



The Actuarial Profession

making financial sense of the future

Money Laundering Update

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Anti money laundering - overview

- Affects all businesses
- Not just regulatory - part of financial crime
 - Proceeds of Crime Act 2002
 - Money Laundering Regulations 2007
 - JMLSG Guidance, December 2007
- Actuarial firms well-placed to notice anomalies

Anti money laundering - components

- Verifying client identity
- Monitoring client activity
- Reporting suspicions
- Management and staff awareness of responsibilities
- Keeping records



2007 Regulations and 2007 JMLSG Guidance

- Risk-based approach now a legal requirement
- Pre-1/4/94 clients - consider risks if not verified
- Earlier verification of identity – “before the establishment of a business relationship”
- Terminology:
 - Customer Due Diligence (CDD)
 - Simplified Due Diligence (SDD)
 - Enhanced Due Diligence (EDD)



Terminology – CDD, EDD, SDD

- Customer Due Diligence (CDD)
 - Collect standard evidence to verify identity for different types of client: company, private company, pension schemes, charities, etc
 - Assess evidence
 - If any risk involved, need to take precautions - EDD
- Enhanced Due Diligence (EDD): more evidence and/or more monitoring as appropriate



Terminology – CDD, EDD, SDD

- Simplified Due Diligence (SDD)
 - Certain types of client or business are recognised as being of sufficiently low risk that CDD verification of identity is not necessary, examples being
 - regulated firms, listed companies, UK public authorities, pension funds
 - child trust funds
 - But still need to have evidence to justify SDD



Anti money laundering - components

Not only

- Verifying client identity

But also

- Monitoring client activity
 - Reporting suspicions
 - Management and staff awareness of responsibilities
 - Keeping records
-



DPB guidance

- ❑ Sept 2007 DPB Compliance Bulletin 17
- ❑ Will be updated following seminar
- ❑ Contains template for required risk analysis
 - at firm level
 - at client level (verification forms for companies and trustees)
- ❑ Can be used by DPB and APF firms



Register with HMRC for trustee work?

- Trustees acting "by way of business" to register
- DPB firms providing trustee services to register
- Deadline for registration application is 31 May
- What it means if you need to register
 - Registration process with HMRC
 - Complying with requirements (use DPB Compliance Bulletin 17)
- HMRC to update guidance "in April"



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