

Client and Matter Risk Assessment

You must carry our client and matter risk assessments under Regulation 28(12) & (13) of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017. If you choose to use this form, you should complete all sections and complete customer due diligence in line with the level of risk identified.

Client reference

Matter reference

1. Client details

Client name DoB

Address

New Existing Date due diligence was last updated

Occupation/
Source of income

Client is a nail salon. The salon's income is derived from customers using the salon.

For entities - Please complete section 2e.

Entity type

2. Initial risk assessment

2a. Client risk

Is it unusual for this type of client to instruct us?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Do you have any concerns about the client? <i>For example, capacity, undue influence, vulnerability</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
If a third party is instructing, do we have evidence of their authority to act?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Do you have any concerns about this client, agent or third parties?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Is the client a designated person/entity?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

Provide details of any issues identified in this section

Client is a company operating as a nail salon in Oldtown. They are looking to purchase a larger premises as the business is expanding. The owner of the salon (Mr C) often travels between the UK and abroad. We are liaising with his brother (Mr T) who is the manager at the salon and a director in the company. We have an email on file from Mr C authorising us to deal with his brother on the company's behalf.

2b. Jurisdiction risk

Where is the client based?

Oldtown

Do you have any concerns about the client's location?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Does it make sense for the client to instruct us from this location?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Are there overseas elements? If yes , provide details below, <i>for example, overseas beneficiary, contracts for overseas entities</i>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Provide details of any issues identified in this section

Mr C has links to the UAE. Funding for the purchase is coming from his UAE based business DUB Ltd operating in Dubai.

2c. Delivery channel risk

Will we meet the client in person?

Yes No

If **no**, how are we satisfied that the client is who they say they are?

I will meet Mr T in person and Mr C via Teams. Mr T will provide proof of ID and evidence of his address in person. Mr C will be met virtually and asked to show us a copy of his ID. A screenshot will be taken with him holding this up. Their identity and addresses will be verified using our electronic checking system. This will check that the clients' IDs are legitimate, and they live at the addresses they told us as well as some live checks. A letter will also be sent to their addresses. They will be required to sign and return these to us.

2d. Due diligence review

What steps have you taken to verify the client or any instructing third party's identity?

The above steps are in progress.

Is there any adverse media about the client or beneficial owners?

Yes No

2e. For entities

Provide details of beneficial owners, shareholders/controllers including percentages of shareholdings

XYZ Limited is a limited Company with two directors – Mr C and Mr T.
Mr C is the sole beneficial owner.
Documents obtained from Companies House confirm this.

Provide details of steps taken to identify and verify ultimate beneficial owners

We asked the client to provide the information. Documents have been obtained from Companies House, which show XYZ Limited has been trading for over 7 years now. We have met the beneficial owner (Mr C) remotely. I have seen his passport virtually and electronic checks have been completed against him. No concerns are noted.

I note Mr C is also the owner of a salon called DUB Ltd, the company funding the transaction. Electronic verification checks show DUB Ltd is wholly owned by AI Ltd, Mr C is the sole beneficial owner of AI Ltd.

Have you identified any reportable discrepancies?

Yes No

If applicable, have you checked the register of overseas entities?

Yes No

3. Matter risks

Description of work and transaction value

Commercial property purchase for £550,000 in Oldtown to be used as a bigger premises for the company's expanding business.

Do we usually carry out this type of work?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Does the matter involve creating a complex structure?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Does it involve a cash-intensive industry?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Does it involve a high-risk industry?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Does the matter involve a risk of proliferation financing?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Are there any there any other AML or counter terrorist financing risks?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Have you checked the source of funds for this transaction?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

If **yes**, provide a description of the source of funds. If **no**, provide an explanation below

Source of funds checks will be completed. We will request a copy of the clients' audited accounts from their accountants, alongside evidence of funds in the company accounts for UK and UAE businesses.

Is the matter transactional?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If no , does the transaction arrange for the movement of funds or assets?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Are we receiving funds from overseas?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Are we receiving funds from third parties?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Will this matter be funded by digital assets? <i>For example, crypto</i>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Is this transaction consistent with your understanding of the client's profile and financial position? <i>For example, it makes sense for the client to instruct us on this transaction?</i>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Provide details of any issues identified in this section

Click or tap here to enter text.

3a. Product/service risk

Based on the client's profile, does it make sense for the client to instruct us on this transaction? Yes No

If **no**, provide details

Click or tap here to enter text.

3b. Enhanced due diligence

If 'Yes' applies to any of the following, contact the nominated person before proceeding. Provide details of the additional measures you will take to mitigate the risk identified below.

If the client is not an individual, is the structure complex or unusual?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Does the client own, manage or direct a business or activity that falls within a higher risk sector?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Does the matter involve a client, a beneficial owner or other party linked to the Transaction, manage or direct a business or activity that is cash intensive?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Does the matter involve a client, a beneficial owner or any party established in a high-risk third country or high-risk or jurisdiction?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Is the client, a beneficial owner or any party linked to the transaction a politically exposed person (PEP), family member or a close associate of a PEP?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Do you have any concerns that the client, a beneficial owner or any parties linked to the transaction is subject to financial sanctions or has links to a country subject to sanctions?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Will this matter involve a country subject to sanctions?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Is the transaction unusually complex or large?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Does this transaction form part of an unusual pattern of transactions?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Does the transaction lack an apparent economic or legal purpose?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Are there any other factors that could indicate a higher risk of money laundering or terrorist financing?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

If risks identified, date escalated to nominated person

03 March 2023

Provide details of any issues identified and measures to be taken

Email from MLCO dated 4 March saved on file, MLCO confirms we can proceed with this matter if we can determine the legitimacy of the business in Dubai. We must obtain satisfactory source of funds and wealth checks. Adverse media checks will also be undertaken.

3c. Risk level and justification

What level of risk is posed by the client?

Low Medium High

What level of risk is posed by the matter?

Low Medium High

I have given these ratings because...

Marked as high risk given the links to a HRTC and the cash-intensive businesses. Google indicates the client has a chain of beauty shops/salons in the UAE and this transaction makes sense for his profile. I am carrying out due diligence to mitigate the identified risks. Keeping as high risk, so we can regularly monitor the client and the transaction as the matter progresses.

For high-risk matters:

Have you obtained evidence of source of wealth?

Yes No

Does the stated source of wealth/funds and the sum of money involved correspond with what you know about the client? *For example, age and occupation*

Yes No

Explain why you are happy to proceed with the matter

4. Due Diligence

We intend to mitigate the risks identified by conducting source funds and wealth checks. We have also conducted open-source research which confirms what the client has told us. No adverse media found. We are in the process of verifying the directors/beneficial owners' details.

What level of customer due diligence will you apply?

Simplified Standard Enhanced

I have chosen to apply this level of CDD because...

The transactions contain high risk factors (cash intensive business and the involvement of a high-risk third country). Additional checks are necessary.

Date

4 March 2023

Signed

Michelle Clement

5. Ongoing Monitoring

Date due diligence was conducted

14 March 2023

Has your due diligence changed your assessment of the level of risk?

Yes No

If **yes** to questions above, provide details and actions you will take to address any concerns

Click or tap here to enter text.

What have you done to monitor any risks relating to the client and matter since your last review?

I met with Mr T in person on 2 March 2023. I looked at the verification results. The picture on the passport appeared to be the person I was speaking with. I met with Mr C virtually on 10 March 2023. He provided a passport and utility bill dated within the last three months.

Electronic checks have returned for both without issue. Nothing of concern has been identified.

We have obtained accountant reports from regulated accountants for the UK Company and the Company in the UAE. The accountant's report for the company in the UAE shows a turnover of approximately £1 million annually. I gathered evidence showing both set of accountants are regulated. DUB Ltd has been trading for over 14 years. Documents provided confirmed source of funds and how wealth has been accumulated over the years through this chain of salons.

Has your assessment of the level of risk changed?

Yes No

If **yes**, provide your rationale

Click or tap here to enter text.

Updated risk level

Low Medium High

Date

29 May 2023

Signed

Michelle Clement

What have you done to monitor any risks relating to the client and matter since your last review?

I have checked to make sure that funding has remained consistent. I have requested documents showing the movement of the funds from the UAE. I have requested an up-to-date bank statement from the client to ensure that the funds are still in the same account. The accounts team have been notified of the bank accounts the funds will come from. No additional parties have been added to the transaction.

Has your assessment of the level of risk changed?

Yes No

If **yes**, provide your rationale

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Updated risk level

Low Medium High

Date

29 May 202

Signed

Michelle Clement