



**28th ANNUAL CONFERENCE**  
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## Plenary 4

Combating Financial Crime Globally

*Mr. Keith Clark*

Managing Director and International General Counsel,  
Morgan Stanley, United Kingdom

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# IOSCO CONFERENCE 2003, SEOUL

**17 October 2003**

ANTI-MONEY LAUNDERING AND INVESTMENT BANKING

Keith Clark, International General Counsel, Morgan Stanley

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# INTRODUCTION

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- Historical Background
- New Rigour
- Enforcement action

# SCOPE OF ACTIONS CAPTURED BY AML REGIMES

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- **FATF**

- (a) trading for our account or for others (spot, forward, swaps, futures, options) in:
  - (i) money market instruments
  - (ii) foreign exchange
  - (iii) exchanges, interest rate and index instruments
  - (iv) transferable commodities
  - (v) commodities futures trading
- (b) participation in securities issues and provision of financial services related to such issues
- (c) individual and collective portfolio management
- (d) safekeeping and administration of cash or liquid securities

# MONEY LAUNDERING RISK FOR WHOLESALE INSTITUTIONS

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- Reputation risk
- Ways wholesale business can be targeted by money launderers

## THE GLOBAL INSTITUTION

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- Practical difficulties of coping with requirements of different jurisdictions
- Know your customer policies and procedures
- Complexity of legal structures
- Costs of compliance

# KNOW YOUR COUNTERPARTY

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- Entity type
- Geographical location
- Nature of transaction

# KNOW YOUR COUNTERPARTY

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- Who is the counterparty?
- Agents and principals
- Financial institutions
- Hedge Funds
- Special purpose entities
- Advisory relationships



# TRANSACTION MONITORING

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- Unique issues confronting wholesale sector
- Dates and systems issues
- Techniques
- Risk profile

# CONCLUSION

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