

Beneficial Ownership

FAQ

Questions (Q) and Best Practice Recommendations (BPR)

Presenter Disclosure: *The views, opinions and recommendations expressed in the Beneficial Ownership FAQ – Questions and Best Practices Recommendations are those of the presenters at the time of the presentation date of 5/3/2017, and do not reflect the policy or position of any their institutions. You should consult your compliance or legal counsel for complying with the final rule by May 11, 2018.*

CIP & CDD Requirements

Q: What CIP information should I collect for Beneficial Owners?

BPR: A Financial Institution (“FI”) should collect at least the same basic CIP information that is required to be collected for any customers and/or signers – name, date of birth, address, and identification number (passport number for foreign individuals) – and apply equivalent verification procedures for beneficial owners, including controllers. The CIP Risk Assessment (“RA”) and relevant P&P should be updated to reflect CIP for Beneficial Owners and Controllers.

Q: Do we need to validate CIP for Beneficial Owners?

BPR: The FI is required to verify the identity of such persons using risk-based procedures that include the same documentary and non-documentary elements required under the CIP Rule at a minimum (although under the Rule non-original documents may be accepted, subject to conditions), but the institution is not required to verify the fact of the Beneficial Owner’s relationship to the legal entity or authenticity of percentage of ownership, absent a FI’s knowledge to the contrary.

Remember, although not specifically spelled out in the regulation, the CDD Rule requires that the procedures at a minimum, contain the same elements as required for verifying the identity of customers that are individuals under the applicable CIP rule. However, FIs may use photocopies or other reproductions of identification documents in the case of documentary verification. This should align with your institution’s CIP Program.

Q: Can I accept copies of Identification for Deposit Accounts?

BPR: The Beneficial Ownership Guidance states if the person opening the account does not have the information or is not present at account opening, that we may use photocopies of the CIP information; however, you do need to retain documentation of what you collected for verification for a term of 5 years after the account is opened. (Note: The retention for verification is 5 years after the account is opened; the retention for identification is 5 years after the account is closed.) If your systems will not differentiate, the timeframe of 5 years after account is closed should be used. This should be risk-based, and your CIP P&P and RA should address your process and corresponding risk mitigations.

CIP & CDD Requirements

Q: Is a FI required to retain copies of identification for Deposit Accounts?

BPR: You are not required to retain the copies; however, a FI does need to retain data of what you collected for verification for 5 years after the account is opened. (The retention for verification is 5 years after the account is opened; the retention for identification is 5 years after the account is closed.) It is recommended FI retain copies of identification documents as a mitigating control. If a SAR is filed at any point and SAR supporting documents are requested, it is helpful for LE to have copies of the identification included as well. In addition, it is difficult to determine authenticity and deter collusion without documents being retained.

Q: Under the revamped CDD rule, the AML program requirements explicitly require FI to implement and maintain appropriate risk based procedures for conducting ongoing customer due diligence, to include: understanding the nature and purpose of the customer relationships. Please define the 'nature and purpose' statement.

BPR: Understanding the nature and purpose of customer relationships is utilized to help develop a customer risk profile. A customer risk profile refers to the information gathered about a customer or business at account opening used to develop a baseline against which customer activity is assessed for suspicious activity reporting. This may include obtaining information such as:

- What is the nature of the business entity (NAICS codes)?
- What is the purpose of the business entity [wholesale, retail, consumer products, commercial products, services (e.g. used car sales, accountant, realtor, or internet service provider)]?
- What is the purpose for the account (operational, gas account, merchant fees, trust, etc....)?

Q: What if the Beneficial Owner has previously been CIP certified? Do I need to obtain CIP again?

BPR: If the Beneficial Owner has an existing account, and the FI has a reasonable belief that it knows the true identity of the person, CIP is not required to be obtained again; however, best practice would be to ensure you have the most current identifying and contact information on file. Remember, you do need to update Beneficial Ownership and CDD; and this should be done at the account level, not at the customer/relationship level.

Best practice would be to update CIP/ due diligence information for entities when maintenance is performed, or a new account is opened, or material changes in the business occur. Short of these (not occurring), the FI should update CIP/ due diligence information following a risk-based approach. High-risk entities would be re-verified on some schedule...low-risk entities may not be re-verified. In most cases, businesses have some type of "change" from time to time.

Q: What is your CIP verification process now? Is it effective?

BPR: The guidelines state that a FI is to apply "similar" CIP verification procedures, and any departures from standard practice (for accepting copies of identification remotely, for example) should be clearly described and documented in P&P. The need for exceptions may still occur, but APPLY CAUTION in such matters and clearly document the rationale for such decisions.

CIP Verification

Q: Can a FI rely on electronic vendor or 3rd party verification?

BPR: Yes; however document your process in your CIP P&P, CDD P&P and RA and establish adequate controls, reviewing procedures for such relationships, and establish a QC function to validate the 3rd party verification. While information can be relied upon from another “financial institution” the rule also states that you cannot rely on 3rd party to gather the CIP information. Remember, the FI is ultimately responsible, even if a 3rd party is used.

Certification Form for Beneficial Ownership

Q: Is a FI required to use a certification form or can it just be input as an electronic record?

BPR: Banks are not required to use the actual certification form (in appendix A of the guidance), but must have noted the information that is to be collected on some form of a substantially similar document.

Q: Can a FI input the BO information as an electronic record?

BPR: Yes, if that is the CIP/CDD process in your FI; however, keeping the documentation via a certification form would be suggested.

Q: If a certification form is required, must it be signed and dated?

BPR: It is recommended that the person opening the account sign and date a form, even if the information is maintained electronically. (Even if the data is incorrect or illicit, a certified form enables BSA and/or law enforcement to prove that such data was provided and allows for the review and comparison of the data to other sources.)

An alternative opinion would be to incorporate a reference to the form into the standard account opening document, thus allowing the signature on that document to apply to the BO certification form as well. However, this will be dependent on your systems/vendor capabilities; and the FI would have to make certain such verbiage is incorporated across all relevant documents across all business lines.

Q: If the Bank is using the/a certification form, who is authorized to sign the certification form?

BPR: This should be identified and updated in your CIP/CDD P&P. It is recommended to have the customer opening the accounts, a signer or owner, complete and sign the form.

Q: How often should a FI update the Beneficial Ownership Information and/or certification form?

BPR: Beneficial Ownership information and CDD should be updated based on triggers. This process should be risk-based. Remember to state and describe triggers and the update process in your P&P and ensure all BOB/CIP data from your core is flowing into your BSA monitoring system to assist in identifying triggers.

Certification Form for Beneficial Ownership

Q: Would a CIP-related change be considered a triggering event (i.e., change in resident status)?

BPR: A FI should risk-base this process and determine whether a CIP-related change would be considered a triggering event. While a simple change to basic CIP (local address change) would not necessarily be a trigger to update CDD, a substantial CIP change, such as if one of the owners moves internationally and becomes a foreign national and/or a previous foreign national/non-resident alien has a change in citizenship status that may alter the overall risk profile, updating CDD information would possibly be considered best practice.

Q: Who in a FI should be responsible for updating the Beneficial Ownership information and/or certification form and how?

BPR: Such responsibilities will likely be different from FI to FI, but an option to consider would be properly training any individual able to open an account or relationship (front-line personnel, relationship managers, loan officers, etc.) to identify and report triggered events. Depending on the process implemented, the individuals may be responsible for completing or updating the form. A centralized back-office review (deposit operations and/or BSA compliance department) should ensure controls are in place to identify when a form should be updated and that one has been updated. It is critical, depending on the process established by your FI, to have clear controls and adequate and ongoing training on processes to ensure forms are completed and BO is updated.

Entity Structures & Client Hierarchies

Q: Is the FI collecting Beneficial Ownership for only the primary legal entity (i.e., the one in whose name the relationship is being established)?

BPR: FIs should not make a blanket procedure to only obtain BO on the first entity; this process should be risk-based depending on the nature of the business, location, products and services used by the customer, anticipated activity, and /or purpose of the account. Particularly, if the business, under your high-risk program, would be considered a higher-risk entity, a FI should continue to “dig” until you identify a personal beneficial owner(s) or as some say “finding a heartbeat.” This could include requiring Beneficial Ownership information for several layers of companies until the FI can reasonably determine who the individual is that owns the company (ies).

Q: What if the first entity is owned by other business entities? What should a FI do?

BPR: If a FI discovers multiple layers of entity ownership, controls or processes should be implemented to alert the BSA (or other designated) department at account opening. This will ensure the Beneficial Owners are identified at the time a new account is opened. Based on implemented risk-based procedures, the BSA department will provide guidance on how deep to dig. Ultimately a process should be implemented that ensures at least 25% ownership is identified. Depending on the process flow established, controls should be implemented, training conducted, and governance established to identify exceptions, to ensure responsible individuals dig down to a “heartbeat” for at least 25% ownership.

Entity Structures & Client Hierarchies

Q: Should a FI continue to drill down until you find the individuals?

BPR: Yes, the regulation states that under the ownership prong a FI must identify individuals (persons, not entities) that own directly or indirectly 25% or more of equity interest of a legal entity customer. Legal entities (corporations, LLC's, partnerships, registered business trusts, etc.) are created by filing a public document with domestic or foreign governments. These should be added into your governance documents to state who should get the BO reviews, unless specifically exempted.

The FI only needs to obtain Beneficial Ownership information on the entity customer. There is no need to get the same information from all subsidiaries, you just need to drill through them to get to the owner of the entity client. Said differently, if A is owned by B and B is owned by C (A → B → C) you need to look through B to get to C. If a person in B owns the 25% or more of A, then you would need their information, but if there is no person under B that owns a large enough percentage, then you don't need any other information from B.

Q: Do you only collect information on the entities and individuals that own 25% or more equity?

BPR: This is a risk-based decision; in other words, the 25% threshold is the regulatory threshold, identified by FinCEN, but a FI can choose a lower threshold (ex: 10% based on risk or layers). However, if a different threshold is applied for – as an example – high-risk accounts and/or business types, be consistent in applying that threshold; and document the rationale for distinction fully in your P&P. Different thresholds may also be necessary and/or should be considered based on international rules/guidance, risks unique to certain geographies, other geographies' best practices, and/or a FI's own supervising agencies' increased expectations for higher-risk customers.

Q: Do you ask for an organization chart? Do you collect business formation documents on all the entities in the hierarchy?

BPR: While not required by the guidance, it may be considered best practice as part of your CDD, especially for higher-risk entities. If it is part of your process, make certain to update the CIP/CDD P&P and/or standards.

Q: What onboarding processes should be changed for new customers to comply with Beneficial Ownership and the CDD Rule?

BPR: FI should consider reviewing and updating, as applicable, across all business lines, affiliates, and subsidiaries, core system, processes such as the following: new account opening, CTR aggregation, OFAC scanning, suspicious activity monitoring (SAM) systems and update their monitoring systems as applicable lines and fields come from the host system, relationship codes, data feed from host, CTR and structuring aggregation (when applicable), procedures, signature cards, account opening questionnaires (manual or automated), new account worksheets, in-person and online onboarding processes, certification form implementation, plus the ability to collect additional CDD information and expected activity, etc.

Entity Structures & Client Hierarchies

When implementing the Beneficial Owner regulatory requirements, applicable systems must be tested/validated to assure that the monitoring and all other systems obtain all applicable and needed information.

Overall, new business customers will need to comply with the increased data collection requirements (BO and CDD) and existing business customers will only be required to comply with this process when they meet a triggering event. Again, these triggering events are FI established and should be risk-based.

Trigger & Refresh Events

Q: What would be considered an “event-driven trigger” to subsequently update the customer’s information?

BPR: Potential occurrences a FI *may consider as possible event triggers* include, but are not limited to: change in signers and/or Beneficial Owners, ownership structure, or nature of business; opening a new account and/or closing a very active account without any apparent reason (unless only one active account exists and is closed); measurable increase in CTR filings; 314 (A); 314 (B); SARs filed; high-risk review results; deviation in expected activity as identified in your SAM program; unusual activity; criminal subpoenas; loan extensions or renewals; changes in your customer’s customer base; and previously documented triggers or time periods. Remember to state and describe the frequency of reviews, triggers, and the update process in your P&P and ensure all BOB/CIP data from your core is flowing into your BSA monitoring system to assist in identifying triggers.

Q: What possible situation/event/circumstances would justify a FI to call into question the information supplied by the customer?

BPR: The following situations may cause a FI to call into question the information supplied by the customer: reluctance to provide CIP/CDD information or information related to Beneficial Owners, officers, directors, controlling parties, and/or business locations; unusual or suspicious identification documents that cannot be verified; different identification numbers found to be used with different variations of the customer’s name; disconnected or inactive business telephone; problems admitted or discerned through loan application discussion; concern of a possible shell company; readily known information by bank staff; etc.

Q: Should a FI document in their P&P the information that would be considered a triggering event (i.e. SAR, subpoena, etc.)?

BPR: Yes, the FI should identify circumstances that they would define as a trigger event; however, flexible verbiage is recommended, such as, “The FI has identified several circumstances that may lead to a triggering event, including but not limited to the following:” (and then list the circumstances you have deemed to be a triggered event). Remember not to list excessive numbers of triggers until you are comfortable with the processes – walk before you run!

Trigger & Refresh Events

Q: How should a FI handle different answers provided at different account openings, say within a 6-month period? Do we just assume that the most recent information is correct, or do we have a duty to question the change and seek an explanation for it?

BPR: FI's have a duty to question changes and seek explanation. General best practice would be to reconcile the information provided.

Screening Beneficial Ownership Information against OFAC and 314(a)

Q: It is assumed that FIs will be screening Beneficial Owners against OFAC. How should a FI handle a hit?

BPR: FI's are required to comply with OFAC regulations with respect to Beneficial Owners. Beneficial Owners should be handled consistent with all customers, including hits.

Q: Would a FI block an account under OFAC because one of possibly four Beneficial Owners is on the OFAC list, but not the entity or authorized signers themselves?

BPR: Yes, FI's should consider blocking transactions that are by or on behalf of a blocked individual or entity, go through a blocked entity, or are in connection with a transaction in which a blocked individual or entity has an *interest*. Remember that Beneficial Owners have an equity interest in the entity holding the account. However, it is our opinion the 50% rule would apply, as the final rule addresses this issue somewhat obliquely in an example. Quoting from the Federal Register, "For example, the Office of Foreign Assets Control (OFAC) requires covered institutions to block accounts (or other property or interests in property) of, among others, persons appearing on the Specially Designated Nationals and Blocked Persons List (SDN List), which includes any entity that is 50 percent or more owned, in the aggregate, by one or more blocked persons, regardless of whether the entity is formally listed on the SDN list. Therefore, institutions should use Beneficial Ownership information to help ensure that they do not open or maintain an account, or otherwise engage in prohibited transactions or dealings involving individuals or entities subject to OFAC-administered sanctions."

Regardless, until further guidance is provided, it is our recommendation that if a Beneficial Owner is on the OFAC list, it would be prudent for the FI to reach out to OFAC for guidance.

Q: What if the controlling individual is on the OFAC list, but that person is not a Beneficial Owner; would we block the account then?

BPR: Our opinion is that a transaction that is conducted by or on behalf of an individual on the OFAC list who has significant responsibility to control, manage, and/or direct a legal entity should be blocked; however, until formal guidance is issued, we would recommend reaching out to OFAC for clear guidance. Remember, document with whom you talked, their thought process, and what is said, at a minimum.

Screening Beneficial Ownership Information against OFAC and 314(a)

Q: Similarly, it is assumed that FI's will be screening Beneficial Owners against FinCEN 314(a) lists. If a Beneficial Owner or controlling individual – but not an authorized signer – is on the list, do we report that as a positive hit? (The FAQ's address the opposite possibility, stating that 314(a) "does not require the reporting of Beneficial Ownership information associated with an account or transaction matching a named subject in a 314(a) request." However, what if the match is to the Beneficial Owners or controller?

BPR: The FAQ's (#24) state, "The regulation implementing section 314(a) does not require the reporting of ship information associated with an account or transaction matching a named subject in a 314(a) request." However, the Federal Register states, "The rule implementing Section 314(a)...does not authorize the reporting of Beneficial Ownership information associated with an account or transaction matching a named subject."

It is our opinion (and at least one consultant's opinion), based on the latter citation, that a FI may actually be out of compliance for reporting a 314(a) match based on Beneficial Ownership. However, this opinion is based on the slight difference between the FAQ and Federal Register verbiage; as such, at this time it is considered speculation.

Q: Should a FI create a customer record for each non-signer (Beneficial Owners and Controlling Parties) to screen against OFAC and 314(a) lists?

BPR: While not required, it is probably the easiest way to screen (and allows for comparison and aggregation across multiple account relationships).

Q: If your FI has a policy to close account relationships after a certain number of SAR filings (not a requirement, by the way, but a FI's escalation procedures following SAR filings should be addressed), would you also be expected to close accounts on which the subject is only a Beneficial Owner or controlling individual? If not, would an expectation exist that those other accounts should be re-classified as high risk?

BPR: Each situation would be different and would be largely dependent on the level of involvement by the SAR subject with the other entities. If the SARs were filed on not just the individual beneficial owner but also the business in which the Beneficial Owner is heavily involved, then the bank may want to consider closing all of that entity's accounts and reclassifying other similarly owned accounts as high-risk. In any case, document all decisions and discuss with appropriate individuals within the FI (Ex: SAR Committee) to ensure there is not a sufficient reason to keep the account open.

CTRs on Beneficial Owners:

Q: FinCEN states that Beneficial Ownership information “may” give a FI knowledge that a legal entity customer or customers are not being operated independently from each other or a primary owner, thus making it the FI’s responsibility to aggregate transactions.

- However, common Beneficial Ownership does not necessarily mean common control; one could have a partial stake in a funeral parlor and a car dealership; but not have total control over either. Surely in such a circumstance, aggregation would not be expected...or would it?
- Consider the following scenario: if Biz A is 40% owned by BOB (a Beneficial Owner), who also owns 30% of Biz B (assume both facts are recorded, showing him as a Beneficial Owner of both entities), for what amount do we file on the CTR if:
 - Biz A deposits \$ 7,000
 - Biz B deposits \$ 8,000 (assume both pay payroll from a single entity, but BOB has nothing to do with the payroll function or the running of the businesses)
 - BOB deposits \$ 25

Is a CTR filed? If so, is the CTR filed for \$15,000 or \$15,025?

BPR: For direction on this matter, consider the guidance in FIN-2012-G001 on “Currency Transaction Report Aggregation for Businesses with Common Ownership.” Quoting from that guidance, “Although multiple businesses may share a common owner, the presumption is that separately incorporated entities are independent persons...[However,] If a FI determines that these businesses (or one or more of the businesses and the private accounts of the owner) are not operating separately or independently of one another or their common owner...the FI may determine that aggregating the businesses’ transactions is appropriate because the transactions were made on behalf of a single person.”

Q: Is a FI required to add Beneficial Owners to our core systems, or are notes sufficient?

BPR: You are required to aggregate for CTR purposes, to screen for OFAC on an ongoing basis, and for suspicious activity monitoring. So at a minimum, this information must be in your CTR and AML monitoring systems; however, best practice would be to add and retain in your core system in some manner.

Q: What if they become an owner or signer later?

BPR: Any changes to signers or owners should be treated as a triggering event; and updated CDD information, including Beneficial Ownership, should be obtained.

Q: If the Beneficial Ownership/controller information is recorded in the ‘notes’ on your system, is that information being pulled in for OFAC, 314(a), 311, etc. purposes?

BPR: If a FI chooses to use the note fields to retain BO information, the FI should conduct data mapping, testing, and ongoing governance to make certain the system is properly pulling and scrubbing the information.

Exclusions from Beneficial Ownership

Q: Existing customers are exempted, but presumably the requirement to update customer information, including collection or updating of Beneficial Ownership information, upon the detection of “information relevant to assessing or reevaluating the [customer’s risk]” would apply to both new and existing customers.

○ If that is the case, then does changing the risk score for an existing business customer essentially become a trigger for the collection of Beneficial Ownership information – even if the change in risk classification is downward?

BPR: Our opinion is that an upward change in classification should be considered a trigger event (if substantive, e.g. low/moderate change to high risk) for collecting or updating Beneficial Ownership information; for existing customers already classified as high-risk we would recommend as a standard practice collecting and updating Beneficial Ownership information. Thus, a downward change for such a customer should not prompt any additional action.

Exclusions

Q: What exclusions should a FI consider?

BPR: The exclusions in the final rule begin with some of the same exclusions from the CIP rules and then include some unique entity types, such as “a public accounting firm registered under section 102 of the Sarbanes-Oxley Act.” The logic for the exclusions is that generally Beneficial Ownership for such entities is already publicly available. However, such entities should not be totally ignored for the purposes of this rule. Consider, for example, a public accounting firm that is classified as high-risk due to an unusual level of cash deposits; your FI finds their member information online but notices that it appears to differ from the individuals that actually appear to own or control the company. Additional due diligence would be desirable in such circumstances.

Exclude all that are possible. Some do not have the exemptible accounts originally excluded but have a guidance document that addresses exempted accounts. Document the process.

Technology Implications

Q: Based on the guidance about CTR aggregation, would FIs be expected to incorporate aggregation by not just common authorized signers or conductors but also common Beneficial Owners/Controlling individuals as well?

BPR: Currently, FinCEN has not clarified existing CTR guidance in regards to the BO rule; and current CTR guidance and FAQ does not address either. However, existing law is that FIs must file a currency transaction report (“CTR”) when it has knowledge that the same person (conductor) has conducted multiple transactions that total more than \$10,000 in currency in one business day or when it has knowledge that multiple transactions that total more than \$10,000 in currency in one business day are on behalf of the same person (beneficiary). As the latter is by definition a Beneficial Owner (and the former could be as well), it would be suggested FI implement a process to aggregate by Beneficial Owner. Once a CTR is triggered, the FI can then determine, based on CDD information obtained, whether multiple businesses that share the common Beneficial Owner are or are not, in fact, being operated.

Technology Implications

independently. Once a FI determines that the businesses **are** independent, then it should not aggregate the separate transactions of these businesses. Alternatively, once a FI determines that the businesses **are not** independent of each other or their common Beneficial Owners, then the transactions of these businesses should be aggregated going forward. (Again, refer to FIN-2012-G001).

Q: How should a FI work with their core vendor to make changes to accommodate the non-signers and any form that may be created?

BPR: FI should establish a 5th pillar project planning committee that involves their core vendor, when applicable, to identify and determine what updates they will be making to the host system and when.

Q: What if my core vendor has not updated and/or made changes to their systems by regulatory implementation date to input the owners of the company and any other applicable information (i.e. ownership percentage)?

BPR: Recommendation would be to diligently be involved with your vendor, inquiring on the status of any updates; however, be prepared to implement a manual process in the event the system has not been updated prior to regulatory implementation date.

Q: Is it the law that a vendor updates or not? Does your contractual relationship with the vendor address regulatory changes and updates?

BPR: While it is not a legal requirement for a vendor to update their product(s), it should be an element of a FI's vendor management process.

Overall governance:

Q: What updates should I make to my overall AML/BSA/OFAC/CIP Program and Risk Assessment to address Beneficial Ownership and CDD?

BPR: A FI should update their respective BSA/OFAC/CIP P&P program and Risk Assessment as follows is but is not limited to:

- Detail the Beneficial Ownership compliance new procedures to include risk-based ownership and control prongs
- Update the 4 pillars to 5 (with an explanation)
- Change any CIP rules to match/correspond to the BOB rules
- Update any pre-onboarding or pre-approval processes
- Define triggering events in P&Ps
- Clarify CTR and SAR aggregation
- Expand record retention guidelines to include Beneficial Ownership and verification data
- Describe any changes in training requirements/programs
- Implement training where needed (including Board of Directors)
- Review data feeds for OFAC & 314(a)
- Include any exclusions into overall governance P&P's

Overall governance:

- Include stratified risks related to Beneficial Ownership in the risk assessment. Some areas to consider are the geographic risks associated with the UBOs (offshore), quantification of businesses with multiple layers or UBOs, and quantification of risks associated with the FI's high-risk business list and UBO risk factors.

Q: What type of training should be conducted respective to Beneficial Ownership and new compliance and process requirements (i.e. BSA department, customers, front-line tellers, relationship managers, lenders, etc.)?

BPR: Substantial training will be required to make all personnel knowledgeable of what is required. At a minimum, FI should conduct training with branch and lending personnel, central operations, BSA department, and any individual or business line that can establish and/or update a customer relationship. It would also be beneficial to develop a reference sheet for customers, explaining the new rule and the regulatory requirements to obtain the information.

Training content should consider, but not be limited to, the following:

- Purpose and requirements of the rule;
- The definition of 'Beneficial Owner' and 'Controller';
- The CIP/DCC/BOB process;
- Escalation process to handle incomplete or inaccurate information;
- OFAC monitoring issues/implications to relevant associates;
- Customer due diligence requirements, including expected activity;
- Timing requirements;
- Triggering events;
- Account closure rules (as governed by your FI);
- Revised in-person and online onboarding processes;
- Process implementation or changes to existing policies, procedures, risk assessment, process, and/or certification form;
- The requirement that an account cannot be opened until Beneficial Ownership information is obtained;
- Employee accountability and importance of compliance (culture of compliance).

Q: Should you include the Beneficial Owners of the business as part of the SAR narrative, if they did not conduct the activity? (Keep in mind that the purpose of the rule is to assist law enforcement.)

BPR: If the Beneficial Owner(s) is not a known suspect or deemed to be directly part of the suspicious activity, we would strongly-recommend including the account's Beneficial Owner, controller, and any other pertinent information in the narrative section of a SAR when providing background information on the entity.