



## **Corporate, Pension, Charity and Trust Account Opening Due Diligence Best Practice Guidance Note**

This guidance note has been compiled to provide recommended best practice to our members in respect of Charities, Trusts and Corporate account opening due diligence process and should be read in conjunction the Registration Working Groups detailed information on the registering of Trusts and Pensions. Member firms may have different checks than detailed below depending upon the risk-based approach of their clients.

As Best Practice at the Institutional Investor account opening stage it is advisable to ensure that the Contracting Parties name is entered as the Investor name on the register to support ongoing monitoring and screening requirements. Where systems allow, full details of all associated parties that are required to be identified as defined in this document should also be recorded against the account for this purpose.

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## **Corporate Account opening Due Diligence requirements**

Initial information can be sourced online and be matched back to the details provided on the application, or correspondence can be issued to the individuals named on the application to source the required documentation directly if not supplied at account opening stage.

### **Corporates - listed on regulated markets**

Simplified Due Diligence can be applied providing they are listed on an equivalent regulated market. Beneficial owner details are not required in this instance.

- Full name of company
- Address
- Authorised Signatory list
- Evidence of listing on Regulated Market

Checks to be performed:

- Validate information provided
- PEP/sanction check for listed entity

### **Corporates - regulated in acceptable jurisdictions:**

#### Information required for due diligence checks:

- Full name of company (and parent company if applicant is a subsidiary)
- FCA (or equivalent) registration number
- Registered address
- Authorised signatory list
- Details of beneficial owners on a risk-based approach

Documentation required:

- Evidence of FCA (or equivalent) registration number
- Comfort Letter confirming the subsidiary abides by the parent company's AML policy and procedures (if applicable)
- Wolfsberg Questionnaire or equivalent, if underlying funds are pooled
- ID&V for beneficial owners if required, on a risk-based approach

Checks to be performed:

- Validate information provided
- Validate ID&V documents for each individual (if required)
- PEP/sanction check for all parties to the account



Other Actions:

- Record names of any beneficiaries with at least a 25% interest on the register, if appropriate
- Record names of any PSCs on the register, if appropriate
- Record names of any signatories giving instructions, if appropriate

**Corporates (excluding companies listed on regulated markets and those regulated in an acceptable jurisdiction)**

Information required for due diligence checks:

- Full name of the company
- Registered number
- Registered office
- Country of incorporation
- Business address
- Name of Directors
- Names of individual(s) who own more than 25% of its shares or voting rights
- Names of any individual(s) who otherwise exercise control over the management of the company, including Persons of Significant Control (PSCs)
- Details of how the entity is structured and the ultimate beneficial owner

Documentation required:

- Certificate of Incorporation
- Mem & Arts
- ID&V of those of own/control over 25% of shares or voting rights (on a risk-based approach)
- ID&V for Persons with Significant Control (PSCs) (on a risk-based approach)
- Copy of PSC Register from Companies House
- Structure chart (if applicable)

Checks to be performed:

- Validate information provided against Companies House, including the PSC Register. Report any discrepancies in line with requirements
- Validate ID&V documents for each individual (if required)
- PEP/sanction check for all parties to the account

Additional high risks checks may include:

- Additional information – e.g. names of ALL shareholders / limited partners / other controllers;
- Certification of information and entity verification provided by the customer
- Additional corporate documents beyond those required to confirm existence such as certified copies of report and all directors and/or shareholders information
- Full verification of directors / other signatories

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- Full verification of shareholders (possibly including those with <25% interest) rather than confirmation of identity
- General due diligence, e.g. internet searches for adverse media, additional screening of all interested parties, if applicable local enquiries about reputation and standing

#### Other Actions:

- Record names of any Directors on the register
- Record names of any beneficiaries with at least a 25% interest on the register
- Record names of any PSCs on the register
- Record names of any signatories giving instructions, on a risk-based approach

For all Corporate accounts payment should come from a bank account in the name of the company and ongoing Surveillance of Transactions and Screening should be performed.

The above information covers only the most common types of accounts held on the UK investment registers. This is not an exhaustive list and other Investor Types not covered in this paper are clubs, societies, SWFs, Public Bodies, LLPs or Partnerships. Guidance on the due diligence requirements for these investor types can be located within the JMLSG or by referring to your MLRO.

## **Pension Schemes Account opening Due Diligence requirements**

The majority of UK pension schemes are UK Inland Revenue/HMRC approved which enables them to benefit from tax relief. Evidence that a pension scheme is “approved” i.e. a copy of the Inland Revenue Approval Letter/HMRC website is normally sufficient documentation for due diligence purposes and therefore have no need to verify the names and addresses of individual trustee directors. Since Brexit, companies can continue to use the online website for non UK pension schemes: <https://eiopa.europa.eu/regulation-supervision/registers/register-of-institutions-for-occupational-retirement-provision> but no longer for UK pension schemes.

#### Information required for due diligence checks:

- Name of the scheme
- PSTR Reference
- Address of the scheme
- Evidence of registration with HMRC or the Pension Regulator.
- Contact details
- Identify name of employer or fund sponsor (if applicable)
- Identify name of Corporate Trustee (if applicable)

Those that are not HMRC approved should be verified according to their legal form.

#### Checks to be performed:

- Validate information provided
- PEP/sanction check for all parties to the account

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Other Actions:

- Record names of any trustees on the register
- Record names of any signatories giving instructions, if appropriate
- Record the name of the employer, if relevant

## **Charity Account Opening Due Diligence requirements**

### Registered Charity

The Charity Commission is required to hold a central register of charities in England and Wales and allocates a registered number to each. The Office of the Scottish Charity Regulator carries out a similar function for Scottish charities.

Companies House Website will also provide supportive information on incorporated Charities. These sites can only be used to validate the documentation provided by the Charity, but not to satisfy the verification requirements directly.

Unincorporated charities do not have their own legal identity whereas an Incorporated Charity does have a legal identity, therefore the account may be registered in the name of two or more individuals responsible for the administration of the holding i.e. the Trustees, or can also be registered in the name of a Corporate Trustee.

Information required for due diligence checks:

- Charity Name and Address
- Confirmation of charities activities & objectives
- Confirmation of area of operation
- Confirmation of legal form and set up of Charity
- Confirmation of Registration, inclusive of Registration number, can be sourced via the UK Charity Commission website, and any documentation not available will be sourced directly from the Client.
- List of authorised signatories
- List of Trustees/Directors
- Confirmation of any named beneficiaries with at least a 25% interest or that there is a class of beneficiaries
- Name of Settlor/s if relevant or other significant donors
- Names of any individual(s) who otherwise exercise control over the management of the Charity, including Persons of Significant Control (PSCs) (if incorporated)

Documentation required:

- Mem & Arts or other constitutional documents for Incorporated Charity
- Trust Deed/evidence of legal form for Unincorporated Charity

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- Evidence of Registration, inclusive of Registration number, which can be sourced via the UK Charity Commission website, and any documentation not available will be sourced directly from the Client.
- ID&V\* for Trustees (risk-based decision required on the number to be verified – min. 2)
- ID&V\* for Settlor (if any identified)
- ID&V\* for Beneficiaries >25%, or confirmation there is a class of beneficiaries
- ID&V\* for Signatories (if different)
- Copy of PSC Register from Companies House, if incorporated
- Resolution confirming authority to act on behalf of entity e.g. minutes from board meetings appointing the signatories
- Letter confirming authority to open / operate the account on behalf of the charity
- Bank Account evidence (e.g. cheque used for first payment or bank statement)

\*verification requirements for individuals could be satisfied via E-KYC methods provided the appropriate disclosures are made and the information required to perform the checks is obtained.

#### Checks to be performed:

- Validate charity info against Charity Commission website
- Verify company info against Companies House, including the PSC register (if incorporated)
- Validate ID&V documents for each individual
- Perform reasonableness test of amount invested vs recorded charity income/assets.

#### Other Actions:

- Record any named beneficiaries with at least a 25% interest on the register
- Record Settlor/s if any identified.
- Record names of all identified persons (trustees / signatories etc) on the register

Ongoing Surveillance of Transactions should be standard practice for all Investment accounts.

#### **Unregistered Charities**

As these Charities are unregistered they cannot be verified by reference to registers maintained by independent bodies such as the Charities Commission.

#### Information required for due diligence checks:

- Charity name and address
- Confirmation of Charity's purpose and objective
- Confirmation of country of establishment
- Confirmation of area of operation
- Evidence of legal form or
- Charities with HMRC section 505 Tax Exemption can be verified via HMRC registration.
- List of authorised signatories

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- List of Trustees/Directors
- Confirmation of any named beneficiaries with at least a 25% interest, and
- Name of Settlor/s if relevant
- Authorised signatory list

If the charity is operating or has links to a higher risk jurisdiction then further Guidance may need to be sought from the MLRO.

Documentation required:

- Evidence of Legal form or HMRC Registration/Confirmation of tax status.
- ID&V\* for Trustees (risk-based decision required on the number to be verified – min. 2)
- ID&V\* for Settlor/s if relevant
- ID&V\* for Signatories (if different)
- ID&V\* for Beneficiaries >25% ( if appropriate)
- Authorised Signatory list or letter confirming authority to open / operate the account on behalf of the charity
- Bank Account evidence (e.g. cheque used for first payment or bank statement)

\*verification requirements for individuals could be satisfied via E-KYC methods provided the appropriate disclosures are made and the information required to perform the checks is obtained.

Checks to be performed:

- Validate charity information provided
- Validate ID&V documents for each individual
- Screen all parties to the account
- Perform reasonableness test of amount invested vs recorded charity income/assets.

Other Actions:

- Record any named beneficiaries with at least a 25% interest on the register
- Record Settlor/s if any identified.
- Record names of all identified persons (trustees / signatories) on the register

Ongoing Surveillance of Transactions should be standard practice for all Investment accounts

## **Trust Account Opening Due Diligence requirements**

Trusts are not incorporated and have no legal personality, so account's may be registered in the name of two or more individuals responsible for the administration of the holding i.e. the Trustees, or can also be registered in the name of a Corporate Trustee.

Documentation should be sourced directly from the named individuals if not supplied at the account opening stage.

Information required for standard due diligence checks:

- Name of trust
- Nature and purpose of the trust

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- Country of establishment
- Names , DOB and residential address of all trustees
- Names, DOB and residential address of any protector/controller
- Name, DOB and residential address of the settlor
- Signatories list (if a corporate trustee is a holder)
- Names, DOB and residential address of any individually named beneficiaries with an interest of at least 25% in the trust assets

Documentation required:

- Trust Deed
- Evidence of registration on Trust Register
- ID&V\* for Trustees (risk-based decision required on the number to be verified – min. 2)
- ID&V\* for Signatories (if different)
- ID&V\* for Beneficiaries >25%( if appropriate)
- ID&V\* for Settlers
- Authorised Signatory list or letter confirming authority to open / operate the account
- Bank Account evidence (e.g. cheque used for first payment or bank statement)
- Excerpt of the Trust Register (not all trusts required to be registered until March 2022)

\*verification requirements for individuals could be satisfied via E-KYC methods provided the appropriate disclosures are made and the information required to perform the checks is obtained.

Checks to be performed:

- Validate information provided
- Validate ID&V documents for each individual
- PEP/sanction check for all parties to the account

Other Actions:

- Record any named beneficiaries with at least a 25% interest on the register
- Record names of all identified persons (trustees / signatories/Settlers) on the register

Ongoing Surveillance of Transactions should be standard practice for all Investment accounts

Additional measures are required where higher risk features are present (e.g. non-UK trust or involvement, particularly offshore jurisdictions, non-UK trusts where there is no equivalent country regulated trustee, proposed payments to beneficiaries, complex structure).

Further Information requirements when enhanced due diligence checks are required:

- Request further information about the purpose and funding of the trust, the domicile, nature and location of business / activities.

Ongoing Surveillance of Transactions should be standard practice for all Investment accounts

Version Control

Date	Version	Review by	Summary of change
	1		Initial draft

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**THE TA FORUM**  
AML Working Group

01.12.20	2	Marisa Jude, SS&C	Annual review
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