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# AML/CFT Self Assessment workshop

Christiane Chidiac, Manager AML Supervision

# Agenda

- Introduction
- AML Self Assessment: Practical Tips
- Discussions
- The QFCRA Risk Assessment/Onsite Visit
- Other matters



# Introduction

- **Objectives of AML Industry Seminars:**
  - have open and transparent communication with firms operating in the QFC;
  - promote practical discussion on the implementation of AML requirements; and
  - create a platform for other speakers (such as the Qatar Financial Information Unit) to liaise with QFC firms.
- **Objectives of AML/CFT Self Assessment Seminar:**
  - Understanding the AML/CFT Self Assessment exercise
  - Providing a practical approach on the use of the AML self assessment & undertake the self assessment exercise

# Introduction

## Background

- Available since Feb 2007, was revised and re-issued to Firms in July 2009 to make more qualitative and user friendly
- [http://www.qfcra.com/publication/AML%20Self%20Assessment\\_July%202009\\_Final.doc](http://www.qfcra.com/publication/AML%20Self%20Assessment_July%202009_Final.doc)

## Purpose of the AML/CFT self assessment questionnaire.

- Not a checklist / not exhaustive / not prescriptive
- Provide practical method for firms to more qualitatively assess its AML programme
- Assist Firms to adopt appropriate practices to mitigate the risk of ML, TF & fraud
- Outlines the core requirements AML/CFT and fraud prevention programme – broken into the key areas of an AML programme
- Enable Firms to determine if they are effectively discharging their legal and regulatory obligations to prevent ML, TF & fraud
- Identify its strengths and areas in which improvements can be made



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# AML Self Assessment: Practical Tips

# General Tips

## How to complete (assessment and ratings)

- It is not a Yes/No exercise.
- Detailed description on how the firm meets the requirement is expected
- Assess & document the firm AML/CFT & fraud prevention programme against each core requirement
- A list of points that Firms should consider when assessing itself against each requirement is provided
- Rate its level of compliance: High  
Medium  
Low
- Remember: Answer at least all the questions,  
Details and reference your answers,  
Be able to justify your answers

# Practical tips on each area

## A. AML/CFT Senior Management Responsibilities

Area	Assessment	Rating
<p><b>A1. The governing body of the Firm takes and demonstrates overall responsibility for AML/CFT systems and controls.</b></p> <p>Consider:</p> <ol style="list-style-type: none"><li>1. whether the governing body of the Firm fully understand their obligations and AML/CFT responsibilities;</li><li>2. whether the governing body and senior management receive regular AML/CFT training;</li><li>3. the extent of regular management information on AML/CFT matters;</li><li>4. whether the governing body or senior management approved the Firm's AML/CFT policy;</li><li>5. the resources that the governing body/senior management have allocated to AML/CFT (human, IT, budgets etc.);</li><li>6. whether the governing body has issued a policy statement confirming a commitment to AML/CFT.</li></ol>		

# Practical tips on each area

## B. Money Laundering Reporting Officer and AML Resources

- B1. The MLRO is sufficiently senior, competent and independent to effectively discharge his responsibilities
- B2. The MLRO spends a sufficient amount of time and resources on AML/CFT for the QFC office of the Firm.
- B3. Firm has identified and appointed a deputy MLRO.

# Practical tips on each area

## C. Management Reporting

Area	Assessment	Rating
<p><b>C1. Timely and adequate reporting to senior management on AML matters.</b></p> <p>Consider:</p> <ol style="list-style-type: none"><li>1. whether the MLRO produced the annual MLRO report and submitted it to senior management within the last 12 months;</li><li>2. whether the MLRO is using a standard reporting template;</li><li>3. whether the content of the MLRO report is sufficiently comprehensive and whether it meet regulatory requirements;</li><li>4. whether the report format requires an assessment and positive action from the Firm's senior management;</li><li>5. what other reporting (both formal and informal) is provided to management on AML matters.</li></ol>		

# Practical tips on each area

## D. Risk Assessment Profile and Risk Based Approach

D1. Firm assesses its risks relating to money laundering

D2. Policies and procedures in place to assess the money laundering/terrorist financing risk associated with a customer.

D3. Perform enhanced due diligence (EDD) for higher risk products, services and customers.

# Practical tips on each area

## E. Know Your Customer (KYC)

E1. Adequate KYC policies and procedures.

E2. KYC policies and procedures include developing a profile of the customer.

E3. Outsourcing customer identification or reliance on others to perform customer identification.

E4. Exception to KYC or Simplified Due Diligence

# Practical tips on each area

## F. Monitoring and Suspicious Activity Reporting

- F1. Keeping KYC information updated.
- F2. Adequate processes and documented procedures for monitoring transactions for unusual or suspicious activity.
- F3. Enhanced monitoring for higher risk customer, products or services
- F4. Internal reporting of potentially suspicious transactions.
- F5. Procedures for the MLRO investigation and evaluation of internal STRs.
- F6. Circumstances under which a disclosure should be made to the Qatar Financial Information Unit (FIU).
- F7. Procedures and controls in place following an external STR.

# Practical tips on each area

## G. Policies and Procedures

Area	Assessment	Rating
<p><b>G1. Documented AML/CFT policies and procedures.</b> Consider:</p> <ol style="list-style-type: none"><li>1. the format of the Firm's AML/CFT policy and procedures (are they detailed in one manual or a number of manuals? Is this a group wide policy or bespoke to the QFC office?);</li><li>2. to what extent AML/CFT policies and procedures are embedded into day to day operational procedures. Consider client take on procedures and determine if they are sufficiently detailed to ensure compliance with KYC requirements and the Firms own KYC policy;</li><li>3. how often are AML/CFT policies and procedures updated and the date of the last review (consider whether Qatar/QFC AML/CFT legislation changed recently and if policies and procedures reviewed to reflect those changes);</li><li>4. whether the Firm applies its AML PPSC to any branches or subsidiaries operating outside the QFC;</li><li>5. if all staff have easy access to relevant AML/CFT policies and procedures;</li><li>6. whether staff are required to confirm receipt and understanding of the AML/CFT policies and procedures.</li></ol>		

# Practical tips on each area

## H. Training and Staff Awareness

H1. An adequate training programme which encompasses AML/CFT training for all employees.

H2. Additional tools to maintain and update staff awareness on AML/CFT matters.

H3. Adequate records to evidence AML/CFT training.

# Practical tips on each area

## I. Other

11. Record keeping of all required information and documents relating to AML/CFT.
12. Annual independent review of the effectiveness of AML policies, procedures, systems and controls.
13. Adequate procedures in place to identify, conduct due diligence on and deal with Politically Exposed Persons.
14. If the Firm has correspondent banking client relationships, complying with the due diligence requirements as set out in AML Regulation Article 12
15. Screening customers against official lists and use of findings.

# Practical tips on each area

## J. Prevention of Fraud

Area	Assessment	Rating
<p><b>J1. Documented and comprehensive fraud prevention policy.</b> Consider:</p> <ol style="list-style-type: none"><li>1. whether the Firm has a documented fraud policy which identifies the key areas of risk within the Firm;</li><li>2. if the Firm has identified how fraud risks are detected, investigated, mitigated and reported and what steps are taken by the Firm to mitigate those risks;</li><li>3. whether the Firm has whistle blowing procedures in place;</li><li>4. who in the Firm is responsible for implementing the fraud prevention programme;</li><li>5. whether the Firm has adequate resources and budget to prevent fraud;</li><li>6. if the Firm has procedures in place to screen and conduct verification checks on all prospective and new employees;</li><li>7. does the Firm understand which employees are in a position to facilitate money laundering or fraud;</li><li>8. do senior management receive reports on fraud prevention matters.</li></ol>		

# Post Assessment/Follow up action and reporting

- Identify the policies, procedures, systems and controls that needs to be strengthened
- Action Plan to document and track areas requiring follow up



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# Discussions

## **Discussion 1:**

# **Challenges & issues faced by firm when undertaking the AML/CFT Self Assessment**

## **Discussion 2:**

**What Can be improved in the AML/CFT Self Assessment Exercise?**

# The QFCRA Risk Assessment/Onsite Visit

- No formal requirement to submit the completed AML/CFT Self Assessment to the QFCRA when finalised
- Will be reviewed as part of any Risk Assessment Visit /on-site review
- RA may request submission of at any time
- Firms are expected to be able to justify and verify their assessment with supporting documentation if requested

# The QFCRA Risk Assessment/Onsite Visit

- During RAV/Onsite reviews Firms will need to be able to justify to the RA the statements made in the AML/CFT self assessment as well as the rating allocated
- During RAV the QFCRA will generally undertake the following:
  - Interview the MLRO / DMLRO / SEF / Customer Facing Staff
  - Review client files / KYC material etc.
  - Review training material and training logs
  - Review Board minutes
  - Review evidence of monitoring undertaken
  - Overview demo / testing of monitoring systems
  - Review correspondent banking files
  - Review Records of STRs (internal and external)
  - Review list of clients and their risk ratings
  - Review PEP files
  - Overview EDD / KYC and monitoring
  - Review outsourcing arrangements...



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# QUESTIONS

# Other AML Matters

- AML section on the QFCRA website:  
<http://www.qfcra.com/whatdo/AML.php>
- Amendments in the rulebook

# Next seminars

- December 2009/ January 2010 – STR
- AML Industry Seminars will continue in 2010