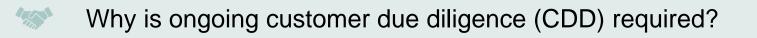
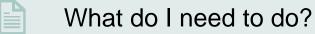


Customer Due Diligence – Part 3: Ongoing Monitoring AMLbites

What does this presentation cover?



How often should I undertake customer due diligence?





What do I need to document?



Event driven reviews

Why?

- Businesses must apply CDD procedures at appropriate points during the lifetime of the relationship.
- Established business relationships should be subject to CDD procedures throughout their duration.
- Risks that client changes ownership or trading activities and moves from a legitimate trade to otherwise. Monitoring ensures changes are identified.

How often?

- Risk-based approach.
- Frequency will often depend on level of risk assigned to the client/engagement.
- Enhanced due diligence requires more frequent DD and monitoring.
- Your AML policies and procedures should prescribe frequency.
 - Some firms annual for normal/low risk.
 - Some firms for low risk might have a review every three years.

What do I need to do? Consider changes



BENEFICIALDIRECTORSTRADINGLOCATIONOWNERSACTIVITIES

Periodic reviews – CCAB 5.2.7 What do I consider?

- Changes in risk for example:
 - Operating in new jurisdiction?
 - Cash flow difficulties: is my client more vulnerable to fraud?
 - Ownership: who are the new owners? Do they change the risk profile?
 - Unusual transactions: am I seeing transactions that are not normal for this client?
 - Changes in business activities: are they diversifying/growing fast/entering new markets?
 - Risk guidance from government/PSB: does this indicate my client's business could be higher risk?
 - Has the service I provide changed? Is it a new service to me? Is it a higher risk service?
 - Sources of wealth: any unusual injections of funds that are not easily explained?

What do I need to document?

- **EVIDENCE** that you have performed ongoing CDD.
- Be proportionate (we will be).
- Checklist AML compliance programme.
- Sign off and date the last risk assessment with a positive affirmation.
- Document any changes. Do they affect the risk assessment?
- Document any additional verification required.
- No need to refresh verification if no change to risk (ie expired passports).

Event driven reviews – CCAB 5.2.6



Triggers for review of CDD (CCAB 5.2.6)

New engagement starting

Planning for recurring engagements

A previously stalled engagement restarting

Significant change to key office holders

Participation of a PEP

Significant change in business activity (New operations overseas)



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