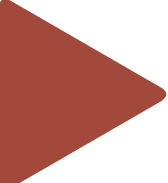


Customer Due Diligence

Overview of CDD

Each country should determine and ensure it imposes specific Customer Due Diligence (CDD) obligations and principles on Financial Institutions (FIs), either through law or enforceable means, for the conduct of CDD measures.

Countries should ensure FIs:

- > Are prohibited from keeping anonymous/ obviously fictitiously named accounts.
- > Undertake CDD measures at the start and during the course of (1) a business relationship and (2) processing an occasional transaction above the applicable prescribed or designated threshold (USD/EUR15,000) or through wire transfers in specific circumstances under the recommendations, and where (a) there is a suspicion of money laundering (ML) or terrorist financing (TF) and/or (b) 

any doubt of the veracity or adequacy of CDD already held.

- > Are allowed to complete CDD measures as soon as reasonably practicable where:
 - ✓ it is not possible to do so initially; and
 - ✓ this is essential not to interrupt the normal conduct of business, provided ML and TF risks are effectively managed.
- > Use a Risk-Based Approach (RBA) applied to CDD measures to determine the extent and effectiveness of such measures and through using reliable, independent source documents, data or information:
 - ✓ identify and verify the identity of customers, their beneficial owner(s) (namely, for legal persons and arrangements, by understanding their ownership and control structure) and any person authorised to act on their behalf;
 - ✓ understand and, as appropriate, obtain information on the purpose and intended nature of the business relationship; and ▶

- ✓ conduct ongoing CDD on the business relationship and scrutinise transaction, to ensure constituency with the knowledge of the customer, their business and risk profile, including, where necessary, the source of funds.
- > Where they cannot comply with the CDD measures and extent of the measures based on the RBA, do not (1) open the account, (2) commence business relations and (3) perform the transaction. FIs should also consider terminating the business relationship and making a suspicious transactions report in relation to the customer.
- > Apply RBA CDD measures to (1) all new customers and (2) existing customers on the basis of materiality and risk and at appropriate times, such as through periodic reviews of existing records.
- > Apply the following CDD measures to customers who are Legal Persons and Arrangements:

- ✓ Identify and verify identity of the customer:
 - Name, legal form and proof of existence of the customer
 - Powers regulating and binding the customer, including those with senior management position or arrangement
 - Registered address and principal place of business (if applicable)
- ✓ Identify and verify the beneficial owner(s) (BO) of the customer: (1) Legal Persons: (a) Identity of natural person(s) exercising ultimate control through controlling ownership interests; OR (b) where uncertain, identity of natural person(s) exercising control through other means; OR (c) where no natural person(s) identified, identify and verify identity of senior management official. (2) For Legal Arrangements: (a) For Trusts – identify settlor(s); trustee(s); protector(s) (if any); beneficiaries or class of beneficiaries

and any other natural persons exercising control over the trust; OR (b) For other types of legal arrangements - identity of natural persons in equivalent or similar positions.

- ✓ **Listed Companies:** It is not necessary to establish ownership or beneficial ownership for listed companies as public register, customer or other reliable sources may provide relevant identification data
- ✓ **Understand the nature of business, ownership and control structure of the customer.**
- > **Apply the following CDD measures to customers who are Life or Other Investment-Related Insurance Businesses:**
(1) identify and verify customer and beneficial owner(s), (2) for beneficiaries, as soon as they are identified or designated (a) if natural person: Name of person or (b) if characteristic or class (e.g. spouse; children) or by other means ▶

(e.g. will): Obtain sufficient beneficiary information useful at time of payout.

- > Use a Risk-Based Approach (RBA) and appropriate risk management procedures and take into account risks variables relating to the risk categories, including customers, countries/geographic areas, particular products and services, transactions or delivery channel risks, to manage business relationships with customers, including prior to verification. Risk variables include monitoring and defining: (1) the number, types and/or amount of transaction, (2) large or complex transactions, (3) purpose of account/transaction, (4) level of assets to be deposited or size of transactions, regularity or duration of business relationship, amongst others.
- > Where ML or TF risks are higher, can conduct Enhanced Due Diligence (EDD) measures where, after reasonable examination on the background and

purpose of transactions, the transactions (1) are complex and unusually large, (2) present unusual patterns or (3) have no apparent economic or lawful purpose. EDD measures refer to an increased degree and nature of monitoring to detect whether transactions or activities appear unusual or suspicious.

- > Where risks of ML or TF are lower and no suspicion of ML or TF, can conduct Simplified Due Diligence (SDD) measures.