



QATAR FINANCIAL CENTRE

**REGULATORY  
AUTHORITY**

# AML/CFT Self Assessment

# 1. Introduction

To assist Firms to adopt appropriate practices to mitigate the risk of money laundering, terrorist financing and fraud, the Regulatory Authority have developed this AML/CFT Self Assessment which outlines the core requirements of an Anti Money Laundering/Combating the Financing of Terrorism (AML/CFT) and fraud prevention programme.

The AML/CFT Self Assessment is not a checklist and is neither exhaustive nor prescriptive. It provides a practical method for Firms to focus on the key AML/CFT requirements and to enable them to gauge if they are effectively discharging their legal and regulatory obligations to prevent money laundering, terrorist financing and fraud.

The AML/CFT Self Assessment requires the Firm to assess and document their AML/CFT and fraud prevention programme against each core requirement and rate its level of compliance as High, Medium or Low. The Regulatory Authority has provided a list of points that Firms should consider when assessing itself against each requirement.

The completion of the AML/CFT Self Assessment will assist Firms in determining which policies, procedures, systems and controls need to be strengthened to ensure that the Firm has an effective AML/CFT and fraud prevention regime in place. Firms are encouraged to use the action plan at section 4 to document and track areas requiring follow up.

Whilst there is no formal requirement to submit the completed AML/CFT Self Assessment to the Regulatory Authority, the Firm's assessment will be reviewed as part of any on-site risk assessment visit and the Regulatory Authority may request submission of this completed document at any time. The Regulatory Authority will also expect Firms to be able to justify and verify their assessment with supporting documentation if requested.

## 2. Details

<b>Name of Firm</b>		<b>Date of Completion</b>	
<b>QFC Number</b>		<b>Completed By</b>	
		<b>Approved By</b>	

# 3. Assessment

## A. AML/CFT Senior Management Responsibilities

Area	Assessment	Rating
<p><b>A1. The governing body of the Firm takes and demonstrates overall responsibility for AML/CFT systems and controls.</b></p> <p>Consider:</p> <ul style="list-style-type: none"><li>• whether the governing body of the Firm fully understand their obligations and AML/CFT responsibilities;</li><li>• whether the governing body and senior management receive regular AML/CFT training;</li><li>• the extent of regular management information on AML/CFT matters;</li><li>• whether the governing body or senior management approved the Firm's AML/CFT policy;</li><li>• the resources that the governing body/senior management have allocated to AML/CFT (human, IT, budgets etc.);</li><li>• whether the governing body has issued a policy statement confirming a commitment to AML/CFT.</li></ul>		

**B. Money Laundering Reporting Officer and AML Resources**

Area	Assessment	Rating
<p><b>B1. The MLRO is sufficiently senior, competent and independent to effectively discharge his responsibilities.</b></p> <p>Consider:</p> <ul style="list-style-type: none"><li>• whether the MLRO is at management level;</li><li>• who the MLRO reports to (both on day to day level and on AML matters);</li><li>• whether (and how) he has direct access to senior management and the governing body;</li><li>• whether he has relevant AML/CFT qualifications and experience and is maintaining and developing AML/CFT related qualifications and continued development;</li><li>• how does the MLRO demonstrate sufficient knowledge of the Qatar and QFC AML regime;</li><li>• whether the MLRO undertakes other functions or duties for the Firm or for other Group entities, if so, how have any conflicts of interest been addressed;</li><li>• if, and where, the MLRO's duties and functions are clearly documented in a policy statement.</li></ul>		

<p><b>B2. The MLRO spends a sufficient amount of time and resources on AML/CFT for the QFC office of the Firm.</b></p> <p>Consider:</p> <ul style="list-style-type: none"> <li>• whether the MLRO is based in the QFC office;</li> <li>• if the MLRO is not resident in Qatar, whether a waiver has been filed with the regulatory authority, how often does the MLRO visit the QFC office and how does the MLRO ensure appropriate oversight when not in the QFC office;</li> <li>• if the MLRO perform other roles for the Firm or for other Group entities, how much of his time is spent on AML matters for the QFC office;</li> <li>• the size of the Firm's AML department and whether the QFC office have access to other AML resources (e.g. at a Group level or consultants).</li> </ul>		
<p><b>B3. Firm has identified and appointed a deputy MLRO.</b></p> <p>Consider:</p> <ul style="list-style-type: none"> <li>• whether and how the identity of the deputy MLRO "DMLRO" is documented and known to senior management and all staff;</li> <li>• whether the deputy MLRO can effectively perform the role of the MLRO in the MLRO's absence;</li> <li>• whether the DMLRO is employed at management level</li> <li>• whether the DMLRO have sufficient seniority, experience and qualifications to perform the MLRO role;</li> <li>• what other functions does the DMLRO undertake and how are any conflicts of interest managed when performing the AML function.</li> </ul>		

**C. Management Reporting**

Area	Assessment	Rating
<p><b>C1. Timely and adequate reporting to senior management on AML matters.</b></p> <p>Consider:</p> <ul style="list-style-type: none"><li>• whether the MLRO produced the annual MLRO report and submitted it to senior management within 4 months after the Firm's financial year end;</li><li>• whether the MLRO is using a standard reporting template;</li><li>• whether the content of the MLRO report is sufficiently comprehensive and whether it meet regulatory requirements;</li><li>• whether the report format requires an assessment and positive action from the Firm's senior management;</li><li>• what other reporting (both formal and informal) is provided to management on AML matters.</li></ul>		

**D. Risk Assessment Profile and Risk Based Approach**

Area	Assessment	Rating
<p><b>D1. Firm assesses its risks relating to money laundering.</b></p> <p>Consider:</p> <ul style="list-style-type: none"> <li>• whether the Firm has formally assessed and documented the Firm's business in the QFC and its vulnerability to money laundering and terrorist financing considering its products, services, customers and geographic scope;</li> <li>• whether the Firm has identified the AML/CFT threat pertaining to its business and developed a risk mitigation programme</li> <li>• whether the Firm has identified which products and services of the Firm are considered a higher AML/CFT risk;</li> <li>• who is responsible for the Firm's AML/CFT risk assessment profile;</li> <li>• how often does the Firm review and update its AML risk assessment profile;</li> <li>• whether the Firm has documented procedures in place to assess the money laundering or terrorist financing risk posed by all new products, changes in services or delivery channels prior to commencement.</li> </ul>		
<p><b>D2. Policies and procedures in place to assess the money laundering/terrorist financing risk associated with a business relationship.</b></p> <p>Consider:</p> <ul style="list-style-type: none"> <li>• whether the Firm assigns each business relationship a risk rating, based upon the level of potential money laundering or terrorist financing risk;</li> <li>• if the Firm has a risk matrix designed to assist in allocating a risk rating to a customer;</li> <li>• whether the Firm has a methodology for rating countries or jurisdictions;</li> <li>• whether the Firm regularly reviews a customer's ML/FT risk rating (how often)?</li> </ul>		



<p><b>D3. Perform enhanced due diligence (EDD) for higher risk products, services and customers.</b></p> <p>Consider:</p> <ul style="list-style-type: none"><li>• whether the Firm has identified particular products or services as higher risk which therefore triggers EDD for customers wishing to avail of those products or services;</li><li>• does the Firm require and document what additional KYC steps are required where a customer is flagged as high risk;</li><li>• whether additional monitoring is required over higher risk customers or accounts (and whether it is clear what this entails);</li><li>• whether the Firm's enhanced due diligence procedures are documented;</li><li>• whether management are advised of higher risk customers.</li></ul>		
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**E. Know Your Customer (KYC)**

Area	Assessment	Rating
<p><b>E1. Adequate KYC policies and procedures.</b></p> <p>Consider:</p> <ul style="list-style-type: none"> <li>• whether the Firm has a KYC policy outlining its approach to KYC;</li> <li>• whether the Firm have documented KYC procedures setting out and the information and verification documentation required for KYC;</li> <li>• whether the Firm's procedures specify the minimum supporting KYC documentation required and how documents must be authenticated;</li> <li>• whether KYC procedures are embedded into the account opening process;</li> <li>• if KYC is tailored for different types of customers;</li> <li>• whether KYC policies and procedures require identification of the beneficial owner and ensure that staff understand the definition of beneficial owner.</li> </ul>		
<p><b>E2. KYC policies and procedures include developing a profile of the customer.</b></p> <p>Consider:</p> <ul style="list-style-type: none"> <li>• whether the firm develops a customer profile for each customer covering nature and level of business, origin of funds and source of wealth;</li> <li>• if the customer profile provides sufficient information to monitor the customer and his account for suspicious activity or transactions;</li> <li>• whether each customer of the Firm has a documented customer profile.</li> </ul>		

<p><b>E3. Outsourcing customer identification or reliance on others to perform customer identification.</b></p> <p>Consider:</p> <ul style="list-style-type: none"> <li>• whether the firm outsources KYC to a third party and if so, if that party meets the obligations under AML/CFTR Division 3.4B &amp; C;</li> <li>• what due diligence was undertaken on the third party and if this is documented and evidenced;</li> <li>• if the Firm entered into an agreement with the third party;</li> <li>• if any Customers are referred or introduced by a Group entity, whether the Firm relied on the customer identification undertaken by that entity;</li> <li>• if reliance was placed on the Group entity, whether the Firm satisfied itself that KYC would be adequately performed and an introduction certificate was received.</li> </ul>		
<p><b>E4. Exceptions to KYC or simplified due diligence.</b></p> <p>Consider:</p> <ul style="list-style-type: none"> <li>• whether the Firm has documented and verified the decision to perform simplified due diligence;</li> <li>• if it is clearly documented in client files when an exception has been relied upon.</li> </ul>		

**F. Monitoring and Suspicious Activity Reporting**

Area	Assessment	Rating
<p><b>F1. Keeping KYC information updated.</b></p> <p>Consider:</p> <ul style="list-style-type: none"> <li>• whether the Firm's procedures ensure customer's verification documentation remains valid;</li> <li>• if the Firm requires a periodic review of customer's KYC information to ensure it is current;</li> <li>• if the Firm specifies trigger events that require a review of a customer's KYC information.</li> </ul>		
<p><b>F2. Adequate processes and documented procedures for monitoring transactions for unusual or suspicious activity.</b></p> <p>Consider:</p> <ul style="list-style-type: none"> <li>• the form and method of monitoring and if it is appropriate given the nature, scale and complexity of the Firm;</li> <li>• whether transaction monitoring is manual or automated;</li> <li>• the frequency and scope of transaction monitoring (are all transactions reviewed/filtered);</li> <li>• whether transaction/activity monitoring is conducted against the customer profile of expected activity;</li> <li>• who is responsible for transaction monitoring and who is responsible for reviewing flagged transactions or activity for further examination.</li> </ul>		

<p><b>F3. Enhanced monitoring for higher risk customer, products or services.</b></p> <p>Consider:</p> <ul style="list-style-type: none"> <li>• if the Firm has procedures for conducting enhanced monitoring for higher risk customers, products or services and what this entails;</li> <li>• whether complex, unusually large transactions or transactions that have no apparent or visible economic or lawful purpose are examined. Consider how are these detected and who are they examined by.</li> </ul>		
<p><b>F4. Internal reporting of potentially suspicious transactions.</b></p> <p>Consider:</p> <ul style="list-style-type: none"> <li>• how employees will be able to identify suspicious activity;</li> <li>• whether employees understand their obligation to make internal reports to the MLRO of any suspicious activity;</li> <li>• the level of detail of the Firm's internal procedures for reporting of potentially suspicious transactions (timeframes, approvals, use of a template report for internal suspicious transactions etc);</li> <li>• how employees are made aware that failing to make a report may result in disciplinary action.</li> </ul>		

<p><b>F5. Procedures for the MLRO investigation and evaluation of internal STRs.</b></p> <p>Consider:</p> <ul style="list-style-type: none"> <li>• whether there are documented procedures for the MLRO to follow on receipt of an internal STR;</li> <li>• how the MLRO documents the investigation;</li> <li>• whether the MLRO is able to make a decision as to whether to report to the FIU independently (and without consent or approval of any other person).</li> </ul>		
<p><b>F6. Circumstances under which a disclosure should be made to the Qatar Financial Information Unit (FIU).</b></p> <p>Consider:</p> <ul style="list-style-type: none"> <li>• whether the Firm's procedures include using the STR form produced by the Qatar FIU;</li> <li>• whether the Firm has documented the contact details of the Qatar FIU;</li> <li>• if the Firm's procedures include documenting reasons why a report was not made to the Qatar FIU.</li> </ul>		
<p><b>F7. Procedures and controls in place following an external STR.</b></p> <p>Consider:</p> <ul style="list-style-type: none"> <li>• whether the Firm's procedures include actions to take following an STR to the FIU, including notification to the Regulatory Authority, preventing tipping off, what to do if a customer wishes to move his funds etc;</li> <li>• how the Firm ensures staff are aware of the tipping off offence.</li> </ul>		

**G. Policies and Procedures**

Area	Assessment	Rating
<p><b>G1. Documented AML/CFT policies and procedures.</b></p> <p>Consider:</p> <ul style="list-style-type: none"> <li>the format of the Firm's AML/CFT policy and procedures (are they detailed in one manual or a number of manuals? Is this a group wide policy or bespoke to the QFC office?);</li> <li>to what extent AML/CFT policies and procedures are embedded into day to day operational procedures. Consider client take on procedures and determine if they are sufficiently detailed to ensure compliance with KYC requirements and the Firm's own KYC policy;</li> <li>how often are AML/CFT policies and procedures updated and the date of the last review (consider whether Qatar/QFC AML/CFT legislation changed recently and if policies and procedures reviewed to reflect those changes);</li> <li>whether the Firm applies its AML policies, procedures, systems and controls to any branches or subsidiaries operating outside the QFC;</li> <li>if all staff have easy access to relevant AML/CFT policies and procedures;</li> <li>whether staff are required to confirm receipt and understanding of the AML/CFT policies and procedures.</li> </ul>		

**H. Training and Staff Awareness**

Area	Assessment	Rating
<p><b>H1. An adequate training programme which encompasses AML/CFT training for all employees.</b></p> <p>Consider:</p> <ul style="list-style-type: none"> <li>• if the Firm has a documented AML/CFT training programme including the scope and content of AML/CFT training including frequency, delivery methods and provider;</li> <li>• whether training is tailored for different employees;</li> <li>• whether employees required to undertake AML/CFT training before undertaking customer related or other relevant activities;</li> <li>• whether the scope of the training includes at least details of: the MLRO and deputy, relevant AML legislation, the Firm's AML policies, procedures, systems and controls, money laundering risks, trends and techniques, applicable red flags, procedures for STRs, and KYC requirements etc;</li> <li>• whether and how employees are assessed for knowledge retention following the AML/CFT training.</li> </ul>		
<p><b>H2. Additional tools to maintain and update staff awareness on AML/CFT matters.</b></p> <p>Consider:</p> <ul style="list-style-type: none"> <li>• what other documentation or information is provided to staff in respect of AML/CFT to promote awareness e.g. staff bulletins, updates to legislation, changes to policies and procedures.</li> </ul>		



<p><b>H3. Adequate records to evidence AML/CFT training.</b></p> <p>Consider:</p> <ul style="list-style-type: none"><li>• whether the Firm maintains a current training log providing details of all staff and the date of their last AML/CFT training;</li><li>• who is responsible for maintaining the log;</li><li>• whether, it is easy to identify staff that are due, or have not received, AML training and if it is clear who in the Firm is responsible for following up with staff to ensure training is conducted;</li><li>• whether the Firm imposes consequences for staff if training is not undertaken within the timeframe;</li><li>• if all staff have a training plan, detailing AML/CFT training requirements for the next 12 months.</li></ul>		
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I. Other

Area	Assessment	Rating
<p><b>11. Record keeping of all required information and documents relating to AML/CFT.</b></p> <p>Consider</p> <ul style="list-style-type: none"> <li>• whether it is clear what records and documents need to be maintained and for how long;</li> <li>• the adequacy of record retention include the form that are records maintained (hard copy, electronic), whether they are maintained onsite in the QFC office or at another location and can information be readily accessed and obtained;</li> <li>• where the requirements for record keeping are documented;</li> <li>• if records are maintained outside the QFC, the appropriateness of those arrangements and whether there are any secrecy or data protection legislation which may restrict access.</li> </ul>		
<p><b>12. Annual independent audit of the effectiveness of AML/CFT policies, procedures, systems and controls.</b></p> <p>Consider:</p> <ul style="list-style-type: none"> <li>• when was the independent audit last undertaken and when is the next one scheduled;</li> <li>• who undertook the review and whether they are sufficiently independent from the AML function;</li> <li>• if the scope of the review is clearly documented and if it is sufficient to determine the effectiveness of the Firm's AML/CFT policies, procedures, systems and controls;</li> <li>• whether findings from the review are reported to senior management;</li> <li>• whether it is clear who is responsible for implementing and following up the recommended actions.</li> </ul>		

<p><b>13. Adequate procedures in place to identify, conduct due diligence on and deal with Politically Exposed Persons.</b></p> <p>Consider:</p> <ul style="list-style-type: none"> <li>• whether the Firm has an accurate and documented definition of a Politically Exposed Person (PEP);</li> <li>• what methods the Firm uses in order to identify if an individual is a PEP;</li> <li>• if senior management approval is required to open an account with a PEP (and acknowledging the risks involved with the PEP);</li> <li>• whether procedures include steps to establish origin of funds and source of wealth or income;</li> <li>• how senior management provide regular oversight of the relationship.</li> </ul>		
<p><b>14. If the Firm has correspondent banking client relationships, complying with the due diligence requirements as set out in Rule 1.3.7 of the QFC Regulatory Authority AML/CFT Rules 2010.</b></p> <p>Consider:</p> <ul style="list-style-type: none"> <li>• whether the Firm has documented procedures for entering into correspondent banking client relationships and whether these have been followed for the relationships that have been established;</li> <li>• what due diligence is undertaken on a correspondent banking client including on the bank's AML policies and procedures;</li> <li>• what ongoing monitoring is undertaken on a correspondent banking client.</li> </ul>		

<p><b>15. Screening customers against official lists and use of findings.</b></p> <p>Consider:</p> <ul style="list-style-type: none"><li>• how the Firm obtains details of official lists and other findings issued by the various State/regulatory and international bodies;</li><li>• what methods are used to screen customers during the client take-on process and who undertakes this function;</li><li>• whether the Firm's procedures include further analysis when a positive hit is returned and is it clear who is responsible for determining if it is a false positive;</li><li>• whether the Firm has procedures in place to ensure that it monitors customers against official lists on an ongoing basis and at what frequency.</li></ul>		
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**J. Prevention of Fraud**

Area	Assessment	Rating
<p><b>J1. Documented and comprehensive fraud prevention policy.</b></p> <p>Consider:</p> <ul style="list-style-type: none"> <li>• whether the Firm has a documented fraud policy which identifies the key areas of risk within the Firm;</li> <li>• if the Firm has identified how fraud risks are detected, investigated, mitigated and reported and what steps are taken by the Firm to mitigate those risks;</li> <li>• whether the Firm has whistle blowing procedures in place;</li> <li>• who in the Firm is responsible for implementing the fraud prevention programme;</li> <li>• whether the Firm has adequate resources and budget to prevent fraud;</li> <li>• if the Firm has procedures in place to screen and conduct verification checks on all prospective and new employees that are captured as higher impact individuals as per AML/CFT Rule 6.1.1;</li> <li>• does the Firm understand which employees are in a position to facilitate money laundering or fraud;</li> <li>• do senior management receive reports on fraud prevention matters.</li> </ul>		

## 4. Areas Requiring Follow Up

Area (e.g. B3)	Action required	Responsible	Due Date