**EXAMPLE: INITAL CLIENT / MATTER LEVEL RISK ASSESSMENT FORM FOR NATURAL PERSONS**

Please note that not all example questions below will be relevant or applicable to all situations – however where you consider a response to be non-applicable, you should state your reasoning for this.

Conversely, the questions outlined are not exhaustive – there may be other pertinent risk factors which must be considered, depending on the nature of the client and / or matter being considered. These considerations can be documented within the free format text boxes titled ‘file note’ found at the end of this document.

Please see the reference number, where applicable, to the corresponding “Natural Persons – Guidance notes” document when completing your assessments.

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| **CLIENT NAME** |  |
| **ADDRESS** |  |
| **DATE OF BIRTH** |  |
| **OCCUPATION** |  |

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| **CLIENT LEVEL RISK ASSESSMENT – RISK FACTORS** | **NARRATIVE / COMMENTS** |
| **CLIENT INFORMATION** | |
| Have you verified the client’s identity using independent sources, including their name, address, date of birth and nationality(ies)? | [provide names & details] |
| Is the client known to you personally / existing client, or is this a new business relationship? **1** | provide details] |
| What holistic due diligence information has been obtained and reviewed on the client? Does this give you comfort, or does it raise any doubts/concerns? **2** | [provide details] |
| Is the client a politically exposed person (PEP) or closely related to / associated with a PEP? If yes, how do they meet the definition? **3.**If PEP status is confirmed, what risks does this status pose in the context of this client? | [provide names & details] |
| Does the client direct, manage or own a business whose business or activity falls within a higher risk sector? **4** | [provide details] |
| Does the client direct, manage or own a cash intensive business? **5** | [provide details] |
| **CLIENT LOCATION** | |
| Where does the client reside? | [provide details] |
| Is your client based in, resident in or have any association with a “High-Risk Third Country”, a country subject to sanctions or a jurisdiction associated with higher Money Laundering/Terrorist Financing risk? **6** | [state nationalities / residence, if applicable] |
| **CLIENT INTERACTION** | |
| Have you met / will you meet with the client face-to-face? **7** | [provide details] |
| If non-face to face, are you comfortable there is a legitimate reason for this? **8** | [provide details] |
| Is the client acting or planning to act through an intermediary? **9**If so, why? Does this make sense? | [provide details] |
| Has the client given the necessary authority to any intermediary acting on their behalf and have you seen sight of this? | [provide details] |
| Has the intermediary’s identity been verified? | [provide details] |
| **SANCTIONS, PEPS AND ADVERSE MEDIA SCREENING** | |
| Have you undertaken any additional searches to review or screen the client’s sanctions, PEP, and adverse media status? **10**If so , what were the results? If no screening has been completed, why not? | [provide details] |

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| **MATTER LEVEL RISK ASSESSMENT – RISK FACTORS** | **NARRATIVE / COMMENTS** |
| What is the regulated service that your client wishes you to perform? **11**Is this service of inherently higher risk as per the LSS sectoral risk assessment? What specific risks might this service expose the Practice to? | [provide details] |
| Have you established any potential risk of proliferation financing relating to the matter and are you comfortable there are no concerns in relation to proliferation financing? **12** |  |
| Does it make sense that your client has asked your practice to carry out this type of transaction / matter? Is it in line with the usual value, location and type of work undertaken by your practice? **13** | [provide details] |
| **SOURCE OF FUNDS** – the funds being used to fund the specific transaction / matter **14** | |
| Have you identified and verified the underlying source of any private funds (that is, not from regulated lending) to be used in the matter? **15** | [provide details] |
| Are the source of funds to be used commensurate with your knowledge of the client and is the source of funds supported with evidence/verification documentation? | [provide details] |
| Have any private funds to be used in the matter originated directly or indirectly from outside of the UK? **16** | [provide details] |
| Is the geographic location or jurisdiction of origin of the source of funds associated with higher AML, corruption or criminality risk? **17** | [provide details] |
| Will the transaction be funded, in whole or in part, by a third party? **18** | [provide details] |
| Can you establish and verify the relationship (family or otherwise) between the client and the third party? | [provide details] |
| Is the third-party funding logical/reasonable in the context of the client/transaction? | [provide details] |
| If you have already collected bank statements, is there any suggestion or evidence of complex, unusual or unexplained patterns of transactions that don’t correlate with your knowledge of the client (particularly large or round amount payments)? **19** |  |
| Are there third-party payments being made in cash or round amount bank transfer into the client’s bank account? | [provide details] |
| Does the matter to be undertaken involve use of crypto currencies / virtual assets or crowd funding platforms? Does this pose any additional risk in the context of the transaction? **20** | [provide details] |

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| **SOURCE OF WEALTH** – refers to the origin of a client’s entire body of wealth and applies to clients / matters where enhanced due diligence is required) **21** | |
| Have you identified and evidenced the origin and underlying source of a client’s overall body of wealth, that is, the total assets? This should recognise that the composition of wealth generating activities may change over time, as new activities are identified, and additional wealth is accumulated. | [provide details] |
| Is the source of wealth commensurate with your knowledge of the client? That is, that it makes sense, and can you verify – and evidence – that the client obtained their wealth in the way that they have advised you. | [provide details] |

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| **RELIANCE** **22** | |
| Will you be exercising Reliance on another AML regulated entity? | [provide details] |
| If Reliance is being exercised, has the necessary due diligence been conducted on the regulated entity and are the necessary reliance arrangements in place? | [provide details] |

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| **RISK APPETITE CONSIDERATION** **23** | |
| Taking all responses to the above questions into account, are the risks associated with this client within your practice’s “risk appetite”? | [provide details] |

**MONEY LAUNDERING RISK ASSESSMENT – FILE NOTE**

This section should be completed at the outset of the matter. Assessment of risk criteria should be considered holistically and not in isolation, with a documented summary of the transaction noted below. This should take both the client and matter risks into consideration and should dictate whether Simplified, Standard or Enhanced Client Due Diligence (CDD) is required.

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| **INITIAL ASSESSMENT OF RISK:** | LOW RISK  (Simplified / Standard CDD) | | MEDIUM RISK  (Standard CDD) | | HIGH RISK  (Enhanced CDD) |
| Please see below some overarching questions which may aid you in your assessment, in addition to specific questions as responded to in the assessment above  *Does the client / matter pass the “smell test”? Does it all “add up” and make sense? Do the circumstances, background and nature make sense?*  *Has the client been cooperative in the process, or have they delayed providing information, identification and verification documentation or appeared reluctant to do so?*  *What are the main risk factors as identified in the risk assessment? Are these potential risks within your and your Practice’s “risk appetite”? Are there any additional reputational risks associated with undertaking this work?*  *Are there any circumstances that would lead you to speak to your MLRO about knowledge or a suspicion of money laundering / terrorist financing? Please see sections 11, 16 and 17 of the LSAG guidance.* | | | | | |
| SIGNED BY: | DATE: | DUE DILIGENCE COMPLETE AND ON FILE? YES / NO | | DOCUMENTATION INVENTORY TO SUPPORT THE RISK ASSESSMENT – | |

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| **INTERIM RISK ASSESSMENT – have any of risk factors changed?** | LOW RISK  (Simplified / Standard CDD) | | MEDIUM RISK  (Standard CDD) | | HIGH RISK  (Enhanced CDD) |
| In addition to those factors and questions listed under the initial assessment section above:    *Has there been any material changes to your knowledge of the client(s), changes to the funding of the matter, any issues that have come to light since the initial risk assessment? Has the client changed their instructions without appropriate explanation?*  *Has full due diligence (including identification & verification) been undertaken successfully?*  *If you have already collected bank statements, is there any suggestion or evidence of irregular or unexplained patterns of transactions that don’t correlate with your knowledge of the company’s business and its activities?*  *Has the client been cooperative in the process or have they delayed providing information, identification and verification documentation or appeared reluctant to do so?*  *Has the client changed their means of payment, settlement or execution instructions without appropriate explanation?*  *Are there any circumstances that would lead you to speak to your MLRO about knowledge or a suspicion of money laundering / terrorist financing? Please see sections 11, 16 and 17 of the LSAG guidance.*  *Have you considered enhanced ongoing monitoring for matters rated high risk?* | | | | | |
| SIGNED BY: | DATE: | DUE DILIGENCE COMPLETE AND ON FILE? YES / NO | | DOCUMENTATION INVENTORY TO SUPPORT THE RISK ASSESSMENT – | |

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| **FINAL RISK ASSESSMENT – Have there been any last-minute changes that give cause for concern?** | LOW RISK  (Simplified / Standard CDD) | | MEDIUM RISK  (Standard CDD) | | HIGH RISK  (Enhanced CDD) |
| Revisit the factors and questions listed under the initial and interim assessment sections above – have any of these factors or anything else changed or happened which may change the risk profile of the client or the matter? | | | | | |
| SIGNED BY: | DATE: | DUE DILIGENCE COMPLETE AND ON FILE? YES / NO | | DOCUMENTATION INVENTORY TO SUPPORT THE RISK ASSESSMENT – | |

If you have assessed the risk as high at any point during the transaction or have any reservations or concerns, you may wish to bring this to the attention of your MLRO before acting/continuing to act for the client. This process should be documented in your Practice’s PCPs. You must seek MLRO / senior management approval in PEP situations. **24**