

# ICA Specialist Certificate in Anti Money Laundering and Art Syllabus

## Essential AML Concepts

- What is money laundering?
  - How is money laundered?
    - Placement
    - Layering
    - Integration
  - Limitations of the three-stage money laundering model
- Identifying suspicious activity
- Customer due diligence (CDD)
  - The value of CDD information
- Enhanced due diligence (EDD)
- The risk-based approach
- Money laundering and terrorist financing

## The Art Market – A Summary

- Types of distribution in the art market
  - The primary and secondary markets
  - Auction houses
  - Art dealers and private galleries
  - Art fairs
  - Art intermediaries
  - Free ports
  - Digital art and non-fungible tokens (NFTs)
- The legal and regulatory context for the art market
  - Financial Action Task Force (FATF) and the art world
  - Industry codes - The Basel Art Trade guidelines
  - Industry Codes – Responsible Art Market guidelines
  - Industry Codes - British Art Market Federation guidelines
  - EU Directives – Fifth & Sixth EU Money Laundering Directives

- UK market regulation – the HMRC
- US market regulation
- China and the Asia-Pacific market regulation
- What is the ‘art market’?
- Meeting the aims of regulation

## Money Laundering Risks in the Art Market

- Anonymity and secrecy in the art market
- Trusts and beneficiaries
- Foundations and charities
- Art buyers, consultants, advisers and other intermediaries
- The subjective, yet high, value of art
- Forgery, fakes and confirmation bias
- Employee risks
- Customer risks
  - Customer identity
  - Falsifying documents
  - Identity and substitution
- Means of payment risks
  - Cash and ‘structuring’
  - Client accounts and ‘reliance’ in intermediated purchases
  - Renting art
  - Repeated and long-term payments to free ports
  - Payments to/from fronting or ‘shell companies’
  - Payments to/from ‘high-risk jurisdictions’
  - Art financing
- Online art dealing risks
  - False identity
  - Use of third parties - ‘mules’
  - PEPs/sanctions/high-risk countries
  - Opening multiple customer accounts
  - Large transactions
  - Private sales facilitated by dealers

- Use of online client accounts
- Auction house Internet bidding and pre-sale deposits
- Digital sales and non-fungible tokens

## Risk-Based Approach, Culture and Governance

- What is a risk-based approach?
- Implementing a risk-based approach
- Risk assessment – assessing money laundering and terrorist financing risks
  - Different approaches to developing a risk assessment
  - Root cause analysis - what went wrong and what can we do about it?
  - Fishbone and 'five whys' analysis
  - Foresight and emerging risk
  - Risk appetite
- Mitigating money laundering and terrorist financing risks
  - Culture and conduct
  - AML governance
  - Policy
  - Three lines of defence
  - Senior management engagement
  - Training
  - Recordkeeping and management information
  - Monitoring and quality assurance
  - Remediation

## AML in Operation

- Anti money laundering controls
- Regulatory context – legal expectations across borders and through value chains. 'Reliance'.
- Customer onboarding
  - Practical tools for customer review
  - In-person based client onboarding
  - Online
- Performing CDD in different art market transactions
- Source of wealth/source of funds
- Politically exposed persons (PEPs)
- High-value customer risks
  - Press speculation
  - Complex offshore structures or layered companies
  - High-risk jurisdictions
  - Tax issues
  - Money service businesses (MSBs)
  - Other art market participants
  - Facilitation (grease) payments
- Transaction monitoring
- Maintaining CDD