



# STANDARDIZING POLICY DESIGN AND APPROVAL – WHY IT MATTERS

THE POLICY MANAGEMENT ILLUSTRATED SERIES

## SPEAKERS

**Michael Rasmussen**, GRC Research Analyst and Pundit, GRC 20/20 and OCEG Fellow

**Evgeny (Jay) Likhoded**, CEO, ClauseMatch

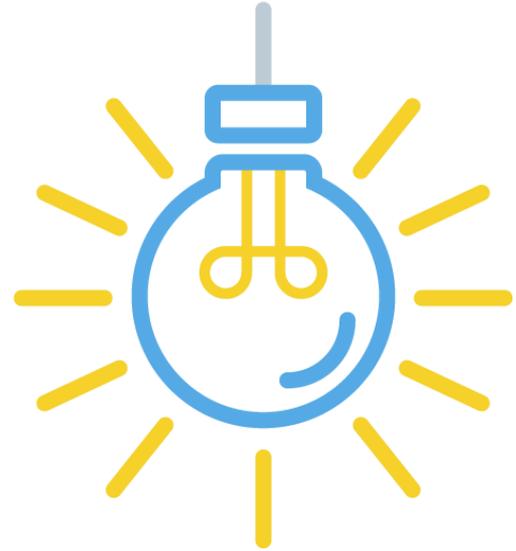
**Moderator: Carole Switzer**, Co-Founder and President, OCEG

# Housekeeping

- Download slides at  
<http://www.oceg.org/event/standardizing-policy-design-and-approval-why-it-matters>
- Answer all 3 polls
- Certificates of completion  
(only for OCEG All Access Pass holders)
- Evaluation survey at the close of the webinar
- Find the recording on the Resource tab of the OCEG site, under Archived Webinars

# Learning Objectives

- Outline a consistent process for agile policy development and approval
- Identify policy information that helps enable future management and defense
- Determine how to use policy management technology during the policy development phase



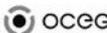
# Poll 1

Do you have an OCEG All Access Pass (a paid membership) and would you like to receive CPE credit for this event?

- a. Yes, I have an All Access Pass and I would like to receive a Certificate of Completion for this event
- b. Yes, I have an All Access Pass but I do not need a Certificate of Completion
- c. No, I do not have an All Access Pass but I would like to get one and receive CPE credit for this and future webcasts I attend
- d. No, I do not have an All Access Pass and I don't want to buy one at this time (so I won't get CPE credit for this event)

# A collaborative approach to policy development and approval

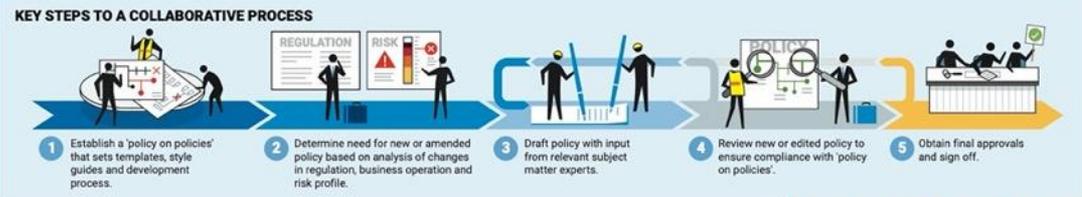
Policy development is continual, whether creating new policies or revising existing ones in response to change. Organizations need a structured approach to policy development supported by appropriate technology to ensure that policies are developed and approved in a collaborative and consistent manner in accordance with the scope and design of the policy management system.

DESIGNED BY:  

SPONSORED BY: 

### A SUITABLE AND SCALABLE SYSTEM

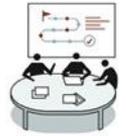
Each organization will establish and define key roles in the policy management program to suit their own needs considering the number and scope of policies, the nature of the business and the overall management style. Some may combine author and owner roles; others may use a team to draft key policies; a few might have a team of assistant policy program managers and one or more policy review and approval committees. Most will have the key roles described below.

### ORGANIZATIONAL ROLES

#### STEERING COMMITTEE

- Govern the policy management program
- Approve templates, guidance and procedures
- Review and revise the program as needed to reflect changes in the environment
- Include representatives across departments



#### PROGRAM MANAGER

- Manage the policy development process
- Guide policy owners and developers
- Oversee policy approval committees
- Chair and/or facilitate the steering committee



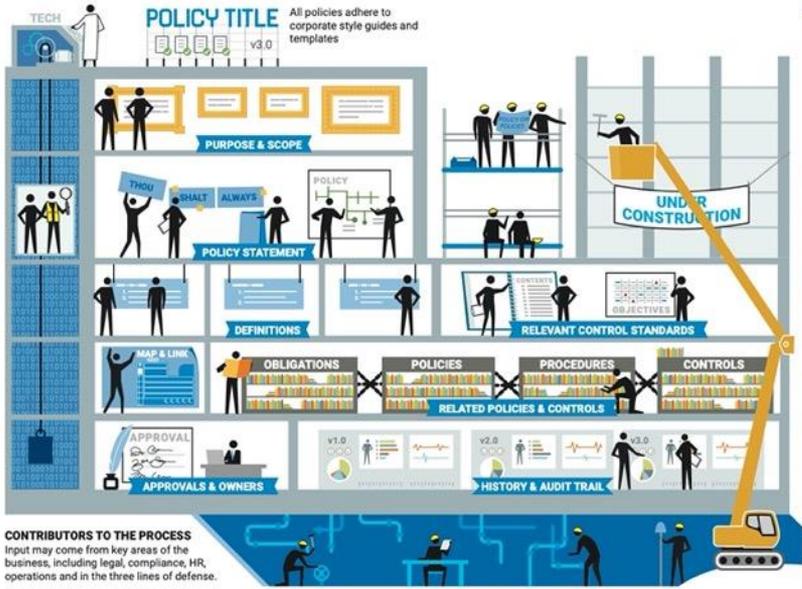
#### POLICY OWNER

- Ensure that each policy remains accurate and relevant
- Establish plan for policy communication and training
- Evaluate changes in factors affecting each policy
- Oversee revision or decision to retire each policy



#### POLICY AUTHOR

- Collaborate to ensure all necessary input
- Draft policies using approved templates and style guide
- Follow the established development process
- Confirm each policy addresses identified obligations



**CONTRIBUTORS TO THE PROCESS**  
Input may come from key areas of the business, including legal, compliance, HR, operations and in the three lines of defense.

### SHOULD WE WRITE A NEW POLICY?



- Is the policy required by law, regulation, contract, or other obligation?
- Does the organization's size, business, industry, or workforce justify having this policy?
- Will the policy enhance business performance, improve productivity, effectiveness, or efficiency?
- Will the policy enhance employee or customer experience?
- Is the policy just creating another layer of bureaucracy?
- Will the policy be consistent with the organizational culture?
- How did we handle this without a policy?
- Can an existing policy be updated to address the necessary items, eliminating the need to write a new policy?
- Is the time and money required to administer the policy reasonable in relation to the benefits obtained?
- Do we have the mechanisms to communicate and enforce the policy?

OCCEG POLICY MANAGEMENT ILLUSTRATED SERIES

Download at [Oceg.org/resources](http://Oceg.org/resources)

©2019 OCCEG, Contact support@occeg.org for comments, reprints or licensing

# Start with the Policy Team

There are many players involved in policy management – from the compliance officer to operational managers and departmental heads in areas such as HR, IT, Legal and others.

- Who needs to be involved in establishing a standardized methodology for policy authoring, issuance and approval?
- What are the roles and how can they best collaborate?

# Key Policy Management Roles



## A SUITABLE AND SCALABLE SYSTEM

Each organization will establish and define key roles in the policy management program to suit their own needs considering the number and scope of policies, the nature of the business and the overall management style. Some may combine author and owner roles; others may use a team to draft key policies; a few might have a team of assistant policy program managers and one or more policy review and approval committees. Most will have the key roles described below.

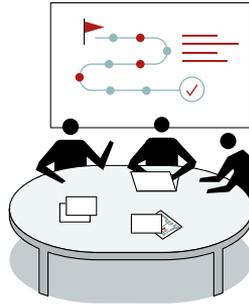
©OCEG, Contact [support@oceg.org](mailto:support@oceg.org) for comments, reprints or licensing

# Key Policy Management Roles

## ORGANIZATIONAL ROLES

### STEERING COMMITTEE

- Govern the policy management program
- Approve templates, guidance and procedures
- Review and revise the program as needed to reflect changes in the environment
- Include representatives across departments



### POLICY OWNER

- Ensure that each policy remains accurate and relevant
- Establish plan for policy communication and training
- Evaluate changes in factors affecting each policy
- Oversee revision or decision to retire each policy



### PROGRAM MANAGER

- Manage the policy development process
- Guide policy owners and developers
- Oversee policy approval committees
- Chair and/or facilitate the steering committee



### POLICY AUTHOR

- Collaborate to ensure all necessary input
- Draft policies using approved templates and style guide
- Follow the established development process
- Confirm each policy addresses identified obligations



©OCEG, Contact support@oceg.org for comments, reprints or licensing

AML Customer Lifecycle Standard

File Edit Format Insert Audit Data connection Help

Changes Users 1 Change stage Stage: Evgeny L.

Normal Font Size: 13 B I U A -

Editing Spellcheck

## Introduction

All Businesses and Employees must follow this Standard to implement the requirements of the Financial Crime Policy, the AML Standards and the Conduct Risk Management Framework. You should read this Standard in conjunction with these documents, as well as with the Sanctions Standard. Appendix A of this Standard contains references to the

## Purpose

The Anti-Money Laundering Standard identifies, evaluates and manages Money Laundering risk posed by the relationship with it

## 1. Onboarding

### 1.1 Standard

Prior to establishing a Business relationship, the Business must assess the Money Laundering risk posed by the relationship with the Customer. 'Onboarding' is the process that begins when the Business establishes such a relationship with the Customer.

- The Customer is a natural person
- It has established ownership and control of Customers who are Entities
- It has established the rationale for Ultimate Beneficial Owners (UBOs), using a complex corporate structure
- There is no legal barrier (e.g. government restrictions, Sanctions prohibitions, etc.) to entering into, or continuing, a Business Relationship with the Customer
- It has established the purpose and intended nature of the relationship
- It has established the purpose and intended nature of the relationship
- It has established the purpose and intended nature of the relationship

## 2. Enhanced Due Diligence

### Document Settings

AML Customer Lifecycle Standard

General **Permissions** Metadata Stages Categories

You can add other users to this document and select a level of permissions for each added user.

Q Invite users and groups to current stage... Reviewer +

USERS	PRIMARY ROLE	COMMENTS	APPROVALS	
<b>Albert Patrashku</b> albert@clausematch.com	Reviewer	Create & Read	View	X
<b>Arina Pozdnyak</b> Arina	Reviewer	Create & Read	View	X
<b>Emma Kempton</b> emma.kempton@clausematch.com	Editor	Create & Read	Add & Remove	X
<b>Karina Vazirova</b> karina	Editor	Create & Read	Add & Remove	X
<b>Super Admin</b> superadmin	Owner	Create & Read	Add & Remove	X

### PARAGRAPH ACTIVITY

Timeline Approvals Custom permissions

Show: Custom

Write a comment on the paragraph here

17 JULY 2018

Freddie Frith commented on paragraph  
@Ian Brown can you take a look at this?  
Reply to Everyone

Freddie Frith edited paragraph  
(a) Prior to establishing a Business relationship, the Business must assess the Money Laundering risk posed by the relationship with the Customer.  
See more...

Freddie Frith edited paragraph  
(a) Prior to establishing a Business relationship, the Business must assess the Money Laundering risk posed by the relationship with the Customer.  
See more...

14 MAY 2018

Ian Brown commented on paragraph  
We need to make sure @Carl Thorsen's team reviews and provides sign off. There were some relevant changes in the on-boarding technology.  
Reply to Everyone

**M v.2.0 AML Customer Lifecycle Standard** | File Edit Format Insert Audit Data connection Help | Changes Users Change stage Stage: Evgeny L.

Normal Font Size: 13 Editing Spellcheck

## Introduction

All Businesses and Employees must follow this Standard to implement the requirements of the Financial Crime Policy, the AML Standards and the Conduct Risk Management Framework. *You should* Read this Standard in conjunction with these documents, as well as with the Sanctions Standard. Appendix A of this Standard contains references to the key documents relating to this Standard. [Some additions being applied here.](#)

## Purpose

The Anti-Money Laundering Customer Lifecycle Standard ('this Standard') establishes the manner in which identifies, evaluates, responds to, monitors and reports the Money Laundering, Terrorist Financing and Proliferation (together, for the purposes of this Standard, 'Money Laundering') risks across the lifecycle of the relationship with its Customer

### 1. Onboarding Requirements

#### 1.1 Standard Due Diligence

Prior to establishing a Business relationship, the Business must assess the Money Laundering risk posed by the Customer and conduct the appropriate level of Customer Due Diligence (CDD), including identifying mandatory Customer information and verifying that information against reliable and independent sources.

'Onboarding' is the process of establishing a new Business Relationship with a Customer, also known as 'take-on'. It begins before the Business establishes a new Business Relationship with a prospective Customer. It ends when the Business Relationship has been established, or the Customer has determined that it does not wish to establish such a relationship after all. The Business must undertake CDD prior to establishing a new Business Relationship. CDD is the process by which the Business reasonably satisfies itself that:

- The Customer is who they claim to be
- It has established whether the Customer is acting on their own behalf, or that of another party
- It has established who any Related Parties to the Customer are
- It has established ownership and control of Customers who are Entities
- It has established the rationale for Ultimate Beneficial Owners (UBOs), using a complex corporate structure
- There is no legal barrier (e.g. government restrictions, Sanctions prohibitions, etc.) to entering into, or continuing, a Business Relationship with the Customer
- It has established the purpose and intended nature of the relationship.
- [juhadiouahjwdjbnawd](#)
- [kpwadoinwad](#)

### 2. Enhanced Due Diligence

#### PARAGRAPH ACTIVITY

Timeline Approvals Custom permissions

Show: Custom

Write a comment on the paragraph here

17 JULY 2019

**Freddie Frith** commented on paragraph 13:47  
**@Ian Brown** can you take a look at this?  
 Reply to Everyone

**Freddie Frith** edited paragraph 13:47  
 (a) Prior to establishing a Business relationship, the Business must assess the Money Laundering risk posed by the  
 See more...

**Freddie Frith** edited paragraph 13:47  
 (a) Prior to establishing a Business relationship, the Business must assess the Money Laundering risk posed by the  
 See more...

**Samir Salihu** commented on paragraph 08:47  
**@Danny Gal** question  
 Reply to Everyone

14 MAY 2019

**Ian Brown** commented on paragraph 08:47  
 We need to make sure **@Carl Thorsen** 's team reviews and provides sign off. There were some relevant changes in the on-boarding technology.  
 Reply to Everyone

**v2.0 AML Customer Lifecycle Standard**

File Edit Format Insert Audit Data connection Help

Changes  Users 1 Change stage Stage: DRAFT Evgeny L. OWNER

Normal Font Size: 13 B I U A- Editing Spellcheck

## Introduction

All Businesses and Employees must follow this Standard to implement the requirements of the Financial Crime Policy, the AML Standards and the Conduct Risk Management Framework. *You should* Read this Standard in conjunction with these documents, as well as with the Sanctions Standard. Appendix A of this Standard contains references to the key documents relating to this Standard. [Some additions being applied here.](#)

## Purpose

The Anti-Money Laundering Customer Lifecycle Standard ('this Standard') establishes the manner in which identifies, evaluates, responds to, monitors and reports the Money Laundering, Terrorist Financing and Proliferation (together, for the purposes of this Standard, 'Money Laundering') risks across the lifecycle of the relationship with its Customer

### 1. Onboarding Requirements

#### 1.1 Standard Due Diligence

Prior to establishing a Business relationship, the Business must assess the Money Laundering risk posed by the Customer and conduct the appropriate level of Customer Due Diligence (CDD), including identifying mandatory Customer information and verifying that information against reliable and independent sources.

'Onboarding' is the process of establishing a new Business Relationship with a Customer, also known as 'take-on'. It begins before the Business establishes a new Business Relationship with a prospective Customer. It ends when the Business Relationship has been established, or the Customer has determined that it does not wish to establish such a relationship after all. The Business must undertake CDD prior to establishing a new Business Relationship. CDD is the process by which the Business reasonably satisfies itself that:

- The Customer is who they claim to be
- It has established whether the Customer is acting on their own behalf, or that of another party
- It has established who any Related Parties to the Customer are
- It has established ownership and control of Customers who are Entities
- It has established the rationale for Ultimate Beneficial Owners (UBOs), using a complex corporate structure
- There is no legal barrier (e.g. government restrictions, Sanctions prohibitions, etc.) to entering into, or continuing, a Business Relationship with the Customer
- It has established the purpose and intended nature of the relationship.
- [juhadiouahjwdjbnawd](#)
- [kpwadoinwad](#)

### 2. Enhanced Due Diligence

#### PARAGRAPH ACTIVITY

Timeline 3 Approvals 4 Custom permissions

Show: Custom

Write a comment on the paragraph here

17 JULY 2019

**Freddie Frith** commented on paragraph 13:47  
**@Ian Brown** can you take a look at this?  
 Reply to Everyone

**Freddie Frith** edited paragraph 13:47  
 (a) Prior to establishing a Business relationship, the Business must assess the Money Laundering risk posed by the  
[See more...](#)

**Freddie Frith** edited paragraph 13:47  
 (a) Prior to establishing a Business relationship, the Business must assess the Money Laundering risk posed by the  
[See more...](#)

**Samir Salihu** commented on paragraph 08:47  
**@Danny Gal** question  
 Reply to Everyone

14 MAY 2019

**Ian Brown** commented on paragraph 08:47  
 We need to make sure **@Carl Thorsen** 's team reviews and provides sign off. There were some relevant changes in the on-boarding technology.  
 Reply to Everyone

# Develop the Policy on Policies

In most organizations today, it is possible to find “policies” floating around or even being enforced that have never gone through proper channels for issuance and approval. Failure to have a consistent style and template for policies makes it hard to know whether a policy is approved and in force.

- Why do you recommend establishing a “policy on policies” to address this problem?
- What are some of the critical components that should be part of the policy on policies?



## Start with a MetaPolicy that has **support from Executive Management**

- Brings integrity and value to policy management
- Provides accountability to policy management processes that are often scattered across the organization
- Enables policy management to work in harmony across organization functions delivering efficiency, effectiveness, and agility
- Well-governed and written policies improve performance, produce predictable outcomes, mitigate compliance risk & avoid incidents & loss

## MetaPolicy – the “Policy on Policies”

Core components of MetaPolicy include:

- ✓ Roles, responsibilities and accountabilities
- ✓ Scope of what is governed by MetaPolicy
- ✓ Definitions of governance documents and resources.
- ✓ Structure and content
- ✓ Format & style requirements
- ✓ Use of templates
- ✓ Requirements for central policy repository
- ✓ Policy governance rules for creation, approval, retirement, updating/maintenance, and exceptions
- ✓ Assurance methodologies

# Poll 2

Does your organization have a “policy on policies” or other documented guidance and approval requirements for developing policies?

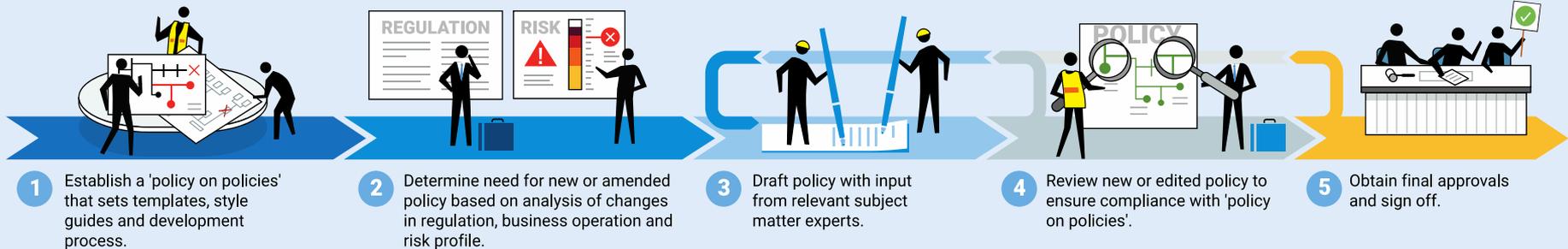
- a. Yes for the entity
- b. Yes but only within departments
- c. No but planning to do so
- d. No
- e. I don't know

# Define policy development/approval steps

- Once you have the policy on policies, what are the key steps in getting a policy designed and approved before implementation?
- How does policy management technology assist through this process?

# Start with an approved policy process – the Policy on Policies

## KEY STEPS TO A COLLABORATIVE PROCESS



©OCEG, Contact [support@oceg.org](mailto:support@oceg.org) for comments, reprints or licensing

M AML Customer Lifecycle Standard

File Edit Format Insert Audit Data connection Help

Changes Users Change stage Stage: Evgeny L. OWNER

Normal Font Size: 13 B I U A -

Editing Spellcheck

## Introduction

All Businesses and Employees must follow this Standard to implement the requirements of the Financial Crime Policy, the AML Standards and the Conduct Risk Management Framework. You should read this Standard in conjunction with these documents, as well as with the Sanctions Standard. Appendix A of this Standard contains references to the

## Purpose

The Anti-Money Laundering (AML) Standards identify, evaluate and manage the risks of Money Laundering and Proliferation (together referred to as ML/P) in the context of a Business relationship with a Customer.

### 1. Onboarding

#### 1.1 Standard

Prior to establishing a Business relationship with a Customer, the Business must establish such relationship in accordance with the following mandatory Customer Onboarding criteria:

'Onboarding' is defined as the process of establishing a Business relationship with a Customer. It begins when the Business establishes such relationship with a Customer and continues until the Business Relationship is terminated.

- The Customer is a natural person or an Entity.
- It has established ownership and control of Customers who are Entities.
- It has established the rationale for Ultimate Beneficial Owners (UBOs), using a complex corporate structure.
- There is no legal barrier (e.g. government restrictions, Sanctions prohibitions, etc.) to entering into, or continuing, a Business Relationship with the Customer.
- It has established the purpose and intended nature of the relationship.

@hwadonwad@ipbrown  
@hwadonwad

## 2. Enhanced Due Diligence

### Document Settings

AML Customer Lifecycle Standard

General Permissions Metadata **Stages** Categories

**Draft**

30/05/2019

**Stakeholder Feedback**

26/11/2019 2 approvals

**Committee Approval**

25/01/2020 1 approval

**Final**

24/02/2020 locked

**Stages**

**Stage name**  
Committee Approval

**Deadline**  
25/01/2020  Ability to edit document  Mandatory stage

**Assign stage approvers**

GRC Committee  
0 people

Save

### PARAGRAPH ACTIVITY

Timeline Approvals Custom permissions

Show: Custom

Write a comment on the paragraph here

**17 JULY 2019**

**Freddie Frith commented on paragraph** 10:47

@Ian Brown: can you take a look at this?

Reply to Everyone

**Freddie Frith edited paragraph** 10:47

(a) Prior to establishing a Business relationship, the Business must assess the Money Laundering risk posed by the

See more...

**Freddie Frith edited paragraph** 10:47

(a) Prior to establishing a Business relationship, the Business must assess the Money Laundering risk posed by the

See more...

**Samir Salihu commented on paragraph** 09:47

@Danny Gal: question

Reply to Everyone

**14 MAY 2019**

**Ian Brown commented on paragraph** 09:47

We need to make sure @Carl Thorsen's team reviews and provides sign off. There were some relevant changes in the on-boarding technology.

Reply to Everyone

**M** **2.2** AML Customer Lifecycle Standard

File Edit Format Insert Audit Data connection Help

Changes  Users **1** Change stage Stage: **DRAFT** Evgeny L. **OWNER**

Normal Font Size: 13 B I U A -

Editing Spellcheck

## Introduction

All Businesses and Employees must follow this Standard to implement the requirements of the Financial Crime Policy, the AML Standards and the Conduct Risk Management Framework. **You should** Read this Standard in conjunction with these documents, as well as with the Sanctions Standard. Appendix A of this Standard contains references to the key documents relating to this Standard. [Some additions being applied here.](#)

## Purpose

The Anti-Money Laundering Customer Lifecycle Standard ('this Standard') establishes the manner in which identifies, evaluates, responds to, monitors and reports the Money Laundering, Terrorist Financing and Proliferation (together, for the purposes of this Standard, 'Money Laundering') risks across the lifecycle of the relationship with its Customer

## 1. Onboarding Requirements

### 1.1 Standard Due Dilligence

Prior to establishing a Business relationship, the Business must assess the Money Laundering risk posed by the Customer and conduct the appropriate level of Customer Due Diligence (CDD), including identifying mandatory Customer information and verifying that information against reliable and independent sources.

'Onboarding' is the process of establishing a new Business Relationship with a Customer, also known as 'take-on'. It begins before the Business establishes a new Business Relationship with a prospective Customer. It ends when the Business Relationship has been established, or the Customer has determined that it does not wish to establish such a relationship after all. The Business must undertake CDD prior to establishing a new Business Relationship. CDD is the process by which the Business reasonably satisfies itself that:

- The Customer is who they claim to be
- It has established whether the Customer is acting on their own behalf, or that of another party
- It has established who any Related Parties to the Customer are
- It has established ownership and control of Customers who are Entities
- It has established the rationale for Ultimate Beneficial Owners (UBOs), using a complex corporate structure
- There is no legal barrier (e.g. government restrictions, Sanctions prohibitions, etc.) to entering into, or continuing, a Business Relationship with the Customer
- It has established the purpose and intended nature of the relationship.
- [juhwdiouahjwdjbnawd](#)
- [kjrwadoinwad](#)

## 2. Enhanced Due Diligence

### DOCUMENT ACTIVITY

Timeline **3** Approvals **7** Custom permissions

Document Paragraphs **7**

In paragraph:  
Prior to establishing a Business relationship, the Business must assess the Money Laundering risk posed by the Customer and

**You** requested on 28/10/2019 ✖ Reject ✔ Approve

**Albert Patrashku** requested on 17/07/2019 PENDING

**Anastasia Dokuchaeva** requested on 17/07/2019 PENDING

**Carl Thorsen** requested on 14/05/2019 PENDING

**Emma Kempton** requested on 17/07/2019 PENDING

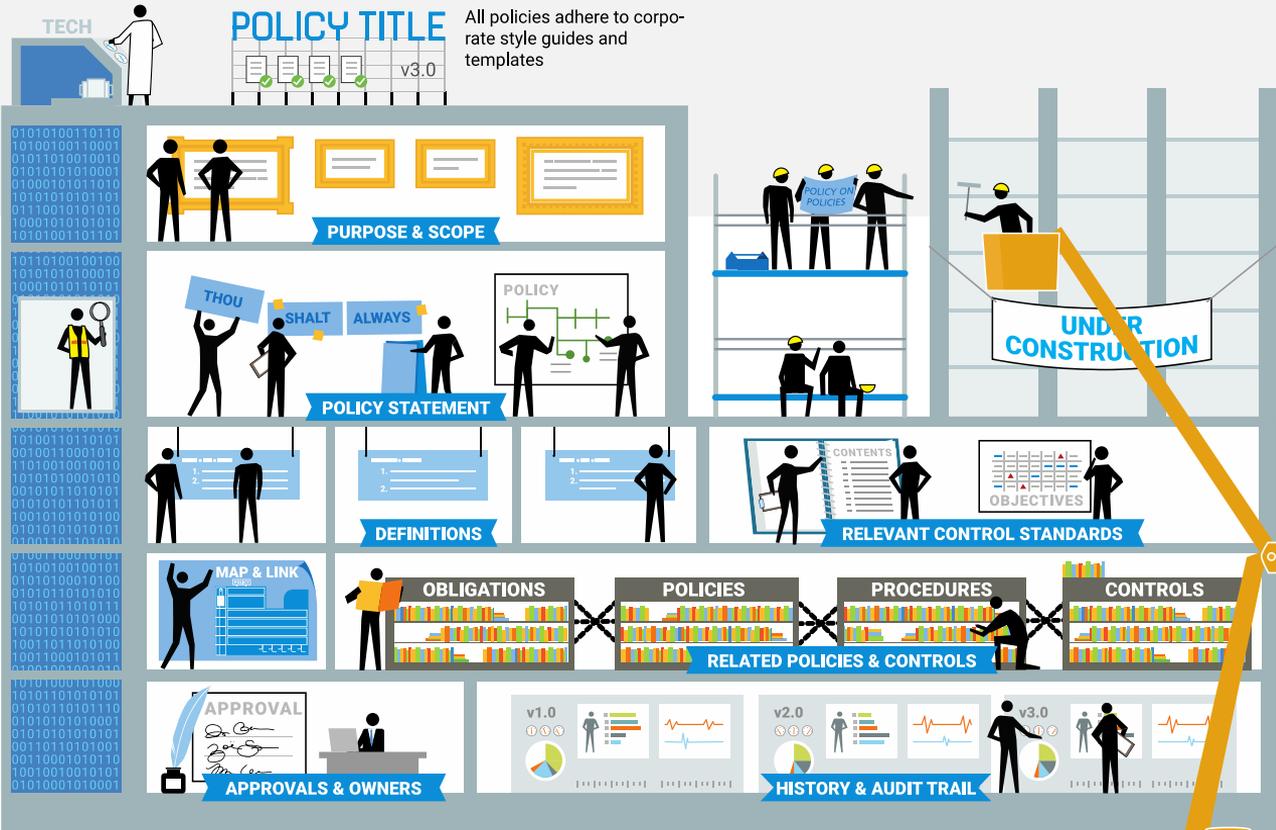
**Freddie Frith** requested on 14/05/2019 PENDING

**Karina Vazirova** requested on 17/07/2019 PENDING

# Discussion Questions

- What would a typical policy template look like?
- What areas of content should be included?
- How does each area of content get used during implementation and enforcement of the policy?

# What the policy template should contain



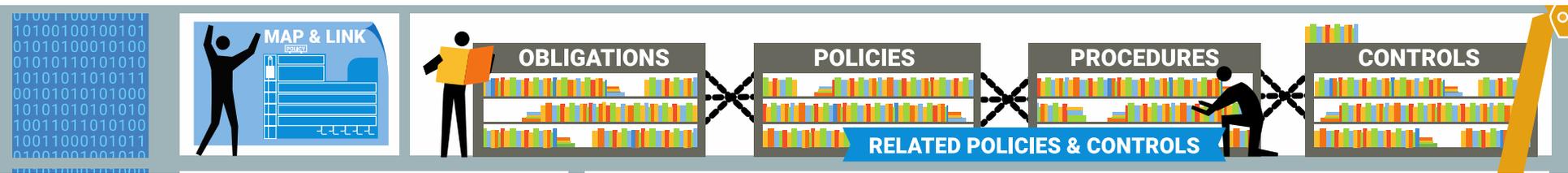
All policies adhere to corporate style guides and templates

**CONTRIBUTORS TO THE PROCESS**  
 Input may come from key areas of the business, including legal, compliance, HR, operations and in the three lines of defense.

# Discussion Questions

- In our illustration we show linkage between the obligations that drive the policy and the related procedures and controls. Why is that important?
- How can modern policy management technology turn this referenced linkage into real connectivity?
- What advantage does that provide?

# Identify Related Obligations, Procedures and Controls



1. Regulatory Requirements

- MAS - Guidelines on Addressing Conflicts of Interest arising from a Related Corporation Issuing or Promulgating Research Analyses or Research Reports **DRAFT**
- Consultation Paper on Proposed Revisions to Technology Risk Management Guidelines **DRAFT**  
Risk manage... Data loss Third party Access right +2
- Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 (SC) **DRAFT****  
Senior Manag... Financial Crime CDD Money laund... +16
- Regulatory Obligation - UNID Requisito 132 (NG) **DRAFT**
- Regulatory Requirements Template **FINAL**
- SEC Section I: Data Privacy **DRAFT**
- General Data Protection Regulation **DRAFT**
- GUIDELINES TO MAS NOTICE 626 ON PREVENTION OF MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM **FINAL**  
Third party

2. Policy Management

- Anti-Money Laundering Customer Lifecycle Standard **DRAFT**  
CDD Financial Crime EDD Senior Manag... +2
- AML Policy - Thailand version **APPROVAL**  
CDD Risk manage...
- Anti-Money Laundering (AML) Policy (AT) **DRAFT**  
CDD Money laund...
- Anti-Money Laundering Policy **DRAFT**

3. Controls

- CTRL 002 - Approved Periodic CDD Review Strategy - excl. PEPs and Corresponding Banks **DRAFT**  
Financial Crime EDD CDD
- Management of AML KYC requirements BISEL **DRAFT**  
Senior manag...
- CTRL 003 - Customer Due Diligence - excl. PEPs and Corresponding Relationships **DRAFT**  
Financial Crime CDD
- CTRL 004 - Approval of High Risk Customers - excl. PEPs and Corresponding Relationships **DRAFT**  
Senior manag...
- CTRL 001 - Trigger Event CDD Review Strategy - excluding PEPs and Corresponding Banks **DRAFT**
- CTRL 005 - Senior Manager approval of PEPs **DRAFT**  
Senior Manag...

**Anti-Money Laundering Customer Lifecycle Standard**

File Edit Format Insert Audit Data connection Help

Changes Users Change stage Stage: DRAFT Anastasia D. OWNER

Normal Font Size: 13 B I U A - Spellcheck

- It has established ownership and control of Customers who are Entities
- It has established the rationale for Ultimate Beneficial Owners (UBOs), using a complex corporate structure
- There is no legal barrier (e.g. government restrictions, Sanctions prohibitions, etc.) to entering into, or continuing, a Business Relationship with the Customer
- It has established the purpose and intended nature of the relationship.

## 2. Enhanced Due Diligence

2.1 The Business must, having taken into account its assessment of Customer Money Laundering risk, apply Enhanced Due Diligence measures in higher risk scenarios.

(a) The Business must conduct EDD in the following circumstances:

- All Customers that are rated as high risk (also refer to Section 6 of this Standard)
- All Customers resident in, incorporated in, or (for unincorporated Customers) whose principal place of business is in, a High Risk Third Country (also refer to Section 7 of this Standard)
- Special Customer Types:
  - All PEPs and PEP Entities (also refer to the PEP Standard)
  - Correspondent Banking Relationship Customers where required under the Correspondent Relationship Standard
  - All MSBs (also refer to Section 22 of this Standard)
  - All Internet Gambling Providers and Gambling Infrastructure Companies (also refer to Section 22 of this Standard)
  - All Crypto Asset Exchanges (also refer to Section 22 of this Standard)
- Where the Business has reason to believe the Customer engages in Significant Business Activity involving any Broadly Restricted Countries, as defined by the Financial Crime Policy and Sanctions Restricted Activity Matrices, and the relationship has been retained under an Exception or Enhanced Sanctions Review to the Financial Crime Policy
- Where the Customer or Related Party has been identified as a Specially Designated National, PMC, ISA Designee, Export Restricted Party, SSIL Designee, or a CAATSA Designee as defined by the Financial Crime Policy
- Where the Business has Money Laundering concerns e.g. a Money Laundering red flag exists but still wishes to proceed with the Customer relationship or Transaction.

2.2 making a comment

## 3. High Risk Customers

3.1 The Business must evaluate, respond to, and monitor the additional Money Laundering risk inherent in Business Relationships with high risk Customer. In addition to applying EDD, as per Section 5 of this Standard, the Business must implement the following controls for all high risk customers fjdhjdshf

(a) Senior Management Approval during Onboarding

(i) The Business must ensure that all high risk Customers are subject to independent approval by

**CONNECTIONS**

All connections 5+ Paragraph 1 Tags

Ongoing Changed Suggested

**Money Laundering, Terrorist Financing and Transfe... DRAFT**

—(1) A relevant person must apply enhanced customer due diligence measures and enhanced ongoing monitoring, in...  
EDD Financial Crime

**CTRL 003 - Customer Due Diligence - excl. PEPs and... DRAFT**

Risk-based programme of Quality Checking and indepe...

Anti-Money Laundering Customer Lifecycle Standard

File Edit Format Insert Audit Data connection Help

Changes Users Change stage Stage: DRAFT Anastasia D. OWNER

Normal Font Size: 13 B I U A- Editing Spellcheck

Select paragraphs to create a connection

is not required to apply the customer due diligence measure referred to in regulation 28(3) and (4) in respect of the holders of such instruments or securities.

(2) The specified instruments and securities are—

(a) instruments which fall within article 77 or 77A of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (84); and

(b) securities which fall within article 78 of that Order(85).

CHAPTER 2  
Enhanced customer due diligence

Obligation to apply enhanced customer due diligence

33. —(1) A relevant person must apply enhanced customer due diligence measures and <sup>EDD - Financial Crime</sup> monitoring, in addition to the customer due diligence measures required under regulation 28 and, if applicable, regulation 29, to manage and mitigate the risks arising—

(a) in any case identified as one where there is a high risk of money laundering or terrorist financing—

(i) by the relevant person under regulation 18(1), or

(ii) in information made available to the relevant person under regulations 17(9) and 47;

(b) in any business relationship or transaction with a person established in a high-risk third country;

(c) in relation to correspondent relationships with a credit institution or a financial institution (in accordance with regulation 34);

(d) if a relevant person has determined that a customer or potential customer is a PEP, or a family member or known close associate of a PEP (in accordance with regulation 35);

(e) in any case where the relevant person discovers that a customer has provided false or stolen identification documentation or information and the relevant person proposes to continue to deal with that customer;

(f) in any case where—

Paragraph connected

It has established ownership and control of Customers who are Entities

It has established the rationale for Ultimate Beneficial Owners (UBOs), using a complex corporate structure

There is no legal barrier (e.g. government restrictions, Sanctions prohibitions, etc.) to entering into, or continuing, a Business Relationship with the Customer

It has established the purpose and intended nature of the relationship.

2. Enhanced Due Diligence

2.1 The Business must, having taken into account its assessment of Customer Money Laundering risk, apply Enhanced Due Diligence measures in higher risk scenarios.

(a) The Business must conduct EDD in the following circumstances:

- All Customers that are rated as high risk (also refer to Section 6 of this Standard)
- All Customers resident in, incorporated in, or (for unincorporated Customers) whose principal place of business is in, a High Risk Third Country (also refer to Section 7 of this Standard)
- Special Customer Types:
  - All PEPs and PEP Entities (also refer to the PEP Standard)
  - Correspondent Banking Relationship Customers where required under the Correspondent Relationship Standard
  - All MSBs (also refer to Section 22 of this Standard)
  - All Internet Gambling Providers and Gambling Infrastructure Companies (also refer to Section 22 of this Standard)
  - All Crypto Asset Exchanges (also refer to Section 22 of this Standard)
- Where the Business has reason to believe the Customer engages in Significant Business Activity involving any Broadly Restricted Countries, as defined by the Financial Crime Policy and Sanctions Restricted Activity Matrices, and the relationship has been retained under an Exception or Enhanced Sanctions Review to the Financial Crime Policy
- Where the Customer or Related Party has been identified as a Specially Designated National, PMC, ISA Designee, Export Restricted Party, SSIL Designee, or a CAATSA Designee as defined by the Financial Crime Policy
- Where the Business has Money Laundering concerns e.g. a Money Laundering red flag exists but still wishes to proceed with the Customer relationship or Transaction.

2.2 making a comment

3. High Risk Customers

3.1 The Business must evaluate, respond to, and monitor the additional Money Laundering risk inherent in Business Relationships with high risk Customer. In addition to applying EDD, as per Section 5 of this Standard, the Business must implement the following controls for all high risk customers

(a) Senior Management Approval during Onboarding

(i) The Business must ensure that all high risk Customers are subject to independent approval by

CTRL 002 - Approved Periodic CDD Review Strategy - excl. PEPs and Corresponding Banks

File Edit Format Insert Audit Data connection Help

Normal Font Size: 13 B I U A -

Editing Spellcheck

Users Change stage Stage: DRAFT Anastasia D. OWNER

Anti-Money Laundering Policy

Enhanced Due Diligence

The Business must, having taken into account its assessment of Customer Money Laundering risk, apply Enhanced Due Diligence measures in higher risk scenarios.

High Risk Customers

The Business must evaluate, respond to, and monitor the additional Money Laundering risk inherent in relationships with Customers resident in, incorporated in, or for unincorporated Customers whose principal place of business is in, a High Risk Third Country.

Customer Due Diligence Review Process

The Business must execute a documented Customer Due Diligence review strategy to ensure that Customer Due Diligence reviews are conducted on a periodic basis, the frequency of which is informed by the Customer Risk Assessment.

Rules and Responsibilities

The responsibilities for Financial Crime risk management are set out in the Conduct Risk Framework. This section provides further information in support of those responsibilities.

ROLE	RESPONSIBILITY
<b>Business</b>	<ul style="list-style-type: none"> <li>Owns the Business-specific Financial Crime strategy</li> </ul>
<b>CEO/Business Accountable Executive (1st Line of Defence)</b>	<ul style="list-style-type: none"> <li>Reports AML key indicators and the Business Money Laundering risk profile</li> <li>Approves Memorandum of Understanding arrangements where there is reliance being placed on another Business/external third party for Customer Due Diligence</li> <li>Responsible for the timely submission of AML Dispensation, Waiver, Breach and Spike Notifications to the Business Head of Financial Crime</li> <li>Ensures that AML training is completed within the Business in a timely manner and establishing consequence management for defaulters</li> <li>Ensures the timely and accurate completion of the Financial Crime Risk Assessment</li> <li>Refer to the AML Standards for additional responsibilities.</li> </ul>
<b>Relationship Manager/Director (1st Line of Defence)</b>	<ul style="list-style-type: none"> <li>Manages Customer relationships in accordance with this Policy and AML Standards</li> <li>Ensures Customer Due Diligence information for Customers for which they are responsible is correct, and is reviewed and updated in line with the review requirements</li> <li>Requests appropriate approval for Customer relationships or payment scheme participation where required</li> <li>Refer to the AML Standards for additional responsibilities.</li> </ul>
<b>Global Head of Financial Crime (2nd Line of Defence)</b>	<ul style="list-style-type: none"> <li>Financial Conduct Authority, Senior Management Function - Money Laundering Reporting Function (SMF17)</li> <li>Individual responsible for compliance with the UK Money Laundering Regulations 2017 under Regulation 21 of the same</li> <li>Owns the Group Financial Crime Plan</li> <li>Reports periodically to the Bank senior executives in line with Enterprise Risk Management Framework requirements and to external regulators</li> <li>Mandates a global suite of AML key indicators. Reviews all AML key indicators on at least an annual basis to confirm they remain fit for purpose</li> <li>Approves the action to be undertaken where local law prohibits a Business from being able to comply with: a) this Policy, and b) measures equivalent to this Policy, including determining whether FCA notification is appropriate, alongside what additional measures, if any, must be taken by the Business.</li> </ul>

Select paragraphs to create a connection

Table of contents: 11-15

CTRL 002 - Approved Periodic CDD Review Strategy - excl. PEPs and Corresponding Banks

Description

**Keep connection**

The business on-going Customer Due Diligence - CDD - review strategy for ensuring that customers go through the appropriate level of Due Diligence on a timely basis is documented and signed-off by a person with sufficient seniority and ii. the control is subject to a risk-based programme of Quality Checking and independent Quality Assurance including where appropriate a check on the timeliness completeness and accuracy of the due diligence commensurate to the customer risk rating.

Control Objective

The business owns and regularly reviews a documented CDD review strategy that ensures periodic reviews are conducted in accordance with customer risk ratings of High risk - annually Standard risk - once every five years and Low risk - Trigger Event Review.

Accept Paragraph connected

CONNECTIONS

All connections Paragraph

Ongoing Changed Suggested

Anti-Money Laundering Policy

The Business must execute a documented Customer Due ...

Management of AML KYC requirements BSL DRAFT

i. The business Customer Due Diligence - CDD - trigger eve...

i. The control is subject to a risk-based programme of Qual...

# Poll 3

Does your organization currently use technology purpose built for policy management?

- a. Yes for the entire entity
- b. Yes but only in some areas
- c. No we adapt other technology or use spreadsheets
- d. I don't know

# Developing history and version control

- We also note that authorizations and version history should be included in the policy template. What is the purpose of including these items in the policy itself?
- Does technology make use of this information more effective as well?

# Building the Audit Trail and Defense Pathway



### 3. High Risk Customers

3.1 The Business must evaluate, respond to, and monitor the additional Money Laundering risk inherent in Business Relationships with high risk Customer. In addition to applying EDD, as per Section 5 of this Standard, the Business must implement the following controls for all high risk customers ~~fjdjhdshf~~

#### (a) Senior Management Approval during Onboarding

(i) The Business must ensure that all high risk Customers are subject to independent approval by Business senior management prior to onboarding.

*The Business should consider the following points as part of senior management approval: The Business should consider the following points as part of senior management approval:*

- *The relationship's or Transaction's economic, business, and legal rationale, and The relationship's or Transaction's economic, business, and legal rationale, and*
- *The level of Money Laundering, Sanctions and other Financial Crime risk presented by the Customer, and The level of Money Laundering, Sanctions and other Financial Crime risk presented by the Customer, and*
- *Any additional controls that should be put in place regarding the Customer. Any additional controls that should be put in place regarding the Customer.*

*The Business should document and retain evidence of the decision reached under this section, including its rationale. The Business should document and retain evidence of the decision reached under this section, including its rationale.*

#### (b) Mechanism to identify and track high risk customers

(i) The Business must have a mechanism to identify, flag and track Business Relationships with high risk Customers.

*This enables the Business to readily identify their population of such Customers for risk assessment, regulatory request, reviews etc. This enables the Business to readily identify their population of such Customers for risk assessment, regulatory request, reviews etc.*

#### (c) Transaction Monitoring

(i) The Business must have a mechanism to identify, flag and track Business Relationships with high risk Customers. This enables the Business to readily identify their population of such Customers for risk assessment, regulatory request, reviews etc.

#### (d) Periodic CDD Review Process

(i) The Business must complete the following when conducting a full CDD review of a high risk customer

Version 1.1 (28/10/2019)

Version 1.0 (31/01/2019)

#### Timeline

Show: Custom ▾

- Connections
- Paragraph changes
- Paragraph comments
- Paragraph events
- Suggestions

04 APR

07:32

(i) The Business must ensure that all high risk Customers are subject to independent approval by Business senior management prior to onboarding.  
[See more...](#)

**Anastasia Dokuchaeva** was removed from paragraph approvers by Anastasia Dokuchaeva 07:32

02 APRIL 2019

**Anastasia Dokuchaeva** approved paragraph 09:32

**Anastasia Dokuchaeva** was added to paragraph approvers by Anastasia Dokuchaeva 09:31

**Anastasia Dokuchaeva** commented on paragraph @Karina Vazirova have a q to Everyone 09:31

**Anastasia Dokuchaeva** edited paragraph (i) The Business must ensure that all high risk Customers are subject to independent approval by Business senior management prior to onboarding.  
[See more...](#) 09:30

# Think before developing new policies

Last but not least, even if you have a great policy development process, that doesn't mean you always need to have a policy.

- What are some of the questions you should ask before deciding to develop a new policy?

# Questions to ask before starting a new policy

## SHOULD WE WRITE A NEW POLICY?



Is the policy required by law, regulation, contract, or other obligation?



Does the organization's size, business, industry, or workforce justify having this policy?



Will the policy enhance business performance, improve productivity, effectiveness, or efficiency?



Will the policy enhance employee or customer experience?



Is the policy just creating another layer of bureaucracy?



Will the policy be consistent with the organizational culture?



How did we handle this without a policy?



Can an existing policy be updated to address the necessary items, eliminating the need to write a new policy?



Is the time and money required to administer the policy reasonable in relation to the benefits obtained?



Do we have the mechanisms to communicate and enforce the policy?



**DANGER**  
Don't let your policy house fall into disrepair.

©OCEG, Contact [support@oceg.org](mailto:support@oceg.org) for comments, reprints or licensing

# Questions?