



ICSA

INTERNATIONAL COUNCIL OF SECURITIES ASSOCIATIONS

AML Principles for the Securities Industry

These Principles have been adopted by ICSA members to further enhance anti-money laundering and terrorist financing compliance across ICSA members' firms. These are high-level global principles, adherence to which will enhance risk management over money laundering and terrorist financing compliance and help firms to prevent the misuse of their operations for criminal purposes.

1. A firm should have a policy that states clearly it is against money laundering and any activity that facilitates money laundering. The policy should set out the commitment of the firm to comply with all relevant, applicable laws, regulations and guidance designed to combat money laundering and terrorist financing activities. The policy should make clear the responsibility of every employee to protect the business from exploitation by money launderers and should set forth the consequences of non-compliance with applicable laws, regulations and the firm's policy.
2. A firm's anti-money laundering (AML) policy should be disseminated to all appropriate personnel in the most effective way possible given the structure of the firm.
3. A firm should take care to establish and maintain effective systems and controls for compliance with applicable requirements and standards under the regulatory systems in the jurisdictions in which it operates, and for countering the risk that the firm's business operations might be misused to commit financial crime.
4. A firm should take steps reasonably designed to ensure that its systems and controls for compliance with applicable AML requirements and standards enable it to identify, assess, monitor and manage money-laundering risk and are comprehensive and proportionate to the nature, scale and complexity of its activities.
5. A firm's systems and controls for compliance with applicable AML requirements and standards should include appropriate documentation of the firm's risk management policies and risk profile in relation to money laundering, including documentation of the firm's practical application of those policies. Such systems and controls should also include appropriate measures to ensure that money laundering risk is taken into account in the day-to-day operations of the firm,

including in relation to: (a) the development of new products, (b) the taking on of new customers and (c) changes in the firm's business profile.

6. In identifying its money laundering risks and establishing the nature of the systems and controls necessary to manage those risks, a firm should consider a range of factors including: its customer, product and activity profile; its distribution channels; the complexity and volume of its transactions; its processes and systems and its operating environment.
7. A firm should carry out periodic assessments of the adequacy of its AML systems and controls to ensure that they continue to meet the objectives set out above.
8. The outcome of the firm's assessment of the operation and effectiveness of the systems and controls set out above should be reported in a timely manner, and annually at a minimum, to the firm's senior management or governing body, who have ultimate responsibility for ensuring that the firm complies with its regulatory obligations.
9. A firm should appoint a specific person or committee to be responsible for oversight of the firm's compliance with its systems and controls against money laundering. The firm must ensure that the person or committee has a level of authority within the firm and access to resources and information sufficient to carry out that responsibility. The job of the person/committee is to act as the focal point for issues within the firm relating to anti-money laundering.
10. Regular training programs dealing with money laundering issues should be provided for all appropriate employees.
11. A firm's AML procedures should include effective know-your-customer measures including customer identification and verification and account monitoring.
12. A firm should have procedures to detect and enquire into suspicious activity and report it to the relevant authorities, as required.
13. A firm should establish a record retention policy and systems for anti-money laundering related documents.
14. A firm should have policies and procedures in place to ensure it does not have accounts with prohibited foreign shell banks or customers named on any available lists of known or suspected terrorists, terrorist organizations or of other sanctioned persons issued by the government(s) of any jurisdiction(s) in which the securities firm is doing business.
15. Firms should work together and share information, where permissible, in an effort to better protect the international financial system from being used to facilitate unlawful activity.