**EXAMPLE: MONEY LAUNDERING CLIENT / MATTER LEVEL RISK ASSESSMENT FORM WHEN ACTING FOR NON-NATURAL PERSONS**

This Client and Matter Level Risk Assessment is for legal person(s), trust(s), company(ies), foundation(s) or similar legal arrangement(s).

The template can be tailored as appropriate, and practices may wish to consider adjusting this template for use for each legal entity type.

The factors listed below should be considered when assessing the inherent risk of the client and/or the matter. Please use the narrative/comments column to summarise observations/assessment of risks involved where the issue is applicable to the client/matter being considered – this should extend beyond “Yes/No” responses or simply an allocation of a scoring mechanism.

You must ensure that when completing the below, you take into consideration your Practice Wide Risk Assessment (PWRA) and ensure that you consider the matter on its own merits in accordance with r.28(12).

To evidence application of the risk assessment and ongoing monitoring of the client/matter, the initial, interim, and final risk assessment sections should be completed.

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. Any additional considerations can be documented at the bottom of this document within the free format text boxes.

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| **ABOUT THE CLIENT/MATTER** | **NARRATIVE / COMMENTS** |
| **CLIENT NAME** |  |
| **BODY CORPORATE/LEGAL ENTITY TYPE** | *E.g., Private Company/Partnership/Publicly Listed/Regulated/Trust/Foundation/Charity/Place of worship/School and/or college/club and/or association/Government agency and/or council* |
| **COMPANY/REGISTRATION NUMBER** |  |
| **ADDRESS** *(registered office and/or principle place of business)* |  |
| **SECTOR TYPE** | *E.g., Energy/Financial services/Construction/Technology/High-value goods/Mining/Gambling/Real Estate and Property Development/Education/Healthcare/Public Sector/Retail* |
| **REGULATED MATTER DESCRIPTION** | *E.g., Conveyancing/TCSP/Managing of client money* |

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| **HOLISTIC OVERVIEW** | **NARRATIVE / COMMENTS** |
| In accordance with r.28(13), document general details and knowledge of the client and matter (including the purpose, the size and the duration of the business relationship) **1** | [provide details] |
| Is the client an existing client, or is this a new business relationship? **2** | [provide details] |
| For an existing client, is the matter typical of the regulated work you would normally undertake for the client? Is this work within your normal range or type of activity? | [provide details] |
| Considering the sector type noted above, are there any sectoral key risk factors to be taken immediately into consideration? **3** | [provide details] |
| Are there any moral, ethical, or reputational considerations to be documented? **4** | [provide details] |

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| **CLIENT LEVEL RISK FACTORS** | **NARRATIVE / COMMENTS** |
| **CLIENT INFORMATION** | |
| Have you verified the client’s identity using independent sources? Including their name, registration/company number, registered office, and trading address(es). This also includes the law in which the client is subject to, its constitution and the full names of the board of director’s or equivalent? **5** | [provide details] |
| Have you identified and verified the client’s Beneficial Owner(s)? **6** | [provide details] |
| Have you taken reasonable measures to understand the ownership and control structure of the client? **7**  E.g., Do you have an organogram to evidence the full management and control of the company/structure? | [provide details] |
| Do you consider the client to have a complex corporate structure? **8** Are you satisfied there is a legitimate underlying reason for any complexity? | [provide details] |
| If applicable, does the management and control you have identified and verified correspond with the information held at Companies House or any other relevant company registries? If not, have you informed Companies House of any discrepancies? Is this documented? **9** | [provide details] |

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| **CLIENT LOCATION** | |
| Have you considered the geographical risks present for this client? E.g., where they are incorporated, trading/principle place of business is or where the Ultimate Beneficial Owner is resident? **10** | [provide details] |
| Is the company established in or does it have a principal place of business in a high-risk third country or any other country considered to have elevated risk owing to relevant reputable sources? **11** | [provide details] |

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| **CLIENT INTERACTION** | |
| Have you met/will you meet with the client or representative face-to-face? **12** | [provide details] |
| If not, are you comfortable there is a legitimate reason for this? **13** | [provide details] |
| Is the client acting or planning to act through an intermediary? If so, have you established why an intermediary is being used, does the rationale for doing so add up? **14** | [provide details] |
| Has the intermediary’s identity been verified? Are they regulated for AML purposes? | [provide details] |

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| **SANCTIONS, PEPS AND ADVERSE MEDIA SCREENING** | |
| Have you undertaken any searches to review or screen the client and any associated parties for sanctions, PEP, and adverse media status? **15** | [provide details] |
| Are any members of the board or equivalent senior management or any beneficial owners PEPs? | [provide details] |
| Has any adverse media been identified? | [provide details] |
| Is the client/director/beneficial owner or any other relevant parties subject to any sanctions? | [provide details] |

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| **MATTER LEVEL RISK FACTORS** | **NARRATIVE / COMMENTS** | |
| Is the matter routine for the practice, and if not, does lack of experience or expertise add to the risk?  **16** | [provide details] |
| Have you established any potential risk of proliferation financing relating to the matter and are you comfortable there is no proliferation financing concerns? **17** | [provide details] |
| Are there any features within the matter which may represent higher risk? **18** | [provide details] | |
| Is the matter generally complex in nature? Can the service type provided be used to obscure ownership/promote anonymity? | [provide details] | |
| Is the matter undertaken at short notice, within a short timescale or does it involve an unusual pattern of transactions? | [provide details] | |

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| **SOURCE OF FUNDS** – the funds being used to fund the specific transaction/matter **19** | |
| Have you identified and verified the underlying source of any private funds (that is, not from regulated lending) to be used in the matter? | [provide details] |
| Are the funds coming from overseas, either directly or indirectly? Is the geographic location or jurisdiction of origin of the source of funds associated with higher ML/TF risk?**20** | [provide details] |
| Is the source of funds to be used commensurate with your knowledge of the client? | [provide details] |
| Have you seen the company’s latest financial statements or annual reports? Are they audited by a regulated company? | [provide details] |
| Consider if the source of funds or the parties to the matter have or will frequently change? | [provide details] |
| Will the source of any private funds to be used in the matter be a third party to the transaction?  Can you establish or evidence a relationship (affiliated entities or otherwise) between the client and the third party? Is this relationship logical / reasonable in the context of the client / transaction? **21** | [provide details] |
| If you have already collected source of funds/wealth documentation, 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? **22** | [provide details] |
| Does the matter involve the use of crypto currencies / virtual assets or crowd funding platforms? **23** | [provide details] |

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| **SOURCE OF WEALTH** *(if applicable)***24** | |
| Consider and detail the overall source of wealth of the client holistically. Where has the client’s overall wealth derived from? | [provide details] |
| Is the source of wealth commensurate with your knowledge of the client. Does it make sense, and can you verify that the client obtained their wealth in the way that they have advised you? **25** | [provide details] |
| Are there any additional SoW considerations to be made if PEP or HRTC involvement has been established? | [provide details] |

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| **RELIANCE 26** | |
| Will you be exercising Reliance with another AML regulated company? | [provide details] |
| If Reliance is being exercised, has the necessary due diligence been conducted on the regulated company and the agreement in place? | [provide details] |

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| **RISK APPETITE CONSIDERATION 27** | |
| 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 AND ONGOING MONITORING**

This section should be completed at the outset of the matter, during the matter and just prior to completion. Assessment of risk criteria should be considered holistically and not in isolation. 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?*  *Are there circumstances that would lead you to speak to your MLRO about knowledge or a suspicion of money laundering / terrorist financing?*  *Has the client been cooperative in the process, or have they delayed providing information, identification and verification documentation or appeared reluctant to do so?*  *Have you considered enhanced ongoing monitoring for matters rated high risk?*  *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 – *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 and interim risk assessment? Has the client changed their instructions without appropriate explanation?* | | | | | |
| 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. **28**