

KYC Process – Compliance across Jurisdiction

The world standards for Anti Money Laundering are set by the Financial Actions Task Force or “FATF”. The current standards are the FATF Recommendations 2012 (revised 2015). Each nation then enacts local legislation to meet or exceed the standards set by FATF. FATF affiliated countries also evaluate each other’s legal framework, compliance, industry practices and enforcement of the FATF Recommendations.



The ID Register applies a single policy which meets or exceeds the requirements of each jurisdiction that is listed in the table above. This ensures that profiles can be universally accepted and keeps our standards up to date with each FATF country evaluation. This also helps to prevent CDD arbitrage, and to ensure a consistent and level approach.

In reality there are fewer material differences between jurisdictions than are commonly supposed. What is common throughout the major finance jurisdictions are the well known common high risk relationship designations such as PEP, Correspondent Banking and Bearer Shares, along with certain sensitive geographical areas. The latest FATF recommendations now state that all domestic PEPs are to be considered high risk.

There still remain some differences such as:

- High Risk indicators, such as private banking relationships, non face-to-face business or private asset holding structures usually seen in family offices.
- The determination of source of funds and wealth and what lengths are required to establish this information can still vary across the jurisdictions.

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- FATF does not make a distinction from those who benefit and from those who simply have control over the assets with no or little benefit – they are all defined as beneficial owners.

“Trigger events are over used and distract from a risk based approach.”

The term Trigger Event is often used in the industry but this is not mentioned in the FATF Recommendations and mentioned rarely in local guidance. It is a term that has become over used and has distracted from a risk based approach. The modern approach is to ensure identity information is kept current, especially individual identity,

The ID Register will ensure that profiles are updated which provides a much higher standard of reliance than available in the past. This will reduce the need for reviews for every single trigger event.

The ID Register helps firms to manage their AML risks efficiently and consistently. In turn this allows a firm’s Money Laundering Reporting Officer to focus on the highest risk clients and enables a clear 4 eyes review of the process.

Regulatory Key Criteria								
Updated	2015	November 2014	November 2015	March 2015	July 2015	August 2015	2014	2016
Senior Management Approval required for:	High Risk Only	High Risk Only	High Risk Only	High Risk Only	PEP, Correspondent and Intermediary	PEP, Correspondent and Eligible Introduced	All clients	All profiles are 4 eyes reviewed by Senior Management.
Exemptions to the identification of Beneficial Owners:	None	pooled accounts and financially regulated trustee.	intermediary, CIS and regulated trustees	pooled accounts	intermediary	Intermediary and eligible Introduced	None	None, where reasonably practical.
De minimis % below which verification of corporate beneficial owners is not required:	25%	25%	25%	25 % with 10 % in practice for high risk profiles.	25%	10%	Controllers only	10 % per FATCA requirements
De minimis % below which verification of trust/stiftung/anstalt beneficial owners is not required:	All / 25 % / 25 %	25 % / 25 % / 25 %	All	All	25%	All	Controllers only	All
De minimis % below which verification of partnership beneficial owners is not required:	25%	25%	25%	25 % with 10 % in practice for high risk profiles.	25%	Controllers only	Controllers only	10 % per FATCA requirements
Identification and Verification of Controllers is required:	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Source of Funds must be known for lower risk clients	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Source of Funds must be known for higher risk clients	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Simplified Measures can be applied to entities that are:	Regulated, Listed, Local Authorities, Pension Funds	Regulated, Listed, Local Authorities, Pension Funds	Regulated, Listed, Locally Resident	Regulated, Listed, Local Authorities, Pension Funds				
Rely on IOSCO membership for listed entities:	No	No	Yes	Yes	No	No	No	No
Require Identification and Verification of signatories for a listed entity	No	Risk Based	Yes	No	No	No	No	Risk Based
Rationale for investment must be known	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Profile data must be kept updated for all clients:	High Risk only	High Risk only	High Risk only	High Risk only	All	All	No	All
Private vehicles are classified as High Risk	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Non face-to-face business is classified as High Risk	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Private Banking is classified as High Risk	Yes	Yes	No	Yes	Yes	No	Yes	Yes
Electronic Certification is acceptable	Not specified	Yes	Yes	Yes - subject to consultation	Yes	Yes	Yes	Yes
Periodic review of existing profiles is required proportionately with risk:	Yes	Yes	Yes	Yes	Yes	Not defined	High Risk only	Yes