

## Annex C Contents of new Anti-Money Laundering Handbook

### **Chapter 1: Preliminaries and introduction**

- Introduction
- Legislative Framework
- Scope and Status of the Handbook
- Failure to comply with regulations and Codes of Practice
- FATF Recommendations
- Compliance Culture
- Risk based Approach
- Assessing compliance with a risk based approach

### **Chapter 2: Overview of Money Laundering, Terrorist Financing, and Proliferation offences**

#### **Chapter 3: Corporate Governance**

- Board responsibility for compliance
- Foreign Branches and Subsidiaries (requirement for them to comply with the St Helena AML regime)
- Key Persons - This sets out the requirement that the FSRA will need to regulate the 'key persons' in St Helena companies if they are undertaking financial services business. This is generally the local directors.
- Compliance Officer. This sets out the roles and responsibility of this 'key person' position where an entity is undertaking financial services business.
- Money Laundering Reporting Officer. This sets out the roles and responsibility of this 'key person' position where an entity is undertaking financial services business.

#### **Chapter 4: Risk Based Approach**

This sets out how a business undertaking financial services work should assess its risk of being involved in money laundering or terrorist financed. There are two basic risk assessments that the Companies Registry will need to undertake:

1. An overall Business Risk Assessment (in the case of St Helena this should be the government's general risk appetite and a description of how this should be monitored and managed). The Business Risk Assessment should set out how all relevant risks at a macro/country level should be managed as well as relevant risk factors that should be taken into consideration and how the relevant risks should be weighted and assessed.
2. A Client Risk Assessment. This sets out how the Companies Registry should separately assess each of the entities under its management, including risk weighting of all relevant risk factors.

There are significant and detailed provisions for how to analyse various risks (including country risk, customer risk, product and service risk etc.).

### ***Chapter 5: Customer Due Diligence (CDD)***

This chapter sets out the requirements for satisfactorily onboarding clients and obtaining all relevant information to safeguard against money laundering or involvement in crime. There are detailed provisions regarding the requirements for identifying and verifying the identity of natural persons and legal entities.

### ***Chapter 6: Enhanced Due Diligence***

This sets out further measures from a CDD perspective where clients may be politically exposed persons (PEPs) or where 'connected persons' are involved in financial transactions.

### ***Chapter 7: Simplified Due Diligence***

This sets out where more relaxed CDD measures can be applied (for example where the client is a listed entity, or where they are regulated in another jurisdiction).

### ***Chapter 8: Third Party Reliance***

This sets out the CDD requirements where a customer may be introduced by another regulated entity within a satisfactory jurisdiction.

### ***Chapter 9: Monitoring Transactions and Activity***

This sets out how effective monitoring of transactions must be undertaken by the Companies Registry or administrator. This is generally done by reference to the risk weighting given to the client. There are provisions dealing with cash transactions, high risk activities and dealing with PEPs etc. There is also a requirement for customer screening. The Companies Registry will be required to screen certain customers and it is suggested that a screening software (e.g. 'WorldCheck') be obtained in order to check that prospective clients and beneficial owners are not on sanctions lists or otherwise convicted of criminal or money laundering offences. The software systems typically include all internet and publicly known stories involving named individuals in financial crime, terrorist or drugs offences. They also screen against the US Office of Foreign Assets Control (OFAC) sanctions lists as well as the United Nations sanctions list.

### ***Chapter 10: Reporting suspicious transactions***

This sets out the SAR regime referred to above, which the MLRA will be responsible for dealing with. It sets out a requirement for individuals administering entities to report any suspicious transactions to the named Money Laundering Reporting officer. It sets out some of the typical 'red flags' which may suggest money laundering. There are provisions regarding the offence of 'tipping off' where there is a suspicion of money laundering and the requirements to terminate business relationships in certain circumstances.

### ***Chapter 11: Record Keeping***

This sets out the basic record keeping and monitoring requirements

### ***Chapter 12: Employee Screening and training***

This sets out the requirement for appropriate screening to be undertaken and training to be given to those involved in the administration of St Helena entities undertaking financial services transactions, including the role of the Directors and the Board as well as the MLRO and MLCO.