

The OFT has created this sample as guidance to assist HVDs with their AML/CFT obligations under the Proceeds of Crime Act 2015 and Sanctions Act 2019. The use of this form may not guarantee compliance by your business with these obligations. Your business should therefore assess its specific money laundering, terrorist financing and proliferation financing risks and create bespoke forms to carry out appropriate Customer Due Diligence measures – 28<sup>th</sup> February 2022

### **FORM REA 3** **RISK ASSESSMENT**

Complete this risk assessment form once you have completed form REA 1 and the relevant REA 2 forms identifying the Customer, Other Party (where relevant) and their relevant beneficial owners (if any).

See Chapter 6 and Schedule 1 of the OFT's AML/CFT Guidance Notes for Real Estate Agents.

This form will allow you to easily identify high and low risk indicators to assist you in determining the money laundering and terrorist financing risk of this transaction. You will however need to consider all of the indicators below along with any other information at your disposal as a whole to determine the level of risk. It will also assist you in determining whether sufficient CDD has been obtained and whether the transaction should be allowed to proceed. If in doubt refer the transaction to your MLRO.

**Customer Name:** \_\_\_\_\_

**Property Address:** \_\_\_\_\_

#### **1. Sanctions:**

Having screened the persons and entities identified as part of the transaction, you should not proceed with the transaction if you have a positive hit or have knowledge or suspicion that the person or entity is a designated person. In such cases you must also:

- immediately freeze any identified assets or funds held or controlled by that person or entity without delay
- not deal with the assets or make them available to the designated person or entity;
- report to the GFIU as soon as practicable.

#### **2. Customer details:**

	<b>Low risk indicators</b>	<b>High risk indicators</b>
<b>Customer known to business?</b>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Type of Customer:</b>	<input type="checkbox"/> Long standing customer <input type="checkbox"/> Local	<input type="checkbox"/> Single transaction customer <input type="checkbox"/> Foreign
<b>Is the Customer the beneficial owner?</b>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Is the Customer part of a complex structure?</b>	<input type="checkbox"/> No	<input type="checkbox"/> Yes
<b>Is the Customer/beneficial owner a PEP?</b>	<input type="checkbox"/> No	<input type="checkbox"/> Yes
<b>Is the Customer/beneficial owner a relative or close associate of a PEP?*</b>	<input type="checkbox"/> No	<input type="checkbox"/> Yes

\*If the customer is a PEP, a relative of a PEP, or close associate of a PEP then the transaction should automatically be regarded as high risk and enhanced CDD should be requested.

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**3. Other Party's details:**

	<b>Low risk indicators</b>	<b>High risk indicators</b>
<b>Type of Other Party:</b>	<input type="checkbox"/> Known <input type="checkbox"/> Local	<input type="checkbox"/> Unknown <input type="checkbox"/> Foreign
<b>Is the Other Party the beneficial owner?</b>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Is the Other Party part of a complex structure?</b>	<input type="checkbox"/> No	<input type="checkbox"/> Yes
<b>Is the Other Party/beneficial owner a PEP?</b>	<input type="checkbox"/> No	<input type="checkbox"/> Yes
<b>Is the Other Party/beneficial owner a relative or close associate of a PEP?*</b>	<input type="checkbox"/> No	<input type="checkbox"/> Yes

\*If the Other Party is a PEP, a relative of a PEP, or close associate of a PEP then the transaction should automatically be regarded as high risk and enhanced CDD should be requested.

**4. Transaction details:**

	<b>Low risk indicators</b>	<b>High risk indicators</b>
<b>Use of Property:</b>	<input type="checkbox"/> Personal use <input type="checkbox"/> Commercial use	<input type="checkbox"/> Investment/speculation
<b>Type of payment:</b>	<input type="checkbox"/> Bank Transfer <input type="checkbox"/> Card/cheque	<input type="checkbox"/> Cash <input type="checkbox"/> Cryptocurrency
<b>Financing required?</b>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Satisfactory source of funds:</b>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Currency:</b>	<input type="checkbox"/> Low risk jurisdiction	<input type="checkbox"/> High risk jurisdiction

**5. Further information:**

	<b>Low risk indicators</b>	<b>High risk indicators</b>
<b>Include further information affecting the Customer and transaction risk assessment:</b>		

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<b>Further comments:</b>	
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**Risk rating:**

Based on the risk indicators identified and all the CDD information collected in the REA 1 & REA 2 forms give the transaction a risk rating:

<b>Customer risk rating:</b>	<p style="text-align: center;"> <span style="color: green;">Low Risk</span> <span style="color: orange;">Medium Risk</span> <span style="color: red;">High Risk</span> </p> <p style="text-align: center;">1                      2                      3                      4                      5</p>
<b>Risk rating rationale:</b> Justify why the customer has received that score.	
<b>Transaction risk rating:</b>	<p style="text-align: center;"> <span style="color: green;">Low Risk</span> <span style="color: orange;">Medium Risk</span> <span style="color: red;">High Risk</span> </p> <p style="text-align: center;">1                      2                      3                      4                      5</p>
<b>Risk rating rationale:</b> Justify why the transaction has received that score.	

**6. Checklist for person carrying out risk assessment:**

Please check the boxes below accordingly:

- REA3 form has been completed
- Form REA1 & the appropriate REA2 forms has been completed and the information submitted is adequate and satisfactory.
- All beneficial owners have been identified.
- The appropriate level of CDD has been collected based on the Customer's and the transaction's ML/TF risk.
- Information about the source and proof of funds is satisfactory.
- Based on the information collected within REA 1,2 & 3 there is no suspicion of money laundering and/or terrorist financing.

**If there is any suspicion of money laundering, terrorist financing and/or proliferation financing inform the MLRO before proceeding with the transaction.**

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**Name of employee conducting risk assessment:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

Notes:

- Form REA1, 2 and 3 should be completed and filed in the Customer's file.
- If the customer risk score has been determined to be medium to high (E.g. 3,4 or 5) the transaction should be referred to the MLRO for approval before proceeding.

### 7. MLRO Transaction Approval

This section should only be completed by the MLRO where the transaction has been referred to them for approval.

MLRO Checklist:

- Are the employee's risk assessment appropriate and do they reflect the potential ML/TF risk?
- Is further CDD required to deal with any doubts about the Customer or the transaction?
- Have all factors been taken into account to arrive to an appropriate risk assessment?
- Do you have knowledge, suspect or have reasonable grounds to suspect that a person is engaged in, or is attempting to, launder money or finance terrorism? (see 5.5 to 5.7 of REA Guidance Notes)
- Should a Suspicious Activity Report be submitted to the GFU? (see 5.8 of the REA Guidance Notes)

**State reason(s) why the transaction has or has not been allowed to proceed:**

**MLRO Name:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**IF IN DOUBT SUBMIT A SUSPICIOUS ACTIVITY REPORT (SAR) TO THE GIBRALTAR FINANCIAL INTELLIGENCE UNIT (GFU)**