BRA · METHODOLOGY

# BRA Methodology

Business Risk Assessment — How a BRA cycle is scoped, scored and approved.

## Purpose

Establish the firm's inherent and residual financial-crime risk profile across the dimensions JFSC expects (customers, products & services, delivery channels, geographies, transactions) so that the Compliance Monitoring Programme, Risk Appetite and resourcing decisions are demonstrably risk-based.

## Scope dimensions

- Customer types (PEPs, complex structures, high-net-worth, trusts, foundations, charities)
- Products & services (trustee, corporate director, fund admin, employer-related, lending)
- Delivery channels (face-to-face onboarding, intermediary-introduced, remote, non-resident)
- Geographies (residence, source of wealth, asset location, settlor, controllers)
- Transactions (typology, value bands, frequency, counterparty risk, cash adjacency)

## Scoring model

Inherent risk = Likelihood × Impact on a 4-band scale (Low / Moderate / Elevated / High). Residual risk = inherent risk adjusted for control effectiveness using a published lookup. Control effectiveness is taken from the Compliance Monitoring Programme last test cycle; if untested, the dimension is rated 'unverified' and a finding is raised automatically.

## Frequency & triggers

- Annual refresh as a minimum — approved at the board within 30 days of cycle close.
- Event-driven refresh: new product line, new geography, material acquisition, regulatory change touching a scored dimension, breach with cross-firm relevance.
- Event-driven: appetite-threshold breaches feed the next cycle automatically.

## Approval & audit

Maker–checker enforced. Proposer cannot also approve. Each rating change carries a why-trail entry. Final cycle is sealed and hash-chained; supersession (not edit) is the only way to change a sealed cycle.

> JFSC expects the BRA to demonstrably drive the CMP and resourcing. Every BRA dimension must trace forward to at least one monitored control and at least one tested obligation.

## 2026 Handbook anchors & CPF depth

- Proliferation-financing (CPF) is scored as a first-class dimension alongside ML and TF — not folded into TF.
- CPF inherent uplift triggers: nexus to DPRK / Iran sanctions regimes, dual-use goods exposure, maritime / freight-forwarding counterparties, virtual-asset off-ramps, front-company typologies.
- Sectoral typology refresh: virtual-asset service providers, professional enablers, complex trust structures with non-resident settlors.

- Governance MI: board-level CPF dashboard expected — appetite breach, sanctions hit-rate, escalations, CPF-specific SAR themes.

## BRA → CRA → CMP linkage

BRA dimension ratings become the inherent-risk anchors for related CRA obligations. CRA residual ratings drive CMP frequency banding. CMP test outcomes feed back into the next BRA cycle as control-effectiveness evidence. This loop is enforced in the data model: a BRA dimension with no downstream CRA obligation, or a CRA obligation with no CMP test, is flagged as a methodology gap.

**JFSC anchors:** AML/CFT/CPF Handbook §3 (Business Risk Assessment) · Codes of Practice for Trust Company Business §3 (Corporate governance) · JFSC AML/CFT/CPF Handbook 2026 update — CPF dimensions, sectoral typology refresh