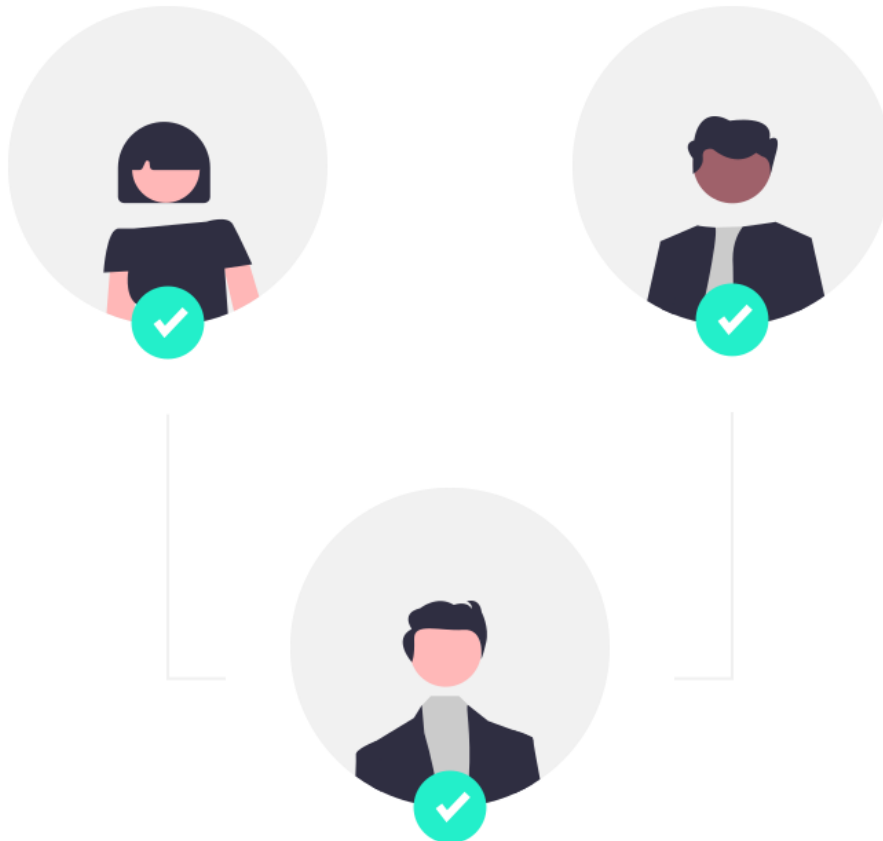


# Do you have Trust issues? Part 2



**Do you have Trust issues? Part 2**

This is our second blog post on doing AML CDD on Trusts. We will cover Trust roles, who needs to be ID verified and what to do when a company is owned by a Trust.

**Part one** covered what a Trust is and why have one, Enhanced Due Diligence (EDD) and Trust types. **Part three** will be a step-by-step on AML CDD for a Trust and a compliance officer checklist.

If you haven't read part one yet, make sure you read it and stay tuned for part three!

We are also running a free Trust Webinar. Sign up and we will explain Trusts and walk you through how to do CDD for a Trust.

[Sign Up](#)

## Trust roles and who needs to be ID verified?

You need to decide which people involved in a Trust need to be identity verified. This follows the same **Beneficial Ownership rules** for other organisations. For Trusts, the different roles who can be considered for identity verification are:

Role	Description	Identity verification
Settlor(s)	The person who owned the assets before they were transferred (settled) to the Trust. For example, if a couple put their house into a Trust, then the couple are the settlor.	Settlors are considered Beneficial Owners and should be ID verified.
Individual Trustees	The people who manage the assets on behalf of the trust are called the trustees. These individuals will be named in the Trust Deed, or in a variation.	The trustees control the assets. So in an AML sense they have control to 'move the money'. Therefore individual Trustees are considered Beneficial Owners and should be ID Verified.
Corporate Trustees	A Trustee who is a company, rather than an individual.	This is a can of worms, but I couldn't ignore it. When you and your AML Programme decide to do is up to you. Remember, you are trying to find Beneficial Owners – in this case, the <u>natural persons</u> who control the Trust. Where a company is Trustee, the natural persons who can act on the Trust may be anything from one or two directors, all the way through to hundreds of lawyers in the company (see, can of worms). Small companies should be easy (ID verify a director or two). Large companies are best to talk to and work out how to proceed (they should by now have a good process).

		<p>providing ID verification for their corporate trust role).</p> <p>And when it gets really huge, we have seen some customers using their exceptions register (due to practical difficulties in verifying hundreds of people).</p>
Beneficiaries	These are the people who benefit from the trust.	<p>For fixed trusts, if a beneficiary has more than 25% proportional benefit they are over the threshold and considered Beneficial Owners (and should be ID verified).</p> <p>For fixed trusts with less than 10 beneficiaries you need to record each person's name and date of birth. Fixed beneficiaries with less than 25%, as well as beneficiaries of a Discretionary trust, are not required by the legislation to be ID verified.</p> <p>Note: Always check your AML Programme to determine who you need to ID verify, which may be more than the legal minimum!</p>

When your customer is a company, 2Shakes provides you with our proprietary algorithm to search the Companies Office register to suggest all beneficial owners for Identity verification. But there is no register of Trusts in NZ (darn it!). This means that you will need to view the Trust Deed (and any variations) to find not only the type of trust, but also the names of the people involved in the trust. Then you can carry out identity verification for the people who meet the Beneficial Owner criteria.

It is normal for a Trust to need many people to be identity verified. It's also normal for a Reporting Entity not to meet all these people! For example, getting all 6 trustees of a family trust who might be spread across different parts of NZ (or the globe) to come into your office to meet with you can be a challenging logistical task! 2Shakes lets you choose electronic and biometric identity verification, so you can collect and verify identity, address and PEP status fast, securely and painlessly just by entering the person's email address.

You can find out more about smart ways to use technology to verify identity for AML [here](#).

### **So what happens when a company is owned by a Trust?**

When 2Shakes finds the beneficial owners for Identity verification it will show you when a company is owned by a possible trust. If the possible trust owns more than 25% of the company's shares then the Trust is above the Beneficial Owner threshold.

In such cases you will need to record the additional information for Trusts (2Shakes has the Trusts tab for this), and verify the identity of the natural persons who are the Beneficial Owners of the Trust itself. This is the same process described above.

The difference is that being **owned** by a Trust does not in itself require Enhance Customer Due Diligence to be performed on the company or the Trust.

There may be other factors that require EDD in any situation, and your Programme may require you to still do EDD, so always check!

**Read [Part 1](#) and [Part 3](#) of this blog**

If you need anymore help, you can view the the [DIA's Trust factsheet](#), [IDV Code of Practice](#) and [Explanatory notes, Beneficial Ownership Guideline](#), and our [Trust webpage](#).

For any questions or more information on how to become a 2Shakes customer, get in touch with [our team](#) or sign up for a 2Shakes account [here](#).