



MLRO Guidance: SAR Feedback October 2023



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Financial Intelligence Unit**
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Introduction

Since the FIU was established in 2016, the MLRO community has continued to ask for feedback in relation to the quality of SARs and other disclosures made by themselves to the FIU.

The FIU has previously provided SAR feedback in an informal manner and this new process aims to standardize the feedback provided.

The feedback will consist of the following seven points, designed around the most commonly identified features of good/bad SAR reporting.

Point One - Legislation

The disclosure was made under the appropriate legislation

Was the correct legislation chosen from the drop-down box in Themis?

This can assist the FIU to know if there is a good understanding of the requirements under POCA / ATCA / FIU Act. If the wrong legislation is selected at this point by the MLRO, it can impact escalation processes for priorities and the ability for the MLRO to request consent.

The most commonly observed issues in this area are the reporting of declined business under section 24 (see SAR guidance for further details) or reporting of OFAC sanctions under the Sanctions Breach option.

Point Two - Suspicion

A suspicion of money laundering or terrorist financing was clearly detailed

(POCA / ATCA only)

For those disclosures made under POCA or ATCA, it is important that the suspicions are clearly detailed. Without this information it can be difficult to interpret the meaning of the disclosure.

Point Three - Narrative

The disclosure contained a narrative that was understandable and clear

Narrative explanations are important, the Financial Intelligence Analyst (FIA) dealing with the disclosure is not necessarily an expert in your business and won't know your customer or client as intimately as you do.

A single line disclosure is not useful to the functions of the FIU.

Point Four - Relationship

All background information contained in the disclosure on the relationship with the reported subject(s) was provided

It is important that the relationship between your business and the named subjects is clearly detailed within the SAR and that information on any services provided to the subjects is also provided. Without this information it can be difficult for the FIU to understand the reported matter fully.

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Point Five - Research

There is evidence of additional research in the Grounds Section

The best disclosures are those where the submitter has considered and researched the matter in order to inform their submission to the FIU.

In contrast, a "bad SAR" would be one where the submitted disclosure is simply a copy of an internal suspicion report with no additional consideration made by the reporting MLRO.

Point Six – Supporting Documents

Supporting documentation, in the correct format, was submitted for the effective analysis of the information disclosed

If a disclosure mentions open source or other research and documents, it is important that the submitting party provides this information. Often, after the fact, the information is no longer available from original sources, or is not easy to find for Law Enforcement Agencies. The most accessible formats for the FIU are PDFs and Microsoft Office documents. Open source information should not be provided as a web link.

Where documents, such as statements, invoices, company structures or CDD were key in the formation of your suspicion and creation of the disclosure, copies should be attached to the submission.

Point Seven – Consent Requests

Where the disclosure contained a request for consent, sufficient detail was provided to action the request.

When a disclosure is submitted with a request for consent, it is essential that sufficient detail is provided to allow the FIU to make an informed decision in relation to your request.

The FIU therefore requires the following information to be submitted within each request for consent:

- Remitting account name, number and sort code
- Amount
- Beneficiary account name, number and sort code
- Suspicion in relation to the request

Where a request involves an arrangement, sufficient information must be provided for the FIU to fully understand the nature of the request and the role of the reporting entity within the arrangement.

If the above is not provided, without good reason, then the request will be considered to be 'not a matter for consent' and the FIU will respond on that basis.

ALL consent requests **must** be submitted via the 'Consent tab' in order to be considered.

Provided Feedback

Each question can be answered by the FIU staff as a 'Yes', 'No' or 'N/A'. Each 'Yes' and 'N/A' will score 10 points, where a 'No' will score zero points, this means, for a Good SAR the score of 70 will be achievable. This score is then averaged using the number of questions to provide the MLRO with a score out of 10, where 10 relates to a Good SAR and 0 to a Bad SAR. This is to allow received feedback to be comparable, even if

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the number of feedback questions is updated in future. Feedback will be available as completed by the FIU and will initially be on a portion of submitted disclosures as we test the new system.

This process is not designed to introduce conflict or friction between the FIU and the MLRO community, but to improve the submission of disclosures and to evidence the effectiveness of the SAR regime. Although an ad-hoc version of above does already occur within the FIU, this formalises the process, sets a universal set of standards and makes it transparent to all.

Further information on the Submission of SARs to the FIU can be found in the below documents:

SAR Guidance Document - <https://www.fiu.im/media/1089/sar-guidance-june-2020.pdf>

SAR Good Practice Document - <https://www.fiu.im/media/1096/sar-good-practice.pdf>