or terrorist financing
- Reporting any suspicious activity or transaction to the National Crime Agency (NCA) by completing and submitting a Suspicious Activity Report
- Asking the NCA for a defence to a money laundering offence in relation to the transactions that they have reported
- Ensuring compliance with the MLR17 and any related money laundering regulations or codes of conduct
- Developing and implementing anti-money laundering controls and procedures
- Reviewing transactions and carrying out money laundering risk assessments
- Training employees in preventing money laundering and understanding financial crime

6.2 MONEY LAUNDERING REPORTING OFFICER

[Delete if not applicable]

Many of the sectors to whom the Money Laundering Regulations 2017 apply are also regulated by the FCA, and so there are additional requirements that include appointing a *'Money Laundering Reporting Officer (MLRO)'.*

The MLRO is responsible for oversight of the Company's compliance with the FCA's rules on systems and controls against money laundering. The organisation must ensure that their MLRO has a sufficient level of authority and independence within the Company to allow them to perform their role and to have access to resources and information sufficient to enable them to carry out their obligations.

Where an organisation must appoint both a nominated officer and an MLRO, the same employee can fill both roles. Where the Company has appointed an MLRO, they are based in the UK and in addition to any nominated officer obligations, are responsible for:-

- Monitoring operation of the Company's anti-money laundering policies and procedures
- Responding promptly to any reasonable request for information made by the FCA

6.3 SENIOR APPOINTED OFFICER

In addition to appointing an MLRO, an FCA regulated firm with obligations under the Senior Management & Certification Regime (SMCR) must also give overall responsibility for anti-money laundering systems and controls to a director or senior manager under SMF17.

6.3.1 APPOINTED OFFICERS

[Delete if not applicable]

SMF17 HELD BY:

6.4 HMRC Responsible Person

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- **Manager** - any person within the Company who has control, authority, or responsibility for managing the business *(including any nominated officer)*
- **Officer** - a director, secretary, chief executive, member of the committee of management, or a person purporting to act in such a capacity, or an individual who is a controller of the body. Where the Company is a partnership; *'officer'* refers to any partner, manager, secretary *(or similar officer of the partnership),* or a person purporting to act in such a capacity
- **Beneficial owner** - refers to the meaning given in regulation 5; 6 or 6(9) of the MLR17

6.4.1 HMRC Fit & Proper Assessment

The Company confirm that we have registered with the HMRC as part of our anti-money laundering obligations and have ascertained who are the responsible persons with the Company. These persons have undergone the HMRC's fit and proper test and their details are noted below.

The test has been applied to any person denoted by the HMRC's and MLR17 criteria, including: -

- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]

RESPONSIBLE PERSON	POSITION	DATE PASSED TEST
(i.e.) John Smith	*Director*	*01/05/2019*

6.4.2 HMRC Approval

Gaining approval with the HMRC when registering for money laundering supervision is a separate process to the fit and proper testing and is required by certain individuals before they can own or hold positions of authority in the Company.

As we fall into one of the below categories, the Company requires any of our senior managers; officers; beneficial owners and/or sole practitioners to obtain HMRC approval when registering for money laundering supervision.

Those needing approval from the HMRC are: -

- Accountancy service providers
- Estate agency businesses

- High value dealers

The Company confirms that all individuals who have been approved by the HMRC have met the approval and testing requirements, ***including checks on: -***

- Unspent conviction(s) for a relevant offence
- History of failure to comply with the money laundering regulations which is a judgment issue
- General assessment of individual's honesty and integrity; competence and capability and background checks for financial soundness *(including tax affairs)*

As part of the Company's own employee due diligence measures; we also conduct the above rechecks on an annual basis and ensure that the HMRC is kept informed of any new findings or relevant information.

APPROVED INDIVIDUAL	POSITION	APPROVAL DATE
(i.e.) John Smith	*Director*	*01/05/2019*

6.5 WRITTEN RISK ASSESSMENT

[illegible]

[illegible]

[illegible]

7 OBJECTIVES

To prevent financial crime and money laundering within our organisation, the Company aims to meet the below objectives: -

- Establish and maintain policies, controls and procedures to mitigate and effectively manage the risks of money laundering and terrorist financing
- The reporting and detection of suspected money laundering to the NCA via an SAR
- All staff are trained and must remain vigilant for the signs of money laundering
- No payment of cash will be accepted by the company if it exceeds **[£2000/insert limit]**

- Due diligence and client identification procedures are followed by all staff
- ***This policy is to be read in conjunction with: -***
    - Anti-Bribery & Corruption Policy
    - Whistleblowing Policy
    - Due Diligence Policy & Questionnaires
    - Risk Management Procedures
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]

8 PROCEDURES AND CONTROLS

The MLR17 and those supervising financial crime prevention within organisations require that all firms have robust and dedicated policies, procedures and controls in place to combat money laundering. These controls include: -

- Risk assessment
- Customer due diligence
- Monitoring, management and internal communication of policies and controls
- Record keeping
- Staff awareness and training
- Reporting suspicious activity

8.1 INTERNAL CONTROLS & MEASURES

In the risk assessment and prevention of money laundering and terrorist financing, the Company has developed and implemented internal controls and measures designed to identify and mitigate risks. These controls comply with the money laundering regulations and are reviewed annually to ensure adequacy, effectiveness and compliance.

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