

Money Laundering, Terrorism and Proliferation Financing Risk and Control Module for Securities and Commodities Dealers

Securities and commodities dealers are attractive to organised criminal networks because they provide access to liquid, high-value markets where illicit funds can be rapidly moved, layered, or disguised through complex trading strategies, margin accounts, or cross-border transactions.

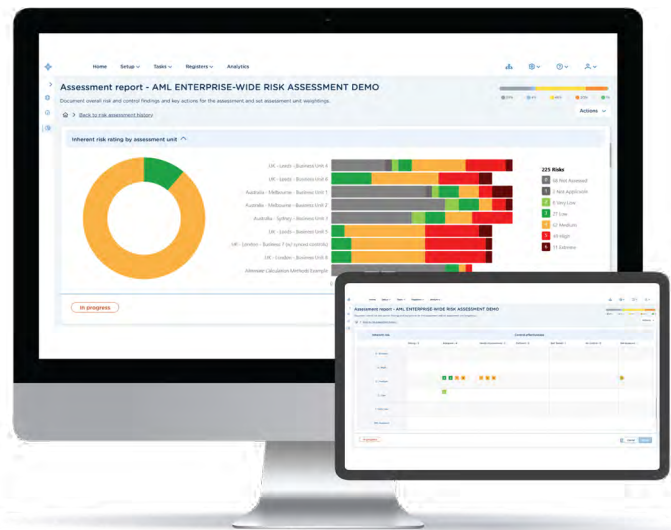
The fast-paced nature of securities trading, use of intermediaries and reliance on omnibus or nominee accounts can obscure beneficial ownership and make it difficult to trace the true source or purpose of funds. To mitigate these risks, it is essential that securities and commodities dealers maintain a robust, enterprise-wide money laundering, terrorism and proliferation financing risk assessment framework.

By continuously identifying, assessing and understanding their exposure to financial crime threats and by testing the design and operational effectiveness of their controls in a way that is appropriate and proportionate to their business model, size and complexity they can protect market integrity, ensure regulatory compliance and uphold client and investor confidence.

About Arctic Intelligence's Risk Assessment Platform

Arctic Intelligence's [Risk Assessment Platform](#) can be used by smaller reporting entities out-of-the-box with standardised risk and control libraries or configured by medium and larger enterprises to suit any enterprise risk management framework.

Our multi-award-winning platform is highly-configurable and can be tailored to suit your methodology, risk indicators, applying risk and/or control weightings as appropriate, with a full audit trail and real-time data aggregation of individual business lines or consolidated across enterprises.



Play Video Demo
Digitisation

Play Video Demo
Automation

Play Video
Securities and Commodities Dealers

Who is this risk and control module designed for?

The money laundering, terrorism and proliferation financing risk and control module contains a library of risks, controls and control tests designed specifically for different types of Securities and Commodities Dealers:

- ✓ Broker-Dealers
- ✓ Brokerage Firms
- ✓ Execution-Only Brokers
- ✓ Full-Service Brokers
- ✓ Futures and Options Brokers
- ✓ Institutional Brokers
- ✓ Investment Brokerage Firms
- ✓ Online Brokerage Platforms
- ✓ Pension Fund Trustees
- ✓ Proprietary Trading Firms
- ✓ Regulated Financial Intermediaries
- ✓ Retail Brokers
- ✓ Securities and Commodities Dealers
- ✓ Stockbrokers
- ✓ Trading Dealers

What's included in the risk and control module?

Each of our expert-designed risk modules contain an Enterprise-Wide Risk Assessment, a Channel Risk Assessment, a Product Risk Assessment and a Country Risk Assessment containing hundreds of risk indicators and risk factors, grouped under different risk categories and risk groups.

In addition to a fully comprehensive risk library, our module also contains a library of controls and control tests that you can use to assess the design and operational effectiveness of your control environment.

Our content modules can be used out-of-the-box, easily modified to suit your requirements or you can simply build and import your own risk and control content. We can support implementation directly or through our growing advisory network.

What's the structure of the risk and control module?

Environmental Risk


External Threat Environment

- ✓ **Exposure to External Risks**
Money Laundering or Terrorism Financing Risks; Proliferation Financing Risks; Sanctions or Geopolitical Risks; Fraud and Scam Risks and Other Financial Crimes.
- ✓ **National Risk Assessment Considerations**
Criminal Threats; Sector Vulnerabilities; Regulatory Expectations; Enforcement and Supervision; International Standards and Divergence; Legal and Judicial Systems and Emerging Regulations.

Internal Threat Environment


- ✓ **Exposure to Internal Risks**
Governance and Oversight; AML/CTF Program Alignment to Risks; AML/CTF Program Non-Compliance and Regulatory Reporting.
- ✓ **Exposure to Operational Risks**
Business Location Risk; Outsourcing Risk; Employee Risk; New or Significant Business Changes and Emerging or Forward Looking Risks.

Customer Risk


 **Customer Base Profile**
Customer Type; Customer Location and Changing customer base profile.

 **Customer Legal Form Risk**
Proportion of higher risk customer types.

 **Politically Exposed Person (PEP) Risk**
Proportion of PEPs and PEP profile changes

 **Customer Location Risk**
Proportion of customers by location.

 **Customer Industry / Occupation Risk**
Proportion of higher risk industry or occupations.

 **Customer Activity Risk**
Customer risk profiling and other risk factors; Customer behaviours, profiles and activities and PEPs, sanctions or proliferation financing risk.

Product and Services Risk[^]

Product and Service Types

Investment Products and Investment and Wealth Management Products

Investment Products

- Commodities Hedging Products
- Exchange Traded Funds (ETFs)
- FX Hedging Products
- Interest Rate Derivatives
- Investment Funds
- Margin Loans
- Secondary Market Trading
- Securitisation
- Structured Equity and Equity Product
- Trading in Bonds, Commodities, Currencies, Derivatives & Equities
- Unit Trusts

General Product and Service Risks

Product lifecycle and governance; Product transparency and anonymity; Transactional features and payment characteristics; Geographic and customer exposure; Transaction volume, value and revenue; Monitoring and reporting involving higher risk products and services and Higher product and service risks.


Investment and Wealth Management Products

- Administrator Services
- Asset Management
- Custodial or Depository Services
- Discretionary Portfolio Management
- Private Banking
- Trust and Escrow Accounts


[^] Our separate product and services risk model contains over 20 different products and services offered by securities and commodities dealers and includes ML/TF/PF risk factors aligned to the features and characteristics of each.




Channel Risk[^]


 **Face-to-Face Channels**
Internal Physical Channels; Relationship Managed Physical Channels and External Physical Channels.

 **Face-to-Face or Non-Face-to-Face Channels**
External Partner Intermediary Channels.

 **Customer Onboarding Channels**
Channel type; onboarding through face-to-face channels and non-face-to-face channels and customer onboarding through intermediaries.

 **Non-Face-to-Face Channels**
Internal Remote Assisted Channels; Internal Manual Channels; Internal Digital Self-Service Channels; Internal Programmatic / Embedded Access Channels; External Interbank and Payment Infrastructure Channels and External Digital Channels.

 **Transaction and Delivery Channels**
Value of transactions by delivery channel type.

 **General Channel Risks**
Higher channel risk indicators.



Face-to-Face Channels

- ✓ Authorised Third-Party Introducers
- ✓ Correspondent Banks
- ✓ In-house Financial Advisers / Wealth Managers
- ✓ Insurance Agents
- ✓ Onsite Sales Representatives
- ✓ Sales Agents / Relationship Managers







Non-Face-to-Face Channels





- ✓ Call Centres / Customer Service Desks
- ✓ Chatbots / AI Assistants
- ✓ Clearing Houses / Payment Processors
- ✓ Fax or Email instructions
- ✓ Mail / Postal Instructions
- ✓ Mobile Banking Apps
- ✓ Online / Internet Banking
- ✓ Open Banking / APIs
- ✓ Social Media / Messaging Apps
- ✓ Telephone Banking

[^]Our separate channel risk model contains over 30 different customer onboarding and transaction channel types.

Transaction Risk

-  **Transaction Risk Rating**
By customer type (individuals vs. entities).
-  **Transaction Volume By Transaction Risk Type**
Industry Type; Customer Type; Country Risk Rating and Changes in Transaction Volumes.
-  **Transaction Value By Transaction Risk Type**
Industry Type; Customer Type; Country Risk Rating and Changes in Transaction Values.
-  **Transaction Monitoring and Reporting**
Alerts, Cases and Suspicious Activity Reports and Transactions involving Higher Risk Countries and Alerts, Cases and Suspicious Matter Reports related to higher risk scenarios.









Country Risk[^]

-  **Higher Risk Business Operations**
Geographic footprint of business locations.
-  **Country Risk by Customer Type (Entities)**
Higher risk non-individual customers and country risks and Country of registration, incorporation, domicile or operating in.
-  **Country Risk by Customer Type (Individuals)**
Higher risk individual customers and country risks and Residency, nationality or citizenship.
-  **Country Risk by Transaction**
Transaction volume and values by country.

[^] Our separate country risk model contains country risk ratings generated for over 240 countries and territories.

Key Features

To help manage your enterprise-wide risks, whatever the risk domain you're assessing

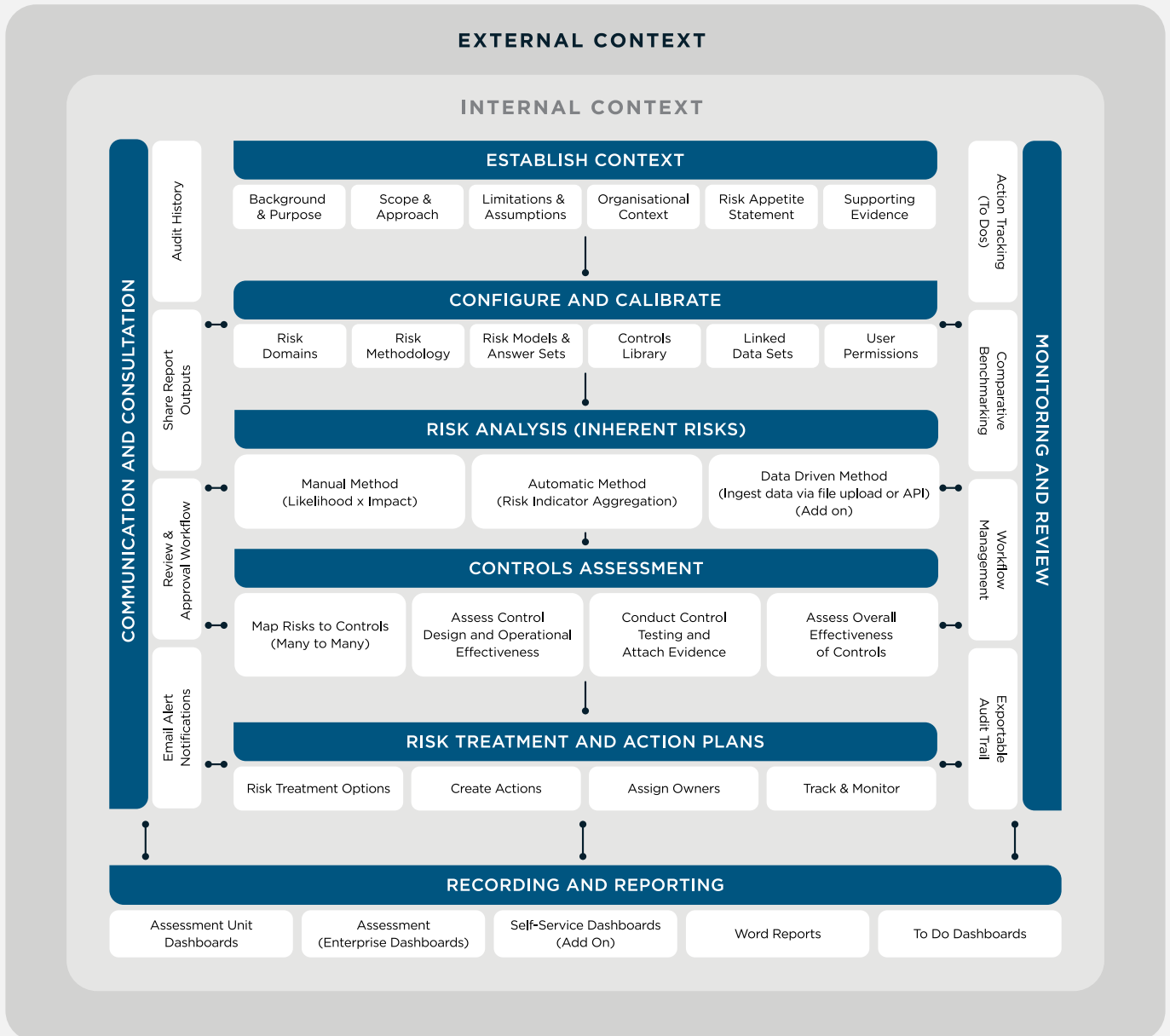
-  Highly configurable so you can tailor the platform to suit your needs
-  Digitise and automate by ingesting data via API or file upload
-  Import your own risk and controls or use our expert-built risk domains
-  Track, monitor and report on actions, issues and incidents
-  Flexible risk methodology, tailored to your risk-based approach
-  Real-time dashboards and analytics, with exportable reports
-  Auditable workflow process for conducting risk analysis and controls assessment
-  Fully hosted in a secure cloud with dedicated support

Why choose the Risk Assessment Platform?

- ✓ Fully configurable risk analysis and controls assessment platform
- ✓ Automate risk assessments by ingesting data, improving efficiency
- ✓ Expert-built content modules with hundreds of risks and controls
- ✓ Real-time analytics, approval workflows and fully auditable
- ✓ Digitise spreadsheet-based approaches, improving quality
- ✓ Save time and money, reducing compliance costs

How it works

The diagram below visualises recognised industry best risk assessment practices overlaid against the features within the Risk Assessment Platform that supports these processes.



Companies we've helped

APAC



EMEA



AMERICAS



Our customer footprint

About Arctic Intelligence

Arctic Intelligence is a multi-award-winning RegTech firm that specialises in financial crime risk and controls risk management software to help regulated businesses to identify, assess, mitigate and manage financial crime.



Compliance. The smart way.

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