Proliferation Financing (PF) Policy EXAMPLE

1. Purpose

This policy outlines how [Insert Company Name] assesses, manages, and mitigates the risks of Proliferation Financing (PF) in line with AML regulations 18A and 19A of the Money Laundering Regulations 2017 (as amended). PF refers to the provision of funds or services used to support the development or movement of weapons of mass destruction (WMDs).

2. Scope

This policy applies to all services provided by [Insert Company Name], especially those involving:

- Virtual offices or business addresses
- Registered office services
- Company formation and structuring
- Nominee directorships or shareholding
- Mail forwarding or parcel handling

3. Our PF Risk Approach

PF is taken seriously by HMRC and so it is integrated into our AML checks and ongoing due diligence process. We actively consider:

- National risk assessments
- Sector-specific risks (especially relevant to virtual offices)
- Delivery channels and how our services could be exploited
- Jurisdictional risks
- Client behaviour and corporate structure

4. High-Risk Factors We Monitor

We assess PF risk across the following:

a. Jurisdictional Risk

Heightened EDD is applied where clients or transactions are linked to:

- North Korea (DPRK)
- Iran
- Russia
- Other countries under UN or UK sanctions

b. Sector and Service Risk

We assess whether the client is involved in:

- Dual-use goods (civilian/military use, chemicals or electronics)
- Shipping/logistics or trade finance
- Goods and services subject to export control
- Complex or opaque structures lacking clear business rationale

c. Delivery Channel Risk

PF risks increase when:

- Services are non face-to-face
- Clients use intermediaries or third parties
- Physical goods or documents are sent/received via our address

We actively consider how the use of our address for mail or parcel delivery may be misused in PF activity.

5. What We Do at Onboarding

We require all clients to declare:

- The nature of their business
- Whether they expect to receive or send goods
- If they operate internationally or in high-risk sectors
- If they are acting on behalf of someone else

📌 *[Insert your onboarding questions or attach template]*

If vague, evasive, or inconsistent answers are given, we escalate to our MLRO and may refuse service.

6. Mail and Parcel Handling Controls

To prevent PF misuse:

- We may restrict or deny parcel handling for certain clients
- We do not accept deliveries from unknown or unverified third parties
- All mail forwarding clients are reviewed regularly for risk factors

📌 *[Insert your internal procedures or add optional rules]*

7. Ongoing Monitoring

We monitor client behaviour continuously for PF red flags:

- Unusual corporate changes or new foreign links
- Sudden increases in parcel/mail volumes
- Associations with sanctioned individuals or entities
- News alerts or adverse media

8. Staff Training

All relevant staff are trained to:

- Understand PF and its red flags
- Ask the right onboarding questions
- Escalate concerns immediately

Training is reviewed annually and documented. Refresher training is mandatory for all client-facing roles.

9. Record-Keeping

We maintain:

- A PF risk register
- Logs of onboarding decisions and escalations
- Records of any denied services due to PF concerns
- Copies of all client declarations and risk assessments

10. Breach Handling

Failure to assess or act on PF risks constitutes a **regulatory breach**. HMRC will not accept a lack of awareness as an excuse. Staff or agents who ignore PF concerns will face disciplinary action and the matter will be escalated to our MLRO.

Appendix: Insert Your Templates

✅ Risk Assessment Form
✅ PF Onboarding Questionnaire
✅ Parcel Handling Policy
✅ Staff Training Log

This policy should be reviewed at least annually or when major changes to regulation or risk profiles occur.

Version: [Insert Version Number]

Date: [Insert Date]

Approved By: [Insert Names of Approvers]

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