

Risk and Compliance Healthcheck: Anti-money laundering (AML) (for firms subject to AML regulations)



Assessment area	Yes / No	Current level of compliance	Level of risk posed	Comments
<p>Does the risk assessment explore the risks posed by the type of firm this is? This should include comment upon whether this is a big or small firm and what sort of work is undertaken in the firm. The feedback we have seen from the SRA suggests that they want a specific note on each type of work undertaken within the firm.</p>				
<p>Does the risk assessment explore the risks posed by the types of clients who typically instruct the firm and their usual pattern of business? Ideally this would include comment upon whether clients tend to be local / national / international etc, whether there is a high turnover of clients / stable client base, whether clients tend to be individual consumers / SME businesses or larger enterprises</p>				
<p>Does the risk assessment explore the risks posed by the extent to which higher risk clients may instruct the firm? Ideally this could include comment or a checkbox on whether or not the firm works with cash intensive businesses, high net-worth individuals, PEPs, clients seeking anonymity, clients with a bad reputation i.e. probity has been called into question etc.</p>				

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<p>Does the risk assessment explore the risks posed by the international exposure or otherwise for the firm? Ideally this would include comment on whether there are any overseas offices, whether the firm works with clients based outside of the EEA or owned by those outside of EEA, whether the firm receives funds from outside of the EEA. The feedback we have seen from the SRA suggests that they want to see the specific countries in which firms work. In practice this tends not to be feasible so a general idea of the sorts of jurisdictions the firm would expect to work with instead can be useful.</p>				
<p>Does the risk assessment explore the risks posed by the types of products and services the firm offers? Ideally this would include comment / checkbox upon whether a client account is operated, whether the firm creates / manages trusts or companies, whether nominee services are offered, accepting funds from alternative platforms such as crowd funding or cryptocurrency, whether the firm is regularly required to turn matters around quickly, whether funds are accepted from third parties. The feedback we have seen from the SRA suggests that they specifically want any risks arising from operating a client account (where relevant) to be included under this heading / section.</p>				

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<p>Does the risk assessment explore the risks posed by the types of transactions undertaken in the firm? Ideally this would include comment / checkbox upon whether large / high value transactions are undertaken, whether cash is received, whether the transactions may facilitate anonymity, whether complex transactions are undertaken, whether the firm offers services for conveyancing or sale / purchase of shares / companies, whether the firm accepts higher risk payments such as crypto. Feedback we have seen from the SRA suggests that they specifically want to see a specific mention of the typical size of transactions dealt with and what sort of volume of transactions the firm deals with.</p>				
<p>Does the risk assessment explore the risks posed by the delivery channels made use of by the firm? This should include comment on whether or not the firm has remote clients they do not meet, whether payments are received from third parties, and the SRA feedback we have seen on our previous work suggests that they want to see specific comment on whether the firm meets clients face to face or by telephone or by video call etc</p>				