

(BUSINESS/ COMPANY NAME)

**ML/TF RISK ASSESSMENT FOR THE PERIOD
(_____ to _____)**

Document Approval	
Prepared by:	
Position:	
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INSTITUTIONAL MONEY LAUNDERING/ TERRORISM FINANCING/ PROLIFERATION FINANCING (ML/TF/PF) RISK ASSESSMENT

A. INTRODUCTION

The Financial Intelligence Centre (FIC) Act No. 46 of 2010 (as amended) requires reporting entities, in Section 19 of the Act, to conduct a risk assessment of their exposure to money laundering, terrorism financing and proliferation financing and to apply corresponding mitigation and controls. This document is meant to assist reporting entities in meeting these obligations and is presented as **an example only**. **You may choose to conduct your risk assessment using a different approach.**

For further guidance, please refer to the *Guidelines for Conducting Institutional ML/TF/PF Risk Assessment* on the FIC website.

Instructions: The risk assessment should at a minimum include four categories of risk: client, product/service, geographical and delivery channel risks¹. Review the higher risk clients and situations outlined in the left column and decide whether these have presented low, medium or high risk in your business/ institution during the risk assessment period. You should base the assessment on your own operations and document the rationale for selecting low, medium or high risk.

For each higher risk client or situation, several control measures are proposed. You can adapt the applicable control measures to correspond to your business/ institution (see list of additional control measures on page 29).

¹ **Client risk:** the risk of ML/TF/PF that different customers/clients pose e.g. legal persons, natural person or legal arrangements.

Product/Service risk: the ML/TF/PF risks posed by the services/ products offered.

Geographic/jurisdiction risk: the risks associated with doing business in or offering services and/or facilitating transactions involving certain geographic locations.

Delivery channel risk: how the service/product is accessed eg through the use of agents, non-face to face clients)

The results of this risk assessment should be integrated in your institution’s anti-money laundering policy and procedures. In developing the policy and procedures that are adapted to the findings of the risk assessment, take into account the frequency and materiality of higher risk transactions. Your Anti-Money Laundering/Countering the Financing of Terrorism and Proliferation (AML/CFTP) compliance program should prioritize those higher risk situations. You should review your risk assessment periodically based on changes in legislation or your business activities and at a minimum every two years.

B. RISK ASSESSMENT SCORING AND CLASSIFICATION

		IMPACT/ CONSEQUENCES			
L I K E L I H O O D		<i>Minor (1)</i>	<i>Moderate (2)</i>	<i>Major (3)</i>	<i>Catastrophic (4)</i>
	<i>Rare (1)</i>	1	2	3	4
	<i>Moderate (2)</i>	2	4	6	8
	<i>Likely (3)</i>	3	6	9	12
	<i>Almost Certain (4)</i>	4	8	12	16

RISK CLASSIFICATION	
LOW	
MEDIUM	
HIGH	

The reporting entity may use the risk assessment scoring tool above to determine the score for each risk factor. The score is calculated by considering the likelihood of the activity and the impact that the occurrence of that activity will have on the business operations.

$$\text{Likelihood} \times \text{Impact} = \text{Risk Score}$$

Likelihood Score Index

- 1 – Rare, occurs only in exceptional circumstances
- 2 – Moderate, may occur at some point
- 3 – Likely, the event is likely to occur in most cases
- 4 – Almost Certain, the occurrence of the event is considered as normal

Impact/ Consequence Score Index

- 1 – Minor, minimal damage
- 2 – Moderate, moderate level of damage
- 3 – Major, significant level of damage
- 4 – Catastrophic, severe damage

CLIENT/CUSTOMER RISK						
RISK FACTOR	RISK RATING			RISK CLASSIFICATION (low, medium, high)	REASON FOR RISK RATING	Control Measures (Tick where applicable)
	LIKELIHOOD	IMPACT	RISK SCORE			
Clients are non-resident						<input type="checkbox"/> Determine if individuals are prominent influential persons. <input type="checkbox"/> Obtain additional information on source of funds or source of wealth. <input type="checkbox"/> Conduct internet search <input type="checkbox"/> Increase the frequency of ongoing monitoring <input type="checkbox"/> Other _____
Clients are foreign nationals						<input type="checkbox"/> Determine if individuals are prominent influential persons. <input type="checkbox"/> Obtain additional information on source of funds or source of

						<p>wealth.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Conduct internet search <input type="checkbox"/> Increase the frequency of ongoing monitoring <input type="checkbox"/> Other _____
<p>Clients are prominent influential persons.</p>						<ul style="list-style-type: none"> <input type="checkbox"/> Obtain senior management approval to conduct the transaction. <input type="checkbox"/> Obtain additional information on source of funds or source of wealth. <input type="checkbox"/> Monitor any future transactions. <input type="checkbox"/> Other _____
<p>Clients are intermediate vehicle such as corporations, trusts, foundations, partnerships or other structure that makes it difficult to determine who is the beneficial</p>						<ul style="list-style-type: none"> <input type="checkbox"/> Determine if individuals are prominent influential persons. <input type="checkbox"/> Obtain additional information on source of funds or source of wealth. <input type="checkbox"/> Conduct internet search <input type="checkbox"/> Increase the frequency of ongoing monitoring

owner						<input type="checkbox"/> Other _____
Client(s) have been named in the media as being involved with criminal organizations						<input type="checkbox"/> Obtain senior management approval to conduct the transaction. <input type="checkbox"/> Obtain additional information on source of funds or source of wealth. <input type="checkbox"/> Monitor any future transactions. <input type="checkbox"/> Other _____
Clients conduct transactions that are not within their means based on their stated occupation or income.						<input type="checkbox"/> Obtain additional information on source of funds or source of wealth. <input type="checkbox"/> Other _____

<p>Clients engage in activities that are consistent with the indicators identified for Suspicious Activities.</p>						<p><input type="checkbox"/> Consider filing a Suspicious Transaction Report (STR).</p> <p><input type="checkbox"/> Obtain additional information on source of funds or source of wealth.</p> <p><input type="checkbox"/> Other _____</p>
<p>Other risk factors (list any additional factors)</p>						<p><input type="checkbox"/></p>

<p>SUMMARY OF CLIENTS/ CUSTOMERS</p>	
<ul style="list-style-type: none"> <i>Brief overview of the clients/ customers (eg. customer types)</i> 	
<p>OVERALL CLIENT/ CUSTOMER RISK</p>	
<p>Overall Risk Score</p>	
<p>Overall Risk Classification (low, medium or high)</p>	

PRODUCT/SERVICE RISK						
RISK FACTOR	RISK RATING			RISK CLASSIFICATION (low, medium, high)	REASON FOR RISK RATING	Control Measures (Tick where applicable)
	LIKELIHOOD	IMPACT	RISK SCORE			
High value real estate transactions ²						<input type="checkbox"/> Obtain additional information on source of funds or source of wealth. <input type="checkbox"/> Pay special attention for unusual transactions and ML/TF indicators. <input type="checkbox"/> Increase the frequency of ongoing monitoring <input type="checkbox"/> Other _____

² Transactions over **XXX** should be considered high value. Reporting entities can establish different threshold based on their unique circumstances however the threshold should be adequately documented and justified.

Managing client money, securities and other assets						<input type="checkbox"/> Obtain additional information on source of funds or source of wealth. <input type="checkbox"/> Monitor transactions and activities <input type="checkbox"/> Pay special attention for unusual transaction and ML/TF indicators. <input type="checkbox"/> Other _____
Organizing or managing contributions for creation, operation or management of legal persons						<input type="checkbox"/> Obtain name of beneficial owner behind corporation, trust or legal arrangement. <input type="checkbox"/> Obtain additional information on source of funds or source of wealth. <input type="checkbox"/> Monitor transactions and activities

						<input type="checkbox"/> Pay special attention for unusual transaction and ML/TF indicators.
Creation, operation and management of legal persons						<input type="checkbox"/> Obtain name of beneficial owner behind corporation, trust or legal arrangement. <input type="checkbox"/> Obtain additional information on organizational structure. <input type="checkbox"/> Obtain additional information on source of funds or source of wealth. <input type="checkbox"/> Other _____
Purchase and sale of business entities						<input type="checkbox"/> Obtain additional information on source of funds or source of wealth. <input type="checkbox"/> Monitor transactions and activities <input type="checkbox"/> Other _____

Acting as a nominee shareholder						<input type="checkbox"/> Monitor transactions and activities <input type="checkbox"/> Pay special attention to unusual transaction and ML/TF indicators. <input type="checkbox"/> Other _____
Acting as a nominee director, secretary or partner						<input type="checkbox"/> Monitor transactions and activities <input type="checkbox"/> Pay special attention to unusual transaction and ML/TF indicators. <input type="checkbox"/> Other _____
Providing a registered office, business/administrative address or accommodation						<input type="checkbox"/> Monitor transactions and activities <input type="checkbox"/> Pay special attention for unusual transaction and ML/TF indicators.

Acting as an escrow agent (for real estate or any other purpose)						<input type="checkbox"/> Obtain additional client identification information <input type="checkbox"/> Obtain name of beneficial owner behind corporation, trust or legal arrangement. <input type="checkbox"/> Pay special attention for unusual transaction and ML/TF indicators. <input type="checkbox"/> Other _____
Services offer a global reach						<input type="checkbox"/> Obtain additional client identification information <input type="checkbox"/> Obtain name of beneficial owner behind corporation, trust or legal arrangement. <input type="checkbox"/> Pay special attention for unusual transaction and ML/TF indicators. <input type="checkbox"/> Other _____

Corporate real estate transactions						<input type="checkbox"/> Obtain name of beneficial owner behind corporation, trust or legal arrangement. <input type="checkbox"/> Obtain additional information on source of funds or source of wealth. <input type="checkbox"/> Monitor transactions and activities <input type="checkbox"/> Pay special attention for unusual transaction and ML/TF indicators. <input type="checkbox"/> Other _____
You offer VIP rooms (casinos)						<input type="checkbox"/> Conduct enhanced due diligence measures on clients <input type="checkbox"/> Other _____
You host junkets (casinos)						<input type="checkbox"/> Conduct customer due diligence directly (rather than relying on junket organiser). <input type="checkbox"/> Other _____

<p>You offer cheques as a form of disbursement (casinos).</p>						<ul style="list-style-type: none"> <input type="checkbox"/> Limit the use of cheques to winnings <input type="checkbox"/> Indicate on cheque when a cheque has been issued for non-winnings <input type="checkbox"/> Other _____
<p>You offer player to player games (casinos).</p>						<ul style="list-style-type: none"> <input type="checkbox"/> Monitor that players are not in collusion deliberately losing to one another <input type="checkbox"/> Other _____
<p>Casino chips can be used at other casinos.</p>						<ul style="list-style-type: none"> <input type="checkbox"/> Establish chip tracking mechanism to ensure that chips are not transferred from one individual to another. <input type="checkbox"/> Other _____
<p>Products or service offer anonymity.</p>						<ul style="list-style-type: none"> <input type="checkbox"/> Undertake further verification procedures on customer or beneficial owner. <input type="checkbox"/> Other _____

Products or services have a global reach						<ul style="list-style-type: none"> <input type="checkbox"/> Determine if clients are prominent influential persons. <input type="checkbox"/> Determine if destination jurisdiction is considered high risk. <input type="checkbox"/> Increase the frequency of ongoing monitoring. <input type="checkbox"/> Other _____
Import of precious metals or stones						<ul style="list-style-type: none"> <input type="checkbox"/> Document information on the origins of the precious metals/precious stones. <input type="checkbox"/> Pay special attention for unusual transactions and ML/TF indicators. <p>For imports from higher risk jurisdictions:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Obtain additional identification document on seller <input type="checkbox"/> Conduct an internet search on seller <input type="checkbox"/> Other _____

Export of precious metals or stones						<input type="checkbox"/> Pay special attention for unusual transactions and ML/TF indicators. For export to higher risk jurisdictions: <input type="checkbox"/> Obtain additional identification document on buyer <input type="checkbox"/> Conduct an internet search on buyer <input type="checkbox"/> Other _____
Manufacturing of jewellery						<input type="checkbox"/> Pay special attention for unusual transactions and ML/TF indicators. <input type="checkbox"/> Document information on the origins of the precious metals/precious stones <input type="checkbox"/> Other _____
Sale of gold bars or coins						<input type="checkbox"/> Pay special attention for unusual transactions and ML/TF indicators. <input type="checkbox"/> Determine if buyer is affiliated with a high risk jurisdiction.

						<input type="checkbox"/> Conduct an internet search on buyer. <input type="checkbox"/> Other _____
Sale of loose stones (eg. diamonds)						<input type="checkbox"/> Pay special attention for unusual transaction and ML/TF indicators. <input type="checkbox"/> Determine if buyer is affiliated with a high risk jurisdiction. <input type="checkbox"/> Conduct an internet search on buyer. <input type="checkbox"/> Other _____
Other factors: Reporting entities should list products/services that are deemed high risk in their sector as determined by their risk analysis or the national risk assessment.						<ul style="list-style-type: none"> •

SUMMARY OF PRODUCTS/ SERVICES

- *Brief overview of the products/ services provided by your business which are regulated for AML/CFT purposes*

OVERALL PRODUCT/ SERVICE RISK

Overall Risk Score

Overall Risk Classification (low, medium or high)

GEOGRAPHIC RISK						
RISK FACTOR	RISK RATING			RISK CLASSIFICATION (low, medium, high)	REASON FOR RISK RATING	Control Measures (Tick where applicable)
	LIKELIHOOD	IMPACT	RISK SCORE			
<p>Clients or the source of funds originate from countries subject to sanctions, embargoes or similar measures issued by International Organizations such as the United Nations (“UN”).</p> <p>United Nations: https://www.un.org/sc/suborg/en/sanctions/un-sc-consolidated-list</p>						<input type="checkbox"/> Obtain senior management approval to proceed with the transaction. <input type="checkbox"/> Ask for additional piece of identification to confirm the identity. <input type="checkbox"/> Obtain additional information on source of funds or source of wealth. <input type="checkbox"/> Increase the frequency of ongoing monitoring <input type="checkbox"/> Other _____

<p>You have offices/ branches or clients located in border towns.</p>						<ul style="list-style-type: none"> <input type="checkbox"/> Ask for additional piece of identification to confirm the identity. <input type="checkbox"/> Obtain additional information on source of funds or source of wealth. <input type="checkbox"/> Increase the frequency of ongoing monitoring <input type="checkbox"/> Other _____
<p>Clients or the source of funds originate from countries identified as financial secrecy havens or jurisdictions.</p>						<ul style="list-style-type: none"> <input type="checkbox"/> Obtain senior management approval to proceed with the transaction. <input type="checkbox"/> Ask for an additional piece of identification to confirm the identity. <input type="checkbox"/> Obtain additional information on source of funds or source of wealth. <input type="checkbox"/> Increase the frequency of ongoing monitoring. <input type="checkbox"/> Other _____

<ul style="list-style-type: none"> • Clients or the source of funds originate from countries identified by the Financial Action Task Force (FATF) as having strategic deficiencies in the fight against money laundering or subject to an FATF statement. <p>FATF: http://www.fatf-gafi.org/publications/high-riskandnon-cooperativejurisdictions/?hf=10&b=0&s=desc(fatf_releasedate)</p>						<ul style="list-style-type: none"> <input type="checkbox"/> Obtain senior management approval to proceed with the transaction. <input type="checkbox"/> Ask for an additional piece of identification to confirm the identity. <input type="checkbox"/> Obtain additional information on source of funds or source of wealth. <input type="checkbox"/> Increase the frequency of ongoing monitoring. <input type="checkbox"/> Other _____
<ul style="list-style-type: none"> • Clients or the source of funds originate from countries identified by credible sources as providing funding or support for terrorist activities, 						<ul style="list-style-type: none"> <input type="checkbox"/> Obtain senior management approval to proceed with the transaction. <input type="checkbox"/> Ask for an additional piece of identification to confirm the identity. <input type="checkbox"/> Obtain additional information on source of funds or source of wealth.

						<input type="checkbox"/> Increase the frequency of ongoing monitoring. <input type="checkbox"/> Other _____
<ul style="list-style-type: none"> • Clients or the source of funds originate from countries identified by credible sources as having significant levels of corruption, or other criminal activity. http://www.transparency.org/news/feature/corruption_perceptions_index_2016 						<input type="checkbox"/> Obtain senior management approval to proceed with the transaction. <input type="checkbox"/> Ask for an additional piece of identification to confirm the identity. <input type="checkbox"/> Obtain additional information on source of funds or source of wealth. <input type="checkbox"/> Conduct additional research on the client. <input type="checkbox"/> Other _____
<ul style="list-style-type: none"> • Other risk factors (list additional factors) 						<ul style="list-style-type: none"> •

SUMMARY OF GEOGRAPHICAL FACTORS

- *Brief overview of the geographical factors that may increase ML/TF risks)*

OVERALL GEOGRAPHIC RISK

Overall Risk Score

Overall Risk Classification (low, medium or high)

DELIVERY CHANNEL/ TRANSACTION RISK						
RISK FACTOR	RISK RATING			RISK CLASSIFICATION (low, medium, high)	REASON FOR RISK RATING	Control Measures (Tick where applicable)
	LIKELIHOOD	IMPACT	RISK SCORE			
Your firm accepts cash.						<input type="checkbox"/> Confirm source of funds <input type="checkbox"/> Set limits to cash transaction amounts. <input type="checkbox"/> Request bank transfers instead of accepting large amounts of cash. <input type="checkbox"/> Other _____
Your firm conducts transactions where you do not meet the client.						<input type="checkbox"/> Deliver comprehensive AML/CFT training for staff, specifically focused on client due diligence requirements <input type="checkbox"/> Ask for an additional piece of identification to confirm the identity of the client. <input type="checkbox"/> Conduct periodic review of records to ensure that client due diligence requirements

						<p>are adequately implemented.</p> <p><input type="checkbox"/> Other _____</p>
Your firm has clients that are referred to you by a third party.						<p><input type="checkbox"/> Conduct client due diligence measures directly.</p> <p><input type="checkbox"/> Conduct periodic review of records to ensure that client due diligence requirements are respected by third party.</p> <p><input type="checkbox"/> Other _____</p>
Your firm has short-term or part-time agents.						<p><input type="checkbox"/> Include ML/FT obligations in job descriptions and performance reviews.</p> <p><input type="checkbox"/> Deliver comprehensive AML/CFT training for all agents</p> <p><input type="checkbox"/> Other _____</p>

Your firm undertakes high value transactions.						<input type="checkbox"/> Pay special attention for unusual transaction and ML/TF indicators. <input type="checkbox"/> Obtain additional information on source of funds or source of wealth. <input type="checkbox"/> Increase the frequency of ongoing monitoring <input type="checkbox"/> Other _____
Other risk factors (list additional factors).						•

SUMMARY OF DELIVERY CHANNEL/ TRANSACTION FACTORS	
<ul style="list-style-type: none"> <li data-bbox="191 1079 1465 1112">• <i>Brief overview of types of transactions/ delivery channels that may increase ML/TF risks)</i> 	
OVERALL DELIVERY CHANNEL/ TRANSACTION RISK	
Overall Risk Score	
Overall Risk Classification (low, medium or high)	

EXAMPLES OF RISK MITIGATION MEASURES

Risk mitigation measures for high risk situations *may* include:

- increased awareness of higher risk situations within business lines across the entity;
- increased monitoring of transactions;
- the approval of the establishment of relationships is escalated to senior management;
- the levels of on-going controls and reviews of relationships are increased;
- personnel that have clear lines of authority, responsibility and accountability;
- adequate segregation of duties (for example, an employee establishing a relationship with a client is not authorized to also approve it as that authorization is the responsibility of someone else in the organization);
- proper procedures for authorization (for example, an employee processing a transaction for which the amount exceeds a certain threshold has to follow a procedure to get approval for the transaction by someone else in the organization);
- internal reviews to validate the risk assessment processes;
- seeking additional information beyond the minimum requirements to substantiate the client's identity or the beneficial ownership of an entity;
- obtaining additional information about the intended nature of the relationship, including estimates regarding the amount and type of business activity;
- obtaining additional documented information regarding the client's source of funds and accumulation of wealth;
- requesting high risk clients to provide additional, documented information regarding controls they have implemented to safeguard their operations from abuse by money launderers and terrorists;
- getting independent verification of information (i.e. from a credible source other than the client);
- stopping any transaction with a potential client until identification information has been obtained;
- implementing an appropriate process to approve all relationships identified as high risk as part of the client acceptance process or declining to do business with potential clients because they exceed your risk tolerance level;
- implementing a process to exit from an existing high risk relationship which is beyond the entity's stated risk tolerance level;
- analyzing money laundering and terrorist financing risk vulnerabilities for new acquisition processes and for product or service development processes.