International Diploma in AML - Syllabus

Module 1

Unit 1 – Money Laundering and Countering the Financing of Terrorism (CFT) – Definition and Nature

- The nature of money laundering and terrorism financing
- How is money laundered?
- Limitations of the three-stage interpretation of money laundering

Unit 2 – The International Context

- Why knowledge of international initiatives and developments is important
- Financial Action Task Force (FATF)
- The European Commission and Council
- International Monetary Fund (IMF)
- United Nations
- The Basel Committee on Banking Supervision
- The Organisation for Economic Co-operation and Development (OECD)
- The Egmont Group of Financial Intelligence Units – a semi-governmental organisation
- Non-governmental organisations (NGOs)
- The interface between money laundering and corruption

Unit 3 – The International Anti Money Laundering (AML) and Countering the Financing of Terrorism (CFT) Framework

- Development of domestic anti money laundering and counter financing of terrorism (AML/CFT) models
- The UK's AML/CFT legislation and strategy
- The UK framework: primary legislation
- The UK framework: secondary legislation and regulation
- The Jersey strategy on money laundering and terrorism financing
- The Guernsey strategy on money laundering and terrorism financing
- Alternative national AML/CFT models

Unit 4 – Laundering the Proceeds of Tax Evasion

- The nature of tax evasion
- Taxes payable and conflict of laws rules that determine where taxes are paid
- New disclosure requirements designed to identify tax evaders
- Criminal liability for laundering the proceeds of tax evasion

Unit 5 – Terrorist Financing and Proliferation Financing

- The international strategy on terrorism financing
- The USA Patriot Act and US extraterritoriality
- The EU strategy on terrorism financing
- The UK's counter financing of terrorism strategy
- Characteristics and sources of terrorist financing
- Moving terrorist funds
- The financing of weapons proliferation

Unit 6 – Complying with Sanctions Regimes and Freezing Requirements

- What are sanctions?
- Why are sanctions relevant to the financial sector?
- Global sanctions framework
- European Union (EU) sanctions regime
- The UK financial sanctions regime
- US financial sanctions regime
- Complying with financial sanctions regimes
- Designing a compliance framework
- Sanctions lists and screening
- Quality assurance and testing
- Internal communications and training
- Sanctions Guidance

Module 2

Unit 7: Concepts of Risk Management

- Key concepts of risk management
- The identification of money laundering and terrorist financing risks
- Countering the risk of terrorist financing
- Identifying and assessing risk
- The creation of a control library
- Measuring the effectiveness of controls
- Additional review activities
- Outcomes of the risk assessment

Unit 8: Implementing an AML/CFT Risk-Based Approach for a Financial Services Business

- The international standards and requirements
- Determining a risk-based strategy and approach
- Applying the risk-based strategy and approach
- The benefits of a risk-based approach
- Designing an AML and CFT strategy
- Identifying and managing specific money laundering risks
- Understanding the interrelated business risks
- Continuous review of the risk-based approach to AML/CFT

Unit 9: The AML/CFT Governance Framework

- Managing AML/CFT compliance risks
- Defining roles and responsibilities
- The money laundering reporting officer (MLRO)

Unit 10: Management Issues for an AML/CFT Policy

- Formulating a risk-based strategy and policy
- The need for a group-wide programme
- The content of a policy
- Defining and determining the risk-based approach for CDD policies
- Senior management commitment to the policy
- Implementing and communicating internal AML/CFT compliance arrangements

Unit 11: Culture and Training

- Introduction
- Creating an effective AML/CFT compliance culture
- Common cultural barriers
- Staff awareness and training
- Competency testing

Module 3

Unit 12 – Vulnerabilities of Products and Services

- Introduction
- Retail banking services
- Lending and credit facilities
- Cyber-laundering, electronic payment systems and emerging technologies
- International trade and trade finance
- Wealth management
- Investment management services and securities
- Stockbroking, investment management and fund products
- Retail investment funds
- Life insurance and pensions
- General insurance
- Money services businesses (MSBs)
- Non-financial professionals (lawyers and accountants)
- Trusts and corporate services providers

Unit 13 – Customer Due Diligence (CDD)

- What is CDD?
- Taking a risk-based approach to CDD
- The value of CDD information
- Transparency and beneficial ownership requirements
- The requirement for enhanced due diligence in high-risk situations
- Managing high-risk situations: politically exposed persons (PEPs)
- Managing high-risk situations: Correspondent banking
- Simplified due diligence (SDD) in lower-risk situations
- Assessing money laundering risk in all other circumstances

- The CDD information to be collected and verified
- Relying on third parties and accepting introduced business
- Customer reviews and updating CDD
- Compliance monitoring of the CDD process
- Retaining customer records

Unit 14 – Escalation and Exit Strategies

- Escalations and exits: An introduction
- Escalation
- Exiting relationships

Unit 15 – Transaction and Activity Monitoring

- Requirements of the international standards
- Monitoring wire transfers
- Transaction records
- Strategic transaction monitoring and filtering programme
- Identifying key risks
- Risk-based transaction monitoring

Unit 16 – Recognition, Handling and Reporting of Transactions

- The legal obligation to report
- The mandatory reporting requirement
- Currency transaction reporting
- Designing an effective internal reporting system
- The nominated officer’s evaluation process
- Making an SAR to law enforcement

Unit 17 – Post-Reporting Considerations

- Introduction
- Handling the risk of committing the tipping-off offence
- Constructive trusteeship
- Responding to discovery and enforcement orders
- Terminating relationships
- Managing media enquiries
- Subsequent customer review techniques

Unit 18 – Dealing with the Authorities

- Introduction
- Obtaining law enforcement consent
- Post-SAR procedures
- Responding to informal requests for additional information
- Monitoring/Production and other court orders
- Legal professional privilege (LPP)
- Fraud and International Cooperation notices
- Restraint Orders
- Confiscation Orders
- Civil asset recovery
- Managing document retention

International Diploma in GRC - Syllabus

Module 1

Unit 1 – The need for regulation

- **Understanding the relationships between governance, risk and compliance**
  - Defining effective GRC
  - The components of GRC
  - Why do we need effective GRC?
  - The definition of effective GRC

- **What is effective regulatory compliance?**
  - Conduct of business
  - Prudential compliance

- **What are the objectives of regulation?**
  - Consumer protection
  - Market confidence and stability
  - Promoting market integrity

- **Managing regulatory compliance in a dynamic environment**
  - Where to begin with a GRC regulatory strategy
  - Where next for GRC?

Unit 1 Appendices

- The Basel Accords
- The regulatory objectives of the FCA and the PRA
- Making the business case for centralised GRC – a scenario

Unit 2 – Lessons from the history of regulation

- **History: how did we get to where we are today?**
  - A timeline
  - Financial scandals
  - Political change
  - World events and international pressure
  - Globalisation and technology
  - Is regulation therefore reactive?
  - The aftermath of the financial crisis

- **Do past events represent regulatory failures?**
  - The credit crisis: why existing regulation failed
  - Regulatory 'maturity'

- **Who and what are the key influencers on the regulated environment?**
  - The industry which is regulated
  - Politics
  - Economics
  - Environmental aspects
  - Globalisation

- **What is happening now – the current situation**
  - Constant change – what does this mean?
  - The hierarchy of regulation
  - The legal, or structural, basis of regulation

- **How can GRC professionals be proactive?**
  - Expected and unexpected changes

Unit 2 Appendices

- Suggested reading for Section 1.2
- The collapse of Enron
- A brief history lesson
- The collapse of Lehman Brothers Inc.

Unit 3 – Managing the regulatory relationship

- **Know your regulator!**
  - Structures
  - Approaches
  - Methodologies – or powers of regulators

- **Integrity from a regulator's perspective**
  - Ethics is a serious issue
  - Establishing the importance of ethics and integrity

- **Purpose, principles and values**
  - Suggestions for best practices for purpose, principles and values

Unit 3 Appendices

- The FCA's role in the reduction of finance-related crime
- Conflicts of interest – McKinsey & Co

Module 2

Unit 4 – Understanding behavioural compliance

- **Culture, ethics, integrity, values and principles**
  - Defining values, ethics and principles in industry
  - Different types of values
  - Values and the regulators
  - Values and customers
- **Behavioural compliance in practice**
  - Psychology in the workplace
  - Six of the basics in the workplace
- **The differences between accountability and responsibility**

Unit 5 – Using corporate governance for the benefit of the firm

- **Ethics and integrity – practical application**
  - Making the business case
  - Whistle-blowing as an example
- **Remuneration as a behavioural tool**
  - Remuneration and the longer-term view
- **Corporate governance regulation**
  - Common principles of good governance
  - Independence
  - Competence
  - Challenge
  - Implementing good corporate governance
  - The management of good governance
- **Corporate social responsibility: a tool to enhance values, ethics and principles**
  - How corporate social responsibility fits in
  - Convergence of values, ethics, principles and corporate social responsibility
  - A values-development model
- **Environmental, Social and Governance: its rise in importance**
  - ESG criteria and considerations
  - The current position on ESG
  - Implications for the compliance function

Unit 5 Appendices

- Remuneration
- The Parliamentary Commission on Banking Standards Report 'Changing Banking for Good'
- A case study – remuneration, culture, values and governance
- Governance in the Co-operative Group
- Corporate social responsibility: Apple and Foxconn
- ESG Greenwashing

Unit 6 – Achieving effective corporate governance

- **The six steps process for effective governance**
  - The right information
  - The right people
  - The right time
  - The right decision
  - The right action
  - The right outcome
- **The benefits of effective GRC**
  - Preparing for regulatory change
- **Ethics in practice – combatting financial crime**
  - A robust ethical culture

Unit 6 Appendices

- Corporate Governance within the Olympus Corporation
- Corporate Governance – Siemens AG

Module 3

Unit 7 – Effective regulatory risk management

- **Risk leadership, risk appetite and risk stewardship**
  - Risk leadership
  - Risk appetite
  - Risk stewardship
- **Understanding regulatory risk**
  - Governance, risk and compliance and the reasons why we manage regulatory risk

- The risk management process
- Understanding critical risk types

- **Systems and controls as risk management tools**
  - The links with GRC
  - Risk as a prioritisation tool

- **What to include when designing a regulatory risk management programme**

- **Opportunities and threats from new developments**
  - The triple bottom line
  - In pursuit of a purpose
  - Disruptive innovation
  - Is RegTech the answer?
  - Big data
  - Artificial intelligence (AI) and machine learning (ML)
  - Opportunities or threats?

Unit 7 Appendices

- Establishing and designing a compliance programme

Unit 8 – The role of the compliance function

- **Compliance training and education**
  - Training
  - Education

- **Advice, guidance and consultation**
  - Giving advice
  - Guiding the business and colleagues
  - Compliance as a consultant

- **Compliance monitoring and reporting to give assurance**
  - Monitoring plans
  - Reporting requirements
  - Management information (MI)
  - Disclosure

- **Designing and implementing systems and controls**
  - Reporting lines
  - Access to the board
  - Roles and responsibilities
  - Developing GRC policy and procedures
  - Getting all employees to understand the importance of the GRC framework
  - Factors affecting the GRC framework
  - Implementing a principles-based, values-led compliance culture

Unit 9 – The role of the compliance professional

- **Key compliance relationships – who, what and why**
  - Key relationships
  - Why relationships are so important

- **The importance of knowledge**
  - Technical knowledge
  - Personal skills and qualities
  - Data protection and compliance

- **What does good look like?**
  - Product development and selling practices
  - Advertising: Clear, fair and not misleading?
  - Conflicts of interest

- **Educating others in the value of effective compliance**
  - Demonstrating the value of compliance to senior management teams
  - The position with other employees
  - How can compliance education be more effective?

- **Dealing with regulatory issues and enforcement**
  - What to do if you have a potential regulatory breach
  - Internal investigations
  - The sanctions a regulator can impose
  - Making sure it does not happen again

Unit 9 Appendices

- Managing a visit from the regulator
- Risk management and governance: the Fukushima Dai-Ichi nuclear power plant disaster