

GUIDANCE: Pro forma AML Policy and Procedures Document (Including Associated Checklists)

\*Note guidance is based on AML Guidance for the Accountancy Sector dated June 2023\*

Pro forma documentation and associated guidance for use by small firms registered for AML Supervision with the CIOT or ATT

The pro forma policies and procedures included in this document are an example only and **must** be tailored by the member for use in their own practice.

No pro forma document can cover every set of facts and circumstances in connection with AML compliance.

Whilst every care has been taken in the preparation of this document, the pro forma document and the guidance does not purport to be a comprehensive statement of the relevant law.

The CIOT, the ATT, and all those involved in the preparation and approval of this document shall not be liable for any direct or indirect loss, consequential loss, loss of profits or loss of reputation occasioned by reliance on this document.

Use of the document does not indicate that there would be no action points arising from an AML inspection visit as the document must be tailored appropriately by any firm using it.

This guidance is not a substitute for taking appropriate legal and other professional advice. It should be read alongside [The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017](https://www.legislation.gov.uk/uksi/2017/692/pdfs/uksi_20170692_en.pdf) (as amended) (referred to as MLR in this document) and [AML Guidance for the Accountancy Sector](https://www.ccab.org.uk/wp-content/uploads/2023/08/AMLGAS-update-June-2023-APPROVED.pdf).

Updated January 2024

Contents

[Introduction 3](#_Toc153382497)

[Q&A on policies and procedures 4](#_Toc153382498)

[Q1. When should the policies and procedures document be put in place and how often should it be revisited and updated? 4](#_Toc153382499)

[Q2. Do policies and procedures documents need to be sent to the CIOT or ATT as my AML supervisory body? 4](#_Toc153382500)

[Q3. If I use these pro forma documents does that mean if the firm is inspected, that there will be no penalties for non-compliance with MLR? 4](#_Toc153382501)

[Q4. What other guidance is available to assist a firm in preparing their policies and procedures? 4](#_Toc153382502)

[Pro forma policies and procedures (including associated checklists) 6](#_Toc153382503)

[Appendix One – Individual client take on form 15](#_Toc153382504)

[Appendix Two – Business client take on form 18](#_Toc153382505)

[Notes to accompany take on forms 21](#_Toc153382506)

[Appendix Three – Staff declaration 23](#_Toc153382507)

[Appendix Four – Internal money laundering report form 24](#_Toc153382508)

Note: The pro forma policies and procedures have been designed for use by small firms. Larger firms, and those dealing with niche tax planning areas may need to write their own more detailed documents or review available resources on offer from training providers. The documents **must be** tailored in order to reflect the requirements of your practice. **Areas which may require amendment in the pro forma policies and procedures document are shown in red. Instructions as to what to do are in *green italics.***

# Introduction

A policy is a document that sets out a firm’s position when dealing with a particular matter. Typically, it will refer to either legal or regulatory obligations that it needs to comply with. Procedures are process documents which describe what actions need to be undertaken in order to comply with the policy and these are underpinned by internal controls. They will usually include checklists or forms that require completion to meet the requirements detailed in both policy and procedures.

This pro forma policy and procedures document (including associated checklists) is designed to assist small firms subject to AML supervision by the CIOT or ATT.

However, each firm will need to amend the pro forma to ensure it reflects their own policies and procedures.

Background

Written policies and procedures form part of the operating mechanism of any firm and are a necessary requirement for each supervised business under regulation 19 of MLR 2017.

The regulations state that a firm must:

1. establish and maintain policies, controls and procedures (the policies) to mitigate and manage effectively the risks of money laundering, terrorist financing and proliferation financing identified in any risk assessment undertaken by the relevant person under regulation 18(1);
2. regularly review and update the policies
3. maintain a record in writing of the policies, any changes made, and the steps taken to communicate these to staff within the business.
4. ensure the policies are proportionate to the size and nature of the business
5. include in the policies:
   1. risk management practices
   2. internal controls
   3. customer due diligence
   4. reliance and record keeping
   5. monitoring and management of compliance with, and internal communication of, the policies

**Note:** It is not sufficient for a sole practitioner to have unwritten policies, procedures and controls in place. They **must** be in the form of a written document.

# Q&A on policies and procedures

## Q1. When should the policies and procedures document be put in place and how often should it be revisited and updated?

A new firm should ensure they prepare a policies and procedures document at the same time as their risk assessment and **as soon as possible** after starting in business.

It is good practice for the policies and procedures documents to be reviewed at least on an annual basis and updated periodically as necessary.

We recommend that the policies and procedures be reviewed in the interim if, for example, there is a change in the firm’s client base, services provided etc as these changes may result in a change to the risk profile of the business and in turn, the policies and procedures necessary to achieve compliance.

Any updates to either regulations or legislation may also require changes to be made. This updated document reflects legislation as at 31 January 2024 and AMLGAS dated June 2023.

When the document is reviewed, you should record the date of the review, even if no changes have been made.

Where changes have been made it is important you make sure all employees (where relevant) are made aware of the changes.

## Q2. Do policies and procedures documents need to be sent to the CIOT or ATT as my AML supervisory body?

Policies and procedures documents do not need to be sent to the CIOT or ATT unless a firm is asked to submit them.

The CIOT or ATT will always ask to see these as part of an AML inspection visit but may ask for them in other circumstances as well. See the comments under Q3 below in relation to answers provided on the AML registration and annual renewal forms.

## Q3. If I use these pro forma documents does that mean if the firm is inspected, that there will be no penalties for non-compliance with MLR?

The CIOT and ATT cannot, and will not, confirm that use of this pro forma document will ensure the firm avoids sanctions by the CIOT or ATT as AML supervisory bodies nor action by the UK courts if there have been failures in AML compliance within your firm.

**Note:** All those supervised by the CIOT or ATT should note that they may be referred to the Taxation Disciplinary Board if they provide inaccurate answers on their AML registration or annual renewal form. One example of this would be where they answer “yes” to questions relating to having written policies and procedures in place and are later found to not have them in place.

## Q4. What other guidance is available to assist a firm in preparing their policies and procedures?

Chapter 3 of [AML Guidance for the Accountancy Sector](https://www.ccab.org.uk/wp-content/uploads/2023/08/AMLGAS-update-June-2023-APPROVED.pdf) provides information for supervised firms in relation to the establishment of policies, procedures and controls required by a supervised business. In addition, FAQ 37 of the AML FAQ prepared by the [CIOT](https://www.tax.org.uk/aml-frequently-asked-questions) and [ATT](https://www.att.org.uk/aml-frequently-asked-questions-0) provides helpful guidance for those wishing to write their own policies and procedures documents.

Supervised firms report to us that they like to use template documents.

Templates suitable for all firms can be obtained from some of the training providers detailed on the websites [here](https://www.tax.org.uk/anti-money-laundering-aml-training-and-id-verification-providers) (CIOT) and [here](https://www.att.org.uk/anti-money-laundering-training-and-id-verification-providers) (ATT).

# Pro forma policies and procedures (including associated checklists)

**[Name of Firm]**

**AML Policies and Procedures Document**

**Approved by the [Directors/Partners/Name of Sole Practitioner] on {x} date**

**Last Updated [dd/mm/yyyy]**

1. **Introduction and Policy Statement**

***[Firm should write its own policy statement – some suggested wording is included below]***

Regulation 19 of The Money Laundering Regulations 2017 require supervised firms to “establish and maintain policies, controls and procedures to mitigate and manage effectively the risks of money laundering and terrorist financing identified in any risk assessment undertaken by the relevant person under regulation 18(1)”.

[Name of firm] is committed to complying with the UK legislation enacted to combat money laundering and to the prevention of criminals from being able to use this firm to help them launder money or to finance terrorism. References to Money Laundering (ML) in this document should be

taken to mean Money Laundering, Terrorist Financing or Proliferation Financing (ML/TF/PF).

UK Legislation enacted to combat money laundering, terrorist financing or proliferation financing includes the following:

* The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended)
* The Proceeds of Crime Act 2002 (as amended)
* The Terrorism Act 2000 (as amended)
* Anti-terrorism, Crime and Security Act 2001
* Counter-terrorism Act 2008, Schedule 7
* The Criminal Finances Act 2017
* The Economic Crime (Transparency and Enforcement) Act 2022
* The Economic Crime and Corporate Transparency Act 2023

[I]/[We] understand that these policies and procedures are to be read with and should operate alongside the guidance provided in [AML Guidance for the Accountancy Sector](https://www.ccab.org.uk/wp-content/uploads/2023/08/AMLGAS-update-June-2023-APPROVED.pdf) (AMLGAS). The UK courts must have regard to this approved guidance in deciding whether businesses or individuals affected by it have committed an offence under MLR or Sections 330-331 Proceeds of Crime Act (as amended). It is therefore important that everyone working in this practice is familiar with this.

This document and the guidance set out in AMLGAS are applicable to all clients taken on by this practice and applied as required throughout the business relationship and afterwards.

1. **Risk Based Approach**

Adopting a risk based approach implies the adoption of a risk management process for dealing with ML,TF and PF.

This encompasses:

* recognising the existence of the risks
* undertaking an assessment of the risks
* developing control strategies to mitigate and monitor the identified risks

**Note:** procedures must be based on assessed risk, with higher risk areas subject to enhanced control procedures.

The ML/TF/PF risk assessment for this firm is available separately and this document takes into account the risks identified in relation to this firm.

The policies and procedures set out below and included in this document aim to manage and mitigate ML risk. Resources are dedicated to areas of greatest risk.

1. **Client Acceptance Criteria**

*[The directors/partners/sole practitioner should write their own statement on the types of clients they act for/are willing to take on and those it will not consider acting for].*

1. **Client Due Diligence (“CDD”), including Simplified Due Diligence (“SDD”) and Enhanced Due Diligence (“EDD”)**
2. **Checks required**

CDD and, in some cases, SDD or EDD shall be performed (as set out in Chapter 5 and appendix B of AMLGAS). *[Practitioners wishing to add more detail to their policies and procedures in relation to CDD, SDD and EDD requirements should refer to AMLGAS and add relevant details to this document].*

*[Appendix D of AMLGAS covers high risk factors per regulations 33(6) and 37(3) of the 2017 regulations which must be reflected in the risk assessment process and the policies and procedures adopted in order to manage and mitigate risk. Members must also refer to the CIOT supervisory risk assessment* [*here*](https://www.tax.org.uk/ciot-supervisory-risk-assessment) *and the ATT risk assessment* [*here*](https://www.att.org.uk/att-supervisory-risk-assessment)*. Practitioners must tailor their policies for specific risk factors based on their client base e.g. cash intensive businesses require additional checks of bank records, till receipts etc].*

*[SDD will be performed in the following low risk circumstances [add details where relevant]].*

*[EDD must be applied in the following circumstances [add details where relevant see section 5.3.7 of AMLGAS]].*

*[Any policies and procedures in relation to use of electronic ID verification packages by a practice should be referred to in this section where relevant and the firm should ensure that engagement letters also reflect any use of electronic ID packages. More information on electronic Identification verification can be found in section 5.4.17 and 5.4.18 of* [*AMLGAS*](https://www.ccab.org.uk/wp-content/uploads/2023/08/AMLGAS-update-June-2023-APPROVED.pdf) *and under question 42 and 45 in the AML FAQs on the CIOT website* [*here*](https://www.tax.org.uk/aml-frequently-asked-questions) *and ATT website* [*here*](https://www.att.org.uk/aml-frequently-asked-questions-0)*. ]*

In addition to identification and verification requirements as set out in AMLGAS the following checks need to be undertaken.

1. ***Financial Sanctions and other prohibited relationships checks***

As part of the due diligence procedure, the client(s) together with the ultimate beneficial owner(s) or controllers of business clients/trusts **must** be checked against the following:

* Financial sanctions lists of organisations and individuals subject to financial sanctions can be accessed on the HM Treasury website: <https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets>.
* the Home Office’s proscribed terrorist groups or organisations <https://www.gov.uk/government/publications/proscribed-terror-groups-or-organisations--2>

1. ***Overseas client checks***

Where a client is established overseas or either party to a transaction on which advice is being provided is established overseas, the procedure is that the lists of high risk third countries must be consulted. A high risk third country is a country named on either of the [Financial Action Taskforce](https://www.fatf-gafi.org/) (FATF)’s lists of jurisdictions under increased monitoring and high-risk jurisdictions subject to a call for action. The lists of countries to be checked as required by the legislation can be found [here](https://www.fatf-gafi.org/en/countries/black-and-grey-lists.html).

In addition, check whether the client is established in or has links to countries with a high score on the Transparency International [corruption perceptions index](https://www.transparency.org/en/cpi/2020/index/nzl).

1. ***Politically Exposed Person (PEP) checks***

[I am]/[we are] aware of the need to identify any clients who are PEPs (including domestic or non-domestic PEPs, as well as certain family members and known associates) to ensure the appropriate level of EDD is conducted and other appropriate procedures are adopted. These will be identified through [electronic ID checks/open source checks by way of internet searches]. The take on of a PEP must be approved by [name of sole practitioner/name of MLRO and senior management].

1. ***Other checks and actions needed***

As part of the CDD process [I am]/[we are] aware of the need to identify and scrutinise:

(i) any case where—

(a) a transaction is complex or unusually large;

(b) there is an unusual pattern of transaction/s; or

(c) the transaction/s have no apparent economic or legal purpose;

and

(ii) any other activity or situation which [I]/[we] regard as particularly likely by its nature to be related to money laundering, terrorist financing or proliferation financing;

[I am]/[we are] also aware of the need to take additional CDD/EDD monitoring measures, where appropriate, to prevent the use for money laundering, terrorist or proliferation financing of products and transactions which might favour anonymity.

[I/We] will ensure that when new products, new business practices (including new delivery mechanisms) or new technology are adopted by the relevant person, appropriate measures are taken in preparation for, and during, the business relationship to mitigate any proliferation financing risks.

[All staff employed must bring to the attention of the MLRO [add name] details which they come across of transactions, arrangements of the pattern outlined, or any new ML/TF/PF risks they identify in the business].

1. ***Other checks and actions needed***

*To be inserted depending on client base:*

[When acting for a UK company, unregistered company, LLP or Scottish limited partnership, at onboarding, during ongoing monitoring or updating customer due diligence we will:

* obtain proof of the client’s registration on the people with significant control (PSC) register; and
* ensure any material discrepancies are reported to Companies House as soon as reasonably practicable. The individual responsible for reporting the discrepancy is [name of sole practitioner/MLRO/allocated staff member] and they will make any report required using the guidance included [here](https://www.gov.uk/guidance/report-a-discrepancy-about-a-beneficial-owner-on-the-psc-register-by-an-obliged-entity) and in section 5.6 of AMLGAS.

[When acting for a trust we will:

* obtain an excerpt of the Trust Registration Service (TRS) which contains information on the beneficial owners of the client, or must establish from an inspection of the TRS that there is no such information on the register.
* ensure any material discrepancies are reported to HMRC as soon as reasonably practicable. The individual responsible for reporting the discrepancy is [name of sole practitioner/MLRO/allocated staff member] and they will make any report required using the guidance included [here](https://www.gov.uk/guidance/report-a-trust-discrepancy-to-hmrc) and in section 5.6 of AMLGAS.

[When acting for an overseas entity which is subject to registration under Part 1 of the Economic Crime (Transparency and Enforcement) Act 2022 we will:

* obtain an excerpt of the Register of Overseas Entities (ROE) which contains information on the registrable beneficial owners held at the time the business relationship was established, or must establish from an inspection of the ROE that there is no such information on the register.
* ensure any material discrepancies are reported to Companies House as soon as reasonably practicable. The individual responsible for reporting the discrepancy is [name of sole practitioner/MLRO/allocated staff member] and they will make any report required using the guidance included [here](https://www.gov.uk/guidance/report-a-discrepancy-about-a-beneficial-owner-on-the-psc-register-by-an-obliged-entity) and in section 5.6 of AMLGAS.

1. **Approval and documentation procedures**

Copies of CDD and other checks must be retained [on client files/in electronic folders/other[provide details]]

[A new client take on form (see Appendix One and Appendix Two) must be completed for all clients taken on]. *(Examples of new client forms (and any other forms used) should be included alongside the document. Suggested new client forms are included at the end of this document).*

*[Firms with employees should indicate their policy and associated procedures on whether only the directors/partners/sole practitioner will deal with CDD or whether staff can deal with this. They should also indicate if the directors/partners/sole practitioner needs to “sign off” on the client due diligence before the client is taken on – note that politically exposed persons should only ever be taken on if the MLRO has agreed to this].*

*[Firms may have a “know your client” checklist they use to obtain background information in relation to clients including details of beneficial owners of businesses, sources of funds and wealth and if so the policy on use of that should be referred to in this section and the relevant form should be added to the checklists].*

1. **Risk Management**

The Money Laundering, Terrorist Financing and Proliferation Financing risks in relation to each client should be assessed at the time the client is taken on and noted on the [new client take on form (appendix one and appendix two)/the spreadsheet record/other[provide details]] (*tailor based on the record in place within the firm)*

In relation to risks specifically identified and set out in the practice risk assessment the following additional measures have been adopted within the practice to mitigate and manage risk:

*[The grid below can be used to make it clear what additional procedures have been put in place in the practice to mitigate and manage the risks identified in the practice risk assessment. It should be removed if no particular risks have been identified and therefore no additional procedures have been put in place.*

*\*Where additional procedures have already been added to other parts of the policies and procedures document, this table can just refer across to these.]*

|  |  |
| --- | --- |
| **RISK FACTORS** | **ADDITIONAL PROCEDURES TO MITIGATE AND MANAGE ML/TF/PF RISK \*** |
| **Our Clients** |  |
| *(Here and spaces below include factors identified in risk assessment)* | *(Here and in spaces below include policies and procedures adopted to manage and mitigate risk)* |
| **Countries or geographic areas in which the firm operates** |  |
|  |  |
| **Our products or services** |  |
|  |  |
| **Transactions** |  |
|  |  |
| **Delivery channels** |  |
|  |  |

[I]/[We] will ensure that when new products, new business practices (including new delivery mechanisms) or new technology are adopted by the firm, appropriate measures are taken in preparation for, and during, the adoption of such products, practices or technology to assess and if necessary, mitigate any money laundering, terrorist financing or proliferation financing risks this new product, practice or technology may cause.

1. **Ongoing Monitoring**

Client due diligence, periodic reviews and risk assessments will be conducted on an ongoing basis and any additional information identified should be dealt with and further information obtained from clients where necessary.

In particular, CDD will be reviewed where:

* + the firm has to contact an existing client under the [International Tax Compliance Regulations 2015](https://www.legislation.gov.uk/uksi/2015/878/contents); or
  + the firm has any legal duty in the course of the calendar year to contact an existing client for the purpose of reviewing any information which:
    - is relevant to the risk assessment for that client (or where appropriate firm wide risk assessment); or
    - relates to the beneficial ownership of the client, including information which enables the firm to understand the ownership or control structure of a legal person, trust, foundation or similar arrangement who is the beneficial owner of the client;

A note of the review and the results, such as an updated risk rating, should be indicated on the [new client take on form (appendix one and appendix two)]/the spreadsheet record/other[provide details] (*tailor based on the record in place within the firm)*.

[*Firm to include their own procedures in this regard e.g: annual review of CDD and risk during a quiet period, annual review of CDD and risk as part of tax return compliance processes, other system prompts etc].*

1. **Internal Controls and Communication**

*(Ensure the correct section is selected – if there are no staff, and there is no intention to ever have any, remove the section below relating to staff).*

[This practice is owned by and run by a single individual [name of sole practitioner] who controls all aspects of the work undertaken.

This document refers to the policies and associated procedures which I adhere to and which operate within the practice.

There are no staff members or sub-contractors and therefore no one else who I need to communicate with in relation to control of AML risk].

Or,

[[I, as sole practitioner/We as owners of the business] control both ML,TF and PF risk in accordance with this policies and associated procedures document which are communicated to all staff through [staff meetings/email] on an [annual/regular/other] basis *(amend or alter as required)*. All staff are required to acknowledge receipt of the policies and procedures document and to confirm that they have read it and will adhere to it. (*A suggested form for staff to sign to acknowledge the document is attached at appendix three)].*

*(Include other relevant points, for example:*

*Review of all work produced by staff*

*Agreeing to the take on of all new clients*

*Other)*

1. **Record Keeping**

Record keeping shall be undertaken in accordance with the requirements of MLR and based on the guidance included in chapter 7 of AMLGAS.

Records of CDD/EDD are kept on [individual client files/electronically/other] (*tailor based on the record in place within the firm and if you have outsourcing arrangements in relation to records this should also be referred to).*

[Record retention is agreed with clients through the engagement letter in place between the firm and that client and/or our privacy notice]. *(Note it is important to check that the record retention period agreed with clients through the engagement letter and privacy notice tie in to the policy set out here).*

Records can be identified for destruction after the statutory or longer agreed period by reference to *[spreadsheet/automated system etc details to be added by sole practitioner and a system should be in place].*

[This firm does not enter into reliance agreements with other firms] or *[firm to add in comments in relation to reliance on CDD undertaken by other firms if there are agreements in place but note there are strict conditions which must be adhered to, refer to sections 5.4 of AMLGAS].*

1. **Reporting - Declaration**

It is a requirement that where [I, [name of sole practitioner/MLRO]] know or suspect (or have reasonable grounds for knowing or suspecting) that a person is engaged in money laundering, terrorist or proliferation financing as a result of information received in the course of the business or otherwise through carrying on that business then they must comply with:

1. Part 3 of the Terrorism Act 2000(a); or
2. Part 7 of the Proceeds of Crime Act 2002(b); and make a Suspicious Activity Report.

This will be considered by [name of sole practitioner/MLRO] by reference to the guidance in Chapter 6 and appendix C of AMLGAS.

Reports should be made to the National Crime Agency online and the relevant link providing advice on the SAR online system is:

<https://sarsreporting.nationalcrimeagency.gov.uk/register>

[All staff must report every instance where they have knowledge or suspicion of ML/TF/PF to [name of sole practitioner (MLRO)/name of MLRO] without delay.

This should be done by using the Internal Money Laundering Report Form available to all to staff (appendix four).

**Note:** for security reasons reports must be made in writing by using the internal form and must be sent to the MLRO using a secure mechanism.

An email acknowledgement of receipt of the form will be provided by the MLRO to the member of staff. This should provide minimal information about the incident reported for security reasons]

Under no circumstances should the client or any of their representatives be advised that a report has been considered internally or that a suspicious activity report (SAR) has been made by the MLRO.

1. **Training**

It is a requirement of MLR that regular AML/CTF training is undertaken by the principals in the business, staff members and agents. A written record of the training delivered is also required to be maintained.

Arrangements for training are [*firm to add details of the training undertaken, how often it will be done and how this will be recorded. If the firm uses subcontractors it may also be helpful to refer to the firm’s assessment of which subcontractors come within scope to receive AML training from the firm or have evidenced AML training through their own business etc. Section 8 of AMLGAS and FAQ 60 provide further guidance*].

**[Name of member]**

**[Name of firm]**

**Date [dd/mm/yyyy]**

# Appendix One – Individual client take on form

**[Name of Firm] – Individual new client on-boarding form and ongoing monitoring checklist**

**Key (further information about due diligence is available in chapter 5 of AMLGAS):**

CDD – client due diligence

EDD – enhanced due diligence

SDD – simplified due diligence

|  |  |  |
| --- | --- | --- |
| **Client Profile** | | |
| **Information required** | **Notes** | **Comments** |
| Full client name |  |  |
| Any previous names (if required) |  |  |
| Profession |  |  |
| Employer/business name |  |  |
| Residential address |  |  |
| Place and date of birth |  |  |
| Explanations/evidence obtained of source of funds and/or source of wealth. |  |  |
| Is the client a domestic or non-domestic Politically Exposed Person (“PEP”) (Consider EDD requirements). | **1** |  |
| Is the client subject to financial sanctions/or connected with any proscribed terrorist organisations. | **2** |  |
| Is the client established in or associated to any high-risk jurisdictions or is either party to a transaction established in a high risk third country. | **3** |  |
| Client nationality – does the client have dual nationality. If so, please document and ensure copies of dual ID also obtained. |  |  |
| Does the client have FATCA/CRS reporting requirements either in the form of self-certificates/W8/W8BEN-E or W9 forms. |  |  |
| What is the client’s tax domicile status. |  |  |
| Has the client(s) been met. If so, date of client meeting. |  |  |
| Do any of the risk factors identified in the practice risk assessment apply to this client. |  |  |
| [Client approved for take on by [director]/[partner]/[name of sole practitioner]] |  |  |
| Client has provided satisfactory CDD/EDD /SDD and cleared our background checks and screening. | **Date:** | **Signature:** |
| **Additional comments/details:** | | |
|  | | |
| **Services required (list services required by the client):** | | |
|  | | |
|  | | |
|  | | |
| **Initial risk assessment of client at on boarding stage to determine initial level of CDD/EDD** | | |
| High/medium/low rating and date | Note 4 |  |
| Reason for rating |  |  |

**Background Checks – based on requirements set out in AMLGAS (chapter 5 and appendix B)**

|  |  |  |
| --- | --- | --- |
| **Risk** | **Documents obtained** | **Confirmation of document and whether copy attached** |
| Low risk |  |  |
| Medium risk |  |  |
| High risk |  |  |

**Ongoing Monitoring**

Is there anything in initial checks which leads to a change to the risk rating or requires additional CDD/EDD or any changes required as a result of ongoing monitoring. See note 5 for further information on ongoing monitoring.

|  |  |  |
| --- | --- | --- |
| **Update to risk assessment** | **Risk Assessment** | **CDD/EDD obtained** |
| Date of review |  |  |
| Updated risk assessment or CDD/EDD requirements |  |  |
| Reason for amendment to risk rating |  |  |
|  |  |  |
| Date of review |  |  |
| Updated risk assessment or CDD/EDD requirements |  |  |
| Reason for amendment to risk |  |  |
|  |  |  |
| Date of review |  |  |
| Updated risk assessment or CDD requirement |  |  |
| Reason for amendment to risk |  |  |

*(Add additional sections as required)*

# Appendix Two – Business client take on form

**[Name of Firm] – Company/partnership client on-boarding and ongoing monitoring checklist**

**Key (further information about due diligence is available in chapter 5 of AMLGAS):**

CDD – client due diligence

EDD – enhanced due diligence

SDD – simplified due diligence

|  |  |  |
| --- | --- | --- |
| **Client Profile** | | |
| **Information required** | **Notes** | **Comments** |
| Client /entity name |  |  |
| Registered office address |  |  |
| In what jurisdiction is the business registered. |  |  |
| Names of shareholders/directors/partners/members  (be mindful of the need to look through the corporate veil to the ultimate beneficial owners). |  |  |
| Are there any discrepancies between the information held on the client and the information on the Companies House PSC register, register of overseas entity or Trust Registration Service register?  If so, is the client reluctant to correct? |  |  |
| What are the activities of the entity. Is it investment holding or trading and if so, in what. Where does it carry out its business activities. |  |  |
| Is it a regulated entity. If so, who is the regulator and where is the regulator based? |  |  |
| Does this entity form part of a wider complex structure (either onshore or offshore or a group). |  |  |
| Are any of the shareholders/directors/partners or members domestic or non-domestic Politically Exposed Persons (“PEPs”). | **1** |  |
| Are the shareholders/directors/members or business subject to financial sanctions/or connected with proscribed terrorist organisations. | **2** |  |
| Is the entity, (or its shareholders/directors/members) established in a high-risk third country or entering into a transaction(s) with another party established in one of those countries. | **3** |  |
| Have relevant individuals within the organisation been met. |  |  |
| Date of meeting and name and role of individual met. |  |  |
| Do any of the risk factors identified in the practice risk assessment apply to this entity. |  |  |
| If a person is purporting to act on behalf of the client has their ID been verified and has confirmation been received that they have authority to act on behalf of the client. |  |  |
| [Client approved for take on by [director]/[partner]/[name of sole practitioner]] |  |  |
| Client has provided satisfactory CDD/EDD/SDD and cleared our background checks and screening. | Date: | Signature: |
| **Additional comments/details:** | | |
|  | | |
| **Services required (list services required by the client):** | | |
|  | | |
|  | | |
|  | | |
| **Initial risk assessment of client at on boarding stage to determine initial level of CDD/EDD** | | |
| High/medium/low rating and date | Note 4. |  |
| Reason for rating |  |  |

**Background Checks based on requirements set out in AMLGAS (Chapter 5 and appendix B)**

|  |  |  |
| --- | --- | --- |
| **Risk** | **Documents obtained** | **Confirmation of document and whether copy attached** |
| Low risk |  |  |
| Medium risk |  |  |
| High risk |  |  |

**Ongoing Monitoring**

This page should be used to record where anything in the initial checks or ongoing monitoring leads to a change to the risk rating or requires additional CDD/EDD. See note 5 for further information on ongoing monitoring.

|  |  |  |
| --- | --- | --- |
| **Update to risk assessment** | **Risk Assessment** | **CDD/EDD** |
| Date of review |  |  |
| Updated risk assessment or CDD /EDD requirement |  |  |
| Reason for amendment to risk rating |  |  |
|  |  |  |
| Date of review |  |  |
| Updated risk assessment or CDD/EDD requirement |  |  |
| Reason for amendment to risk |  |  |
|  |  |  |
| Date of review |  |  |
| Updated risk assessment or CDD requirement |  |  |
| Reason for amendment to risk |  |  |

*(Add additional sections as required)*

### Notes to accompany take on forms

|  |  |  |
| --- | --- | --- |
| Note Number | Section | Further Information |
| 1 | Appendices One and Two | Politically Exposed Persons (PEPs) are individuals who are entrusted with prominent public functions, other than as middle-ranking or more junior officials. PEPs fall under the definition of a domestic or non-domestic PEP. A “domestic PEP” means a politically exposed person entrusted with prominent public functions by the United Kingdom, a “non-domestic PEP” means a politically exposed person who is not a domestic PEP. The 2023 amendment to regulation 35 of the MLR states that:  “where a customer or potential customer is a domestic PEP, or a family member or a known close associate of a domestic PEP—  (a)the starting point for the assessment is that the customer or potential customer presents a lower level of risk than a non-domestic PEP, and  (b)if no enhanced risk factors are present, the extent of enhanced customer due diligence measures to be applied in relation to that customer or potential customer is less than the extent to be applied in the case of a non-domestic PEP.”  Further guidance on AML risks in relation to PEPs can be found in the FCA guidance [here](https://www.fca.org.uk/publication/finalised-guidance/fg17-06.pdf). Details on the amendment to the MLR regarding domestic PEPs and non domestic PEPs can be found [here](https://www.legislation.gov.uk/uksi/2023/1371/regulation/2/made). |
| 2 | Appendices One and Two | The financial sanctions lists can be accessed [here](https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets)  The proscribed terrorist lists can be accessed [here](https://www.gov.uk/government/publications/proscribed-terror-groups-or-organisations--2) |
| 3 | Appendices One and Two | A “high risk third country” means a country named on either of the following lists published by the Financial Action Task Force as they have effect from time to time—  (i) High-Risk Jurisdictions subject to a Call for Action;  (ii) Jurisdictions under Increased Monitoring  Both lists can be found [here](https://www.fatf-gafi.org/en/countries/black-and-grey-lists.html).  Other lists of high risk countries are also available and you should also refer to the following when considering the geographical risks in relation to clients and transactions:   * [financial sanctions listings](https://www.gov.uk/government/collections/financial-sanctions-regime-specific-consolidated-lists-and-releases) * countries identified by The Financial Action Task Force as being [high-risk jurisdictions](https://www.fatf-gafi.org/en/countries/black-and-grey-lists.html) * the Transparency International [corruption perceptions index](https://www.transparency.org/en/cpi/2020/index/nzl). |
| 4 | Appendices One and Two | Each client the firm acts for should be risk assessed at the start of the business relationship. There should also be ongoing monitoring of risk. You should have a note of the risk assessment of all your individual clients. If this is not available it should be put in place so there is evidence of the risk assessment of individual clients. |
| 5 | Appendices One and Two | Guidance on ongoing monitoring is included in chapter 5 of AMLGAS. Established business relationships should be subject to CDD procedures throughout their duration. It is important that the firm is able to evidence this ongoing monitoring and indicate where the assessment of AML risk has changed or additional CDD or EDD has been required. |

# Appendix Three – Staff declaration

STAFF DECLARATION

[Name of firm]

[Name of member of staff]

[Role]

I confirm that \*:

* I have read and understood the firm’s documented money laundering policies and procedures.
* I confirm that I will fully comply with these policies and procedures.
* I understand the requirement on me to report knowledge or suspicion of money laundering or terrorist financing and will make sure I report as required.
* I am aware of the requirement on me to not make any disclosure which could amount to tipping off or prejudicing an investigation.

Signature:

Date:

\* Staff member to tick all boxes which apply

# Appendix Four – Internal money laundering report form

**Form for completion by members of staff**

Staff members must use this form to report to [sole practitioner name (MLRO)]/[the MLRO] if they suspect money laundering or terrorist financing. The form should be submitted **without delay**. No one else should be notified apart from the MLRO as it may be an offence to disclose that a report has been made. For further guidance on the requirements refer to AMLGAS chapter 6 and Appendix C.

**Client details**

Name

Address

Client reference

**Information/suspicion**

Details of transaction or information which the staff member has become aware of. Please provide as much detail as you can (continue on a separate sheet if necessary)

Signature ……………………………………………………...

Name of staff member …………………………………………..

Date ……………………….