

Q.1 A. What is the role and scope of compliance in a bank? Please expand on the areas of banks that come under the purview of compliance.

B. In your opinion is there a difference in role and scope of the compliance function of a large bank versus a small bank. Please explain your answer with the help of examples.

Q.2 Define the following items, giving examples in each case:

- A. "Loan Back Method" of Money Laundering
- B. Concealment
- C. Integration
- D. Layering
- E. Placement
- F. Will full blindness
- G. Money Mules
- H. Market Manipulation
- I. Transaction Monitoring
- J. Retroactive Searches

Q.3 What points are covered in Regulation 2, of AML/CFT Regulations of SBP, regarding Correspondent Banking? What are the benefits that a bank can derive from assessing the respondent institution's AML / CFT controls?

Q.4 What is the minimum set of documents required (in the light of Regulations 1 of AML/CFT Regulations of SBP) for opening account of the following:

- NGOs/NPOs/Charities
- Branch Office or Liaison Office of Foreign Companies

Q.5 What is the significance of conducting Due Diligence on "The Correspondent Banking Client's Business and Customer Base"?

Q.6 Can the Letter of Credit be used to launder money? Please support your answer with a detailed example.

Q.7 Money Laundering is an area which generates a lot of interest and attention. Compliance however is a larger job than simply combating money laundering. State any 2 other areas of risks that the Compliance function of a bank monitors. Explain the manner in which these risks are measured, monitored and flagged. Provide examples.

Q.8 List Characteristics of "Open System Stored Value Card".

Q.9 What are the contents covered in Regulation – 6 of AML/CFT Regulations, regarding 'Internal Controls, Policies, Compliance, Audit and Training'.