



**FCR Compliance**

**LESSONS**

**LEARNED**

**ADM Investor**

**Services**

**International Ltd**

# Background

On 29th September 2023 the FCA fined ADM Investor Services International Ltd **£6.47 million** for failing to implement suitable risk-based AML systems and controls.

Firms that fail to implement adequate AML controls are exposed to the risk of being used for criminal actions.

Here are **five simple actions** you can take to address some of the most fundamental financial crime failings identified without additional cost.

# 01

## Create a robust regulatory relationship

FCA dialogue with the firm continued over 2+ years of intense supervision, including:

- a risk mitigation programme
- written feedback
- a voluntary restriction of new business
- site visits to interview staff and examine customer files

**Engage constructively with the regulator, ensuring attestations are supported by evidence.**

**ACTION**

# TOP TIP



Failure to remediate issues promptly as required by the regulator, increases the likelihood of Enforcement action and reputational damage.

# 02

## Conduct a firm-wide financial crime risk assessment

The FCA states that:

*'the assessment of the financial crime and ML risk faced by a firm is essential to developing effective AML policies and procedures'*

**Formalise your risk management framework to show how it incorporates AML systems and controls including an assessment of financial crime risk.**

**ACTION**

# TOP TIP



**“But we have a risk management framework...”**

**is no substitute for a Financial Crime risk assessment.**

# 03

## Update your AML policies and procedures

The FCA expects firms to maintain written documents. These should be based on current legislation and clarify AML responsibility and accountability.

**Review and refresh AML policies and procedures, ensuring they address key topics such as client risk assessment, EDD and Pep management.**

**ACTION**

# TOP TIP



Ensure you refer to current financial crime regulation.

References to ML Regs 1993, 2001 and/or the now discontinued ML Sourcebook are not adequate.



# 04

## Refresh your MLRO report

The FCA expects senior management to take responsibility for managing financial crime risks.

Accurate, timely and relevant MI is a prerequisite to enable this.

**Ensure your annual MLRO report addresses areas of weakness or non-compliance, including relevant regulatory communication.**

**ACTION**

# TOP TIP



**Do not copy and paste sections of your report from year to year, or make incorrect SYSC references - this will be noticed.**

# 05

## Have an effective training & communication program

The FCA Notice in this case was clear that an effective AML control framework requires staff with **adequate skills and training**.

**Conduct a staff training needs assessment and maintain a record of AML training, including role-specific training.**

**ACTION**

# TOP TIP



Without adequate records you cannot demonstrate that you are meeting legal and regulatory obligations to deliver training on money laundering and terrorist financing.

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