
Overview

This standard is about assessing the impact of legal and regulatory requirements relating to how your organisation counters financial crime.

You must identify relevant financial crime legislation and regulations including any extra territorial requirements relevant to your organisation. You must determine the requirements to ensure compliance with all applicable legal and regulatory requirements. You will need to determine the consequences of non compliance and how this will impact on your organisation. You also need to consider the legislative and regulatory implications of overseas branches and/or subsidiaries

This standard is relevant to roles in countering financial crime.

Performance criteria

You must be able to:

1. identify the jurisdictions which have legal and/or regulatory control over the business
2. research the legislation and regulations relevant to each jurisdiction
3. assess how applicable legal and regulatory requirements will affect how your organisation counters financial crime
4. identify the internal requirements needed to fulfil the applicable legal and regulatory and/or relevant industry guidance requirements
5. the concept of the Three Lines of Defence model and how this can be applied across the organisation
6. identify the consequences of non-compliance with applicable legal and regulatory and/or relevant industry guidance requirements and report as appropriate
7. monitor legal, regulatory and/or relevant industry guidance changes and assess their potential impact on your organisation
8. carry out regular horizon scanning activities for new and changing legislation and regulations and/or relevant industry guidance
9. escalate appropriately the assessment of the implications of legislation and regulations on your organisation

Knowledge and understanding

You need to know and understand:

1. your organisation's strategy and approach towards countering financial crime
2. nature, scale and complexity and the operating environment of your organisation
3. jurisdictional legal and regulatory and/or relevant industry guidance requirements applicable to your organisation
4. potential conflict and competitive disadvantage issues in respect of overseas branches and/or subsidiaries
5. how to keep up-to-date on information relating to legislation and regulations applicable to your organisation, including regulator thematic reviews and other similar information
6. consequences of non-compliance with legal and regulatory requirements relevant to financial crime
7. resourcing implications of ensuring compliance with legal and regulatory requirements
8. how legislation and regulations affect different parts of the business and the way the business is operated
9. what is horizon scanning and the importance of this in maintaining best practice
10. how to escalate the implications of changes to legal and regulatory requirements within your organisation
11. legislation, regulations and codes of practice, relevant to you and your organisation and any specific obligations

Glossary

Financial Crime

This includes any offence involving money laundering, terrorist financing, fraud or dishonest or market abuse. (Definition based on the FCA definition of financial crime). This includes financial crime both internal and external to a financial services organisation.

Legal and regulatory requirements

This refers to a range of obligations incumbent upon financial organisations and is commonly referred to as 'compliance' requirements. The legal and regulatory requirements of an organisation or individual/s within it (such as 'approved persons') may differ slightly according to the type of financial organisation and the services it offers. The regulator of all providers of financial services in the UK oversees a number of regulated activities under powers derived from the Financial Services and Markets Act 2000.

A number of other pieces of UK legislation are relevant to the countering of financial crime, such as the Proceeds of Crime Act (POCA), the Serious Organised Crime and Police Act (SOCPA), the Fraud Act 2006, for example. UK financial institutions are also subject to European Commission legislation enacted by the British Government such as the Market Abuse Directive and the Basel 2 Accord (for capital adequacy).

Financial organisations, like any other employer, are also subject to a range of legal requirements covering areas such as discrimination, equality and diversity, Health and safety and Data protection.

Organisation

This refers to an organisation that offers financial services – this could be insurance, investment, lending and credit, pensions, securities and derivatives. It includes organisations in both the public and private sector.

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