

<b>MODULE</b>	<b>FC:</b>	<b>Financial Crime</b>
<b>CHAPTER</b>	<b>FC-C:</b>	<b>Risk Based Approach</b>

## FC-C.2 Risk Assessment

**FC-C.2.1** An investment firm licensee must ensure that it takes measures to identify, assess, monitor, manage and mitigate ML/TF/PF risks to which it is exposed and that the measures taken are commensurate with the nature, scale and complexities of its activities. The risk assessment must enable the licensee to understand how, and to what extent, it is vulnerable to ML/TF/PF.

**FC-C.2.2** In the context of the risk assessment, “proliferation financing risk” refers to the potential breach, non-implementation or evasion of the targeted financial sanctions obligations referred to in FATF Recommendation 7.

**FC-C.2.3** The risk assessment must be properly documented, regularly updated and communicated to the investment firm licensee’s senior management. Licensees must have in place policies, controls and procedures, which are approved by senior management, to enable them to manage and mitigate the risks that have been identified. In conducting its risk assessments, the licensee must consider quantitative and qualitative information obtained from the relevant internal and external sources to identify, manage and mitigate these risks. This **may must** include consideration of the risk and threat assessments using, national risk assessments, sectorial risk assessments, crime statistics, typologies, risk indicators, red flags, guidance and advisories issued by inter-governmental organisations, national competent authorities and the FATF, and AML/CFT/CPF mutual evaluation and follow-up reports by the FATF or associated assessment bodies.

<b>MODULE</b>	<b>FC:</b>	<b>Financial Crime</b>
<b>CHAPTER</b>	<b>FC-7:</b>	<b>NCCT Measures and Terrorist Financing</b>

## FC-7.2 Terrorist Financing

**FC-7.2.1AA** Investment firm licensees must implement and comply with United Nations Security Council resolutions relating to the prevention and suppression of terrorism and terrorist financing. Investment firm licensees must freeze, without delay, the funds or other assets of, and to ensure that no funds or other assets are made available, directly or indirectly, to or for the benefit of, any person or entity either (i) designated by, or under the authority of, the United Nations Security Council under Chapter VII of the Charter of the United Nations, including in accordance with resolution 1267(1999) and its successor resolutions as well as Resolution 2178(2014) or (ii) designated as pursuant to Resolution 1373(2001).

**FC-7.2.1** Investment firm licensees must comply in full with the provisions of the UN Security Council Anti-terrorism Resolution No. 1373 of 2001 ('UNSCR 1373').

**FC-7.2.2** [This Paragraph was deleted in January 2018].

**FC-7.2.3** A copy of UNSCR 1373 is included in Part B of Volume 1 (Conventional Banks), under 'Supplementary Information' on the CBB Website.

**FC-7.2.4** Investment firm licensees must report to the CBB details of:

- (a) Funds or other financial assets or economic resources held with them which may be the subject of Article 1, Paragraphs c) and d) of UNSCR 1373; **and**
- (b) All claims, whether actual or contingent, which the licensee has on persons and entities which may be the subject of Article 1, Paragraphs c) and d) of UNSCR 1373; **and**
- (c) **Investment firm licensees must report any assets frozen or actions taken in compliance with the prohibition requirements of the relevant UNSCRs, including attempted transactions.**

**FC-7.2.5** For the purposes of Paragraph FC-7.2.4, 'funds or other financial resources' includes (but is not limited to) shares in any undertaking owned or controlled by the persons and entities referred to in Article 1, Paragraph c) and d) of UNSCR 1373, and any associated dividends received by the licensee.

**FC-7.2.6** All reports or notifications under this Section must be made to the CBB's Compliance Directorate.