

ISQ Examination (Winter-2012)
Anti Money Laundering Measures & Business Ethics - Associateship

- Q. What points are covered in Prudential Regulation M-4 regarding Correspondent Banking? What are the benefits a bank can drive from assessing the respondent institution's AML / CFT controls?
- Q. As per FATF Recommendations, 'Countries and financial institutions should identify and assess the money laundering or terrorist financing risks that may arise in relation to new products or developing technologies'. Define what steps you'll take to identify, assess and mitigate these risks as Head of Compliance of a fast growing Commercial Bank.
- Q. Define the following terms with reference to anti-money laundering.
- a. Downstream Correspondent
 - b. Beneficial Owner
 - c. Loan Back Method
 - d. Unusual Transaction
 - e. Willful Blindness
- Q. a. What is meant by Tipping Off. Also identify relevant section of AML Act 2010 dealing with Tipping Off.
- b. Define Suspicious Activity. Also identify relevant section of AML Act 2010 dealing with Reporting of Suspicious Activities.
- c. What is Safe Harboring? Identify relevant section of AML Act 2010.
- d. What is an Exempt Account? Also identify section of AML Regulations 2008 dealing with Exempt Accounts.
- e. What is "Bare Trust". How is it vulnerable to money laundering?

- Q. Answer the following questions briefly.
- a. What is SWIFT?
 - b. What is Debit Card? How can they be used to launder Money?
- Q. What is the purpose of "Money Laundering Compliance Program"? Explain its essential components.
- Q. What are the special risk factors in laundering the proceeds of corruption? Discuss the interrelationship between corruption and money laundering in the light of Recommendations 10 and 12 of FATF.
- Q. Bank's branch in Peshawar opened a Foreign Currency Account of a 73 year old citizen of Peshawar with initial cash deposit of USD 1,000,000 who mentioned his profession as landlord. His son is an industrialist and running various businesses in the same city and also enjoying various finance facilities from the same bank's branch. Purpose of account opening was mentioned by the aged customer as savings and branch is fully satisfied with the account.

Identify the money laundering risk involved in opening above referred account and also mention the questions you'll ask the branch manager as a compliance officer / AML analyst to ensure bank's risk of money laundering is minimized?
