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## Overview

This standard is about assessing the probability and impact of anti-money laundering and countering terrorist financing non-compliance occurring in your organisation, and completing a risk assessment of external and internal threats or events. You must identify and resolve any gaps in your information about the risks of non-compliance faced by your organisation. You should evaluate any possible conflict of interest within the organisation, with stakeholders and shareholders. You should mitigate the risks identified in the risk assessment, ensuring that they are proportionate, and you must review your risk assessment at regular, agreed intervals and when specific events may affect the assessment.

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## Performance criteria

*You must be able to:*

1. assess the probability and impact of non-compliance occurring in your organisation
2. determine the jurisdictional scope of the legal and regulatory environment in which your firm operates
3. complete a compliance risk assessment of your organisation that takes into account external and internal events or threats
4. assess the compliance risks that are external to your organisation but directly or indirectly affect your organisation's business or control risks
5. determine responsibility and accountability of the risk
6. identify any gaps in the information you have about the compliance risks faced by your organisation and locate this information
7. develop a compliance risk management strategy to address issues identified by the compliance risk assessment
8. ensure the compliance risk management strategy is proportionate to the risks posed, in terms of their impact and probability
9. review the compliance risk assessment at regular, agreed intervals and when specific current or future events may affect the assessment

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## Knowledge and understanding

*You need to know and understand:*

1. methods of developing a compliance risk assessment
2. the risk appetite management and ownership within your organisation
3. risk based approach to assessing and mitigating compliance
4. the concept of the Three Lines of Defence model and how that can be applied within the organisation
5. where to find information about the compliance risks faced by your organisation
6. why it is important that compliance risk mitigation is proportionate to the risks posed
7. why it is important to evaluate possible conflicts of interest within the organisation, with stakeholders and shareholders
8. when you should monitor and review the compliance risk assessment
9. why it is important to keep up to date with current and future developments
10. your organisation's requirements relating to the application of codes, laws regulatory requirements and guidance, and potential conflicts with other regulatory regimes, as they impact on your activities

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## Glossary

### **Anti-money laundering and counter terrorist financing measures**

This encompasses all required policies, procedures and systems as well as the requirement for regulated organisations to apply enhanced customer due diligence and enhanced ongoing monitoring on a risk-sensitive basis in certain defined situations and any other situations which present a higher risk of Money Laundering or Terrorist Financing.

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