



## ANTI-MONEY LAUNDERING RESPONSIBILITIES: CLIENT TAKE-ON PROCEDURES

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ICAEW Business Law is the professional and public interest voice of business law matters for ICAEW and is a leading authority in its field. Widely recognised as a source of expertise, the Department is responsible for submissions to regulators and standard setters and provides a range of resources to professionals, providing practical assistance in dealing with business law issues affecting ICAEW's members.

As Coronavirus continues to disrupt business activity and social distancing becomes widespread, members may have concerns over how this impacts your ability to comply with the money laundering regulations. In particular, members may find that normal client take-on procedures have to adapt to reflect more remote interactions with clients.

### ***I would normally meet new clients face to face but may not want to or be able to. How does this affect my client take on procedures?***

The three stages of client due diligence (CDD) are identification of the client (information gathering), risk assessment of the client, and verification of the client (evidence gathering). If you do not meet the client face to face then this may affect your risk assessment of the client and mean that you should be more cautious in your approach. This may mean that you decide to gather more evidence in the third stage of CDD to verify the client's identity than you would have done if you had met them face to face.

You could consider using ICAEW's client screening service, which offers you a free search, on a leading risk and compliance database. In one search it will check names (individuals or entities) against government sanction lists, PEP lists and a large number of other legal, regulatory and industry watchlists. Visit [icaew.com/clientscreening](https://www.icaew.com/clientscreening) to make a request, or learn more about the service.

### ***I can't get hold of a certified copy of a passport or driving licence for my new client because they can't arrange for someone to certify it, can I accept a non-certified copy?***

CDD requires that you verify the identity of the client by gathering evidence to demonstrate the information you have been told about the client is true. It is important that this evidence, whether documents or other information, is obtained from a reliable source which is independent of the person whose identity is being verified.

Businesses should always consider how they will demonstrate the provenance of document copies. Certified copies of documents can be treated as a reliable source if you are satisfied with the standing of the person who has certified them. Where only a non-certified copy of a document is available, this cannot usually be accepted as evidence of identity. In this situation, you should consider whether evidence can be obtained from other sources, such as electronic identification processes. These sources can be treated as reliable if they are secure from fraud and misuse, and capable of providing an appropriate level of assurance that the person claiming a particular identity is in fact the person with that identity. Consider the following:

- **Does the system draw on multiple sources?** A single source (e.g., the electoral register) is not usually sufficient unless there are additional controls to validate the information. A system that combines negative and positive data sources is generally the more robust.
- **Are the sources checked and reviewed regularly?** Systems that do not update their data regularly are generally more prone to inaccuracy.
- **Are there control mechanisms to ensure data quality and reliability?** Systems should have built-in data integrity checks which, ideally, are sufficiently transparent to prove their effectiveness.
- **Is the information accessible?** It should be possible to either download and store search results in electronic form or print a hardcopy that contains all the details required (name of provider, original source, date, etc.). It is sufficient to have a record of the issuer of a document and its unique identifier. It is not necessary to have a reproduction of the original document.
- **Does the system provide adequate evidence that the client is who they claim to be?** Consideration should be given as to whether the evidence provided by the system has been obtained from an official source, e.g., certificate of incorporation from the official company registry, or passport.

***My staff member who deals with the client take on processes is self-isolating. Can I defer the normal client due diligence checks?***

CDD should normally be completed before entering into a business relationship. The money laundering regulations recognise that CDD will sometimes need to be completed while the business relationship is established, rather than before. Delays of this kind are only permissible when there is little risk of money laundering or terrorist financing ('MLTF'). The business should still gather enough information to form a general understanding of the client's identity so that it remains possible to assess the risk of MLTF. No client engagement (including transfers of client money or assets) should be completed until CDD has been completed. In the circumstances where the member of staff who deals with CDD checks is not working due to self-isolation or actual illness, the firm still have a responsibility to ensure that sufficient checks are made on the client, and that the full CDD process is complete before services are delivered to the client.

In conclusion, members' responsibilities to comply with the money laundering regulations continue to apply, but a more cautious approach may be needed.

For queries on particular circumstances you can contact the ICAEW money laundering enquiries helpline on 01908 248 250. The CCAB AML guidance for the accountancy sector provides detailed guidance on the responsibilities of accountants under the money laundering regulations and can be accessed [here](#).

ICAEW is conscious the situation is fast moving and want to harness your insights and expertise for the benefit of the wider profession and coronavirus preparedness across the economy. If you have any ideas for additional support, guidance or insights please [complete this form on our website](#).

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