

CUSTOMER DUE DILIGENCE (CDD) REQUIREMENTS

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WHAT?

Section 3.1 of the Implementing Procedures

WHEN?

Section 3.2 of the Implementing Procedures

IDENTIFY VERIFY

IDENTIFY

- the official full name
- the place and date of birth
- the permanent residential address
- the identity reference number
- the nationality

VERIFY

- documents containing photographic evidence
- documents to verify address

NON FACE-TO-FACE

Option 1: copies of documents + EDD

Option 2: electronic verification + EDD

FIRST MATCH

full name and
address



SECOND MATCH

full name and
either address
or date of birth

BENEFICIAL OWNER (BO)

General Definition

A natural person:

- *who ultimately owns or controls the customer*
- *on whose behalf a transaction is being conducted*

Specific Instances

- body corporate/of persons
- legal entity/arrangement which distributes funds
- long term insurance business

<p>(a) Body corporate or body of persons</p>	<p>(i) A natural person/s that has:</p> <ul style="list-style-type: none"> • Direct ownership of 25% + 1 shares (including bearer shares); or • Direct ownership of 25% + 1 voting rights; or • Direct control of 25% + 1 shares (including bearer shares); or • Direct control of 25% + 1 voting rights; or • Indirect ownership of 25% + 1 shares (including bearer shares) ; or • Indirect ownership of 25% + 1 voting rights; or • Indirect control of 25% + 1 shares (including bearer shares); or • Indirect control of 25% + 1 voting rights. <p>(ii) A natural person who otherwise exercises control over the management of that body corporate or body of persons.</p>
<p>(b) Legal entity or legal arrangement which administers and distributes funds</p>	<p>(i) Determined beneficiaries – natural persons who are the beneficiaries of at least 25% of the property</p> <p>(ii) Non-determined beneficiaries – the class of persons in whose main interest the legal entity or arrangement is set up or operates</p> <p>(iii) A natural person who controls at least 25% of the property of the legal entity or arrangements</p>
<p>(c) Long term insurance business</p>	<p>The beneficial owner shall be construed to be the beneficiary under the policy.</p>

CASE 1

**Applicant
acting on
behalf of a
natural
person**

CASE 2

**Applicant
acting on
behalf of a
company or
partnership**

CASE 3

**Applicant
acting on
behalf of a
foundation or
association**

CASE 4

**Applicant
is a trustee**

PURPOSE AND NATURE

- business/occupation/employment
- expected source and origin of funds
- source of wealth
- anticipated level of the activity
- anticipated nature of the activity

ONGOING MONITORING

- Scrutiny of transactions
 - ➔ complex and large transactions
 - ➔ non-reputable jurisdictions
- Updating CDD documentation

ENHANCED DUE DILIGENCE

- identification/verification: *additional docs/higher quality*
- purpose and nature: *more detailed information*
- ongoing monitoring: *enhanced monitoring*

- Non face-to-face
- Correspondent banking
- Politically exposed persons

SIMPLIFIED DUE DILIGENCE

- gather sufficient information
- periodic monitoring
- applicant fully owned by legal person qualifying for SDD

Reliance

- procedure to be followed:
*subject person placing reliance should **immediately** obtain from the third party the information required under Regulation 7(1)(a) to (c)*
- responsibility for compliance
- situations where reliance is not applicable

WHEN?

APPLICANT FOR BUSINESS



business relationship

occasional transaction

€15,000 or more

€1,000 or more

€2,000 or more

WHEN?

- Business relationship: *contact is first made*
- Occasional transaction: *contact is first made*
- Existing clients: *risk-sensitive basis*
- Doubts or suspicion

FAILURE TO COMPLETE CDD

Genuine reasons?

Funds back to original remitter!

Conclusion

WHAT?

- identify and verify the applicant and BO
 - purpose and nature
 - ongoing monitoring

WHEN?

- contact is first made
- risk-sensitive basis for existing clients
 - when suspicion or doubts arise

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