

Registration for How to Implement a Risk-Based Framework for AML and CFTs

CENTRAL BANKING
EVENTS

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CENTRAL BANKING
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The independent world forum for central bankers and financial supervisors
Training course/seminar series 2010

How to Implement a Risk-Based Framework to AML and CFT

4-day intensive residential programme
18 - 22 April 2010

Cumberland Lodge, Windsor

Course chairman:
Richard Pratt
Consultant and former Director General of the Jersey Financial Services Commission

Series adviser:
Charles Goodhart, CBE
Professor Emeritus
London School of Economics
Financial Markets Group



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Dear Delegate,

In their response to the financial crisis, the G20 leaders in Pittsburgh threw down a challenge to the Financial Action Task Force and their member central banks and regulators.

"We ask the FATF to help detect and deter the proceeds of corruption by prioritizing work to strengthen standards on customer due diligence, beneficial ownership and transparency."

Allied to this renewed new focus, a broadening of the reach of FATF reports to include securities and life insurance demonstrates the pervasive threat money laundering and terrorist financing present to the financial system worldwide.

These new areas of concerns for policymakers add to the growing number of factors that central bankers and regulators must address when constructing a risk-based approach to combatting money laundering and terrorism financing.

Meeting the practical day-to-day challenges of implementing this on the ground are the focus of this four-day residential seminar, which is held in closed roundtable format to allow an international group of delegates maximum opportunities to learn from each other.

Over the course of the seminar, an elite panel of speakers comprising leading regulators, academics and practitioners will be chaired by Richard Pratt, former director general of the Jersey Financial Services Commission and now a regulatory consultant to the IMF and others, who writes and lectures on anti-money-laundering issues.

This seminar pinpoints not only what financial policymakers must do to prevent the misuse of their banking/financial/payments system for money laundering or other criminal purposes, but how to put in place a regime to identify new threats – and tackle them.

A series of interactive workshops focuses on how to respond to international pressure to meet new standards and actively demonstrate compliance with them.

Key practitioner-led sessions examine:

- how to meet changing international standards for best practice
- how to prepare for and get the most from an evaluation
- how to implement a risk-based approach
- how to identify and tackle new threats from misuse of trusts, wire transfers and securities
- how to handle politically exposed persons
- how to work with the private sector

Each topic allows participating supervisors and central bankers an opportunity to "benchmark" their work against leading thinking and international practice and to exchange views with their peers in an informal setting.

This format, as more than 2,000 central bankers and regulators can attest, encourages delegates to quiz panelists, raise issues and discuss solutions to the specific challenges they face.

For more information about the programme, please take a few moments to look at the detailed course contents presented on the pages which follow.

I look forward to welcoming you to Windsor.

Yours sincerely,

Robert Pringle
Chairman, Central Banking Publications

■ I have attended many workshops for central bankers. Those organised by Central Banking Publications are by far the best ■ ■ A central bank delegate

How to Implement a
Risk-Based Framework
to AML and CFT
Spring 2010

Monday 19 April New Threats and Evolving Standards

Introduction: the demands of a risk-based approach

Richard Pratt, Former Director General, Jersey Financial Services Commission

This session will invite delegates to consider the main challenges their organisations face, drawing on the wide range of expertise and experiences present. Discussion will focus on the new demands in implementing a risk-based approach to anti money laundering and combating the financing of terrorism (AML and CFT) in light of the G20 statements and recent FATF reports.

Key elements of an AML & CFT framework

Michael Foot, Chairman of the UK office, Promontory Financial Group and Former Inspector of Banks and Trust Companies, Central Bank of The Bahamas

Regulation varies from country to country. Yet all regulators have to commit to a professional approach – to transparency, objectivity, a methodical approach, strong technical knowledge, continuous learning and high standards. In this session, led by an experienced former regulator who recently published a report for HM Treasury on offshore financial centres, discussion will focus on the core elements in AML/CFT regulation and the latest thinking on their implementation.

Wire transfers: protecting the payment system

Theodore S. Greenberg, Senior Financial Specialist, World Bank (invited)

The vulnerabilities of domestic and cross-border wire transfers to money laundering and terrorist financing have been acknowledged by the international community in a series of recommendations and guidance. Yet striving to trace all wire transfers and minimise thresholds place considerable burdens on regulators and the financial system itself. A number of recent cases have highlighted the potential for abuse and this session, led by a leading expert from the World Bank, looks at how regulators can work to combat this.

Threats from new channels: VAT carousel fraud, trade-based ML and misuse of corporate vehicles

Panel discussion featuring:

Bill Cleghorn, Member, Forensic Services, Financial Crime & Corporate Recovery, Kinetic Partners LLP and **Colin Powell**, Chairman, Jersey Financial Services Commission

A number of recent reports from the FATF have identified new areas where vulnerabilities and threats exist to the financial system. At a time of financial fragility these will be a serious concern for policymakers. This session, in the form of panel discussion, draws on industry and regulatory experience to address how authorities can put in place frameworks to tackle these. The panel will address how regulators can obtain better information about new channels being used to launder funds, drawing on examples from a variety of jurisdictions. How can they ensure that they do not adversely impact legitimate business?

The FATF: new mandate and new priorities

Paul Vlander, President, Financial Action Task Force (invited)

Financial market authorities around the world are aware all the challenges and responsibilities imposed on them by the revised FATF standards and international expectations of anti-money-laundering regimes. Recent initiatives have included examination of risks in securities and life insurance sectors as well as renewed emphasis on the importance of transparency in fighting financial crime. This session will consider the FATF's priorities for 2010, new typologies, and include a discussion of the organisation's change of mandate.



Tuesday 20 April Priorities and Challenges in Implementation

Extraterritorial implications for regulators

Kern Alexander, Senior Research Fellow, Judge Institute, Cambridge University

Following the terrorist attacks in America, the US administration placed efforts to deny funds to terrorists, and prevent money laundering, at the top of its agenda. The PATRIOT Act provides US authorities with substantial powers to regulate the global activities of multinational banks. A number of high-profile cases have seen these powers invoked around the world with assets seized and regulators under pressure to comply. This session, led by a leading expert in extraterritoriality, will consider the consequences for regulators worldwide of these significant legislative developments.

Politically exposed persons: rules and reality

James Maton, Partner, Edwards Angell Palmer & Dodge

Combating money laundering and the financing of terrorism requires that regulatory authorities compile and keep up-to-date lists of suspicious persons and organisations. FATF recommendations require supervisors to pay particular attention to "politically exposed persons" (PEPs, ie, high-risk individuals who may be conduits for looted funds.) This session, which draws on a case-study from the speaker, will consider the challenges of preventative action, as well as issues surrounding international organisations, domestic PEPs, data collection, prosecution and asset recovery.

AML & CFT in cash-intensive economies

Adel Al-Qulish, Executive Secretary, MENAFATF (invited)

Cash-based economies differ from developed economies in many ways, including the use of cash, the size of the informal sector, money remitters and the extent of record keeping. The FATF recommendations apply, but have to be implemented to take account of the absence of many of the factors relied upon by institution in G7 economies. This session will focus on the particular challenges in economies where cash plays a prominent role in settling transaction.

Case-study: an AML framework

Speaker to be confirmed

Creating an effective framework for combating money laundering means coordinating groups within and across industries. With different interests, this presents particular challenges for a regulator. The speaker will discuss the roles played across the range of authorities within financial markets and law enforcement, and, importantly, how they can work together to present a united front in the fight against financial crime.

Good-practice AML – a bank's perspective

Hans-Peter Bauer, Former Head of Regulatory Relations for UBS and Chairman, Wolfsberg Group

Modern, global banks face immense regulatory pressure and reputational risk in connection with money laundering. In response, they have allocated substantial resources to anti-money-laundering controls, and have developed risk-based approaches. This session will offer delegates a "risk manager's eye view" of how international banks in practice defend against money laundering, the impact of regulatory requirements and how the actions of regulators can help or hinder these efforts.

Wednesday 21 April Closer Market Engagement

How to work with the private sector

Sally Scutt, Deputy Chief Executive, British Bankers Association

What is the role of the private sector in developing rules? This session will focus on examples of where the private sector can provide added value in devising workable proportionate rules, commenting on new initiatives and working in partnership with regulatory and supervisory authorities. The speaker, from the British Bankers Association, will discuss the work of the Joint Money Laundering Steering Group, trade-associations based group, in providing practical assistance in interpreting regulations and spreading good practice in countering money laundering.

A broader reach: securities

A speaker from the Financial Services Authority (invited)

The securities industry plays a key role in global capital flows. To do this it maintains a constant cycle of innovation, developing new products in response to demand, technological changes, market and regulatory initiatives. It is also one of the main ways for individuals and corporations to access the financial system. Yet it is its very strengths, as a recent FATF report points out, which provide opportunities to quickly carry out transactions across borders with relative anonymity, rendering the sector vulnerable to money laundering, in particular at the layering and integrating stages. This session will look at the issues raised by a study carried out in June 2008 and identified by the typology report in late 2009 and consider how regulators can construct a framework to identify and mitigate risks in this sector.

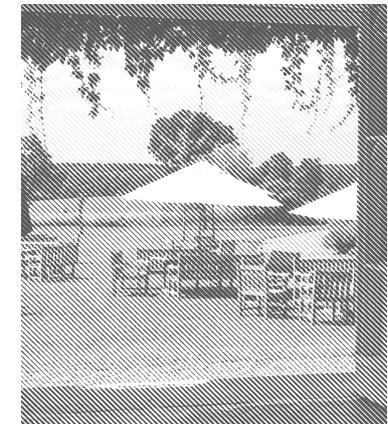
A risk-based approach – fitting the pieces together

Richard Pratt

Financial centres have different characteristics which give rise to different money-laundering and terrorism-financing risks. Understanding the sources, methods and extent of money laundering and terrorist financing in a particular country or jurisdiction is essential for supervisors and regulators to combat this criminal activity as well as prioritise resources for this. This session will address how delegates can pull together the different elements, building on the 40+9 Recommendations, to construct a framework best-suited to their jurisdictions.

About the course chairman

Richard Pratt is a consultant on financial services regulation. He conducts assessments of, and provides advice to, a range of regulatory authorities on anti-money-laundering defences, on capital market regulation, on governance and operational issues for financial services regulators, on international regulatory cooperation, and on other regulatory issues. Mr Pratt was previously director general of the Jersey Financial Services Commission. He was a member of the implementation committee of IOSCO and of the task force that drafted the IOSCO multilateral MoU, and participated in the FATF review of its recommendations on money laundering and terrorist financing.



Thursday 22 April

Preparing for Evaluation

Demonstrating success

John Aspden, CEO of the Financial Supervision Commission in the Isle of Man

Today, financial supervisors themselves, not just those they supervise, are expected to submit to evaluation by international examiners. Such evaluations now focus not only on the financial regulatory regime in general, but specifically on how well the regime works to combat money laundering and terrorist financing. How are these evaluations conducted, and what do supervisors need to understand about the evaluation process? How can financial market authorities best cooperate with this scrutiny to achieve the most positive outcome? This session takes a comprehensive approach to look at how authorities can best prepare for, and get the most from, an external assessment.

Effective evaluation preparation

Workshop led by Richard Pratt and John Aspden

This session builds on the earlier session to look at how supervisors and regulators can take to prepare for, undertake and respond to an evaluation. A series of case-study scenarios will draw out concrete steps authorities can take. The workshop draws on the presenters' experience of being evaluated as well as evaluating.

Priorities and action plans

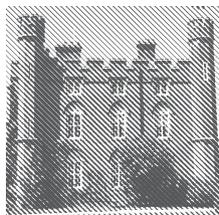
Led by Richard Pratt

In the final session, delegates will reflect on lessons learnt and identify priorities for action at national and international levels. This provides a chance for delegates to share views and experiences gained during the four days of the course and draw conclusions and action plans which they can take back to their home institution.

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Myriam Penninckx, Commission Bancaire, Financière et des Assurances (CBFA, Belgium)

Booking details

Course fee: £2,600

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5-day (4 nights) residential course

Course fee includes: en-suite accommodation, meals, refreshments, course documentation and a complimentary copy of the most recent issue of the Central Banking journal. Substitute delegates can be accepted should the registered delegate be unable to attend; please let us know prior to the event.

How to book

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The venue

Cumberland Lodge is one of the Royal Houses in The Great Park at Windsor and was formerly used by members of the Royal family and their households. Occupying a superb position, it provides a unique setting for conferences where participants find they can work easily in tranquil and gracious surroundings. Most bedrooms are spacious and each has its own en-suite bathroom.

About Central Banking Publications

Central Banking Publications' events division is the leading independent organiser of public policy seminars/training courses for the official sector. Since 1997, CBP has hosted roundtable seminars and training courses for over 2,000 senior policymakers from central banks, ministries of finance and financial regulatory agencies around the world. Senior officials from more than 120 countries have attended these meetings over the past ten years.