



International Compliance Association

The University of Manchester  
Manchester  
Business School



# **International Diploma Programmes Course Handbook**

**International Diploma in Anti Money Laundering**

**International Diploma in Compliance**

**June 2004**

## **Introduction**

The International Compliance Association (ICA) working in association with the University of Manchester Business School (MBS) and other leading professional organisations around the world, offer a series of courses and qualifications in the field of Compliance and Anti Money Laundering.

These include:

- International Diploma in Anti Money Laundering
- International Diploma in Compliance
- Anti Money Laundering Awareness Certificate

## **International Compliance Association (ICA)**

The ICA is a professional organisation dedicated to the furtherance of best compliance and anti-money laundering practice in the financial services sector. The ICA transcends national boundaries by educating and supporting compliance professionals globally, through the provision of internationally recognised qualifications, member information exchange and training.

On successful completion of a diploma programme, a student can apply for individual professional membership of the Association (MICA) and after five years professional experience they can apply for Fellowship (FICA).

Professional membership of the ICA indicates a high level of practical competence in the field of international compliance and anti money laundering practice.

## **Benefits of membership**

Benefits of membership of the Association include:

- Updates on international anti money laundering and compliance issues
- Information exchange – enabling members to exchange ideas, views, problems and information
- Useful links to industry related websites
- Listing in an international membership directory
- Online resource centre – a jurisdiction specific and international database of laws, regulations and guidance
- A certificated benchmark professional qualification
- Access to first class education and training including courses, conferences, events and certificated programmes
- Dedicated daily news service
- Online bookshop

## **What are the benefits of acquiring an International Diploma?**

Money laundering prevention is critical to every financial services business. There is a growing recognition in light of the seriousness of the threat of money laundering, of the value of professionals with the necessary skills to protect businesses against criminally derived property and relationships with clients engaged in or benefiting from criminality.

Compliance is becoming more important, in the light of the enhancement to regulatory environment in recent years, and is becoming critical to the continuing success and, in some cases, existence of financial services.

The courses facilitate:

- A thorough understanding of international strategies and best practice initiatives
- An understanding of how to ensure full compliance with domestic legislation
- Knowledge of key regulatory principles and licensing requirements
- A thorough understanding of the duties and responsibilities of an effective compliance and anti money laundering professional
- A thorough understanding of how effective compliance contributes to good corporate governance
- A thorough appreciation of the risks faced by financial services businesses and how to protect against them
- The ability to design and implement an effective system of controls within a financial services business
- The ability to risk profile clients
- The ability to communicate confidently with regulatory bodies and law enforcement agencies
- The ability to generate essential management information for use in the evaluation and risk profiling of financial services and products and client types
- The ability to positively influence the compliance culture of an organisation

## **Who are the courses aimed at?**

The diploma courses are aimed at:

- Money Laundering Reporting and Prevention Officers and their Deputies
- Persons who wish to acquire a detailed understanding of the threats posed to financial services business by criminally derived property and a practical understanding of how to protect business against them
- Compliance Officers and their Deputies
- Risk managers, internal audit, regulatory staff
- Police and FIU/FCU staff
- Persons wishing to acquire a detailed understanding of fundamental regulatory principles and how to assist businesses to comply with them

## Entry requirements

Admission to a diploma programme is open, however the content of the programme requires delegates to possess:

- Good written English skills
- Sound educational background
- A minimum of three years working experience

## Exemptions

Entry to professional membership of the ICA is through examination. Applicants for full membership of the ICA must hold an ICA Diploma. These qualifications are normally attained through formal assignment submission and examination.

A qualified exemption may be granted to applicants who hold an appropriate qualification in compliance or anti money laundering practice or who possess a tertiary or professional level qualification. Applicants will also require at least 2-3 years experience as a Money Laundering Reporting/Prevention Officer or Compliance Officer (or equivalent).

Applicants without formal qualifications, but with 'extensive experience' in the field of compliance or anti money laundering practice may apply for the qualified exemption based upon their experience. Applications will be considered on a 'case by case' basis. Authorised copies of qualifications may be required at the discretion of the admissions tutor.

Qualified exemption grants the applicant:

- Exemption from attending workshops
- Exemption from completing assignments (if required)
- Fast-tracking status enabling the applicant to sit the examination at the first available sitting.
- A 30% discount on course fees

All applicants must complete the examination to be eligible for the award of a diploma. Where a delegate is granted a qualified exemption, the delegate's performance on the diploma will, normally, be based exclusively on the examination result, but such delegates may complete the assignments if they wish to do so.

All applicants applying for exemption must complete the Application for Exemption Form, which can be downloaded from the ICA website in pdf form. There is an administration charge £15 (or dollar equivalent) for processing applications, which is refunded if no exemption is granted.

## Programme structure

### How long does a programme take?

This very much depends on you, the amount of study time you have available, your aptitude for the subject and the timing of examinations in your jurisdiction.

The average delegate who spends six-seven hours per week studying for the programme should be able to complete a diploma in 9-12 months. Delegates who can dedicate more time can complete the programme in a shorter period.

### **How are the programmes taught?**

The diploma courses are delivered through an integrated tuition system. This consists of:

- A distance learning course
- Face to face workshops delivered by compliance or anti money laundering experts
- Website help line facilities

### **Diploma course materials**

When you enrol onto a diploma course, you will receive a course pack that includes:

- Course guide
- Course manual (includes main text, self assessment questions, tasks and specimen examination paper)
- Study planner
- Website password for support facilities
- Assignment questions and guidelines
- Support readings and textbooks

This course pack will enable you to get started and provides you with a structured programme leading to the examination.

### **Induction Seminar**

At the commencement of each diploma course, an induction seminar will be held for the delegates in all major international centres (please refer to the enclosed course dates for further details).

This seminar is designed to introduce new delegates to the programme and focuses on:

- Use of course materials
- Assignment writing
- Examination technique
- Introductory concepts

Potential delegates who may be interested in enrolling on the programme may attend the induction seminar without charge, prior to enrolment onto the course.

## **Face-to-face workshops**

Delegates are required to attend workshops, which will be facilitated by a leading anti money laundering expert with extensive experience of the financial services sector. The workshop is highly interactive and designed to ensure maximum learning effectiveness. Please refer to the course dates for your jurisdiction for further details.

## **How will I be tested?**

Assessment is conducted through assignment submission and open book examination. The assignment carries a 50% weighting in the final diploma mark. Delegates on the Anti Money Laundering Diploma are required to submit two assignments and those on the Compliance Diploma are required to submit three assignments.

The examination part of the assessment takes place at the end of the course. Examinations are set twice a year in all jurisdictions. All delegates take one three hour 15 minutes, open book examination paper, which assesses the candidate's understanding of the subject and ability to practically apply the knowledge gained during the programme. The result for the examination contributes 50% to the final diploma mark.

The Diploma assignments and examination are set at graduate/professional level.

## **What qualifications will I receive?**

On successful completion of the diploma course you will be awarded:

- The International Diploma in Anti Money Laundering - Int.Dip (AML)
- The International Diploma in Compliance - Int.Dip (Comp)

This will enable you to apply for professional membership/fellowship status of the ICA and permit usage of the appropriate designation.

## **Additional facilities**

Study support is available throughout the course. Delegates may obtain help with their study in any of the following ways:

- E-mail or telephone direct to tutor
- Website support with frequently asked questions (FAQs) and answers and specimen examination papers, which can be downloaded from the website
- Comments from the assignment markers

## **Course enrolment**

### **When should I apply?**

You may enrol onto a diploma course at any time throughout the year and work at your own pace through the materials. However, you should take into account the workshop schedule and examination timetable.

## **How do I apply?**

Complete the enclosed application form and post/fax it to International Compliance Training (ICT). Alternatively, you can complete the application form on the ICT website at [www.int-comp.com](http://www.int-comp.com).

## **Equal Opportunities & Disability Statement**

ICT welcomes applications from students with additional support needs as a result of a disability, medical condition or specific language difficulty e.g. dyslexia. All applications will be considered under the same criteria as other applications. You are encouraged to contact the course administrator at ICT to discuss any requirements you may have relating to your study or other needs as soon as possible. This is so that we can take all reasonable steps to ensure your needs are met and that the relevant staff are informed of support requirements at the earliest opportunity.

ICT will take all reasonable steps to ensure that applicants who meet the academic criteria will not be excluded from the course that interests them for reasons relating to their disability. However, there may be rare occasions that we would be unable to meet an individual's needs, but this would be discussed in detail and every avenue investigated before a decision was made.

## **Data Protection**

Any information provided will be used by the ICA/ICT or approved agents for administrative, membership and educational purposes or as required by law.

From time to time ICA/ICT may pass your details to third parties to enable them to send you information about products and services approved by ICA/ICT.

If you do not want to receive mailings from third parties, please let us know by emailing us at [ica@int-comp.org](mailto:ica@int-comp.org).

## **Linked Organisations**

The ICA has a close collaboration with a number of organisations throughout the world, including local Compliance Officer Associations, Business Schools and Financial Services Organisations.

Quality Assurance is guaranteed through the close association with Manchester Business School (MBS) and the Society of Trust and Estate Practitioners.

## **Manchester Business School (MBS)**

A school of the prestigious University of Manchester:

- Founded in 1965 (along with London Business School) in response to the governments wish for a two centres of international excellence in the UK – the first UK school to offer an MBA
- MBS is now one of a small and select band of institutions with accreditation from all three major bodies (AACSB International, AMBA and EQUIS). Only 12 other schools in the UK have achieved this accreditation and MBS is one of only 62 in the world
- Consistently ranked as the most international of the world's leading schools
- The Financial Times has consistently ranked the School in the top 10 in Europe and in the world's top 50. The most recent FT survey (2003) ranked the MBS fifth in the UK, eleventh in Europe and forty-fourth in the world. In 2002, MBS were ranked sixth in the UK, twelfth in Europe and forty-eighth in the world
- A five rating in the 2001 research assessment exercise (RAE)
- Part of the Manchester Federation School of Business and Management – the largest provider of management training and research in Europe
- Over 3,000 company partners since 1965

## **Society of Trust and Estate Practitioners (STEP)**

STEP is the professional body for the trust and estate profession and currently has over 10,000 members. STEP has a substantial number of branches throughout the world.

STEP members come from the legal, accountancy, corporate trust, banking, insurance and related professions.

# International Diploma in Anti Money Laundering

## Syllabus Content

### **Module 1 International Anti Money Laundering Strategies**

- International and regional bodies
- International initiatives
- The Financial Action Task Force and the Forty Recommendations
- FATF NCCT's
- The extra territorial powers of the United States
- The USA Patriot Act
- Self assessment questions
- Module outcomes

### **Module 2 National Anti Money Laundering Efforts**

- Domestic anti money laundering models
- Primary legislation
- Secondary legislation
- Industry sector regulation and guidance
- Analysing the offences of money laundering
- Analysing the offence of failing to report
- Compromising the duty of client confidentiality
- Analysing the tests of predicate criminality
- Self assessment questions
- Module outcomes

### **Module 3 Money Laundering Techniques and the Vulnerabilities of Specific Financial Services Products**

- The objectives of money laundering
- Examining the money laundering process
- Developing money laundering typologies
- Understanding financial crime
- The vulnerabilities of trusts
- The vulnerabilities of companies
- The vulnerabilities of bank accounts and related services
- The vulnerabilities of securities
- The vulnerabilities of investment funds
- The vulnerabilities of insurance products
- The abuse of non-financial professionals as intermediaries or 'gatekeepers'
- Cyber laundering
- Underground banking systems
- Business from sensitive sources
- Self assessment questions
- Module outcomes

## **Module 4 The Duties and Responsibilities of the MLRO/MLPO**

- Examining the role of the MLRO/MLPO
- The legal duties of the MLRO/MLPO
- The importance of autonomy
- The duties and responsibilities of an effective MLRO/MLPO
- Generating management information
- Avoiding common MLRO/MLPO problems
- Continuing professional development for MLRO/MLPO
- Self assessment questions
- Module Outcomes

## **Module 5 Recognition, Handling and Reporting Transactions**

- Analysing the legal requirement to report transactions
- Understanding knowledge
- Understanding the tests of subjective and objective suspicion
- Recognising unusual/potentially suspicious transactions
- Effective internal reporting to the MLRO/MLPO
- MLRO/MLPO evaluation of internal reports
- Obtaining additional information from clients
- Effective reporting to law enforcement
- Self assessment questions
- Module outcomes

## **Module 6 Post Reporting Considerations**

- Understanding and managing the constructive trust risk
- Damage limitation
  - Techniques for managing the risk of tipping off
  - Techniques for managing media enquiries
  - Managing communication with suspected clients
  - Subsequent client review techniques
  - Procedures to protect employees
  - Secure document retention
- Self assessment questions
- Module outcomes

## **Module 7 Dealing with the Authorities**

- Acknowledgement of reports by law enforcement
- Analysing the nature of the consent given by law enforcement
- Responding to requests for additional information
- Responding to court orders
- Understanding the nature of privilege
- Confiscation orders
- Self assessment questions
- Module outcomes

## **Module 8 Designing a Comprehensive Anti Money Laundering Framework for a Financial Services Business**

- Advising the Board of its obligations and liabilities
- Formulating an anti money laundering policy
- The appointment of an MLRO/MLPO and deputy MLRO/MLPO
- Designing an internal reporting system
- Drafting and implementing an anti money laundering handbook
- Understanding Eligible Introducer rules
- Managing Data Protection obligations
- Designing internal and external report forms
- The MLRO/MLPO confirmation form
- Resources
- Self assessment questions
- Module outcomes

## **Module 9 Knowing Your Customer in Practice and Risk Profiling**

- Understanding the importance of CDD/KYC to the recognition of suspicious transactions
- The elements of CDD/KYC
- Formulating a CDD/KYC policy
- Achieving effective CDD/KYC with new and pre-existing clients
- Profiling clients
- Monitoring clients
- Understanding and managing PEP risk
- Understanding factors within relationships that effect risk
- Risk profiling clients
- Adopting a risk based approach
- Self assessment questions
- Module outcomes

## **Module 10 Engendering an Effective Compliance Culture and Maintaining a High Level of Awareness**

- Obtaining management commitment
- Empowering staff
- Dealing with CRM pressure
- Ensuring relevance of staff training
- Delivering staff training
- Developing an annual staff training program
- Staff competency testing
- Techniques to maintain a high level of awareness
- Self assessment questions
- Module outcomes

# International Diploma in Compliance

## Syllabus Content

### Module 1 Understanding the Regulatory Environment

Learning objectives

Introduction

1. The objectives of financial services regulation
2. The history of financial services regulation
3. International initiatives
4. National regulatory models
5. Understanding legislation and how it is applied
6. An uneven playing field

Self-assessment Questions

Module Outcomes

### Module 2 Understanding Law, Compliance and Corporate Governance

Learning objectives

1. Law and regulation
2. Relationship between civil and criminal law - Civil law Criminal law
3. Compliance and corporate governance
4. The relationship between compliance and corporate governance
5. International corporate governance initiatives

Self-assessment Questions

Module Outcomes

### Module 3 Regulators and their Powers

Learning objectives

Introduction

1. The role of the regulator
2. Regulatory models
3. Principles or rules-based regulation
4. Authorisations
5. Supervisions
6. Enforcement
7. Regulatory rules
8. The framework of a regulator
9. Independence, transparency and accountability of the regulator
10. The exchange of information and regulatory co-operation
11. Home and host regulators
12. Know your regulator
13. The Potential Liability of Regulators

The BCCI Litigation – Salutory Lesson for Regulators

Regulators

Introduction

Factual background

Legal analysis

Conclusion

Self-assessment Questions

Module Outcomes

## **Module 4 The Role of the Compliance Officer**

Learning objectives

1. The duties and responsibilities of the Compliance Officer and the function of compliance
2. Compliance officer activities
3. Managing key relationships
4. The requirements of a compliance officer
5. Preparing and managing a compliance visit
6. Managing the regulator
7. Drafting a compliance officer's job description/contract
8. Drafting compliance reports

Self-assessment Questions

Module Outcomes

## **Module 5 Evaluating Compliance Sectors 93**

Learning objectives

1. Trustee services
2. Corporate services
3. Banking services
4. Investment business
5. Collective investment schemes
6. Insurance services

Self-assessment Questions

Module Outcomes

## **Module 6 Designing an Internal Compliance System**

Learning objectives

Introduction: regulatory principles

1. Issues
2. Developing high-level policies and obtaining board commitment
3. Defining responsibilities
4. The compliance department
5. Specific areas of compliance risk
6. Handling client assets
7. Advertisements and promotional material
8. Terms of business
9. Specific internal compliance control issues
10. Data protection
11. Client confidentiality
12. Staff dealing
13. Conflicts of interest
14. Record keeping
15. Outsourcing
16. Evaluating fitness and properness and competence
17. Client reviews
18. Developing a compliance handbook
19. The role of other risk control functions
20. Creating an effective compliance culture

Self-assessment Questions

Module Outcomes

## **Module 7 Managing the Risk of Money Laundering and Terrorist Financing**

Learning objectives

Introduction

1. How is money laundered?
2. The money laundering vulnerabilities of particular services and products
3. Understanding money laundering offences
4. The relationship between the MLRO, the MLPO and the compliance officer
5. Designing an effective internal reporting system
6. Procedural requirements to forestall money laundering including KYC
7. Terrorist financing
8. The USA Patriot Act and US extra territoriality
9. Correspondent banking
10. Money laundering and tax evasion

Self-assessment Questions

Module Outcomes

## **Module 8 Investigations, Enforcement and Production Orders**

Learning objectives

1. What to do when a regulatory problem arises
2. Conducting internal investigations
3. Informing the regulator
4. Managing the risk of document destruction and creation
5. Handling an investigation by the regulator
6. Responding to production orders and requests for information
7. Avoiding fishing expeditions
8. Legal professional privilege
9. Breaches of client confidentiality
10. Picking up the pieces – avoiding the recurrence of compliance problems

Self-assessment Questions

Module Outcomes

## **Module 9 Fraud Prevention**

Learning objectives

Introduction: Financial crime

1. Fraud
2. Wire transfer fraud schemes
3. Preventing and detecting wire transfer fraud
4. Bank audits
5. Advanced fee fraud
6. Letter-of-credit fraud
7. Check/cheque fraud
8. Credit card fraud
9. Securities frauds conducted by investment business
10. Preventing fraud
11. False accounting
12. Corruption
13. Identify theft

Self-assessment Questions

Module Outcomes

## **Module 10 Market Fraud (Market Manipulation/Misleading Statements), Insider Dealing and Market Abuse**

Learning objectives

Introduction

1. Market Manipulation & Misleading Statements (Market Fraud)
2. Market manipulation
3. Market abuse

Self-assessment Questions

Module Outcomes

## **Module 11 Risk Management**

Learning objectives

Introduction

1. Types of risk
2. The inter-relationship between risks
3. Managing risk

Self-assessment Questions

Module Outcomes

## **Module 12 Promoting the Benefits of Compliance**

Learning objectives

Introduction

1. Drafting compliance reports
2. Conducting internal enquires
3. Delivering presentations
4. Training
5. Compliance culture – what is it and why is it important?

Self-assessment Questions

Module Outcomes

## **Module 13 Corporate Social Responsibility**

Learning objectives

Introduction

Conclusion