

LCH / WEALTH

# **Anti-Money Laundering Policy.**

## Introduction

This policy covers how the firm will manage the risks of money laundering and will be kept under review by the senior manager responsible for anti-money laundering.

The firm will cross reference this policy with the **Financial Conduct Authority (“FCA”) handbook** and the **Joint Money Laundering Steering Group (“JMLSG”) guidance** to ensure continual compliance with the regulators’ requirements. Also, see the firm’s anti-money laundering procedures for a high-level view of the firm’s expectations in combatting financial crime.

The Money Laundering Regulations (ML Regulations) require firms to have adequate systems in place to combat money laundering and terrorist financing. A breach of the ML Regulations, even if no money laundering has taken place, constitutes an offence and is punishable by a maximum of **14 years imprisonment, a fine, or both**.

The firm takes money laundering and financial crime very seriously and will promptly investigate any suspicions of money laundering, which must be reported as soon as possible.

The money laundering reporting officer (“MLRO”) is Lisa Conway-Hughes.

All staff are expected to follow this policy as the minimum standard when carrying out their duties in relation to client due diligence.

If you are unsure about anything in this policy please contact the MLRO for further guidance.

# 1. Background to money laundering

Money laundering is the process by which criminals attempt to hide and disguise the true origin and ownership of the proceeds from their criminal activities, thereby avoiding prosecution, conviction, and confiscation of the criminal funds.

This usually happens over three stages:

- a) Placement - placing the proceeds of crime into the financial system
- b) Layering – making the source of funds hard to detect by leaving a complicated trail of transactions
- c) Integration – integrating the funds into the economy with a seemingly legitimate source

Other types of financial crime which all staff of the firm should be aware of include;



**Fraud**



**Tax evasion**



**Market abuse**



**Bribery**

This policy aims to manage the risk of the above process taking place through the firm.

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## 2. Responsibilities

### 2.1. Employee responsibilities

All employees are expected to be vigilant to money laundering and all other forms of financial crime. You must therefore make sure that you understand and follow the guidelines provided by the firm.

When beginning a relationship with a client, as part of Know Your Client (KYC) and Anti Money Laundering (AML) requirements, advisers must carry out customer due diligence (CDD) which is appropriate to the risk of both the client and the products they are taking out. This should be in line with the firm's procedures, with any exceptions agreed in advance with the MLRO.

For existing clients, further checks are required to ensure the identity documents on file remain valid. For example, this may be when current documents expire, or when the client changes their address.

If a member of staff has a suspicion relating to financial crime, a Money Laundering Suspicious Activity Report (SAR) should be completed as soon as possible and this must be passed onto the MLRO.

Other responsibilities of all staff include:

- Actively taking part in anti-money laundering training.
- Keeping up to date with changes in the AML policy and procedures, which will be notified by the senior manager.
- Co-operating fully with any investigations into financial crime.

## 2.2. The Money Laundering Reporting Officer's (MLRO) responsibilities

The MLRO is the focal point within the firm for all anti-money laundering related activity, all concerns should be raised to them in the first instance.

Once a report has been passed onto the MLRO, they will decide what action needs to be taken and if a formal report needs to be made to the National Crime Agency (NCA).

The MLRO will keep a record of all suspicious activity reports in the Money Laundering Incident Reporting Register.

The MLRO will also prepare an annual Anti-Money Laundering Senior Management Report (MLRO Report) to assess the effectiveness of the firm's systems and controls in managing the risk of financial crime. This should identify key issues and make appropriate recommendations for improving the management of risks within the firm.

## 2.3. Management responsibilities

The firm's senior management is responsible for the implementation of this policy and to ensure that the appropriate systems and controls are in place to mitigate the risks of financial crime taking place through the firm.

Appropriate training will be offered by the firm to ensure employees knowledge of anti-money laundering, and their responsibilities with regards to this, remains up to date.

Internal disciplinary procedures will be followed by the firm if any member of staff fails, without good reason, to make a report to the MLRO.

Management will also provide the MLRO with sufficient resources to carry out their responsibilities.

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## 3 Due Diligence Requirements

### 3.1 Identification evidence

Employees should not establish a business relationship until all relevant parties have been identified. This should be carried out in line with the firm's CDD requirements as set out in the AML procedures.

In brief, applicable employees should:



**Collect sufficient valid ID to satisfy themselves the client is who they say they are**



**Keep a record of certified ID in the client file**



**Check the client against the financial sanctions list**

Employees need to make sure CDD is refreshed on an ongoing basis, this is not a one-off check and must be kept up to date.

## **3.2 Enhanced due diligence**

Enhanced due diligence (EDD) may be required because of the nature of the client's circumstances or the risk of the product they are transacting.

Enhanced due diligence measures include:

- Obtaining additional identification information
- Enhanced KYC to understand the source of funds or source of wealth
- Establishing the intended nature of the business relationship and the purpose of the transaction
- Subjecting the customer to additional ongoing monitoring procedures

### **3.3.1 Clients**

Where an adviser of the firm considers a potential client to be a Politically Exposed Person (PEP) or they appear on the **financial services sanction list**, authorisation to proceed with the relationship must be sought from the MLRO.

Consideration should be given to:

- The industry they operate in – certain sectors are associated with higher financial crime risk e.g. pharmaceuticals, arms trade, politics.
- If the source or destination of funds raises any concerns
- Adverse media reports

Similarly, if the relationship is non face-to-face, enhanced measures should be taken as this may increase the risk for the firm.

Other clients may not be classified as a PEP, but their behaviour poses additional risk to the firm and therefore there is a need for enhanced due diligence. This may not be obvious at the outset of the relationship but could come to light at a later stage. For example, if a client prefers to carry out a series of one-off transactions instead of establishing an ongoing relationship.

### **3.2.2 Products**

Where a client is transacting a high-risk product the MLRO should be consulted on a case by case basis. This should make consideration to the complexity, transparency and size of the service or product.

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## **4 Risk Assessment**

The firm will carry out, at least annually, a risk assessment to review the current systems and controls in place to combat the risks of financial crime on the firm.

This will take into account the following areas:

- Geographical locations in which the firm operates
- Risks posed by the firm's client base
- Risks of the products offered
- Distribution channels used to provide services offered by the firm

Any improvements identified from the risk assessment, and taking account of any recommendations made in the MLRO's Senior Management Report, will be implemented through a clear plan agreed upon by the firm's management.

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## **5 Record Keeping**

Records held by the firm as part of the due diligence process will be retained for at least 5 years after the business relationship has ended. Transaction records will also be kept for a minimum of 5 years, dependent on the type of business.

The firm will keep records in relation to all AML training carried out, including:

- Date of the training
  - Nature of the training given and any test results
  - Names of staff who attended
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## Declaration

### Internal policy for the firm

This document is to be signed and returned to the **Money Laundering Reporting Officer (MLRO)**.

I can confirm that I have read and understood the firm's money laundering policy, have undertaken annual testing and will ensure that at all times I will adhere to this guidance.

I am happy with the training that has been provided and will contact the MLRO if I feel that further guidance is required.

I understand that any suspicions I may have regarding money laundering must be reported immediately to the MLRO.

<b>Signed</b>		<b>Date</b>	19/12/2023
<b>Name</b>	Lisa Conway-Hughes		
<b>Position</b>	MLRO		