

# Do you have Trust issues? Part 3



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AML Steps for Trusts with a Checklist for Compliance Officers

Here is our third and final part of our *Trust issues* blog series. We have included step-by-step AML CDD for a Trust and a checklist for Compliance Officers.

We first covered what a Trust is and why have one, Enhanced CDD and Trust types in [Part 1](#).

[Part 2](#) covered Trust roles, who needs to be ID verified, and what to do when your company is owned by a Trust.

We recommend you check out [Part 1](#) and [Part 2](#) before reading our latest instalment below.

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](#)

## Step by step – AML CDD on a Trust



So let's have a look at how you can put all this into action. Clearly, the process of performing AML CDD on a Trust involves a number of steps. Usually, this is a process that involves asking a number of people for information which you can assess, record and where necessary verify, until you have all the information you need.

We are mostly focused on the additional work for Trusts, but have included some other areas for completeness. Remember to check with your AML Programme and Compliance Officer for your unique CDD procedures!

1. **GET TRUST DOCUMENTS:** Ask your client for a copy of the Trust Deed along with evidence of where the Trust's assets/funds come from (Source of Wealth/Proof of Funds).

Using the Trust Deed you can determine and record:

- o The correct name and address of the Trust

- The type of Trust (Discretionary, Fixed, etc)
- Additional objects and beneficiary information need for Trusts
- The people who need to be ID verified and their role(s)

Remember, Trustees often change overtime, so make sure you have the latest documents to ensure you know the people currently involved in the Trust. If the latest documents don't show the original Settlor(s), ask for the original Trust Deed too.

**Note:** *Trust Deeds can include quite private information. If a client is reluctant to provide the Trust Deed, you may be able to get a trusted third party (e.g. their lawyer) to provide you the information you need without disclosing all the Trust details).*

**2. CARRY OUT YOUR RISK ASSESSMENT:** Trusts will be Enhanced DD, but you still need to carry out a risk assessment to consider other risk factors for this client.

**3. GET IDENTITIES VERIFIED:** You need to verify the identity and address of each Beneficial Owner identity & address. Verifying identity can be done through documentary (Manual) means or Electronic verification, in accordance with the [IDV Code of Practice](#). You will also need to carry out a PEP check on each person.

**4. RECORD CDD:** Record all your due diligence information securely, including CDD level, Nature and Purpose, Risk Assessment, additional Trust information, etc. Securely store all documents and other information you collect [e.g. Trust Deeds, identity documents or IDV reports, proof of address, PEP check result, Proof of Funds/Source of Wealth, etc].

You should also record key decisions in your client notes. As with any CDD you carry out, record anything that differs from what you have in your AML Programme as an exception. After all, snags can arise from time to time that mean you can't carry out the process in your Programme. If you make a decision to do something different, then record what that was, why, and your rationale for doing it that way.

**5. COMPLIANCE OFFICER APPROVAL:**

The AML Compliance Officer can then review the CDD information, and approve it as completed, so you can provide the Trust with AML captured services.

# Compliance Officer Checklist



Because Trust CDD involves different moving parts it's a really good idea to run through a check list to make sure everything is done. If you're the AML Compliance Officer then you might check:

- Trust Deed documents
- The Risk Assessment
- The Nature and Purpose of the business relationship
- Source of Wealth or Proof of Funds
- People for ID correctly listed (Trustees, Settlor, Beneficiaries)
- Identity verification for all people
- Addresses verification for all people
- PEP check clear for all people
- Additional trust information (name and address, type and objects and beneficiary information).

Once you're happy with the due diligence carried out, we recommend that you set up a system that makes it clear when EDD has successfully completed. That way everyone can easily see when 'systems are go' to begin to provide AML captured services.

The 2Shakes AML Platform lets you securely manage all your due diligence. You can track clients through CDD, record and store all your due diligence information, and carry out ID and Address verification and PEP checks. You can find out more [here](#).

**We really hope our Trust blog series has helped demystify due diligence on Trusts. If you have any questions or need more info please [contact us](#) and we'll help.**

**Thanks for reading, and remember – you've got this!**

**Team 2Shakes**