



The evolving enterprise risk model

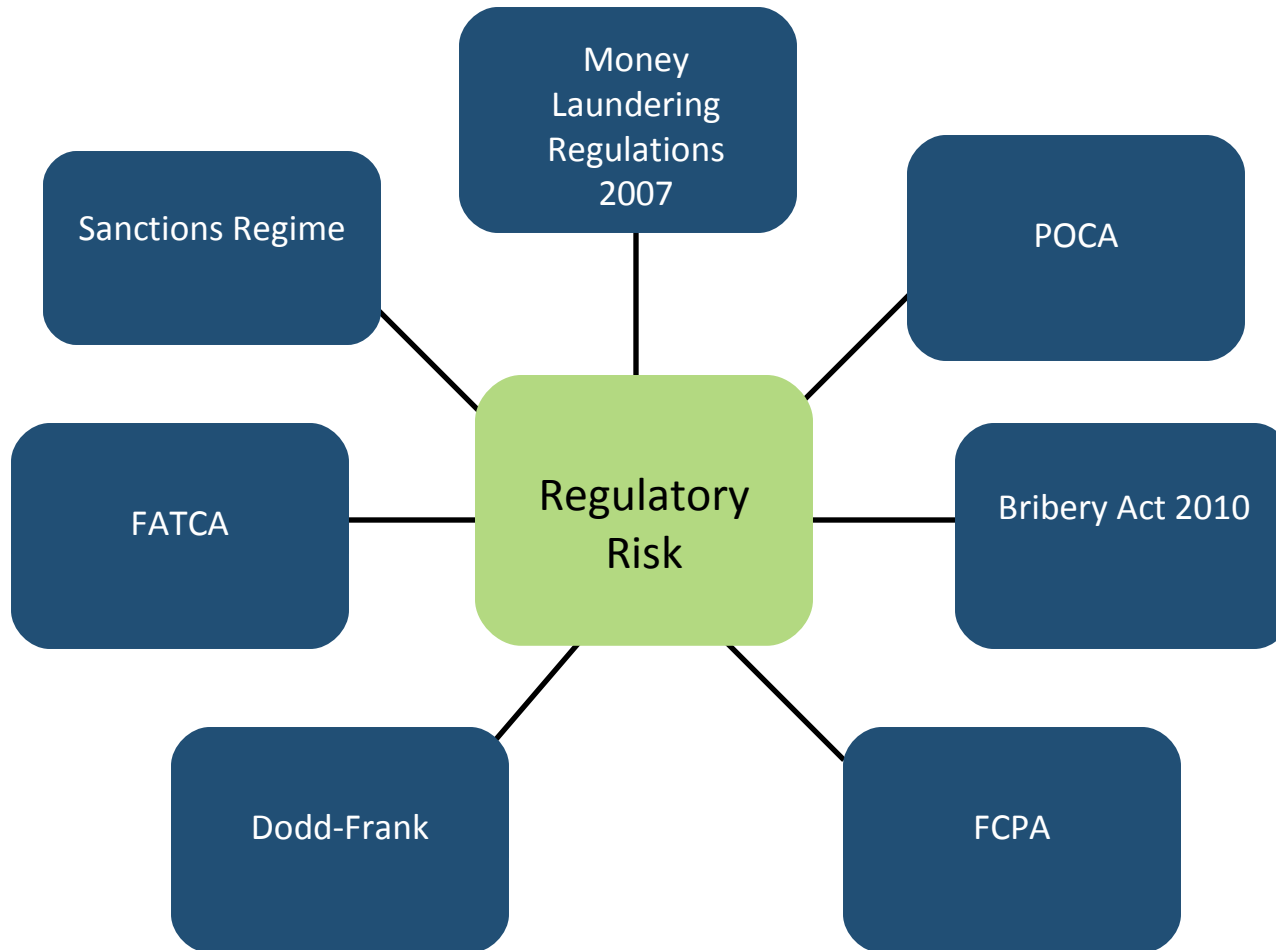
Mark Dunn

Market Planning Manager

LexisNexis Risk

3rd October, 2011

Converging regulatory drivers



Converging regulatory drivers

“The **Money Laundering Regulations 2007** ..require that firms...prevent funds or financial services being made available to those on the **sanctions list**”
FSA

“And of course for the purposes of the **Proceeds of Crime** legislation, once **bribery** has occurred, there will be a distinct likelihood of **money laundering**”
SFO

“What we have been doing.. is to make the important link between **corruption** and **money laundering**”
SFO

“**Corruption** and **bribery** will be one of the topics of our forthcoming round of thematic investigations”
FSA

“We will be looking at investment banks’ procedures designed to contain the risk staff or agents pay or receive **bribes**.”
FSA

“**Corruption** in one country often leads to **laundering** in another”
FSA

“**Corruption** and **money laundering** are intrinsically linked”
FATF

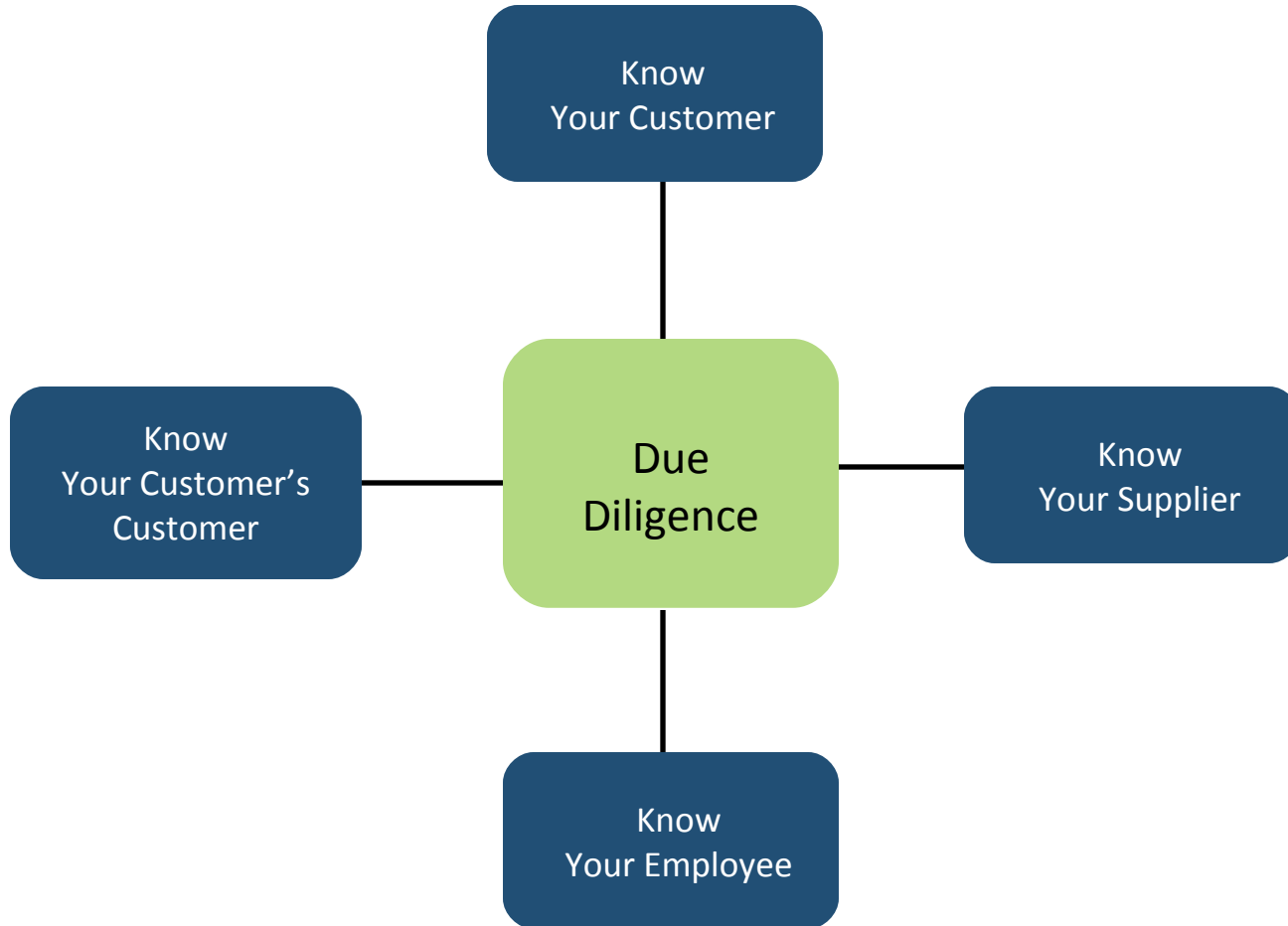
“**Anti-money laundering** (AML) and **counter-terrorist financing** (CFT) measures are powerful tools that are effective in the fight against **corruption**”
FATF

“**FATCA**...requires far more in depth and prescriptive **KYC** and **beneficial ownership** requirements”
Wolfsberg

Converging risk assessment



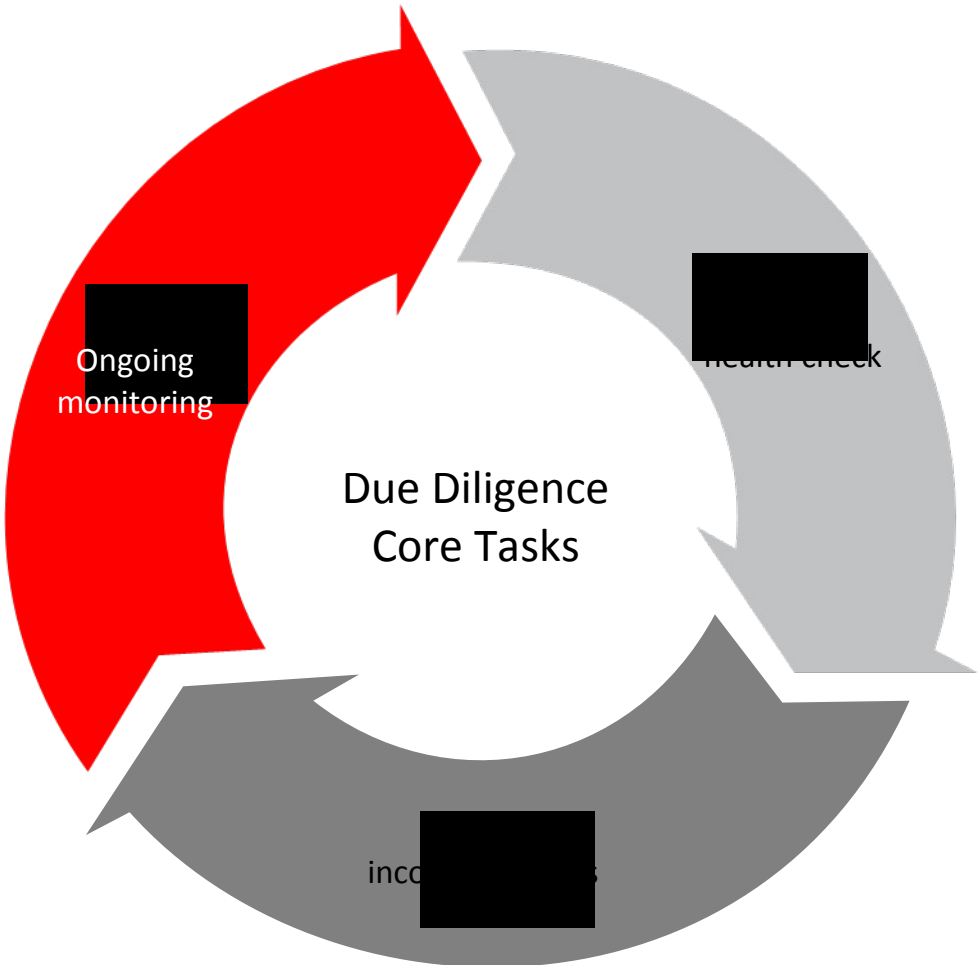
Converging due diligence tasks



Converging due diligence tasks

Process Overview

- Approach to due diligence covers three stages determined by risk assessment:
 1. **Conduct health check**
Update records on existing entities
 1. **Manage incoming checks**
Conduct due diligence on new entities
 1. **Ongoing monitoring**
Conduct spot checks and periodic reviews

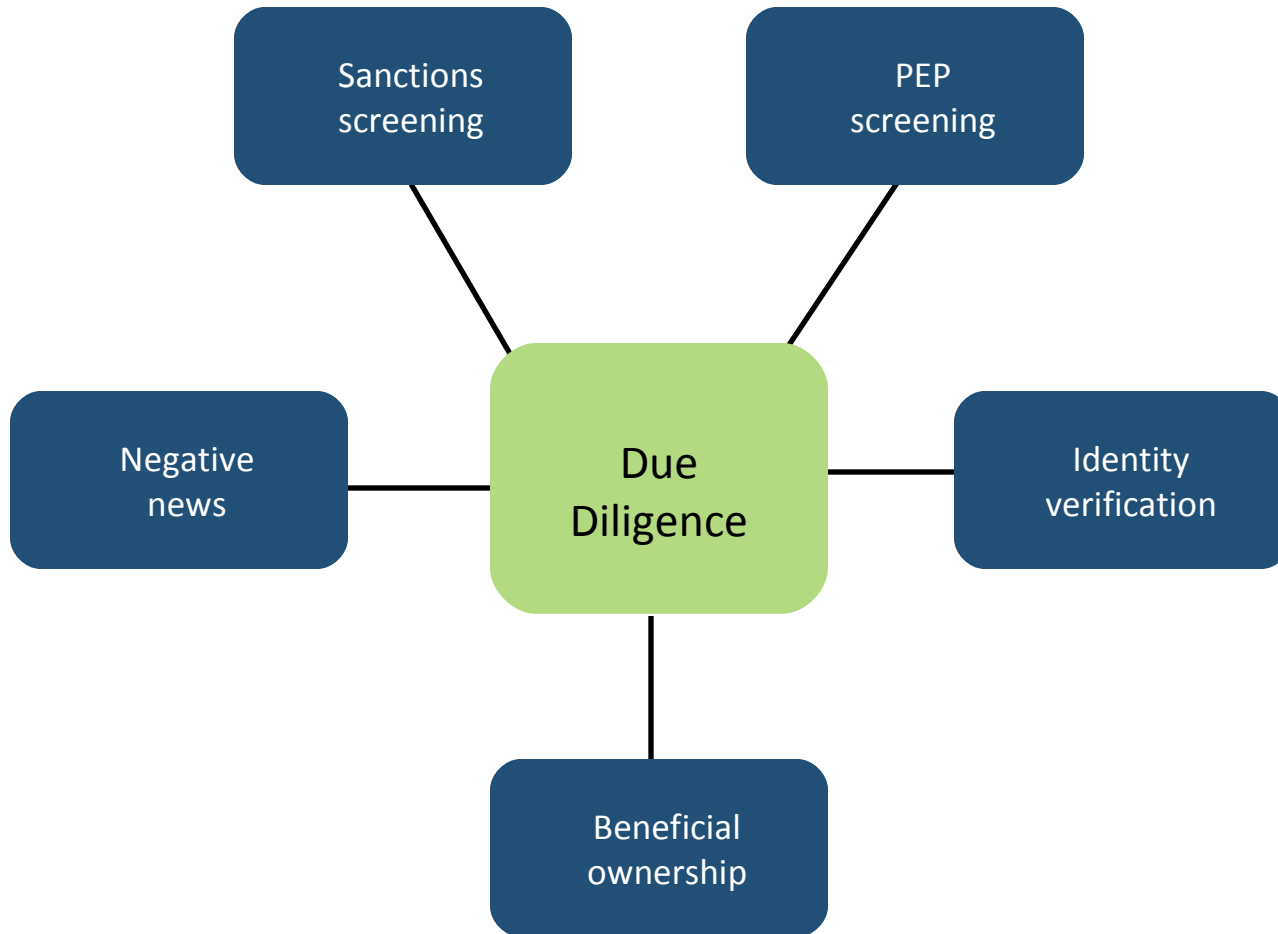


Converging due diligence tasks

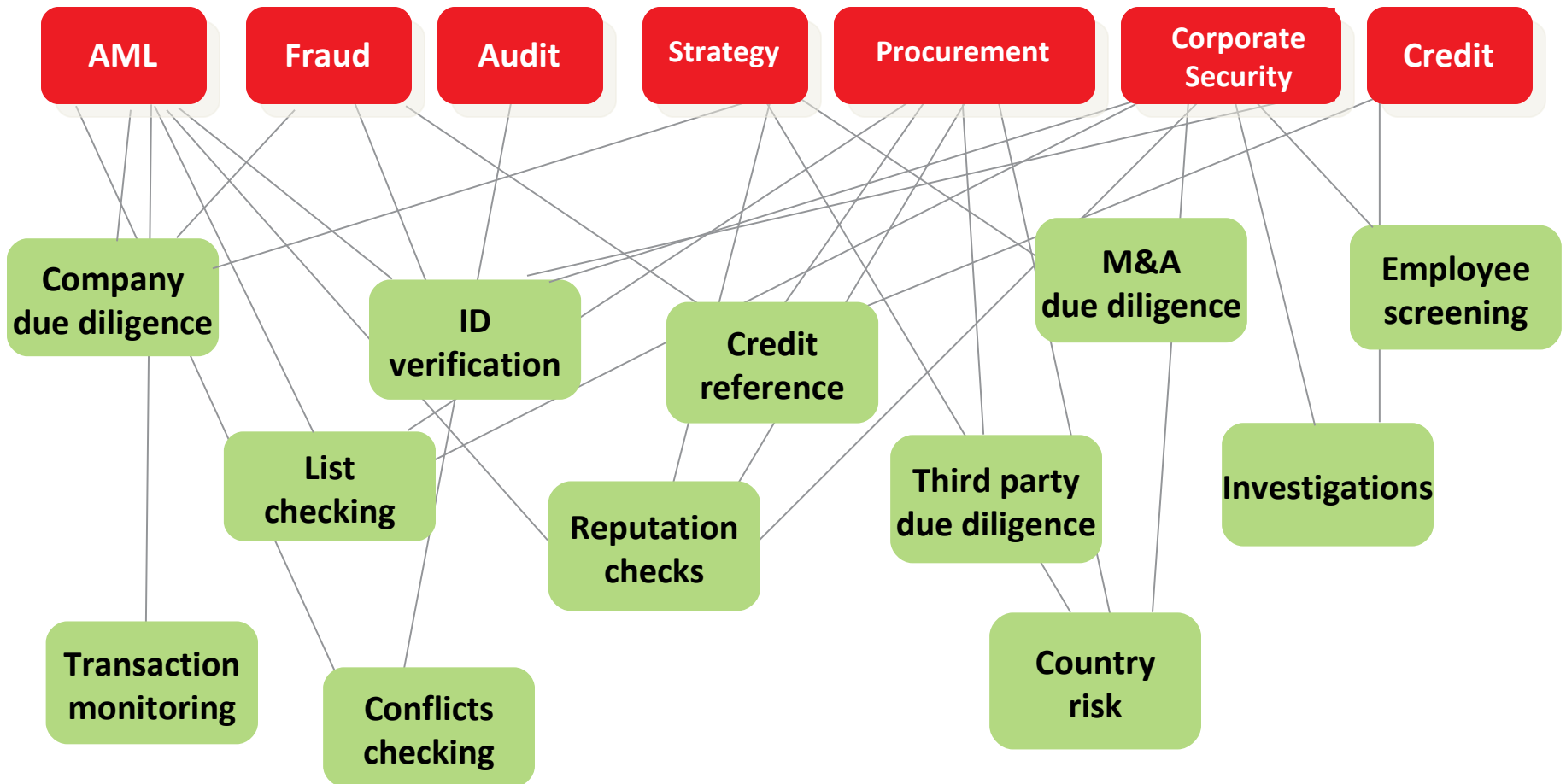
Process Overview



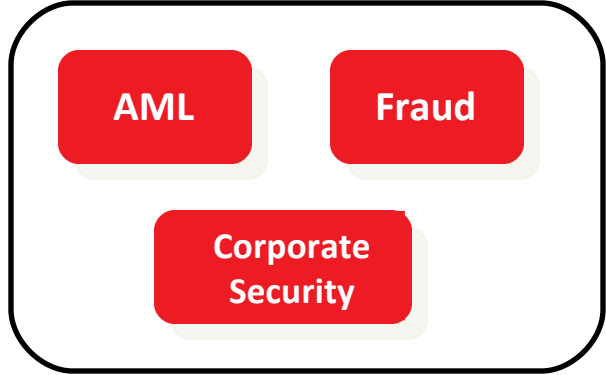
Converging due diligence tasks



Converging due diligence tasks

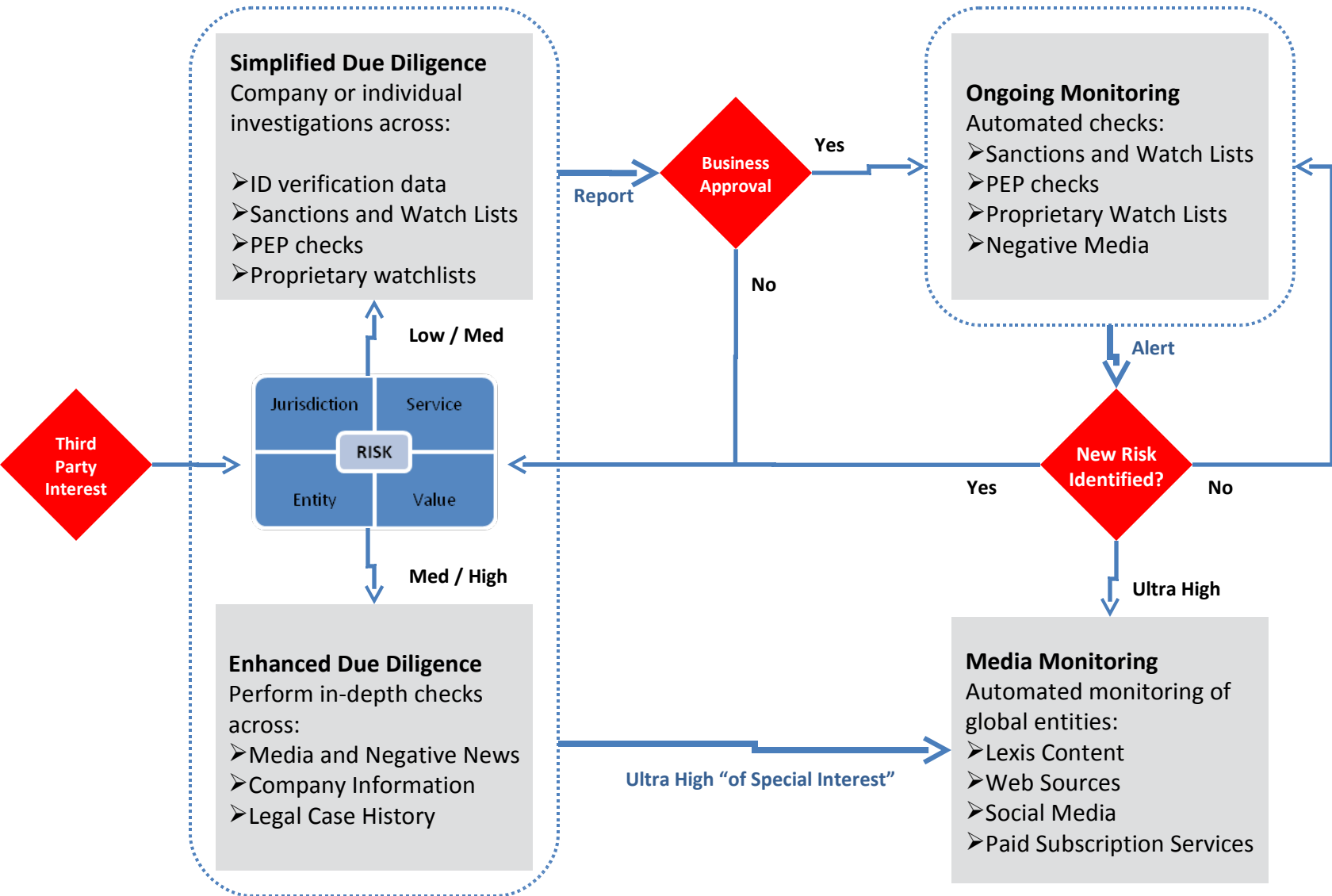


Adopting a consistent and more efficient process

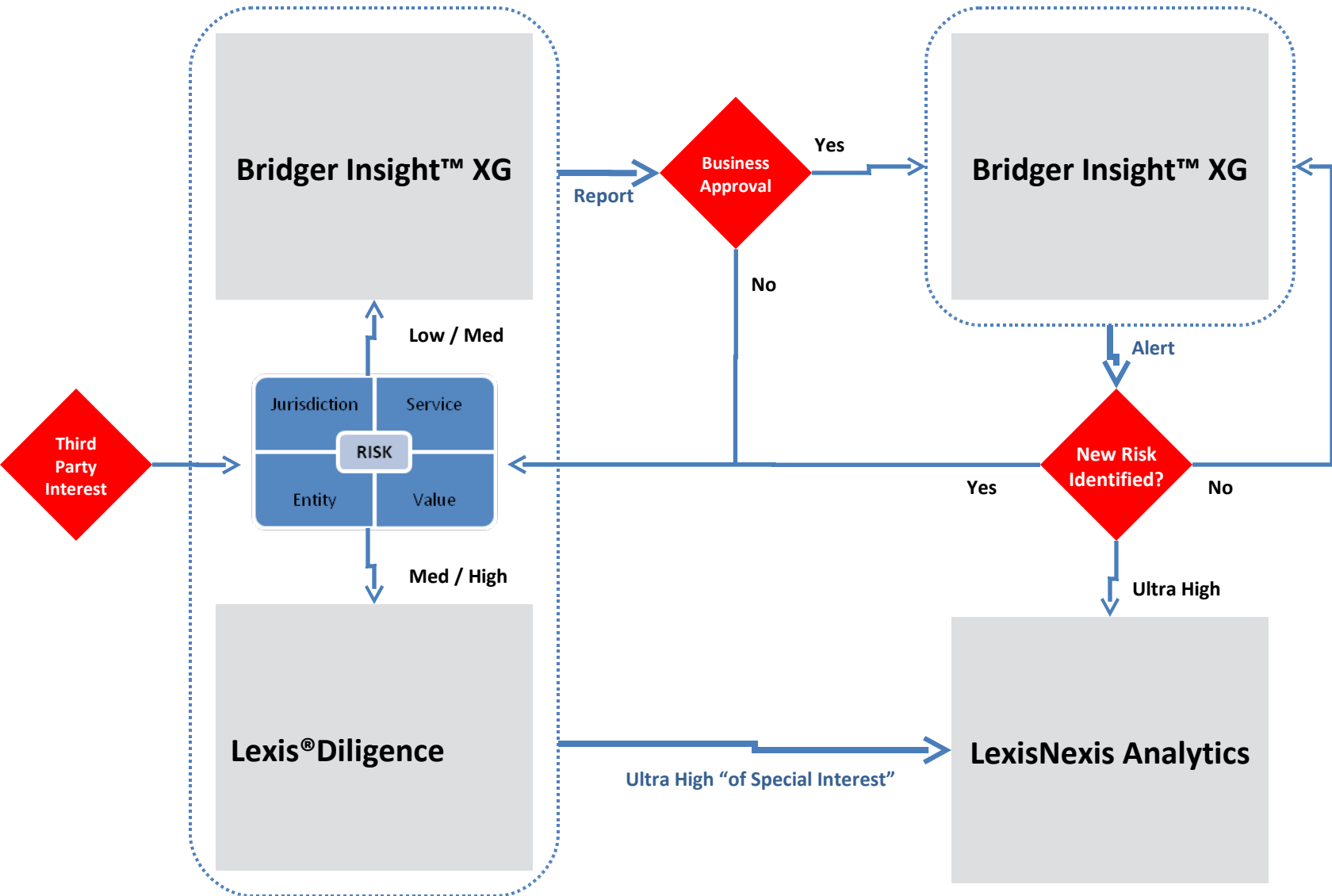


Group Security Function

How we help clients realise a consistent process



How we help clients realise a consistent process



Summary

Reference

Converging risk assessment

Commonly encountered risks can be categorised into five broad groups:

- *Country risk*
This is evidenced by perceived high levels of corruption, an absence of effectively implemented anti-bribery legislation and a failure of the foreign government, media, local business community and civil society effectively to promote transparent procurement and investment policies.
- *Sectoral risk*
Some sectors are higher risk than others. Higher risk sectors include the extractive industries and the large scale infrastructure sector.
- *Transaction risk*
Certain types of transaction give rise to higher risks, for example, charitable or political contributions, licences and permits, and transactions relating to public procurement.
- *Business opportunity risk*
Such risks might arise in high value projects or with projects involving many contractors or intermediaries; or with projects which are not apparently undertaken at market prices, or which do not have a clear legitimate objective.
- *Business partnership risk*
Certain relationships may involve higher risk, for example, the use of intermediaries in transactions with foreign public officials; consortia or joint venture partners; and relationships with politically exposed persons where the proposed business relationship involves, or is linked to, a prominent public official.