FINANCIAL REPORTING CENTRE

Anti-Money Laundering/Countering the Financing of Terrorist and Countering the Financing of Proliferation (AML/CFT/CPF) Policies and Procedures Template for the Legal Profession

February 2026

Objective:

The objective of this template is to propose a model for policies and procedures for combating money laundering and terrorist financing and the proliferation of weapons of mass destruction. The model has been developed to support the law firm in meeting their AML/CFT/CPF obligations as prescribed in the Law on Combating Money Laundering and the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction. The use of this template is not mandatory. Law firms may use another approach to prepare its policies and procedures. If the law firm chooses to use this template, it must ensure that the policies and procedures are adapted to the realities of its operations. Law Firms are advised to make changes where necessary. In the event of any usage or adoption of this template, the policy and/or its annextures shall be deemed to have originated from the law firm wholly.

A guideline on all AML/CFT/CPF obligations was developed to assist the legal profession in understanding and complying with their AML/CFT/CPF obligations. You can consult the guideline on the website of the Financial Reporting Centre.

Anti-Money Laundering/Counter Terrorism Financing and Proliferation (AML/CFT/CPF) Policies and Procedures Template (to be amended by the law firm)

Address | City| Telephone
Email

NAME OF LAW FIRM:

INTRODUCTION

The Proceeds of Crime and Anti-Money Laundering Act (POCAMLA) requires reporting institutions, including legal professionals, to establish Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) policies and procedures that outline how you will implement AML/CFT/CPF obligations.

This first section defines the terms money laundering, terrorist financing and proliferation financing.

Money laundering

Money laundering is the processing of criminal proceeds to disguise their illegal origin. If undertaken successfully, it allows criminals to maintain control over illicit funds and, ultimately, to provide a legitimate cover for their source of income.

Terrorism in its broadest sense, involves any use of violence to achieve political objectives. Violence is a means of coercion on certain subjects (state, international organization, religious, political, constitutional, economic or social institutions, etc.) in order to do or not do something. Terrorism has several underlying objectives. They include the achievement of political, ethnic and religious objectives.

Terrorism financing is the financing of terrorist acts, and/or, of terrorists and terrorist activity. A notable difference between money laundering and terrorist financing (TF) is that while money laundering seeks to legitimize money from illegal sources, terrorist financing may come from either legal or illegal sources. Furthermore, terrorist financing transactions may not be conspicuous, as the sums used to finance such causes are not always large and the associated transactions are not necessarily complex.

Proliferation financing means the act of providing funds or financial services which are used, in whole or in part, for the manufacture, acquisition, possession, development, export, trans- shipment, brokering, transport, transfer, stockpiling or use of nuclear, chemical or biological weapons and their means of delivery and related materials (including both technologies and dual-use goods used for non-legitimate purposes), in contravention of the national laws or, where applicable, international obligations.

ROLES AND RESPONSIBILITIES (the law firm modifies according to its operations)

Money Laundering Reporting Officer

The Money Laundering Reporting Officer (MLRO) is responsible for the following activities:

- Ensuring Regulatory Compliance of the Law Firm
- Development of AML/CFT/CPF policies and procedures and forwarding to senior management for approval
- Conduct of the ML/TF risk assessment and transmission to senior management for information
- Ensure the implementation of AML/CFT/CPF policies and procedures
- Implementation of the suspicious transaction and automatic reporting mechanism
- Reporting Suspicious Transactions and filing Suspicious Transaction Reports (STRs/SARs) as well as Cash Transaction Reports
- Coordinate with senior management to ensure timely screening, freezing, and reporting in response to Targeted Financial Sanctions
- Internal Reporting and Escalation by receiving reports from employees and filing the said reports on behalf of the law firm
- Continuous monitoring of transactions
- Development and implementation of an AML/CFT/CPF training program on an annual basis
- Organizing the independent audit and implementing the audit recommendations

- Presentation of an annual report on the implementation of AML/CFT obligations to senior management
- Screening of employees
- Liaison with Regulators and Law Enforcement

Senior Management

Senior management is responsible for the following activities:

- Designation of the MLRO
- Approving AML/CFT/CPF policies and procedures and ensuring their implementation
- Allocation of resources to comply with AML/CFT/CPF obligations
- Appointment of the auditor and ensuring the smooth running of the independent AML/CFT/CPF audit
- Receipt of audit reports on AML/CFT/CPF policies and procedures
- Conduct follow-up to ensure implementation of the Independent Audit Recommendations on AML/CFT/CPF
- Ensuring the firm has effective systems and controls in place
- Providing oversight and accountability for compliance frameworks
- Coordinate with the MLRO to ensure timely screening, freezing, and reporting in response to Targeted Financial Sanctions

- Supporting and empowering the MLRO

Agents and staff responsibility

The entity's agents and staff are responsible for the following activities:

- Understand AML/CFT/CPF obligations and know the ML/FT risks specific to this sector and entity
- Implementation of AML/CFT/CPF policies and procedures that apply to their role
- Identification of suspicious transactions and forwarding to the MLRO

RISK ASSESSMENT AND RISK MITIGATION

As a law firm, we carry out a risk assessment.

The last risk assessment was carried out (*the subject indicates the date*). The risk assessment was undertaken by the MLRO with the support of relevant units and colleagues. The risk assessment can be found in Annex 8.

The following situations were identified as being at high risk:

- *(The law firm identifies high-risk and very high-risk situations)*

  Client Risks

  Risks related to products, transactions and services

  Geographic Risks

  Delivery Channel Risks

High-risk situations should be mitigated to reduce the identified risks. Mitigation measures may include:

- Request additional identification information.
- Determine if the individuals are politically exposed persons.
- Get more information about the source of funds or source of wealth.
- Conduct an Internet search.
- Increase the frequency of ongoing monitoring.
- Get the name of the beneficial owner behind the company, trust, or legal arrangement.
- Learn more about the organizational structure.
- Get the name of the person(s) on whose behalf the transaction is being conducted.
- File a Suspicious Transaction Report (STR).

(*The law firm adds other mitigation measures)*

For each identified high-risk situation, additional mitigation measures must be applied. The mitigation measures applied must be documented in the client's file or in the transaction record.

An AML/CFT/CPF risk assessment will be undertaken for any new product, channel and technology before the product or channel is made available to clients.

The risk assessment will also be updated when there is a change in our operations, when FRC or any other competent authority identifies risk situations in our sector or to follow up on an independent AML/CFT/CPF audit. The risk assessment is updated at least every two years.

Dissemination of ML/TF risk assessment results

The MLRO is responsible for the dissemination of the results of the risk assessment. The training on the results of the risk assessment is provided to all agents and employees in the agency. The results of the risk assessment are also disseminated to senior management.

The training on the results of the risk assessment was completed on (*the law firm enters the date of the training)*.

The results of the risk assessment were disseminated to senior management on (*the law firm enters the date of the training*).

IDENTITY VERIFICATION AND CUSTOMER DUSE DILIGENCE

POCAMLA requires law firms to identify their customers in certain situations, including:

- When establishing a business relationship with a client;
- When conducting an occasional transaction;
- When there are doubts about the veracity or adequacy of previously obtained customer identification;
- Where there is a suspicion of money laundering or terrorist financing and proliferation involving the client or the client's account.

Information to be collected during identification and verification process

The following information should be collected for each client:

- his or her identity;
- the purpose and nature of his or her business or principal activity;
- his or her financial status/source of funds; and
- the capacity in which he or she is entering into the business relationship with the reporting institution.

Identification of natural persons

The following documents can be used to identify natural persons:

- A birth certificate;
- A passport;
- A driver's license;
- A national identification card.

The above documents must be valid at the time of identification.

As a law firm we must also verify the identity of our clients. One of the following measures should be adopted to confirm that client identification information is accurate:

(a) verifying the authenticity of identification documents through confirming security features;

(b) utility bill, including among others an electricity or a water bill;

(c) occupation or employment details such as employment contract;

(d) source of income;

(e) nature and location of business activity;

(f) income tax personal identification number (PIN) issued by Kenya Revenue Authority if such a number has been issued to the customer;

(g) where applicable, written references from acknowledged persons attesting to the customer's identity;

(h) for accounts with more than one party and where one of the parties has identified the others, written confirmation to the effect that the first party has known the other(s) personally for at least twelve months; and

(i) any other reliable and independent means.

If you are unable to identify the customer, please notify the MLRO immediately so that they can determine if the transaction or business relationship can continue.

The following information must be entered in a customer record. See Annex 1 for the Client Identification Form.

Identification of legal entities

We are required to identify legal entities and legal arrangements. The form in Annex 2 sets out the information that must be provided when identifying legal persons. Only original documents are accepted.

In addition to identifying the legal entity and the legal arrangement, we are also required to identify the person acting on behalf of the legal entity. A copy of the document authorizing the person to act on behalf of the legal person or legal arrangement must be included in the client's file or attached to the transactional file. The identification form of the natural person (Annex 1) is also completed.

Annex 3 provides a client identification form for partnerships and Annex 4 provides a client identification form for trusts. These should be completed in relevant situations.

Beneficial Ownership

The beneficial owner of the legal entity and the legal arrangement must also be identified. The beneficial owner is the natural person or persons who ultimately or substantially own or control the activities of a person or entity on whose behalf a transaction is carried out. Also included are persons who ultimately exercise effective control over a legal person or legal arrangement (for example a father controlling the corporation owned by one of his children).

To identify the beneficial owner, you can ask the person who is acting on behalf of the legal entity or legal arrangement. The identification form of the natural person (Annex 1) must be completed for all the beneficial owner(s).

Identification of third parties acting on behalf of client

You must take reasonable steps to determine if the person is acting on behalf of another person. In cases where a third party is involved, you must take reasonable steps to establish the true identity of the third party and their relationship to the person or entity on whose behalf the transaction is being conducted. You can use the Identification of Physical Persons form found at Annex 1. You must also confirm that the individual is authorised to act on behalf of the client and obtain documentation that confirms this.

Remote identification

If the customer does not appear in person, remote identification can be performed. Remote identification is considered riskier so additional vigilance is required. The following strategies can be used for remote identification:

- Document certified by a notary public
- Third-party verification (see section on this subject)
- Requirement for a first payment through an account in the name of the client in a financial institution subject to AML/CFT/CPF supervision
- Acknowledgement of receipt mail to the customer's address
- Online verification: transmission of the identity card and capture of the customer's image

Given the higher risk associated with remote identification, additional information is required to be included in the customer record. Leases, telephone or electricity bills can be used to verify the accuracy of information such as the customer's name and address.

If you are unable to perform customer due diligence measures, you must:

- Refuse to establish the business relationship or conduct the transaction;

- Inform the AML/CFT/CPF MLRO immediately.
- The MLRO will determine if there are ML/TF indicators and if the suspicious transaction report to the FRC is relevant.

Updating customer information

Customer identification information for ongoing customers must be updated when the identification document has expired. It is a best practice to identify clients for each transaction.

RETENTION OF DOCUMENTS

We are required to keep records related to identity verification and due diligence and transaction records for a period of 7 years.

The following documents will be retained:

- Books and records relating to customers and transactions in accordance with the POCAMLA.
- The information is kept by means of copies of original documents in the form of hard copies or in an electronic storage device.
- These records and the underlying information must be made available to FRC, the supervisory authority, the law enforcement agency or other competent authorities in a timely manner when a request is made.

(- *please indicate where records are kept*)

THIRD-PARTY VERIFICATION (PLEASE DELETE IF THIS SECTION IS NOT RELEVANT)

POCAMLA allows us to use third parties to perform customer identification. We have an agreement with (*subject to the agreement, please identify the third party with whom you have a customer identification agreement)*. The details of the agreement are as follows (*please summarize the highlights of the agreement or attach it as an Annex*).

The agreement specifies that the information collected by the third party will be transmitted to us immediately. The AML/CFT/CPF MLRO will conduct at least a quarterly review of the information received by the third party to ensure that the information is complete and complies with the requirements of POCAMLA.

Enhanced Due Diligence

Enhanced due diligence measures should be applied to:

- Politically exposed persons
- Persons or transactions involving countries at high risk of ML/TF/PF, corruption or subject to international sanctions:
  - When a transaction involves a country other than Kenya, a check of the following lists is performed:
  - FATF List: https://www.fatf-gafi.org/en/countries/black-and-grey-lists.html
  - United Nations Sanctions List: https://www.un.org/sc/suborg/en/sanctions/un-sc-consolidated-list
  - Basel Institute on Governance AML Index: https://index.baselgovernance.org
  - EU list of non-cooperative jurisdictions for tax purposes: https://www.consilium.europa.eu/en/policies/eu-list-of-non-cooperative-jurisdictions/
  - Transparency International List (rating of 40 or less): https://www.transparency.org/en/cpi/2023
- Any other situation representing a higher risk of ML/TF
  - If a client meets a high ML/TF risk category according to the AML/CFT risk assessment

The enhanced due diligence measures identified in the ML/TF risk assessment in Annex 8 will be applied. This may include:

  - Obtain senior management approval to proceed with the transaction.
  - Ask for additional identification to confirm identity.

- Get more information about the source of funds or source of wealth.
- Conduct an Internet search to confirm identity or other information.
- Increase the frequency of ongoing monitoring.

The risk assessment found in Annex 8 identifies mitigation measures for each of the risk categories. You are responsible for applying these mitigation measures and documenting them.

POLITICALLY EXPOSED PERSONS

We are required to identify politically exposed persons (PEP). A politically exposed person is any person a physical citizen of Kenya or foreign nationality who holds, in a third country or in Kenya, a position of influence within Parliament, the government, a political party, the civil service, the army.

The identification form for politically exposed persons must be completed for any client who is a natural person or a beneficial owner (see Annex 6).

If a PEP has been identified, it is forwarded to the MLRO. The MLRO (or other designated senior management) determines whether the transaction should be concluded or if the business relationship is maintained or established. If authorization is received from the MLRO, you are required to establish the source of wealth and the source of funds. This information is kept in the client file.

The MLRO will conduct ongoing monitoring of transactions made by the PEP.

ONGOING MONITORING, HIGH RISK COUNTRIES AND TARGETED FINANCIAL SANCTIONS

Ongoing Monitoring

We are required to conduct ongoing monitoring of transactions. Please report the following transactions to the AML/CFT/CPF MLRO:

- o Transactions related to terrorism and the proliferation of weapons of mass destruction
- o Complex and unusual transactions
- o Unusual patterns of operations that have no economic or legal purpose
- o Transactions where ML/TF indicators are present (see Annex 6)
- o Transactions that have been identified as at higher risk by the ML/TF risk assessment (see Annex 8)

Targeted Financial Sanctions

You are obliged to freeze, without delay and without prior notice, the funds or other assets of designated persons and entities. Freezing means to prevent or restrain specific property or funds from being used, transferred, transacted, converted, altered, concealed, moved, or disposed of without affecting the ownership thereof.

Specifically, you are required to:

- Access the domestic and UNSCR sanction lists and undertake sanction screening for new and ongoing business relationships.
- Freeze assets without delay and prior notice upon identifying true positive matches i.e.
    - o Prohibition to transfer, convert, dispose, or move any funds or other assets that are owned or controlled by listed individual, groups or entities i.e.freeze the transaction and/or property transfer. If you hold funds or assets freeze the transfer of it.
    - o Prohibition to provide funds to, or render financial services or other services related to any listed individual, group or entity i.e. refrain from offering agency services to a sanctioned person or entity.
- Unfreeze assets upon de-listing of a designated individual or entity
- File a report the to the FRC within twenty-four hours of taking action or freezing funds or other assets

Other additional obligations are as follows:

- Providing access to frozen funds or other assets
- Respect delisting order (unfreezing obligations)

- Have internal administrative rules to ensure implementation of TFS (internal policies and procedures)
- On-going monitoring of transactions in relation to designated persons
- Other measures under POCAMLA such as CDD and Record Keeping

High Risk Countries

The following enhanced due diligence measures should be applied to clients originating from countries identified as posing a higher risk of ML or TF i.e. those on the Financial Action Task Force list https://www.fatf-gafi.org/en/countries/black-and-grey-lists.html.

- Update the list of high-risk countries on a quarterly basis
- Where a client or funds are linked to a country designated by the FATF, enhanced due diligence should be applied. This can include:
  - Obtaining approval from senior management or the MLRO
  - Asking for additional identification to confirm identity
  - Conducting an internet search to determine if ML/TF indicators are present
- Limit or terminate business relationships or financial transactions with clients or financial institutions located in the concerned countries;
- Prohibit reliance on third parties located in the concerned countries to conduct customer due diligence;
- Submit a report listing customers, both natural and legal persons, and legal arrangements, originating from the higher risk countries to the Financial Reporting Centre on an annual basis.

REPORTING

Suspicious Transaction Reporting (STR)/Suspicious Activity Reporting (SAR)

When you suspect that the transaction may be related to the proceeds of a criminal activity, or if you are aware of a fact that could be indicative of money laundering or the financing of terrorist activities, you must notify the MLRO immediately in writing. The MLRO may contact you for additional details. The MLRO will determine whether the declaration will need to be reported to the Law Society of Kenya(LSK) and will notify you if additional action is required. The report should be submitted to the LSK no later than 2 days after the suspicion is detected. This applies to operations performed or attempted transactions. You can use the ML/TF indicators in Annex 6 to help you identify suspicious transactions.

You must keep the details of your suspicion confidential. It is very important not to notify the client of your suspicion and not to discuss the details of the transaction with anyone else except the MLRO. You are liable to an administrative or criminal sanction if you disclose that a suspicious transaction report has been submitted to LSK.

High Risk Jurisdiction Report

The MLRO will ensure that the law firm submits a report for the previous year listing clients originating from high risk jurisdiction including natural persons, legal persons and legal arrangements on annual basis by 31st January of the current year.

Annual Compliance Report

The MLRO will ensure that the law firm submits the Annual Compliance Report for the previous year to LSKby 31st January of the current year.

Cash Transaction Reports

Employees must report to the MLRO any cash transactions equivalent to or greater than $15,000 USD. The MLRO will be responsible for declaring the transaction to LSKevery Friday.

Targeted Financial Sanctions

You should check the targeted financial sanctions lists published by the United Nations and Kenya for each transaction. If you identify a client on the United Nations or Kenya list, please notify the MLRO immediately if your client is listed on these lists. He/she will be responsible for declaring to the FRC through the report any information on the client and the transaction and freezing any funds or property. In addition, you must not process or make available any funds or other assets for the disposal of any designated or listed party.

TRAINING

A training program is delivered to all employees. Initial training will be provided to employees following the adoption of these policies and procedures. Training will also be provided by the MLRO to all new employees. These training courses include:

- How to identify a suspicious transaction including ML/TF indicators?
- What are the AML/CFT/CPF obligations?
- How to implement your policies and procedures?
- What are the risks of ML/TF?

Training will also be provided whenever AML/CFT/CPF obligations are amended.

Additionally, an annual training plan should be developed and delivered to discuss the implementation of AML/CFT/CPF policies and the new types of risks identified. This training plan should also include an annual training calendar.

The training program will also include training plans for the Board (or their equivalent and senior management of the agency.

POLICIES AND PROCEDURES AND INDEPENDENT REVIEW/AUDIT

These policies and procedures will be distributed to all employees and senior management, as well as to agents and branches and subsidiaries. (*if you have branches or subsidiaries, please indicate how you will ensure that the policies and procedures are implemented*)

Policies and procedures will be amended as a result of any changes to legislative requirements, significant changes to operations or recommendations made by FRC. In any case, policies and procedures will be reviewed at least every two years following the conduct of an independent review/audit of the implementation of the policies and procedures.

The independent review/audit will include interviews with employees to ensure that they are implementing policies and procedures. The risk assessment will be reviewed to determine its adequacy and an audit of the identification files and the enhanced surveillance table will be conducted to confirm compliance with policies and procedures. The results of the independent review will be shared with the MLRO and senior management. The MLRO will be responsible for implementing the recommendations.

These policies and procedures are adopted by the MLRO:

___________________________________ ______________

Signature of the MLRO Date

___________________________________ ______________

Signature of Senior Management or Board Approval Date

____

Date of transmission to employees

ANNEX 1 – CLIENT IDENTIFICATION FORM – NATURAL PERSON

CLIENT NAME:

Identifiers – Natural person	**Client Information**
1. Full name of the physical person	
2. Type of identification	
3. Identification number	
4. Expiry date of identification document (if applicable)	
5. Postal address;	
6. Current physical or residential address;	
7. Mobile telephone number;	
8. Utility bill, including among others an electricity or a water bill;	
9. Occupation or employment details;	
10. Source of income;	
11. Nature and location of business activity;	
12. Kenya Revenue Authority Income tax personal identification number (KRA PIN) issued by Kenya Revenue Authority if such a number has been issued to the customer;	
13. Where applicable, written references from acknowledged persons attesting to the customer's identity; and	
14. For accounts with more than one party and where one of the parties has identified the others, written confirmation to the effect that the first party has known the other(s) personally for at least twelve months.	
15. **Information that can be used for verifying identity or conducting enhanced due diligence**	
16. Utility bill, including among others an electricity or a water bill;	
17. Nature and location of business activity;	
18. Where applicable, written references from acknowledged persons attesting to the customer's identity; and	
Remarks:	

ANNEX 2 – CLIENT IDENTIFICATION FORM – LEGAL PERSON

CLIENT NAME:

Identifiers – Legal Person	**Client Information**
1. Registered name;	
2. Evidence of registration or incorporation such as a certified copy of Certificate of Registration or Certificate of Incorporation, or Memorandum and Articles of Association or other similar documentation evidencing the legal status of the legal person or body corporate;	
3. Address of the registered office and, if different, a principal place of business;	
4. Certified copy of board resolution stating authority to open an account or transact business with the reporting institution, and designating persons having signatory authority thereof;	
5. Full name, date of birth, identity or passport number and address of the designated person	
6. Full name, date of birth, identity or passport number and address of the natural persons managing, controlling or owning the body corporate or legal entity (beneficial owners);	
7. For corporate bodies, audited financial statements for the last full year;	
8. For sole traders, un-audited financial statements for the last full year[1]: Provided that an exemption may be considered by a reporting institution for a new sole proprietorship business or in a case of a new corporate body which has not been existence for more than a year, in the production of audited accounts or un-audited accounts if there exists practical difficulties in obtaining financial statements from it:	
9. Kenya Revenue Authority Personal Identification Number (KRA PIN); or	

[1] An exemption may be considered by a law firmfor a new sole proprietorship business or in a case of a new corporate body which has not been in existence for more than a year, in the production of audited accounts or un-audited accounts if there exists practical difficulties in obtaining financial statements from it.

10. Where applicable, written confirmation from the customer's prior bank, if any, attesting to customer's identity and history of account relationship.	

ANNEX 3 – CLIENT IDENTIFICATION FORM – PARTNERSHIPS

CLIENT NAME:

Identifiers – Partnerships	Client Information
1. Name of the partnership or where applicable its registered name	
2. Partnership Deed	
3. Registered address or principal place of business or office	
4. Registration number	
5. Full names, date of birth, identity card number or passport number and address of every partner	
6. For partners who are legal persons - Evidence of registration or incorporation such as a certified copy of Certificate of Registration or Certificate of Incorporation, or Memorandum and Articles of Association or other similar documentation evidencing the legal status of the legal person or body corporate;	
7. Person who exercises executive control over the partnership	
8. Name, and date of birth, identity card number or passport number and address particulars of each natural person who purports to be authorized to establish a business relationship or to enter into a transaction with the reporting institution on behalf of the partnership	
9. Un-audited financial statements for the last full year	

ANNEX 4 – CLIENT IDENTIFICATION FORM – TRUSTS

CLIENT NAME:

Identifiers – Trusts/Partnerships	**Client Information**
1. Registered name, if any	
2. Registration number, if any	
3. Evidence of registration or incorporation such as a Certificate of Incorporation or registration	
4. Trust deed	
5. Formative document such as partnership agreement, memorandum and articles of association	
6. Official returns showing registered office and if different the principal place of business	
7. Full names and details of the management company of the trust or legal arrangement, if any	
8. Names of the relevant persons having senior management position in the legal person or trustees of the legal arrangement	
9. Full names of the trustee, beneficiaries or any other natural person exercising ultimate effective control over the trust	
10. Full names of the founder of the trust	
11. Any other documentation from a reliable independent source proving the name, form and current existence of the customer	

ANNEX 5 - CHECKLIST FOR DETERMINING IF A CLIENT IS A POLITICALLY EXPOSED PERSON

The purpose of this form is to determine if you are a politically exposed person. The Proceeds of Crime and Anti-Money Laundering Act (POCAMLA) requires that, as a law firm, we determine whether our clients are politically exposed persons. Please review the list of features below and indicate whether you hold or have held these positions. Please sign the form with your response.

NAME OFLAW FIRM:

Have you ever held any of the following positions:

1) members of Cabinet;
2) senior executives of state owned corporations;
3) important political party officials;
4) senior military officials and other members of the disciplined forces;
5) members of the Judiciary;
6) State Officers;
7) senior Public Officers;
8) senior Officials of an International Organisation;
9) any immediate family member or close business associate of a person.

___ Yes, I hold or have held one of the positions identified above

- Please specify the position:
- In which countries or international organizations:

___ Yes, I am a family member or someone who is closely associated with PEP

- Relationship Type:
- Position held by PEP:
- In which country or international organization:

___ No, I am not a politically exposed person

___ No, I am not a family member or a person closely associated with a politically exposed person.

______________________________________ ________________________

Signature of the client Date

______________________________________ ________________________

Signature of the law firm's senior management Date
(if the client is a PEP)

ANNEX 6 – SECTORAL MONEY LAUNDERING AND TERRORIST FINANCING INDICATORS FOR LAW FIRM

Sector specific indicators for the Legalsector (this list is not exhaustive, the law firm should examine transactions on a case by case basis)

- Client is secretive or evasive about their identity or that of the beneficial owner
- Client is secretive or evasive about the source of funds
- Client is secretive or evasive about the purpose of the transaction
- Client is known to have convictions, or to be currently under investigation for crime.
- Client is related to or a known associate of a person listed as being involved or suspected of involvement with terrorists or terrorist financing operations;
- The client is a positive match against UN Security Council Resolutions Sanctions List
- Unusually familiar with the ordinary standards provided for by the law in satisfactory customer identification, data entries and STRs, or asks repeated questions on related procedures
- The client, their representative, or beneficial owners being native to, resident in, or incorporated in a high-risk jurisdiction.
- Client has no proper identification papers;
- There is no information available on the client and his business;
- No linkage between the client and the jurisdiction of the source or destination of funds.
- A disproportionate amount of private funding, or cash considering the individual's socio-economic, or company's economic profile;
- A significant increase in share capital for a recently incorporated company or successive contributions over a short period of time to the same company;
- A receipt by the company of an injection of capital or assets that is high in comparison with the business, size or market value of the company performing;
- An excessively high or low price attached to securities being transferred;
- A large financial transaction, by a recently incorporated company, where it is not justified by the corporate purpose, the activity of the client's or its group companies;
- The client deposits cash in the law firms' account and the client or third party borrows against those funds as collateral.
- The client willing to pay substantially higher fees than usual, without good reason;
- The client changing legal advisors a number of times within a short span of time or engagement of multiple legal advisers without good reason;
- The required service being refused by another lawyer, or the relationship with another lawyer being terminated.
- The client actively avoids personal contact without good reason

- The client is willing to pay fees without the requirement for legal work to be undertaken
- Requests for unexplained speed in completing a transaction
- The client appears very disinterested in the outcome of the retainer
- Frequently changing legal structures and/or directors of legal persons
- Creation of complicated ownership structures when there is no legitimate or economic reason
- Involvement of structures with multiple countries where there is no apparent link to the client or transaction, or no other legitimate or economic reason
- Consecutive property transactions with rapidly increasing value or purchase price
- Abandoned transactions with no concern for the fee level or after receipt of funds i.e. no transfer of title after payment for property.
- The retainer exclusively relates to keeping documents or other goods, holding large deposits of money, or otherwise using the client account without the provision of legal services
- There are unexplained changes in instructions, especially at the last minute
- Requests for payments to third parties without substantiating reason or corresponding transaction
- Situations where advice on setting up legal arrangements may be misused to obscure ownership or real economic purpose
- Use of client account without an underlying legal transaction
- Structuring of payments by client in the firms client account to avoid reporting thresholds or raise suspicion
- Complex or unusual transactions by client, possibly with unrelated parties
- Payments for unspecified services
- Client insisting on loss-making transactions where the loss is avoidable i.e. shares are redeemed at a price lower than the prevailing purchase price
- Absence of documentation to support the client's story, previous transactions, or company activities
- Payments in excess of the services provided
- Transactions with companies whose identity is difficult to establishTransactions in which there are signs, or it is certain, that the parties are not acting on their own behalf and are trying to hide the identity of the real customer.
- Transactions which are begun in one individual's name and finally completed in another are without a logical explanation for the name change. (for example, the sale or change of ownership of the purchase or option to purchase a property which has not yet been handed over to the owner, reservation of properties under construction with a subsequent transfer of the rights to a third party, etc.).

Transactions in which the parties:

- Do not show particular interest in the characteristics of the property (e.g. Quality of construction, location, date on which it will be handed over, etc.) which is the object of the transaction.

- Do not seem particularly interested in obtaining a better price for the transaction or in improving the payment terms.
- Show a strong interest in completing the transaction quickly, without there being good cause.
- Show considerable interest in transactions relating to buildings in particular areas, without caring about the price they have to pay.

- Client sells property below market value with an additional —under the table payment.
- Client negotiates a purchase for the market value or above the asked price but requests that a lower value be recorded on documents, paying the difference —under the table.
- Client purchases property without inspecting it.
- Client is known to have paid large remodelling or home improvement invoices with cash, on a property for which property management services are provided.
- Client buys back a property that he or she recently sold.
- Frequent change of ownership of same property, particularly between related or acquainted parties.
- If a property is re-sold shortly after purchase at a significantly different purchase price, without corresponding changes in market values in the same area.
- Client arrives at a real estate closing with a significant amount of cash.
- Client purchases property in someone else's name such as an associate or a relative (other than a spouse).
- Client does not want to put his or her name on any document that would connect him or her with the property or uses different names on offers to purchase, closing documents and deposit receipts.
- Client inadequately explains the last minute substitution of the purchasing party's name.
- Client pays initial deposit with a cheque from a third party, other than a spouse or a parent.
- Client pays substantial down payment in cash and balance is financed by an unusual source (for example a third party or private lender) or a bank in an offshore financial center.
- Client purchases personal use property through his or her Company when this type of transaction is inconsistent with the ordinary business practice of the client.
- Client purchases multiple properties in a short time period, and the client seems to have few concerns about the location, condition, and anticipated repair costs, etc. Of each property.
- Client insists on providing signature on documents by fax or electronic signature only.
- Client over-justifies or over-explains the purchase.
- Client's home or business telephone number has been disconnected or there is no such number.
- Client uses a post office box or general delivery address where other options are available.
- Client wants to build a luxury house in non-prime locations.
- Client exhibits unusual concerns regarding the firm's compliance with government reporting requirements and the firm's Anti-Money laundering/Countering the financing of terrorism policies.

- Client exhibits a lack of concern regarding risks, commissions, or other transaction costs.
- Formation of a legal person or increases to its capital in the form of non-monetary contributions of real estate, the value of which does not take into account the increase in market value of the properties used.
- Formation of legal persons to hold properties with the sole purpose of placing a front man or straw man between the property and the true owner.
- Contribution of real estate to the share capital of a company which has no registered address or permanent establishment which is open to the public in the country.

Nature of the transaction

- Transactions which are not completed in seeming disregard of a contract clause penalising the buyer with loss of the deposit if the sale does not go ahead.
- Transactions relating to the same property or rights that follow in Rapid succession (for example, purchase and immediate sale of property) and which entail a significant increase or decrease in the price compared with the purchase price.
- Transactions entered into at a value significantly different (much higher or much lower) from the real value of the property or differing markedly from market values.
- Transactions relating to property development in high-risk urban areas, in the judgement of the company (for example, because there is a high percentage of residents of foreign origin, a new urban development plan has been approved, the number of buildings under construction is high relative to the number of inhabitants, etc.).
- Recording of the sale of a building plot followed by the recording of the declaration of a completely finished new building at the location at an interval less than the minimum time needed to complete the construction, bearing in mind its characteristics.
- Recording of the declaration of a completed new building by a non-resident legal person having no permanent domicile indicating that the construction work was completed at its own expense without any subcontracting or supply of materials.
- Transactions in which the buyer takes on debt which is considered significant in relation to the value of the property.
- Transactions in which the parties are foreign or non-resident for
- Tax purposes and their only purpose is a capital investment (that is, they do not show any interest in living at the property they are buying).
- Transaction is completely anonymous – transaction conducted by lawyer.
- Suspicions due to financial indicators use of significant amount of cash to purchase or rent real estate properties, sometimes in combination with unusual advanced payments.
- Client is known to have paid large remodelling or home improvement invoices with cash, on a property for which property management services are provided.
- Real estate loans above or equal to the building acquisition value.
- Evidence of the appeal of frequent partners loans of considerable amounts.
- Where a prospective buyer is paying for real estate with funds from a high risk country, such as a —non-cooperative country or territory.
- Where the seller requests that the proceeds of a sale of real estate be sent to a high risk country.

ANNEX 7 – ONGOING DUE DILIGENCE TRACKING TABLE

YEAR:

Date of ongoing monitoring	**Monitoring performed (**e.g., monthly verification of high-risk transactions, suspicious transactions submitted by employees)	**Result of the verification** (e.g. no suspicious transactions, report to FRC (suspicious transaction), justification if transaction reported by employee is not reported to FRC
January		
●		
February		
●		
March		
●		
April		
●		
May		
●		
June		
●		
July		
●		
August		
●		
September		
●		
October		
●		
November		
●		
December		
●		

ANNEX 8 – MONEY LAUNDERING AND TERRORIST FINANCING RISK ASSESSMENT

Name of the obliged entity:

Risk assessment period:

RISK ASSESSMENT CHECKLIST

Objective of checklist

The Proceeds of Crime and Anti-Money Laundering Act (the Act) requires reporting institutions, including law firms, to conduct a money laundering and terrorism financing (ML/TF) risk assessment for their business as well as implement controls to reduce the risks for those clients and situations that have been rated higher risk. The following checklist is intended to provide law firms with an example of how to assess risk for your clients, products, services, delivery channels and geographic locations. This is only a starting point, and you should customize the checklist for your business. If you already use another risk assessment tool, you can continue to use it or enhance it as necessary.

Instructions

Please review the list of high-risk clients and situations. If you answer *yes* to any of the questions below, you should consider it as higher risk for money laundering or terrorist financing. Risk-mitigation steps should be taken for all higher risk situations. Some proposed control measures have been outlined in the right column. You can tailor these to your business. See Annex 91 for examples of risk mitigation measures.

The results of this risk assessment should be incorporated into your AML/CFT policies and procedures. When developing policies and procedures that are appropriate to the results of the risk assessment findings, law firms should take into account the frequency and significance of higher-risk transactions. Your AML/CFT activities should prioritize the high-risk situations that are the most frequent and significant.

This should also include communication to all relevant employees to ensure that the results of the risk assessment are well understood and that control measures are implemented. Training for relevant employees should include an introduction to the risk assessment and the role of employees in implementing control measures. You should review your risk assessment periodically based on changes in legislation or your business activities and at least every two years.

Higher risk clients and situations	**Yes** **High volume of transaction** **(3 or more transactions in the last year)** **Higher risk**	**Yes** **Low to moderate volume of transactions** **(1-2 transactions in the last year)** **Higher risk**	**No transactions**	**Proposed Control Measures**
		Clients		
Are your clients foreigners?				• Determine if individuals are politically exposed persons. • Obtain additional information on source of funds or source of wealth. • Conduct internet search • Increase the frequency of ongoing monitoring
Do you have clients who are politically exposed persons?				• Obtain senior management approval to conduct the transaction. • Obtain additional information on source of funds or source of wealth. • Monitor any future transactions.
Is your client an intermediate vehicle such as corporations,				• Obtain name of beneficial owner behind corporation, trust or legal

Higher risk clients and situations	**Yes** **High volume of transaction** **(3 or more transactions in the last year)** **Higher risk**	**Yes** **Low to moderate volume of transactions** **(1-2 transactions in the last year)** **Higher risk**	**No transactions**	**Proposed Control Measures**
trusts, foundations, partnerships or other structure that makes it difficult to determine who is the beneficial owner?				arrangement. • Obtain additional information on organizational structure. • Obtain additional information on source of funds or source of wealth.
Are your clients intermediaries (i.e. lawyers and accountants acting on behalf of clients)?				• Identify the person(s) on whose behalf the transaction is being conducted. • Obtain additional information on source of funds or source of wealth.
Has one of your clients been named in media or other publicly available sources as being involved with criminal organizations or the client has a criminal record?				• File Suspicious Transaction Report (STR). • Obtain additional information on source of funds or source of wealth.
Do you have a client that is conducting a transaction that is not within his or her means based				• Obtain additional information on source of funds or source of wealth.

Higher risk clients and situations	**Yes** **High volume of transaction** **(3 or more transactions in the last year)** **Higher risk**	**Yes** **Low to moderate volume of transactions** **(1-2 transactions in the last year)** **Higher risk**	**No transactions**	**Proposed Control Measures**
on his stated occupation or income?				
Do your clients engage in activities that are consistent with the indicators identified for Suspicious Activities?				• Consider filing a Suspicious Transaction Report (STR). • Obtain additional information on source of funds or source of wealth.
Geography				
Are any of your clients or the source funds originate from countries subject to sanctions, embargoes or similar measures issued by Kenya or International Organizations such as the United Nations ("UN"). *United Nations Sanctions List:* https://www.un.org/sc/suborg/en/sanctions/un-sc-consolidated-list				• Obtain senior management approval to proceed with the transaction. • Ask for an additional piece of identification to confirm the identity. • Obtain additional information on source of funds or source of wealth. • Increase the frequency of ongoing monitoring

Higher risk clients and situations	**Yes** **High volume of transaction** **(3 or more transactions in the last year)** **Higher risk**	**Yes** **Low to moderate volume of transactions** **(1-2 transactions in the last year)** **Higher risk**	**No transactions**	**Proposed Control Measures**
Countries who are vulnerable to money laundering risk *Basel AML Index* https://index.baselgovernance.org				•
Are any of your clients or the source funds originate from countries identified as jurisdictions that are non-cooperative for tax purposes *EU non-cooperative jurisdictions for tax purposes* https://www.consilium.europa.eu/en/policies/eu-list-of-non-cooperative-jurisdictions/				• Obtain senior management approval to proceed with the transaction. • Ask for an additional piece of identification to confirm the identity. • Obtain additional information on source of funds or source of wealth. • Increase the frequency of ongoing monitoring
• Are any of your clients or the source funds originate from countries identified by				• Obtain senior management approval to proceed with the transaction. • Ask for an additional piece of

Higher risk clients and situations	**Yes** **High volume of transaction** **(3 or more transactions in the last year)** **Higher risk**	**Yes** **Low to moderate volume of transactions** **(1-2 transactions in the last year)** **Higher risk**	**No transactions**	**Proposed Control Measures**
the Financial Action Task Force (FATF) as having strategic deficiencies in the fight against money laundering or subject to an FATF statement? FATF: http://www.fatf-gafi.org/publications/high-riskandnon-cooperativejurisdictions/?hf=10&b=0&s=desc(fatf_releasedate)				identification to confirm the identity. ● Obtain additional information on source of funds or source of wealth. ● Increase the frequency of ongoing monitoring
• Are any of your clients or the source funds originate from countries identified by credible sources as providing funding or support for terrorist activities?				● Obtain senior management approval to proceed with the transaction. ● Ask for an additional piece of identification to confirm the identity. ● Obtain additional information on source of funds or source of wealth. ● Increase the frequency of ongoing monitoring

Higher risk clients and situations	**Yes** **High volume of transaction** **(3 or more transactions in the last year)** **Higher risk**	**Yes** **Low to moderate volume of transactions** **(1-2 transactions in the last year)** **Higher risk**	**No transactions**	**Proposed Control Measures**
• Are any of your clients or the source funds originate from countries identified by credible sources as having significant levels of corruption, or other criminal activity? *Transparency International* https://www.transparency.org/en/news/cpi-2023-highlights-insights-corruption-injustice				• Obtain senior management approval to proceed with the transaction. • Ask for an additional piece of identification to confirm the identity. • Obtain additional information on source of funds or source of wealth. • Conduct additional research on the client.

Delivery channel and business practices				
Higher risk clients and situations	**Yes** **High volume of transaction** **(3 or more transactions)** **Higher risk**	**Yes** **Low to moderate volume of transactions** **(1-2 trandactions)** **Higher risk**	**No transactions**	**Proposed Control Measures**
Do you accept cash?				• Confirm source of funds • Set limits to cash transaction amounts. • Request bank drafts instead of accepting large amounts of cash.
Do you conduct transactions where you do not meet the client?				• Ask for an additional piece of identification to confirm the identity. • Conduct periodic review of records to ensure that client due diligence requirements are adequately implemented
Do you have clients that are referred to you by a third party?				• Conduct client due diligence measures directly. • Conduct periodic review of records to ensure that client due diligence requirements are respected by third party.
Do you have associates?				• Include ML/FT obligations in job descriptions and performance reviews.

				• Deliver comprehensive AML/CFT training for all associates
Other factors: **Obliged entities should list products/services that are deemed high risk in their sector as determined by their risk analysis or the national risk assessment**				

	Specific risk factors for products and services related to law firm			
Higher risk clients and situations	**Yes** **High volume of transaction** **(3 or more transactions)** **Higher risk**	**Yes** **Low to moderate volume of transactions** **(1-2 trandactions)** **Higher risk**	**No transactions**	**Proposed Control Measures**
High value real estate transactions				• Pay close attention to ML/TF indicators • Obtain additional information on the source of funds or the source of wealth • Increase the frequency of ongoing monitoring
transactions under Section 48 POCAMLA				• Get the name of the beneficial owner. • Obtain additional information about the source of funds or source of wealth. • Pay close attention to ML/TF indicators •

Frequent change of ownership of same property, particularly between related or acquainted parties.				• Confirm beneficial ownership information • Obtain additional information on source of funds or source of wealth. • Consider filing a Suspicious Transaction Report (STR).
Client pays substantial down payment in cash and balance is financed by an unusual source (for example a third party or private lender)				• Confirm beneficial ownership information • Obtain additional information on source of funds or source of wealth.
Client inadequately explains the last-minute substitution of the purchasing party's name				• Confirm beneficial ownership information • Obtain additional information on source of funds or source of wealth.
Other risk factors:				•

____
Signature of the AML/CFT money laundering reporting officer ***Date***

Date of employee training: ____________________________

ANNEX 9 - RISK MITIGATION MEASURES

- Risk mitigation measures for high-risk situations may include:
- increased awareness of higher risk situations within business lines across the entity;
- increased monitoring of transactions;
- the approval of the establishment of relationships is escalated to senior management;
- the levels of on-going controls and reviews of relationships are increased;
- personnel that have clear lines of authority, responsibility and accountability;
- adequate segregation of duties (for example, an employee establishing a relationship with a client is not authorized to also approve it as that authorization is the responsibility of someone else in the organization);
- proper procedures for authorization (for example, an employee processing a transaction for which the amount exceeds a certain threshold has to follow a procedure to get approval for the transaction by someone else in the organization);
- internal reviews to validate the risk assessment processes;
- seeking additional information beyond the minimum requirements to substantiate the client's identity or the beneficial ownership of an entity;
- obtaining additional information about the intended nature of the relationship, including estimates regarding the amount and type of business activity;
- obtaining additional documented information regarding the client' source of funds and accumulation of wealth;
- requesting high risk clients to provide additional, documented information regarding controls they have implemented to safeguard their operations from abuse by money launderers and terrorists;
- getting independent verification of information (i.e. from a credible source other than the client);
- stopping any transaction with a potential client until identification information has been obtained;
- implementing an appropriate process to approve all relationships identified as high risk as part of the client acceptance process or declining to do business with potential clients because they exceed your risk tolerance level;
- implementing a process to exit from an existing high-risk relationship which is beyond the entity's stated risk tolerance level; and
- analysing money laundering and terrorist financing risk vulnerabilities for new acquisition processes and for product or service development processes.