TCCS Indicative Assessment Items

Sample Questions for Examination Familiarisation

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Important Notice

These examples are provided to familiarise candidates with assessment style and format.

These items do not:

- Reflect the full scope, weighting, or difficulty of the examination
- Constitute a representative sample of examinable content
- Guarantee coverage of all domains or learning outcomes
- Serve as a study guide or comprehensive preparation tool

The actual examination contains different questions. Candidates must prepare across all syllabus domains.

Multiple-Choice Questions (Indicative Examples)

Question 1 (Domain 1: AML/KYC Frameworks)

A UK-registered cryptoasset exchange onboards a new customer who wishes to deposit £50,000 worth of Bitcoin. The customer provides valid ID but cannot provide satisfactory source of funds documentation.

Which action is most appropriate under the Money Laundering Regulations 2017?
A) Accept the deposit and monitor the account for suspicious activity
B) Decline to onboard the customer
C) Onboard the customer but limit transaction amounts pending further verification
D) File a Suspicious Activity Report (SAR) before proceeding

Correct Answer: B

Rationale: Under Regulation 28(11), a firm must not establish a business relationship where it cannot complete Customer Due Diligence (CDD), which includes verification of source of funds for higher-risk customers or larger transactions. A is insufficient. C does not satisfy CDD obligations. D may be appropriate in some scenarios, but the primary obligation is to decline where CDD cannot be completed.

Question 2 (Domain 2: Blockchain Forensics)

A compliance analyst traces Bitcoin from a suspicious wallet and identifies that funds were sent to a mixing service before being dispersed to multiple addresses.

Which statement is most accurate?

A) The use of a mixer proves the funds are proceeds of crime
B) The mixer transaction breaks the audit trail and prevents further tracing
C) The mixer transaction is a red flag that warrants further investigation
D) Mixers are illegal under UK law and should be reported immediately

Correct Answer: C

Rationale: Use of a mixer is a red flag indicating potential obfuscation, but does not alone prove criminal activity (ruling out A). Modern blockchain analysis can often trace through mixers to some degree (ruling out B). Mixers themselves are not explicitly illegal in the UK, though their use may violate platform terms or indicate suspicious activity (ruling out D). C correctly identifies this as suspicious activity requiring further investigation.

Question 3 (Domain 3: Risk Assessment)

A firm's risk appetite statement defines "Medium Risk" clients as those with annual crypto transactions between £10,000-£100,000. A client transacts £95,000 annually but exclusively uses regulated UK exchanges with full KYC.

How should the compliance team categorise this client?

A) Low Risk (due to use of regulated counterparties)
B) Medium Risk (per the stated transaction threshold)
C) High Risk (due to proximity to the upper threshold)
D) The categorisation requires additional factors beyond transaction volume

Correct Answer: D

Rationale: Risk assessment must be holistic and cannot rely on a single factor. While the transaction volume suggests Medium Risk, the exclusive use of regulated counterparties with full KYC is a mitigating factor. A proper risk assessment considers multiple dimensions: transaction volume, counterparty risk, geographic exposure, product complexity, and client behaviour.

Scenario-Based Questions (Illustrative Examples)

Scenario 1: AML/KYC & Risk Assessment

Background:
Green Finance Ltd, a UK-registered cryptoasset exchange, receives an application from a corporate customer, "Overseas Ventures Ltd," incorporated in the British Virgin Islands. The Ultimate Beneficial Owner (UBO) is listed as Mr. Chen, a national of a high-risk jurisdiction per FATF.
The customer states they will deposit approximately £2 million in Bitcoin over the next 12 months for conversion to GBP. When asked for source of funds, the customer provides:

- A signed letter from the UBO stating the funds are from "personal savings and business profits"
- Bank statements showing large cash deposits from multiple jurisdictions
- No invoices, contracts, or business documentation

Question:
(a) Identify three red flags in this scenario.
(b) What additional information should the firm request before onboarding this customer?
(c) If the customer refuses to provide further documentation, what action should the firm take?

Scenario 2: Blockchain Forensics & Regulatory Reporting

Background:
You are a compliance analyst at a UK crypto exchange. A customer, "Alice," has been using the platform for 18 months with typical monthly transactions of £5,000-£10,000. On 15 March, Alice suddenly deposits £250,000 worth of Bitcoin and immediately converts it to GBP, requesting a fiat withdrawal to her UK bank account. Your blockchain analysis reveals:

- The Bitcoin originated from a wallet associated with a darknet marketplace (confirmed via Chainalysis)
- The funds passed through two mixer services before reaching Alice's deposit address
- Alice's previous deposits came from regulated exchanges with full KYC

When contacted, Alice states: "A friend sent me the Bitcoin as repayment for a loan. I don't know anything about where it came from originally."

Question:
(a) What regulatory obligations does the firm have in this scenario?
(b) Should the firm process Alice's withdrawal request? Explain your reasoning.
(c) Draft a brief outline of the key points you would include in a Suspicious Activity Report (SAR), if filing one.

Notes on Marking

Multiple-Choice Questions

- One mark per correct answer.
- No partial credit.
- Rationale is provided here for learning purposes but would not appear in the examination.

Scenario Questions

Marking allocates points for:

- Identification of relevant issues (AML/KYC red flags, regulatory obligations)
- Application of appropriate legal frameworks (MLRs, POCA, FATF guidance)
- Practical, defensible recommendations (risk-based decision-making)
- Demonstration of professional judgement in compliance contexts

Candidates are not expected to reproduce legislation verbatim. Credit is awarded for structured reasoning and application to the scenario.

Disclaimer

These indicative items are for familiarisation only.

The actual TCCS examination:

- Contains different questions
- May test domains not represented here
- Includes greater complexity and nuance
- Assesses applied competence, not pattern recognition

Candidates who rely solely on these examples will not be adequately prepared.

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