Plenary 4

Combating Financial Crime Globally

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ANTI-MONEY LAUNDERING AND INVESTMENT BANKING

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INTRODUCTION

• Historical Background

• New Rigour

• Enforcement action
SCOPE OF ACTIONS CAPTURED BY AML REGIMES

• FATF
  • (a) trading for our account or for others (spot, forward, swaps, futures, options) in:
    (i) money market instruments
    (ii) foreign exchange
    (iii) exchanges, interest rate and index instruments
    (iv) transferable commodities
    (v) commodities futures trading
  • (b) participation in securities issues and provision of financial services related to such issues
  • (c) individual and collective portfolio management
  • (d) safekeeping and administration of cash or liquid securities
MONEY LAUNDERING RISK FOR WHOLESALe INSTITUTIONS

• Reputation risk

• Ways wholesale business can be targeted by money launderers
THE GLOBAL INSTITUTION

• Practical difficulties of coping with requirements of different jurisdictions

• Know your customer policies and procedures

• Complexity of legal structures

• Costs of compliance
KNOW YOUR COUNTERPARTY

• Entity type

• Geographical location

• Nature of transaction
KNOW YOUR COUNTERPARTY

- Who is the counterparty?
- Agents and principals
- Financial institutions
- Hedge Funds
- Special purpose entities
- Advisory relationships
TRANSACTION MONITORING

- Unique issues confronting wholesale sector
- Dates and systems issues
- Techniques
- Risk profile