

TIP OF THE MONTH

Customer Due Diligence (CDD)

[Also known as 'Know Your Client'-KYC]

CDD Obligations under Section 17 of the Financial Intelligence and Anti Money Laundering Act 2002 (FIAMLA) and the Financial Intelligence and Anti Money Laundering Regulations 2018 (FIAMLR)

- ✓ Reporting Persons should adopt a **risk-based approach and establish well documented CDD procedures** in line with section 17C of FIAMLA and Regulation 12 of FIAMLR.
- ✓ The **Guidelines issued by FIU** for the different supervised sectors (Real Estate Agents, Individual Legal Professionals and Dealers in Precious Stones and Metals) may be consulted in view of the **implementation process of the CDD obligations**. These [Guidelines](#) are accessible on the website of the FIU.
- ✓ FIAMLA and FIAMLR requires Reporting Persons to **apply CDD requirements to customers and beneficial owners**, i.e, identify the beneficial owner and take reasonable measures to verify the identity of the beneficial owner of legal persons and legal arrangements, using relevant information or data obtained from a reliable source.
- ✓ **Records should be kept** of the actions taken to comply with CDD obligations as well as any difficulties encountered during the CDD verification process.
- ✓ As part of their CDD process, Reporting Persons should consult the Consolidated UN Sanctions List and **carry out a screening** to determine whether any match on same. The [UN Sanctions list](#) is available on the FIU's website in PDF, xml and Excel formats for consultation by Reporting Persons including educational resources on [Targeted Financial Sanctions](#) in addressing their obligations with respect to TFS.
- ✓ Any person who **knowingly provides any false or misleading information to a Reporting Person** in connection with CDD requirements under FIAMLA or any guidelines issued thereunder shall commit an offence and shall, on conviction, be liable to a fine not exceeding 500,000 rupees and to imprisonment for a term not exceeding 5 years.
- ✓ It is an offence for any Reporting Person not to comply with the FIAMLA and FIAMLR provisions concerning CDD and Record Keeping and on conviction, shall be liable to a fine not exceeding 10 Million rupees and imprisonment for term not exceeding 5 years.

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