

# TIP OF THE MONTH

## Enhanced Due Diligence (EDD)

Reporting Persons *shall* perform EDD under regulation 12 of the FIAML Regulations 2018 where a higher risk has been identified.

### WHAT IS CUSTOMER DUE DILIGENCE (CDD)?

It is a process where relevant information about the customer and any beneficial owners is collected and evaluated to enable the Regulatee to assess any Money Laundering (ML)/Terrorist Financing (TF) risk associated with that customer and any beneficial owners.

Based on the documented risk assessment, Enhanced Due Diligence (EDD) **shall be** conducted should the customer represent a higher risk under Regulation 12 of [FIAML Regulation 2018](#).

### WHAT IS EDD AND WHEN SHOULD REGULATEES APPLY EDD MEASURES?

- Regulation 12 of [FIAML Regulations 2018](#) provides that Regulatees shall implement internal controls and other procedures to combat money laundering and financing of terrorism, including EDD procedures with respect to high-risk persons, business relations and transactions and persons established in jurisdictions that do not have adequate systems in place to combat money laundering and financing of terrorism.
- Where the ML/TF risks are identified to be higher, Regulatees shall take EDD measures to mitigate and manage those risks. In all these situations, applying EDD measures is not optional but mandatory. It is highlighted that EDD measures must be applied whenever Politically Exposed Persons (PEPs) are involved in the relationship or transaction, in line with Regulation 15 of the FIAML Regulations 2018.
- The FIU expects to see clearly documented policies and procedures in relation to the application of EDD measures to PEPs during any inspection conducted.

### WHAT ARE THE EDD MEASURES?

The EDD measures that may apply for higher risk relationships should include amongst others:

- requesting additional information on the customer and updating on a frequent basis the customer or the beneficial owner;
- obtaining additional information on the intended nature of the business relationship and the source of fund/wealth;
- obtaining information on the intended or performed transactions;
- obtaining the approval of senior management to commence or continue the business relationship;
- conducting close monitoring of the business relationship; and
- any other measures the Regulatee may undertake with relation to a high-risk relationship.

### WHAT IF A REGULATEE CANNOT PERFORM EDD?

- The Regulatee shall terminate the business relationship and file a Suspicious Transaction Report under section 14 of the [FIAMLA](#), i.e. through the GoAML application.
- In case further technical assistance on filing STRs is required, the goAML HelpDesk may be contacted by calling on the phone number 4541423 or sending an email at [goamlhelpdesk@fiumauritius.org](mailto:goamlhelpdesk@fiumauritius.org)