



ANTI-MONEY LAUNDERING PROCEDURES

January 2024

CONTENTS

	Page
1 AML Procedures	3
2 Customer Due Diligence and Know Your Customer	3
3 Recognising and Reporting Knowledge or Suspicion	17
4 Maintaining Records	21
5 Appendix 1 – Offences Table	24
6 Appendix 2 – Possible Signs of Money Laundering	26
7 Appendix 3a -Customer Due Diligence Procedure Flowchart	29
8 Appendix 3b – KYC Flowchart	30
9 Appendix 4 – Verification of Customer Identity	31
10 Appendix 5 – Suspicious Transaction Reporting Procedure	34
11 Appendix 6 – MLRO Report – to be completed by employee	35
12 Appendix 7 – MLRO Report – to be completed by MLRO	37
13 Appendix 8 – KYC Identification Requirements	40
14 Appendix 9 – Additional KYC required in certain circumstances	52
15 Appendix 10 – KYC Form for sending to borrowers / recoverable grant recipients	54
16 Appendix 11a – KYC & Risk Assessment Form – Internal - Part A	76
17 Appendix 11b – KYC & Risk Assessment Form – Internal – Part B	79
18 Appendix 12 – KYC Matrix	81
19 Appendix 13 – FAQs	82
20 Appendix 14 – Glossary	86

1 AML Procedures

- 1.1 It is essential that Anti-Money Laundering (AML) procedures are **carried out early in the process** with the potential recoverable grant or loan recipient once discussions have started on the proposals of financial assistance from the Council.
- 1.2 **'Know Your Customer' (KYC) checks** are required to ensure the Council is dealing with bona fide individuals and organisations and help identify suspicious behaviour or practices. The background of the potential recoverable grant or loan recipient should be sought, and it is then for you to ascertain and consider any AML considerations and potential issues.
- 1.3 KYC must be **included within all project plans** so that these checks are completed prior to any due diligence decisions and contracts being signed. The potential recoverable grant or loan recipient should be made aware that KYC information will be requested. The potential recoverable grant or loan recipient is required to adhere to all KYC requirements the Council asks for.
- 1.4 **Decision forms should be clear about the due diligence** that has taken place on grant and loan recipients.
- 1.5 The three key areas of responsibility for employees engaged in activities covered by this policy (i.e., in relation to recoverable grants and loans to third parties) are:
- **Customer Due Diligence (CDD) and Know Your Customer (KYC);**
 - recognising and reporting knowledge or suspicion of money laundering;
 - maintaining records.
- 1.6 As part of the checks you undertake to comply with CDD and KYC, you will need to **assess the risks** of establishing a relationship with a customer and maintaining an ongoing relationship. These considerations feed into the CDD/KYC process outlined below.

2 Customer Due Diligence and Know Your Customer

What are CDD and KYC?

- 2.1 Customer Due Diligence (CDD) – and Know Your Customer (KYC) – are a keystone in the fight against money laundering, serving to ensure our dealings are with bona fide individuals and organisations, and assisting in the identification of suspicious behaviour.
- 2.2 CDD (see Appendix 3a flowchart) refers to income cash payments received in excess of £1,000. KYC (see Appendix 3b flowchart) refers to recoverable grants / loans.
- 2.3 The ‘customer’ is the person or entity with whom we form a contractual relationship when undertaking regulated business, i.e., loans or recoverable grant transactions. What is important is that we understand who we are dealing with, and the structure of any corporate entity involved, so you must ensure that you have a fundamental understanding of the structure, management, and control of the recoverable grant/loan recipient. Specifically, where the customer is a legal person, trust, company, foundation, or any other similar legal arrangement the relevant person must take reasonable measures to understand the ownership and control structure of that legal person, trust, company, foundation, or similar legal arrangement.
- 2.4 These procedures and its annexes set out the basics of what is required to comply with the MLR. The main requirements are summarised below:
- identify the customer, i.e., obtain identity documents so we know exactly who they are and that they are who they say they are.
 - for anyone except a “natural person”, identify the person representing that customer, i.e., the individual director, trustee or similar. *A “natural person” is a title used to identify an individual human being. This is different from a legal person, which can be an individual or a company.*
 - identify each Ultimate Beneficial Owner (UBO) of the customer. The UBO is a concept defined in the MLR as any individual who owns or controls 25 per cent or more of a customer. For more information, see **Appendix 8:** for carrying out CDD on complex group structures.
 - check the source of funds where you are receiving funds pursuant to a recoverable grant from a prior recipient. *Checking the source of funds helps to confirm that they are really coming from where the customer is*

saying that they are coming from. Where a recoverable grant has been paid to a prior recipient but the funds are being received/recovered from a new recipient it is important to check the source of those funds to limit opportunities for criminals to launder money from criminal sources.

2.5 Obtaining the KYC information is only the first step to understanding with whom we are dealing. You must ensure you review that information and ask appropriate questions or request additional information where necessary. This is to enable you to know enough about the potential recoverable grant/loan recipient to be reasonably satisfied they are bona fide and do not pose a significant money laundering risk. You should therefore apply this policy with this objective in mind.

When must it be done?

2.6 The Money Laundering Regulations require that evidence of identity be obtained whenever:

- a new business relationship is established (i.e., we propose to provide a loan or recoverable grant to an individual or entity we have not previously transacted with).
- occasional transactions are carried out (i.e., you carry out a transaction with a person or entity you do not regularly transact with, even if you have transacted with them before). Where a transaction is ongoing or a new transaction is planned, **the KYC must be updated at least every two years or every six months where the risk profile is assessed to be high.**
- you have a suspicion of money laundering or terrorist financing.
- where the risk profile of the recipient changes over the course of the transaction or during the period of an ongoing relationship, e.g., a company structure changes, a new beneficial owner or a Politically Exposed Person (PEP). **See paragraph 2.28**, which explains what constitutes a PEP.

2.7 As a result, you must check the identity of:

- all new recoverable grant or loan recipients.

- a recoverable grant or loan recipient for whom we have not conducted due diligence in the past two years.
- all recoverable grant or loan recipients whose risk profile has changed.

2.8 Identities must be established and verified using appropriate documentary evidence in accordance with this guidance. **There is also a flow chart at Appendix 3b which is a helpful guide as to what you need to do.**

How do you do it?

2.9 The first step is to decide whether you need to check the identity of a potential recoverable grant or loan recipient. Check the KYC Matrix – a document held by the Officer in Charge of Keeping Records (OCKR) that records details of past KYC checks (**the form of the matrix is at Appendix 12**) – to see if we already hold the necessary documentation. You should bear in mind that at the outset of a new transaction you will need to ensure the identity documents you have meet the requirements at that time, i.e., any documents required to be dated within three months as per the note at **Appendix 8**.

2.10 Each officer undertaking KYC checks must complete the matrix, retain a copy on the file and provide a copy to the OCKR. You must carry out KYC on the potential recoverable grant or loan recipient if:

- that recipient does not appear on the matrix;
- that recipient does appear on the matrix, but the KYC is dated more than two years ago.

2.11 Note that even if you do not need to update the KYC, because up to date information is recorded on the matrix, you must still complete the internal form at **Appendix 11a (and 11b where appropriate)**. This is so that we have a record that KYC has been considered on each transaction.

2.12 The KYC documentation should be requested from the potential recoverable grant or loan recipient as soon as possible in the transaction. This will avoid wasted time and costs. There is a pro forma you can send to the potential recipient at **Appendix 10**. You should send this out as soon as possible.

2.13 When the completed form is returned, you must check it against the evidence requirements set out in **Appendices 8 and 9** to make sure you have all the KYC information you need.

2.14 If you need more information to complete your KYC checks, you should ask the potential recipient for that additional information. If the potential recipient appears reluctant to provide additional information, you should speak to the MLRO without notifying the potential recipient that you are doing so. If you notify the potential recipient, it might be a prelude to “tipping off” (**as further described in paragraph 5.8 of the Anti-Money Laundering Policy**).

What documents should you request?

2.15 The detail of the basic identification documents you need is set out in **Appendix 8**. The relevant identification documents must be obtained in every case.

2.16 Details of what additional due diligence is required in the situations set out from **paragraph 2.24** are set out in **Appendix 9**.

2.17 Although you must always read the requirements at **Appendices 8 and 9** in detail, a summary of the requirements is set out below:

Who	Requirements
Individuals	<p>We do not anticipate the Council entering into transactions with individuals. As explained above, however, in some situations you may be required to verify the identity of individuals who are part of other entities. In these cases, please follow the guidance relating to individuals as set out at Appendix 8.</p> <p>If you are involved in a transaction involving a direct loan or recoverable grant to an individual, you must speak to your line manager immediately so legal advice can be sought as to whether this activity requires separate FCA authorisation for financial services or consumer credit activities. For example, if you are involved in a loan or recoverable grant to an alms-house that is structured as a loan/recoverable grant to individuals controlling the alms-house, you should check that the structure does not trigger a requirement to be FCA authorised. Other examples include loans to individual partners,</p>

	<p>loans to individuals who are members of an unincorporated association and loans to individuals in a private capacity.</p> <p>The requirements for individuals, however, remain relevant for our AML purposes because these must be followed whenever we need to verify the identity of an individual director or shareholder – that is, in many scenarios.</p>
Local Authorities and ALMOs	<p>The simplified due diligence as set out in Appendix 8. This simplified process will only apply where you do not deem there to be any risk factors which may require additional CDD.</p>
Registered providers of social housing	<p>There are different requirements for registered and pre-registration Registered Providers (RPs), although the Council will be dealing primarily with registered RPs. Registered RPs also have simplified due diligence requirements. This simplified process will only apply where you do not deem there to be any risk factors which may require additional CDD.</p>
Registered charities	<p>It is becoming more common for organisations to be created as charities and not for profit organisations and then used to finance terrorism. The donation of legitimate funds to organisations which directly or indirectly support, or finance terrorism is a serious criminal offence. Charities can therefore pose a risk and should not be treated as low risk.</p> <p>If you have any such concerns or suspicions, you must notify the MLRO immediately.</p> <p>There are different KYC requirements for smaller charities (which as a rule of thumb the Council considers to be a charity with an income of £500,000 or less) than for large charities (income of £500,000 or over). Appendix 8 sets out what these requirements are.</p>
Trusts	<p>As well as verifying the identity of trustees in the same way you would verify the identity of individual borrowers (see paragraph 2.4 above), you must also verify the identity of the beneficiaries of the trust, its settlor and any individual having control over it (e.g., a protector) again, in the same way that you would verify the identity of individual borrowers.</p>
Unincorporated associations	<p>If an association is unincorporated, it is likely you will need to verify the identity of the individuals who own the association, and therefore need to follow the requirements for individuals as set out</p>

	<p>in Appendix 8. For example, this will apply where you are dealing with loans or recoverable grants to alms-houses as these transactions usually involve loans or recoverable grants direct to individuals. Please also see the top row of this table, regarding transactions involving loans or recoverable grants direct to individual trustees.</p>
Publicly listed companies	<p>For a company listed on an approved stock exchange (UK/EEA and as otherwise agreed by the MLRO), the requirements are for simplified due diligence as set out in Appendix 8. This simplified process will only apply where you do not deem there to be any risk factors which may require additional CDD.</p>
Privately held companies, including unlisted public limited companies	<p>Again, there are different requirements depending on the location of the registered office of the company. For example, if a company had a registered office in the UK but you were aware all business was done in a country outside of the European Economic Area, then this may trigger a requirement to carry out further due diligence on the company as if it were a non-UK based. Again, there are requirements for identifying ultimate beneficial owners, i.e., any living individual who owns a 25 per cent share or more or otherwise has a 25 per cent or more control in the company (see paragraph 2.4). Where the transaction involves a group of entities, you must obtain a corporate structure chart.</p> <p>It can be harder to ascertain the ownership, management, and control of privately held companies. So, it is more likely you will need to follow the additional due diligence requirements set out in Appendix 9.</p>

When can certified copies be accepted?

2.18 If it is not possible to obtain the original documents required for KYC, we can accept certified copies of identification documents. But a certified copy is only acceptable if it:

- is no more than three months old.
- is certified by one of:
 - a UK solicitor, who appears on the roll of the Law Society of England & Wales or of Scotland;

- a chartered accountant registered with the Institute of Chartered Accountants of England and Wales (ICAEW);
- an accountant or a lawyer of another jurisdiction whose credentials you have verified through their relevant professional directory;
- a British Embassy or consular official.
- is received in hard copy ('wet-ink'), signed and dated by the individual certifying it (a PDF is not sufficient).
- includes the following wording:
 - 'Certified to be a true copy of the original seen by me' followed by the signature, date, printed name, printed address, telephone number and profession of the person certifying the document; and
- includes, where the document being certified is photographic identification, the following wording:
 - 'I certify this is a true likeness of [name of individual]' this wording may be followed by: 'who is known to me', which is desirable but not essential.
 - it must be followed by the signature, date, printed name, printed address, telephone number and profession of the person certifying the document.

2.19 Using certified copies for the purposes of our own KYC does not require the consent of the person certifying the document, nor do you need MLRO consent to rely on a certified copy, provided it complies with the requirements above. Consents are, however, required where you wish to rely on a third party's KYC.

Can we rely on third party KYC?

2.20 It is our policy to conduct KYC for ourselves, using the original or certified required for KYC (**as listed in Appendices 8, 9 and 10**) wherever possible.

2.21 If for any reason you cannot obtain the original or certified documents required, then in exceptional circumstances you may be able to rely on copies of KYC carried out by a third party, such as a solicitor. Before relying on this, you must obtain the prior written consent of the:

- third party whose KYC you wish to rely on. The MLRs require that you obtain this consent before you can rely on any third-party KYC – so it is vital that you obtain it.
- the MLRO. A request for approval must state the reason for reliance, the third party on whom you are proposing to rely on and including a copy of the written consent of the third party.

2.22 If relying on third-party KYC, the transaction becomes high-risk by default and requires extra scrutiny which makes it unlikely to receive the consent to proceed.

2.23 In this case, you must also:

- immediately obtain from the third party all the information needed to satisfy the Council's CDD requirements in relation to the customer, customer's beneficial owner, or any person acting on behalf of the customer.
- must enter into arrangements with the third party which:
 - a) enable the Council to obtain from the third party immediately on request copies of any identification and verification data and any other relevant documentation on the identity of the customer, customer's beneficial owner, or any person acting on behalf of the customer.
 - b) require the third party to retain copies of the data and documents referred to in point a) for as long as the Council would be required to hold them had the Council carried out the CDD itself.

When is additional KYC required?

2.24 The extent of the due diligence you must carry out depends on the level of risk involved. The Money Laundering Regulations require a 'risk based' approach is adopted to KYC. This means in certain situations a higher risk may be attributed to the potential loan/recoverable grant recipient. To mitigate higher risk, enhanced evidence of identity and additional details should be sought. The situations that trigger a requirement for additional KYC are:

- you doubt the documentary evidence supplied; for example, if an address on a driving licence and an address on a utility bill do not match and the potential recipient cannot explain this discrepancy.
- you do not fully understand the ownership and control structure of the entity including the customer is a legal person or legal arrangement that is a vehicle for holding personal assets, the customer is a company that has a nominee shareholder or shares in bearer form, or the corporate structure of the customer is unusual or excessively complex given the nature of the company's business.
- there are discrepancies in beneficial ownership information provided. Such discrepancies must be reported to the MLRO.
- there is no face-to-face contact with the loan/recoverable grant recipient.
- the customer is the beneficiary of a life insurance policy.
- the customer is a third country national who is applying for residence rights in or citizenship of an EEA state in exchange for transfers of capital, purchase of a property, government bonds or investment in corporate entities in that EEA state.
- dealings are being undertaken on behalf of third parties (so, for example, the recoverable grant or loan recipient does not deal with you direct and acts only through an agent or intermediary).
- any aspect of the proposed transaction is suspicious or raises red flags, for example, the source of funds for a transaction. Examples of what may be suspicious are at **section 3**.
- the transaction includes any high net worth individual. This is because high net worth individuals are a more likely target for criminals seeking to launder money.
- the transaction involves jurisdictions, entities, or individuals subject to sanctions.
- the transaction includes a PEP (**see paragraph 2.28**) or the family member or known close associate of a PEP.
- the transaction involves any non-UK company, or you are concerned that the company structure is unduly complex.
- transaction is complex or unusually large.

- unusual pattern of transactions.
- the transactions or transactions have no apparent economic or legal purpose.
- where the customer or any of the parties to the transaction is established in a high-risk jurisdiction.
- there is a transaction related to oil, arms, precious metals, tobacco products, cultural artefacts, ivory, or other items related to protected species, or other items of archaeological, historical, cultural, or religious significance or of rare scientific value.

2.25 Central Government Guidance and a high risk jurisdictions list is available through HM Treasury, [Money Laundering Advisory Notice: High Risk Third Countries - GOV.UK \(www.gov.uk\)](#). You can also refer to/consider:

- the Financial Action Task Force (FATF) high-risk jurisdictions list.
- the list supplementing the Fourth EU Money Laundering Directive (available from the MLRO).
- the corruption index maintained by Transparency International.
- countries that have organisations operating within their territory which have been designated (a) by the UK Government as prescribed organisations under Schedule 2 to the Terrorism Act 2000, or (b) by other countries, international organisations, or the EU as terrorist organisations.
- countries subject to sanctions, embargos or similar measures issued by, for example, the EU or United Nations.
- countries providing funding or support for terrorism.

High risk jurisdictions are not limited to those on these lists. If in any doubt, you must speak to the MLRO.

2.26 These factors should be identified and recorded by completing the risk assessment at **Appendix 11a (and 11b where appropriate)**.

2.27 The list of additional KYC requirements is at **Appendix 9**.

What is a Politically Exposed Person?

2.28 PEPs are/include:

- individuals entrusted in the preceding year with prominent public functions, whether inside or outside of the UK, including government ministers, their deputies and assistants, judges, boards of central banks or prominent state-owned enterprises, ambassadors and other senior political or state officials.
- those individual's immediate family members and persons known to be their close associates.
- assets held jointly with those individuals or by those individuals on behalf of the PEP.

2.29 If a transaction involves a PEP, you must obtain sufficient evidence to give you reasonable grounds for believing the recoverable grant/loan recipient is who they profess to be and must identify the source of their wealth and source of the funds involved in the proposed transaction. To do this, you need:

- the evidence as set out in **Appendix 8**.
- the additional due diligence as set out in **Appendix 9**: see the specific requirements for PEPs contained therein. Be cautious and beware of counterfeit documents or weak procedures in gaining evidence.

2.30 If a transaction involves a PEP, **you must seek approval from the MLRO** before establishing or continuing the business relationship with that person.

2.31 If you do enter into the transaction involving a PEP, you must conduct enhanced ongoing monitoring of the business relationship with that person.

What do you do once you have collected the documents?

2.32 Once you have completed your due diligence you need to record that internally. The form you need to complete is at **Appendix 11a (and 11b where appropriate)**.

2.33 You must then consider carefully whether the information revealed highlights any areas of concern. Examples of concerns include:

- discrepancies in the documentation, such as names and addresses or company numbers.

- unusual financial activity revealed in the accounts, such as unexpected levels of income or expenditure.
- unnecessarily complex transactions or corporate structures.
- the involvement of an unnecessary number of individuals in a transaction.

2.34 If you have no suspicions or concerns, then you can proceed with the transaction.

2.35 If the prospective loan / recoverable grant recipient fails to provide the appropriate information or anything is unclear, you should ask for more information or for more details. For example, if a corporate structure is complex, you should ask for a detailed structure chart explaining how the group operates so that you have a clear understanding of with whom we are contracting.

2.36 If your KYC information highlights any issues of concern you must speak to your line manager **and** the MLRO as soon as possible. It may be that you will not be permitted to continue with the proposed transaction. Remember that if the MLRO reports (using Appendix 7: MLRO Report – to be completed by MLRO) a suspicion to the National Crime Agency (**NCA**) as a result of your concerns, you must not discuss this with the proposed loan/recoverable grant recipient or you risk carrying out the offence of 'tipping off'.

2.37 Once you have completed your KYC process by obtaining the documents at **Appendix 8** (and **Appendix 9** where relevant) and completing the form at **Appendix 11a** (and **11b** where appropriate), you should provide the OCKR with a completed copy of the KYC Matrix (Appendix 12). You must also retain a copy on your file. The KYC matrix is a central, up to date schedule of all recent KYC which we have undertaken. This is so we do not duplicate recent KYC due diligence. These documents must be maintained in a place which is accessible to all relevant officers and must be made available as required for internal and external audit purposes.

2.38 **Appendix 3b** contains a flowchart that summarises this section of this policy and sets out what you need to do for initial KYC purposes. What ongoing KYC is required?

2.39 The MLR require that once you have carried out the KYC checks, you continue to have these in mind throughout the transaction so that you are alert to anything which is suspicious in the context of what you know about the

loan/recoverable grant recipient. For example, if the proposed recipient is a special purpose vehicle and suddenly appears to have an unexplained amount of money available, this should be considered as suspicious. You also need to be alert to where the risk profile of a customer has changed (**see 2.6**).

2.40 You must remember that the KYC requirements continue to apply throughout the transaction and must be repeated for any new loan or recoverable grant recipients. For example, if a new subsidiary company is suddenly introduced to the transaction this should be checked following the same KYC processes. **See paragraph 2.6.**

2.41 You must also remember that if the risk of a transaction is assessed as high or a PEP is involved then enhanced ongoing monitoring is required. Where the transaction is ongoing, the KYC and risk assessment should be reviewed every six months to consider whether additional documents are required, or the risk profile has changed.

What about sanctions?

2.42 Where this policy requires you to carry out KYC on a potential loan or recoverable grant recipient, you must first check the HM Treasury sanctions list (**see section 10 of the Anti-Money Laundering Policy**).

2.43 If the potential loan/recoverable grant recipient appears on the HM Treasury sanctions list, you must not proceed. Please notify the MLRO and the proposed recipient accordingly. If the potential loan/recoverable grant recipient does not appear on the HM Treasury sanctions list, you can proceed with the KYC checks in accordance with this AML Policy.

Cash Payment Procedure

2.44 Where cash more than £1000 is received from customers, employees should ask for, and inspect, identification. Follow the CDD Procedure Flowchart (**Appendix 3a**) and (**Appendix 4: Verification of Customer Identity**). This will help to identify and report any suspicious transactions. Please then liaise

with the MLRO who will follow Appendix 5: Suspicious Transaction Reporting Procedure.

2.45 Electronic or cheque payments to the Council are easily traceable through the banking system. As traceability is key and an individual walking in to pay a debt with cash is not necessarily traceable, it is best practice to insist on payment electronically from a UK Clearing Bank.

3 Recognising and reporting knowledge or suspicion

Red flags

3.1 You must be able to recognise suspicion to be able to report it. In this respect, you are expected to use your experience and judgement. The following pointers or 'red flags' may be helpful.

3.2 Criminals may attempt to obtain a loan or repayable grant where that funding is not necessary. This is so that they can then repay the loan or recoverable grant using the funds from the proceeds of a crime, thus 'cleaning-up' their criminal proceeds. You must be comfortable that any potential loan or recoverable grant recipient can demonstrate a need for the funding.

3.3 Similarly, criminals may attempt to obtain loan or recoverable grant funding in anticipation of triggering a repayment event so that when the monies are repaid, they can do so using the proceeds of crime. Applications for funding on a project which does not appear viable should be treated with suspicion.

3.4 Any overpayments of monies due to the Council under a recoverable grant or loan agreement must be treated with suspicion.

3.5 Payments of monies due to the Council on behalf of a borrower by anyone except for that borrower itself is suspicious – you must understand why the third party is making payment on behalf of the borrower, and to conduct CDD and KYC searches on the third party.

3.6 Criminals may use land or property that has been obtained through criminal activity as security for a loan so you should be aware of any potential risk areas in relation to assets used as security (for example a recent cash purchase of

the asset or using assets as security which are not part of the funding transaction itself).

3.7 Other circumstances that may give rise to a suspicion of money laundering include:

- unexplained or unusual urgency to the requirement for funding.
- recoverable grant recipients being more interested in the funding arrangements than the details of the scheme itself.
- complex funding arrangements that change regularly or change just as the matter is about to complete.
- overinflated values of assets involved in the transaction.
- delays in providing KYC information when asked, or reluctance to meet face to face where a face-to-face meeting would be usual.
- lack of involvement of third-party professional advisors, where such advisors would be usual.
- unusually complex corporate structures.
- the involvement of individuals where you would normally expect to be dealing with a corporate entity.
- offshore companies or sources of funding which originated from offshore accounts or assets.
- unexpected funds arriving in our accounts.
- discrepancies in beneficial ownership information shown in ownership registers (this must be reported to MLRO).

3.8 This is not intended to be an exhaustive list. You are encouraged to use your experience and working knowledge to identify potential methods of money laundering and to keep abreast of new developments. For example, you should develop a knowledge of entities that operate in the relevant sector (e.g., housing/regeneration) and are likely to be involved in our transactions – the involvement of unusual entities in the relevant sector may give rise to suspicion.

Reporting

- 3.9 You must remain alert to the potential for the Council to be used by a third party for money laundering purposes. You must also remain alert for the instances of proceeds of crime and a potential terrorist activity.
- 3.10 Where it is known or suspected that money laundering may be taking place, such knowledge or suspicion **must** be reported immediately to the MLRO, and you should not proceed with the transaction unless the MLRO gives their specific consent. You must also continue to be aware of the tipping off offence, which applies once any report has been made to the MLRO, Police, HMRC or the NCA. Although you should not proceed with a transaction, it is important you **do not tell** the loan/recoverable grant recipient that a report has been made or that you are concerned about money laundering. If you need to explain a delay to a loan/recoverable grant recipient so they do not become suspicious that you are concerned, please speak to the MLRO about what you can say to the loan/recoverable grant recipient.
- 3.11 The reason why it is so important to speak to the MLRO immediately if you are concerned or are aware of any potential suspicious activity is because a defence exists against some offences if you report any knowledge or suspicion of money laundering to the MLRO (**see section 9 of the Anti-Money Laundering Policy**). You must make this report as soon as such knowledge or suspicion is held or as soon as you become aware of anything similar to one of the examples of warning signs set out in this policy, even if you yourself are not suspicious.
- 3.12 You must therefore report anything however small you think it may be. If you do not make a report, there is no defence for you or the Council to the offence of failing to disclose a suspicion.
- 3.13 There is a prescribed form for making reports to the MLRO, which is included in this policy at **Appendix 7**. It may well be advisable, however, to discuss the matter with the MLRO before filling out the form.
- 3.14 If, in exceptional cases, knowledge or suspicion of money laundering comes to light after a transaction has been completed, then a report must be made at the point that such knowledge or suspicion arises. Again, you should use the pro forma attached at **Appendix 7**.

- 3.15 When completing the reporting form, you must provide as much detail as possible **and** the reasons for suspicion. Your immediate line manager, or the MLRO, will be able to advise in the case of any difficulties in completing the form.
- 3.16 Completed forms should be signed, dated, and sent to the MLRO straight away. The MLRO will acknowledge receipt within 48 hours. If no receipt is received, this should be followed up with the MLRO.
- 3.17 Reports should be made in confidence. Neither the fact a report has been submitted nor any of the contents of the form should be disclosed to anybody either inside or outside the Council, other than your immediate line manager and the MLRO.
- 3.18 **As noted in 3.7**, discrepancies in ownership information you collect from official sources and what you are provided with must be reported to MLRO and the MLRO, in turn, would report this to Companies House

Where to send and discuss reports?

	MLRO	Deputy MLRO
Address	Assistant Director, Resources (S151 Officer), Borough Council of King's Lynn & West Norfolk, Kings Court, Chapel Street, Kings Lynn, PE30 1EX	Senior Internal Auditor, Borough Council of King's Lynn & West Norfolk, Kings Court, Chapel Street, Kings Lynn, PE30 1EX
Telephone	01553 616432	01553 616701
Email	Michelle.Drewery@west-norfolk.gov.uk	Jamie.hay@west-norfolk.gov.uk

Steps following a report

- 3.19 Upon receipt of a report, the MLRO will undertake such further investigation as required to establish whether or not a report should be made to the International Corruption Unit of the NCA.
- 3.20 Reports to NCA will be made by the MLRO using the reporting pro forma required by NCA, as provided on their website.
- 3.21 Reports to NCA will be made in the MLRO's own name. The anonymity of the originator of reports will be protected, remaining confidential and known only to the MLRO.
- 3.22 The MLRO will maintain a log of all reports made to NCA and the action subsequently taken.
- 3.23 The MLRO will contact you and advise whether you can proceed with the transaction or not. If you are notified that you can proceed you will not have carried out any offence regarding any failure to disclose unless any subsequent suspicions or warning signs arise.
- 3.24 It is important you remember that even if you have made a report to the MLRO, and have authorisation to continue with a transaction, your money laundering obligations are not at an end. You must still monitor the transaction and report any subsequent suspicions should the transaction change or new entities become involved (**see also paragraph 2.39 regarding ongoing KYC due diligence**).
- 3.25 If staff are found to be involved with or aware of transactions that should have aroused suspicion of an offence as detailed in this policy, and have failed to make an appropriate MLRO report (using Appendix 6: MLRO Report – to be completed by employee), disciplinary action may be taken. Such failure may also be a criminal offence, as explained above.

4 Maintaining records

4.1 The MLRs requires us to keep appropriate records, as follows:

- during the course of the relationship with the recoverable grant/loan recipient you must undertake reviews of existing records and keep the documents or information up to date.

- customer identification records and the supporting evidential documents must be retained for at least five years from the date of the end of the relationship with the recoverable grant / loan recipient, or the date of a one-off transaction. If we transact with a particular individual or entity regularly, it is therefore important you retain their KYC information as it must be kept until the expiry of five years from the date of our last transaction with that individual or entity.
- transaction records on regulated transactions must also be maintained for a period of at least five years from the date of the end of the relationship. This means you must keep records of all our recoverable grants and loans for at least five years after the expiry of the grant or loan.
- if any recoverable grant/loan recipient or transaction has been the subject of a money laundering report, records should not be destroyed without the prior consent of the MLRO.
- records do not need to be kept in hard copy. They may be stored electronically.
- you must be aware that some of the KYC information we obtain will be personal information falling within the remit of the Data Protection Act 2018 and UK GDPR, and the originating department's Privacy Notice. You must therefore ensure this is treated and stored in accordance with provisions of Data Protection Legislation.

4.2 This is to meet the requirements of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (Regulation 40) and may be used as evidence in any subsequent investigation/inspection by the relevant supervising body.

4.3 You must make sure you keep adequate and accurate files of transactions (either electronically or in paper form) to comply with these requirements. Copies of all documents must also be provided to the OCKR. These documents must be maintained in a place accessible to all officers and must be made available as required for internal and external audit purposes.

4.4 Records must be capable of providing an audit trail during any investigation, for example distinguishing the customer and the relevant transaction and recording

in what form any funds were received or paid. In practice, the business areas of the Council will be routinely making records of work carried out for customers in the course of normal business and these should suffice in this regard.

4.5 The MLRs give various authorities (such as the FCA and the NCA) rights to request copies of our KYC records and other relevant records. If you receive a request direct, please refer this to the MLRO and OCKR so that a central record can be kept of all the information requests received.

Section Ref.	Type of Offence	Definition
S327 Proceeds of Crime Act 2002	Money Laundering Offence: Concealing Criminal Property	A person commits an offence if they conceal, disguise, convert or transfer criminal property or if they remove criminal property from England, Wales, Scotland or Northern Ireland. This is punishable by a maximum term of imprisonment of 14 years at the Crown Court and an unlimited fine. At the Magistrates Court it is 6 months and £5,000 fine.
S328 Proceeds of Crime Act 2002	Money Laundering Offence: Arrangements	This offence requires a person to become actively involved in some arrangement which helps someone else to get, keep, use or control the proceeds of a crime. The punishment is as for S327.
S329 Proceeds of Crime Act 2002	Money Laundering Offence: Acquisition, Use and Possession	This offence is committed by anyone that has criminal proceeds in their possession provided they know or suspect that it represents the proceeds of a crime unless they paid 'adequate consideration' for it. Someone who pays less than the open market value is therefore guilty of the offence but someone who pays the full retail price, despite knowing or suspecting they are stolen goods is not guilty. The punishment is as for S327.
S330 Proceeds of Crime Act 2002	Failure to Disclose Offence: Regulated Sector	This offence is committed by an employee of a business in the regulated sector who has knowledge or suspicion of another person's involvement in money laundering and does not make a report through the appropriate channels. Negligence is not a defence as the employee will be tried upon what they should have known given their experience, knowledge and training. This is punishable by a maximum term of imprisonment of 5 years and/or a fine.
S331 Proceeds of Crime Act 2002	Failure to Disclose Offence: Nominated Officers in the Regulated Sector	This offence is committed by a nominated officer (MLRO) of a business in the regulated sector who has knowledge or suspicion of another person's involvement in money laundering and does not make a report through the appropriate channels without an acceptable excuse under the legislation. Negligence is not a defence as the nominated officer will be tried upon what they should have known given their experience, knowledge and training. This is punishable by a maximum term of imprisonment of 5 years and/or a fine.
S332 Proceeds of Crime Act 2002	Failure to Disclose Offence: Other Nominated Officers	This offence is committed by a nominated officer (MLRO) of a business outside of the regulated sector who has knowledge or suspicion of another person's involvement in money laundering and does not make a report through the appropriate channels without an acceptable excuse under the legislation. The officer will be tried on what they knew or suspected not on what they might have been expected to know or suspect. This is punishable by a maximum term of imprisonment of 5 years and/or a fine.

S333 Proceeds of Crime Act 2002	Tipping Off Offence	<p>This offence is committed if an officer or Member makes a disclosure which is likely to prejudice an investigation being carried out by a law enforcing authority, knowing that such an investigation is in motion.</p> <p>This is punishable by a maximum term of imprisonment of 5 years and/or a fine.</p>
Reg 86 Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017	Contravening a relevant requirement	<p>A person commits an offence if they have not followed any relevant guidance issued by the European Supervisory Authorities, Financial Conduct Authority or any other relevant supervisory authority approved by the Treasury.</p> <p>This is punishable by a maximum term of imprisonment of 2 years at the Crown Court, a fine, or both. At the Magistrates Court a term of three months, a fine, or both.</p>
Reg 87 Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017	<u>Prejudicing an investigation</u>	<p>This offence is committed when a person who knows or suspects that an appropriate officer is acting (or proposing to act) in connection with an investigation into potential contravention of a relevant requirement which is being or is about to be conducted. The offence is committed if either they make a disclosure which is likely to prejudice the investigation or they falsely, conceal, destroy or otherwise dispose of, or cause to permit the falsification, concealment, destruction or disposal of, documents which are relevant to the investigation.</p> <p>The punishment is as for Reg. 86 above.</p>
Reg 88 Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017	Providing false or misleading information	<p>There are two separate offences under regulation 88. Under regulation 88(1) a person commits an offence if:</p> <ol style="list-style-type: none"> 1. In purported compliance with a requirement imposed on him by or under the MLR 2017, provides information which is false or misleading in a material particular and knows that the information is false or misleading; or 2. Is reckless as to whether the information is false or misleading. <p>In respect of both offences, the punishment is the same as Regs 86 and 87 above.</p>

Appendix 2

POSSIBLE SIGNS OF MONEY LAUNDERING

Generally, for the types of transactions the Council are involved with which are at risk in relation for Money Laundering, the risks are mitigated because these transactions will be with large, well-known companies who will be represented by their solicitors who have their own professional duties regarding the Money Laundering Regulations. Conversely, where there are similar transactions with un-

represented individuals or bodies this would be an area of greater risk and our response will need to reflect this.

Types of risk factors which *may*, either alone or along with other factors suggest the possibility of money laundering activity:

General

- A new customer with no previous 'history' with the Council;
- A secretive customer: for example, one who refuses to provide requested information without a reasonable explanation;
- Concerns about the honesty, integrity, identity of a customer;
- Illogical third party transactions: for example, unnecessary routing or receipt of funds from third parties or through third party accounts;
- Involvement of an unconnected third party without logical reason or explanation;
- Payment of a substantial sum in cash (but it's reasonable to be suspicious of any cash payments particularly those over £1,000);
- Overpayments by a customer;
- Absence of an obvious legitimate source of the funds;
- Movement of funds to/from overseas, particularly to and from a higher risk country;
- Where, without reasonable explanation, the size, nature and frequency of transactions or instructions is out of line with normal expectations;
- A transaction without obvious legitimate purpose or which appears uneconomic, inefficient or irrational;
- Cancellation or reversal of an earlier transaction;
- Requests for release of customer account details other than in the normal course of business;
- Poor business records or internal accounting controls;
- A previous transaction for the same customer which has been, or should have been, reported to the MLRO.

Property Matters

- Unusual property investment transactions with no apparent investment purpose;

- Instructions to receive and pay out money where there is no linked substantive property transaction involved (surrogate banking);
- Regarding property transactions, funds received for deposits or prior to completion from an unexpected source or where instructions are given for settlement funds to be paid to an unexpected destination.

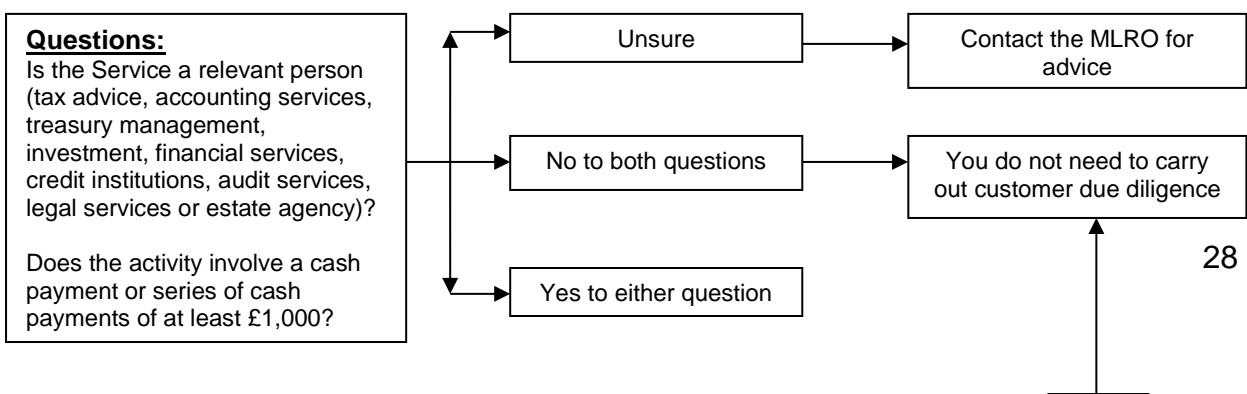
The following table sets out the types of activities that might be suspicious and where the Council may be susceptible to money laundering activities. It is not intended to be exhaustive, and just because something is not on the list, it doesn't mean that it shouldn't be reported.

ACTIVITY	The types of activity that may be affected
New customers with high value transactions	<ul style="list-style-type: none"> • Selling property to individuals or businesses • Renting out property to individuals or businesses • Entering into other lease agreements • Undertaking services for other organisations
Secretive clients	<ul style="list-style-type: none"> • Housing benefit claimants who have sums of money entering into / out of their bank account (even if we do not award them benefit, we should still consider money laundering implications) • People buying or renting property from the Council who may not want to say what it is for • People receiving grant funding who refuse to demonstrate what funding was used for
Customers who we think are acting dishonestly or illegally	<ul style="list-style-type: none"> • People paying for Council services who do not provide details about themselves • People making odd or unusual requests for payment arrangements
Illogical transactions	<ul style="list-style-type: none"> • People paying in cash then requesting refunds • Requests for the Council to pay seemingly unconnected third parties in respect of goods / services provided to the Council • Requests for the Council to pay foreign currencies for no apparent reason
Payments of substantial sums by cash	<ul style="list-style-type: none"> • Large debt arrears paid in cash • Refunding overpayments • Deposits / payments for property
Movement of funds overseas	<ul style="list-style-type: none"> • Requests to pay monies overseas, potentially for "tax purposes"
Cancellation of earlier transactions	<ul style="list-style-type: none"> • Third party "refunds" grant payment as no longer needed / used • No payment demanded even though goods / services

	<ul style="list-style-type: none"> have been provided Sudden and unexpected termination of lease agreements
Requests for client account details outside normal course of business	<ul style="list-style-type: none"> Queries from other companies regarding legitimacy of customers Council receiving correspondence / information on behalf of other companies
Extensive and over-complicated client business structures / arrangements	<ul style="list-style-type: none"> Requests to pay third parties in respect of goods / services Receipt of business payments (rent, business rates) in settlement from seemingly unconnected third parties
Poor accounting records and internal financial control	<ul style="list-style-type: none"> Requests for grant funding / business support indicates third party not supported by financial information Companies tendering for contracts unable to provide proper financial information / information provided raises concerns Tender for a contract which is suspiciously low
Unusual property investment or transactions	<ul style="list-style-type: none"> Requests to purchase Council assets / land with no apparent purpose Requests to rent Council property with no apparent business motive
Overcomplicated legal arrangements / multiple solicitors	<ul style="list-style-type: none"> Property transactions where the Council is dealing with several different parties

Appendix 3a

CUSTOMER DUE DILIGENCE PROCEDURE FLOWCHART

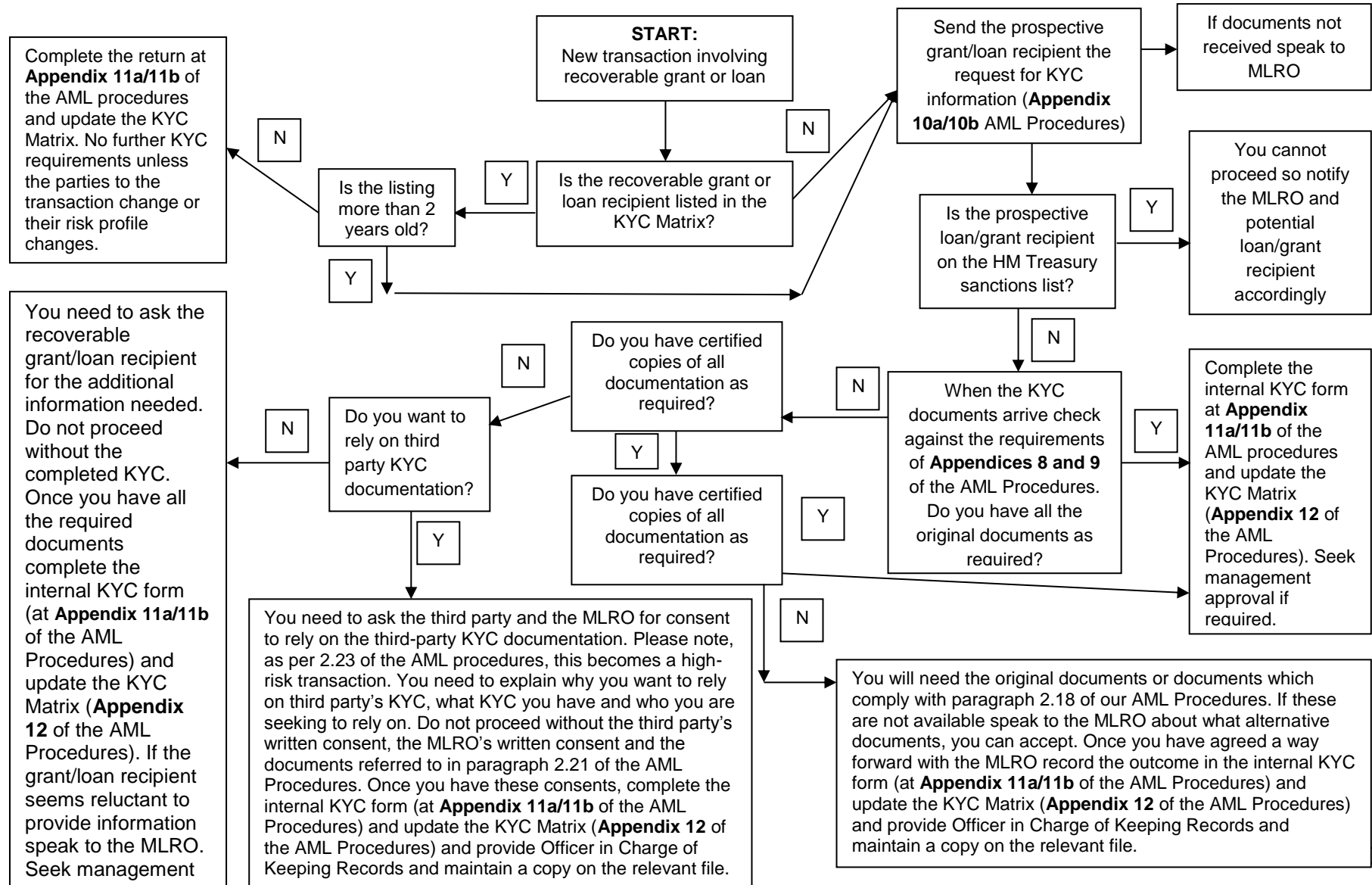


Is the service being provided to a UK public authority?

- Complete Appendix 4 – Verification of Customer Identity
- Check the organisations website to confirm the identity of key personnel, its business address and any other details
- Conduct an online search via Companies House to confirm the nature of the client and to confirm the identities of any directors
- Attend the client at their business address
- Ask the key contact officer and/or any individual who exercises control over the management of the body (e.g. Chief Executive Officer) to provide evidence of their personal identity and position within the organisation

Appendix 3b

KNOW YOUR CUSTOMER PROCEDURE FLOWCHART



Appendix 4 – Verification of Customer Identity

VERIFICATION OF CUSTOMER IDENTITY CHECKLIST

If you are receiving funds from a Council customer in any transaction **above £1,000 cash**, the identity of the customer **must** be checked.

All suspicions, regardless of amount, should be reported to the MLRO via the Money Laundering Reporting Form (Appendix 6).

Customer
Name:

1. Evidence Not Obtained – Reasons:

a) Customer previously identified in:

Month:	Year:
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b) Other – Please state fully the reasons:

2. Evidence obtained to verify name and address:

Group A – Acceptable on their own:

- Full national passport
- Full national driving licence with photo
- Pension book
- Armed Forces ID Card
- Signed ID Card of employer known to you.

Group B – Acceptable with two items from Group C

- Young person NI Card (under 18 only)
- Pensioner's travel pass
- Building Society passbook
- Credit reference Agency Search
- National ID Card
- Copy of the Company Certificate of Incorporation (if a limited company)
- Company and two Directors personal identity (as above)

Group C – NOT acceptable on their own:

- Gas, electricity, telephone bill
- Mortgage statement
- Council tax demand
- Bank/Building Society/credit card statement
- Young persons medical card (under 18 only)
- Home visit to applicants' address
- Check of telephone directory /Online BT Phonebook /Yell.com
- Check electoral roll

These are only suitable for proof of address only.

NB. Best Practice is to have one evidence from Group A, plus two sets of evidence from Group C.

3. Evidence obtained for unquoted company or partnership:

- Certificate of incorporation or equivalent
- Certificate of Trade or equivalent
- Latest report and audited accounts
- Principal shareholder/partner (personal ID)
- Principal Director (personal ID)
- Screenshot of the customers' website to confirm their business address
- Screenshot of Companies House website, detailing the Nature and business of the customer, and confirming the identities of the directors.
- A written instruction on the organisation in question's headed paper.

4. Disadvantaged Customers: (Confirmation of identity from)

- Social Worker (include name)

- Bail Officer (include name)

- Police (include officer name)

- School (include representatives name)

- Courts (include representatives name)

- Other

5. If evidence not obtained for the reasons in 1, do you have any suspicions regarding identity?

I confirm that I have seen the originals of the documents indicated above and have identified the above Customer(s)

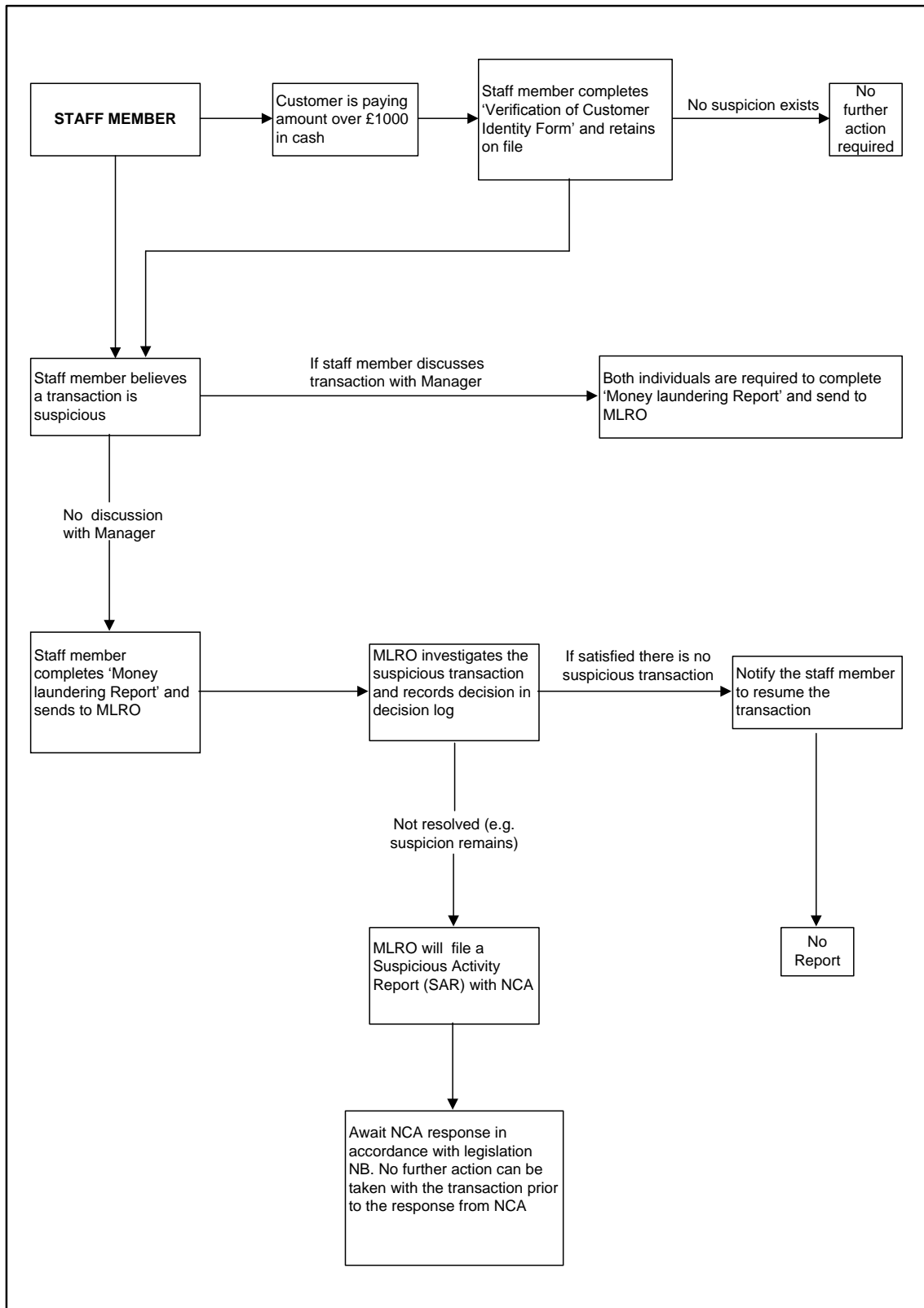
Signed

Date

NB Wherever possible **TAKE PHOTOCOPIES** of the identification evidence **TO PLACE ON FILE**. Copies should be notarised to indicate a copy and signed to evidence sight of the original.

Appendix 5

SUSPICIOUS TRANSACTION REPORTING PROCEDURE



Suspicious Activity AML Report

TO BE COMPLETED BY EMPLOYEE

Employee Details	
➤ Date of completion of form:	
➤ Employee Name:	
➤ Team / Section:	
➤ Contact Number:	
Details of suspicion	
➤ Name of loan/recoverable grant recipient giving rise to the suspicion:	
➤ Address (including post code):	
➤ Nature of business and proposed transaction:	
➤ Details of activities arousing suspicion: (Include dates, times, checks made, and nature and size of activity. Please attach copies of all relevant correspondence, file notes and other records. You may be asked by the MLRO to provide further information, so the more details provided now the better)	
➤ Other relevant information:	

Signature:	
Date sent to MLRO:	

Appendix 7

Suspicious Activity AML Report

TO BE COMPLETED BY MLRO

➤ Date report received:	
➤ Date receipt of report acknowledged:	
Consideration of Disclosure	
Action Plan:	
Outcome of Consideration of Disclosure	
➤ Are there reasonable grounds for suspecting money laundering activity?	
➤ If there are reasonable grounds for suspicion, will a report be made to the NCA?	
➤ If yes, confirm date of report to the NCA:	
➤ Provide details of liaison with the NCA regarding the report:	Notice Period: to

	Moratorium Period:to
➤ Is consent required from the NCA to any ongoing or imminent transactions which would otherwise be prohibited acts?	
If yes, confirm full details:	
➤ Date consent received from the NCA:	
➤ Date consent given by MLRO to the employee:	
➤ If there are reasonable grounds to suspect money laundering, but the MLRO does not intend to report the matter to the NCA, set out the reason(s) for non-disclosure:	
➤ Date consent given by MLRO to employee for any prohibited act transactions to proceed:	
Other relevant information:	

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Signature:

Date:

This report to be retained securely for at least five years.

Earliest disposal date:

Appendix 8 - KYC identification requirements – required in ALL situations

Although this Appendix sets out the fundamental identification requirements, you should note the principles explained in our AML Procedures and you must ensure you understand the ownership and control structure of the potential loan/recoverable grant recipient in all cases.

Note that in this Appendix ‘current’ means no older than three months. All documents with expiry dates (such as passports, driving licences and identity cards) must be in force as of the date of receipt.

Entity Type	Evidence Required	Notes
Individual (UK or EU resident)	<p><i>Proof of name and identity</i></p> <p>The original (or if that is not available, a certified copy) of one of:</p> <ul style="list-style-type: none"> signed passport. national identity card with photograph. UK or EU driving licence (with photograph). any verifiable current government document containing a photograph of the client. <p>AND</p> <p><i>Proof of address</i></p> <p>The original (or if that is not available a certified copy) of one of:</p> <ul style="list-style-type: none"> current council tax or utility bill. current bank or building society statement containing current address. current mortgage statement or rent book. 	<p>In the event any of the original documents cannot be obtained other original documentation, not listed here or an entry on the electoral register may be acceptable but you will need the consent of the MLRO to accept any documents not listed in this table.</p> <p>Please note the table at paragraph 2.17 regarding loans or recoverable grants to individuals – you may need to check that the transaction does not involve an FCA regulated activity.</p>

	<ul style="list-style-type: none"> driving licence (if not used to confirm identity and if none of the above can be obtained). 	
Individual (non-UK or EU resident)	<p><i>Proof of name and identity</i></p> <p>The original (or if that is not available a certified copy) of one of:</p> <ul style="list-style-type: none"> signed passport. national identity card. <p>AND</p> <p><i>Proof of address</i></p> <p>The original (or if that is not available a certified copy) of one of:</p> <ul style="list-style-type: none"> current utility or tax bill confirming home address. current rent or mortgage statement confirming the home address. address confirmation from an official overseas source. a reputable directory confirming home or work address. 	<p>It is understood that postal addresses are not available in all jurisdictions and that in some jurisdictions utility bills will often be in the name of an employer rather than an individual. In those circumstances a signed passport is acceptable as evidence of identity and an identity card, if it shows an address, or a residence permit or other current verifiable government document, as evidence of the location of the individual.</p> <p>Please note the table at paragraph 2.17 regarding loans or recoverable grants to individuals – you may need to check that the transaction does not involve an FCA regulated activity.</p>
Individual professionals	<p>You must verify the identity of the individual professional in the same way as other individuals.</p>	<p>If an individual is acting in the course of his/her business and is registered in the appropriate professional directory (such as an English solicitor on the Solicitors Regulation Authority roll who can be found on the Law Society's Find a Solicitor website) with a current business address, you do not need to confirm the home address of the individual.</p> <p>Note that if a professional is acting as an agent for the loan/recoverable grant recipient, you must still identify the loan / recoverable grant recipient.</p>
All UK government and public authorities (including local authorities)	<p>All that is required is confirmation that the Agency or Public Authority exists from an official government website.</p>	<p>If the person we are dealing with is not listed as a director or officer of the Agency or Authority then you must satisfy yourself that the person does</p>

		work within the department of which the relevant executive officer is listed. Confirmation on official headed notepaper/ letterhead is sufficient.
Government agencies and public authorities outside the UK but within the EEA	<p>You must obtain:</p> <ul style="list-style-type: none"> • full details of the status of the entity which will include a copy of the constitution or an entry on a local register/official government website. • a listing of the officers (this should be available in any accounts or on any official register/government website entry). • confirmation of where the officer with whom we are dealing fits in the organisation (a written confirmation on headed paper is sufficient). <p>You must also verify the identity of the officer with whom you are dealing in relation to the transaction. You should do this in the same way as verifying the identity of individual loan or recoverable grant recipients as set out above.</p>	
Government agencies and public authorities outside the UK and the EEA	<p>You must obtain:</p> <ul style="list-style-type: none"> • all the information required for government agencies outside the UK but within the EEA (see above). • additional due diligence as these agencies and authorities will be politically exposed persons (see paragraph 2.28 and obtain the additional information required as set out in Appendix 9). 	
Arms Length Management Organisations	<p>You must obtain:</p> <ul style="list-style-type: none"> • name, company number, registered office, or if different, principal place of business. • Certificate of Incorporation. • a copy of the Articles of Association showing sole 	You must take all reasonable steps to identify the law to which the entity and its constitution is subject, full names of the board of directors, or if there is no board the senior management and the senior person responsible

	<p>ownership of the company by the Council.</p> <ul style="list-style-type: none"> • you must also verify the identity of the officer with whom you are dealing in relation to the transaction. You should do this in the same way as verifying the identity of individual loan or recoverable grant recipients as set out above. 	for the operation of the entity.
UK registered providers (RPs)	<p>Name, company number, registered office, or if different, principal place of business.</p> <p>You must obtain copies of:</p> <ul style="list-style-type: none"> • the registration entry at Companies House or the FCA. • the audited accounts listing the directors and chief officers. <p>You must also verify the identity of the officer with whom you are dealing in relation to the transaction. You should do this in the same way as verifying the identity of individual loan or recoverable grant recipients as set out above</p>	Please note that if the entity is a RP and a registered charity, you should follow the RP requirements.
Pre-registration RPs	<p>Name, company number, registered office, or if different, principal place of business.</p> <p>You must obtain copies of:</p> <ul style="list-style-type: none"> • the company formation documents or a copy of the RP's HCA, Companies House or FCA registration. <p>You must also verify the identity of the officer with whom you are dealing in relation to the transaction. You should do this in the same way as verifying the identity of individual loan or recoverable grant recipients as set out above</p>	<p>Please note that if the entity is a pre-registration RP and a registered charity, you should follow the RP requirements AND the charity requirements.</p> <p>You must take all reasonable steps to identify the law to which the entity and its constitution is subject, full names of the board of directors, or if there is no board the senior management and the senior person responsible for the operation of the entity.</p>
Small charities (with an annual income of less than	<p>You must obtain:</p> <ul style="list-style-type: none"> • name, company number, 	Please note that if the entity is a RP and a registered charity, you should follow the RP

<p>£500,000)</p>	<p>registered office, or if different, principal place of business.</p> <ul style="list-style-type: none"> • certificate of Incorporation. • the constitutional documents. • the latest accounts. <p>You must also verify the identity of the officer with whom you are dealing in relation to the transaction. You should do this in the same way as verifying the identity of individual loan or recoverable grant recipients as set out above.</p>	<p>requirements.</p> <p>You must take all reasonable steps to identify the law to which the entity and its constitution is subject, full names of the board of directors, or if there is no board the senior management and the senior person responsible for the operation of the entity.</p>
<p>Large charities (with an annual income of £500,000 or more)</p>	<p>You must obtain:</p> <ul style="list-style-type: none"> • name, company number, registered office, or if different, principal place of business. • extract from the Charity Commission website showing the charity registration number and place of business. • a copy of the latest accounts (summary is acceptable). <p>You must also verify the identity of the officer with whom you are dealing in relation to the transaction. You should do this in the same way as verifying the identity of individual loan or recoverable grant recipients as set out above.</p>	<p>Please note that if the entity is a RP and a registered charity, you should follow the RP requirements.</p> <p>You must take all reasonable steps to identify the law to which the entity</p>
<p>Partnerships</p>	<p>You must verify the identity of the partner with whom you are dealing in relation to the transaction plus one other partner plus any other partner who owns or controls 25% more of the partnership in terms of capital, voting rights or profits (a UBO – see paragraph 2.4). You should do this in the same way as verifying the identity of individual loan or recoverable grant recipients as set out above</p>	<p>If the partnership is made up of regulated professionals (solicitors, accountants, estate agents, tax advisors and insolvency practitioners) confirmation of its existence and current business address from the relevant professional directory or reputable professional directory is sufficient.</p>

<p>Trusts</p>	<p>You must verify the identity of at least two of the trustees, including one with whom you are dealing in relation to the transaction. The identification requirements you need will depend on the nature of the trustee, so for example if the trustee is a UK private company, follow the requirements in this table for UK private companies, and if the trustee is an individual, follow the requirements in this table for individuals.</p> <p>You must check and understand the documents establishing the trust. This is likely to involve a request for a trust structure chart. and a certified copy of the trust deed.</p> <p>As well as verifying the identity of two trustees in the same way you would verify the identity of individual borrowers (see paragraph 2.4 above), you must also verify the identity of the beneficiaries of the trust, its settlor and any individual having control over it (e.g., a protector) again, in the same way that you would verify the identity of individual borrowers.</p>	
<p>Unincorporated Associations (for example alms-houses)</p>	<p>You need to verify the identity of the individuals who control the organisation. You should do this in the same way as verifying the identity of individual loan or recoverable grant recipients as set out above.</p>	<p>These arrangements are likely to involve loans or recoverable grants to individuals. Please note section regarding such loans or recoverable grants – you must check that the transaction does not involve an FCA regulated activity.</p>
<p>Companies listed on a recognised UK stock exchange (which in practice is any company listed on the Main List of the London Stock Exchange (LSE))</p>	<p>Name, company number, registered office, or if different, principal place of business.</p> <p>You must obtain:</p> <ul style="list-style-type: none"> • Certificate of Incorporation. <p>Evidence of the UK listing which can be found in most UK</p>	

	newspapers or on the relevant exchange website.	
Majority owned subsidiaries of companies listed on a regulated market in the UK (i.e., listed on the Main List of the LSE)	<p>Name, company number, registered office, or if different, principal place of business.</p> <p>You must identify the parent company listed in the UK (see above requirements): Companies registered on a recognised UK Stock Exchange.</p> <p>You must also obtain confirmation of the parent/subsidiary relationship such as the last filed annual report or a note from the parent's last audited accounts.</p>	<p>If the company structure is complex, ask to see a corporate structure chart (you need to ask the applicant to provide this).</p> <p>Once you receive the structure chart you should check it against publicly available information at Companies House (you can do this by searching the company names at Companies House online) and/or using an Online Check as referred to in Appendix 9. If it is not possible to identify any of the group entities using these sources, then this must be discussed with the MLRO.</p>
AIM companies AIM is the UK Alternative Investment Market and is a sub-market of the London Stock Exchange. AIM companies are generally smaller than FTSE or LSE companies	<p>Name, company number, registered office, or if different, principal place of business.</p> <p>You must obtain:</p> <ul style="list-style-type: none"> • Certificate of Incorporation. • A current Companies House search. To do this you need to search the company name at Companies House online to confirm the company remains active and registered. <p>You must also verify the identity of the officer with whom you are dealing in relation to the transaction. You should do this in the same way as verifying the identity of individual loan or recoverable grant recipients as set out above.</p> <p>You must also identify any ultimate beneficial owner (a UBO – see paragraph 2.4 of the AML Procedures) being a living individual who owns 25% or more of the shares in the company or otherwise controls 25% or more of the company.</p>	<p>If the company structure is complex, ask to see a corporate structure chart (you need to ask the applicant to provide this).</p> <p>Once you receive the structure chart you should check it against publicly available information at Companies House (you can do this by searching the company names at Companies House online) and/or using an Online Check as referred to Appendix 9. If it is not possible to identify any of the group entities using these sources then this must be discussed with the MLRO.</p> <p>Once you have checked the structure chart, you need to verify the identity of all of the UBOs – i.e., the bottom of the ownership chain. See the Guidance Notes at the foot of this table for practical guidance on carrying this out.</p>

	<p>You should do this in the same way as verifying the identity of individual loan or recoverable grant recipients as set out above.</p> <p>You must take all reasonable steps to identify the law to which the entity and its constitution is subject, full names of the board of directors, or if there is no board the senior management and the senior person responsible for the operation of the entity.</p>	
<p>Private and unlisted public UK companies – FCA authorised</p>	<p>Name, company number, registered office, or if different, principal place of business.</p> <p>You must obtain:</p> <ul style="list-style-type: none"> • Certificate of Incorporation. • a current Companies House search. the company name to confirm the company remains active and registered. To do this you need to search. <p>You must also verify the identity of the officer with whom you are dealing in relation to the transaction. You should do this in the same way as verifying the identity of individual loan or recoverable grant recipients as set out above.</p> <p>You must also identify any ultimate beneficial owner (a UBO – see paragraph 2.4 of the AML Procedures), being a living individual who owns 25% or more of the shares in the company or otherwise controls 25% or more of the company. You should do this in the same way as verifying the identity of individual loan or recoverable grant recipients as set out above.</p> <p>You must take all reasonable steps to identify the law to which the entity and its</p>	<p>If the company structure is complex, ask to see a corporate structure chart (you need to ask the applicant to provide this).</p> <p>Once you receive the structure chart you should check it against publicly available information at Companies House (you can do this by searching the company names at Companies House online) and/or using an Online Check as referred to in Appendix 9. If it is not possible to identify any of the group entities using these sources then this must be discussed with the MLRO.</p> <p>Once you have checked the structure chart, you need to verify the identity of all of the UBOs – i.e., the bottom of the ownership chain. See the guidance notes at the foot of this table for practical guidance on carrying this out.</p>

	<p>constitution is subject, full names of the board of directors, or if there is no board the senior management and the senior person responsible for the operation of the entity.</p>	
<p>Companies listed overseas – European Economic Area (EEA)</p>	<p>Name, company number, registered office, or if different, principal place of business.</p> <p>If the company is listed (or is a subsidiary of a listed company) on a regulated market in an EEA state, the evidence required is the same as should be obtained for companies listed in the UK.</p> <p>You must also verify the identity of the officer with whom you are dealing in relation to the transaction. You should do this in the same way as verifying the identity of individual loan or recoverable grant recipients as set out above.</p>	<p>If the company structure is complex, ask to see a corporate structure chart (you need to ask the applicant to provide this).</p> <p>Once you receive the structure chart you should check it using an Online Check as referred to in Appendix 9. If it is not possible to identify any of the group entities using these sources then this must be discussed with the MLRO.</p>
<p>Companies listed overseas – outside EEA</p>	<p>Name, company number, registered office, or if different, principal place of business.</p> <p>You must obtain:</p> <ul style="list-style-type: none"> • a company search of the local registry or reputable listing (to include the listing of directors). • certificate of 'good standing' from a lawyer. This needs to state that the company exists as a legal entity and has complied with all administrative requirements relating to its registration (including the payment of any government dues). • Confirmation from the company that the director we are dealing with is authorised on behalf of the company. This should be a written confirmation on company letter head or a suitable board minute. <p>You must also verify the</p>	<p>If the company structure is complex, ask to see a corporate structure chart (you need to ask the applicant to provide this).</p> <p>Once you receive the structure chart you should check it using an Online Check as referred to in Appendix 9. If it is not possible to identify any of the group entities using these sources then this must be discussed with the MLRO.</p>

	<p>identity of the officer with whom you are dealing in relation to the transaction. You should do this in the same way as verifying the identity of individual loan or recoverable grant recipients as set out above.</p> <p>You must take all reasonable steps to identify the law to which the entity and its constitution is subject, full names of the board of directors, or if there is no board the senior management and the senior person responsible for the operation of the entity.</p>	
<p>Unlisted and private overseas companies</p>	<p>Name, company number, registered office, or if different, principal place of business.</p> <p>You must obtain:</p> <ul style="list-style-type: none"> • official evidence of a registered address. • copy of documents required by law to form the company (and details of any change of name). • certificate of 'good standing' from a lawyer. This needs to state that the company exists as a legal entity and has complied with all administrative requirements relating to its registration (including the payment of any government dues). • Copy of the register of shareholders/members and directors. • Confirmation from the company that the director we are dealing with is authorised on behalf of the company. This should be a written confirmation on company letter head or a suitable board minute. <p>You must also verify the identity of the officer with whom you are dealing in relation to the transaction. You should do this in the same way</p>	<p>If the company structure is complex, ask to see a corporate structure chart (you need to ask the applicant to provide this).</p> <p>Once you receive the structure chart you should check it using an Online Check as referred to in Appendix 9. If it is not possible to identify any of the group entities using these sources then this must be discussed with the MLRO.</p> <p>Once you have checked the structure chart, you need to verify the identity of all of the UBOs – i.e., the bottom of the ownership chain. See the guidance notes at the foot of this table for practical guidance on carrying this out.</p>

	<p>as verifying the identity of individual loan or recoverable grant recipients as set out above.</p> <p>You must also identify any ultimate beneficial owner (a UBO – see paragraph 2.4 of the AML Procedures) being a living individual who owns 25% or more of the shares in the company or otherwise controls 25% or more of the company. You should do this in the same way as verifying the identity of individual loan or recoverable grant recipients as set out above.</p> <p>You must take all reasonable steps to identify the law to which the entity and its constitution is subject, full names of the board of directors, or if there is no board the senior management and the senior person responsible for the operation of the entity.</p>	
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Guidance Notes on carrying out CDD on complex group structure charts

- a. You need to check the group structure chart using (for UK companies) publicly available information at Companies House (you can do this by searching the company names) and/or 37 using an Online Check as referred to in paragraph 1 of Appendix 9 (the only option for overseas companies).
- b. If it is not possible to identify any of the group entities using these sources then this must be discussed with the MLRO.
- c. Once you have checked the structure chart, you need to verify the identity of all of the relevant UBOs. For example, if a company is owned by two 50 per cent parent companies, and one of those is jointly owned by two individuals, whereas the other is jointly owned by 5 individuals, then the two individuals would each be UBOs, owning 25 per cent of the recipient (i.e. 50 per cent x 50 per cent), whereas the 5 individuals would not be UBOs, owning only 10 per cent of the recipient each (i.e. 20 per cent x

50 per cent), and so their identities would not require verification. See Diagram A below.

d. You need to consider all shareholdings held by each individual. For example, if a company (the “loan recipient company”) is owned by two 50 per cent parent companies, which each in turn have two 50 per cent parent companies, each of which is owned by the same two individuals, then each individual ultimately owns 50 per cent of the loan recipient company via their aggregated shareholdings, and so are each UBOs. See Diagram B below.

e. Whilst you do need to check the group structure chart, you do not need to verify the identity of each entity within the group, just the direct recipient of the funds and any UBOs.

Diagram A

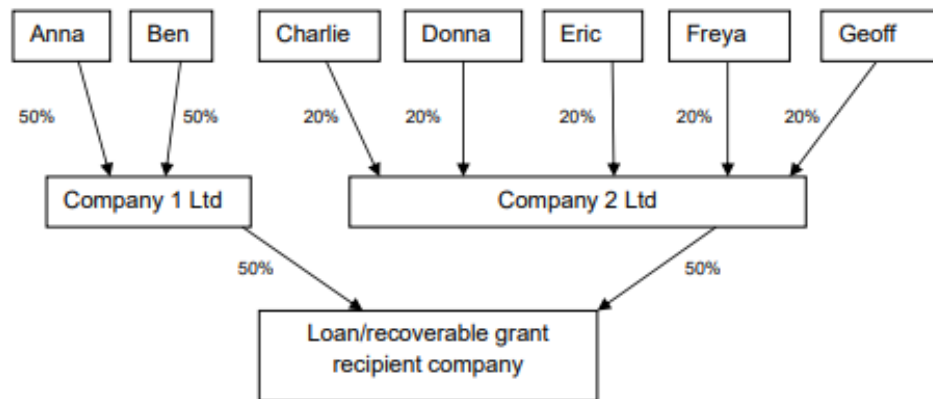
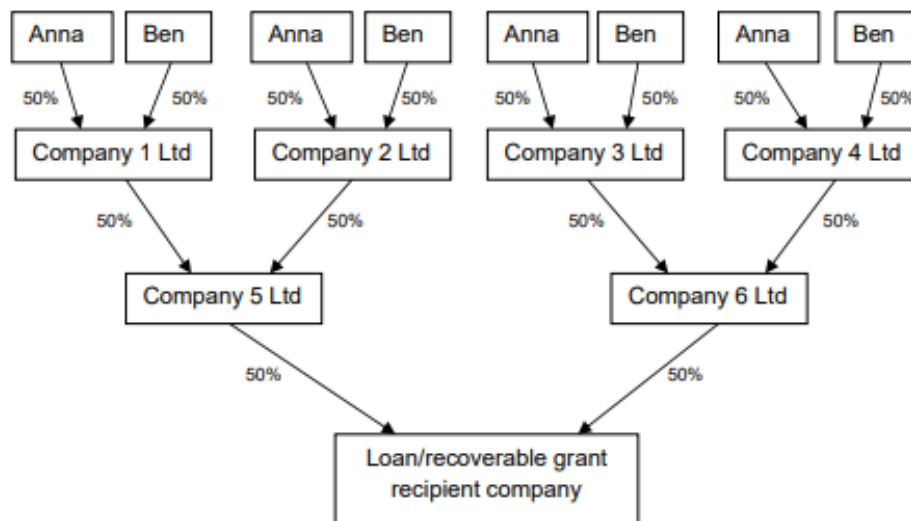


Diagram B



Appendix 9. Additional KYC required in certain circumstances.

As per paragraph 2.24 of the AML Procedures there may be some scenarios where additional due diligence of the customer is required. Employees that deal with transactions involving income for goods or services, particularly where large sums are either received or refunds are requested, will need to consider the following issues: -

The additional due diligence steps are outlined below: -

New Customers

- Is it difficult to prove the individuals/organisation identity?
- Is the individual/organisation reluctant to provide the requested details?
- Does the individual/organisation have a genuine reason for using the services provided?
- Is the individual/organisation attempting to use intermediaries to protect their identity or hide their involvement?
- Is the individual/organisation requesting a large cash transaction?
- Is the source of the cash known and reasonable?

Regular and Established Customers

- Is this transaction reasonable in relation to the customer/service providers normal business transactions?
- Is the size of the transaction, or the frequency of requests, consistent with the normal business activities of the customer/service provider?
- Has the pattern of the business transactions changed since the business relationship was established?

In either scenario of New Customers or Regular and Established Customers, you should where reasonably possible examine the background and purpose of the transaction, and increase the extent of the monitoring of the business relationship accordingly, in order to determine whether that transaction or that relationship appears to be suspicious.

Further due diligence measures may also include: -

- Seeking additional independent reliable sources to verify information provided or made available.
- Taking additional measures to understand better the background, ownership and financial situation of the customer and other parties in the transaction.

Where customers are established in a high-risk country as defined in paragraph 2.25 of the AML procedures you must obtain additional information on: -

- The customer and the customer's beneficial owners.
- The intended nature of the business relationship.
- Source of funds, source of wealth of the customer, and source of wealth of the customer's beneficial owners
- Reasons for the transactions.
- Continuation of the business relationships, and
- Conducting enhanced monitoring of the business relationship by increasing the number and timing of controls applied, and selecting patterns of transactions that need further examination.

Identification of additional individuals must be undertaken as follows: -

Partnerships

To ensure you identify each individual partner, please follow the requirements as set out in Appendix 8.

AIM Companies, private and unlisted public UK companies and overseas companies.

To ensure you identify every director and individual who owns 25% or more of the relevant company, please follow the requirements as set out in Appendix 8.

Charities

To ensure you identify every director and individual who owns 25% or more of the relevant company, please follow the requirements as set out in Appendix 8.

Trusts

To ensure you identify all the trustees, please follow the requirements as set out in Appendix 8.

Groups of Companies

Where a transaction involves a group of entities, you must obtain a corporate structure chart and verify this using the Online Check and/or publicly available information, in the same way that you have identified all the relevant entities within AIM Companies, private and unlisted public UK companies and overseas companies above, as set out in Appendix 8.

Once you have completed the additional checks, please complete the internal KYC form (see Appendix 11a/11b) and obtain written confirmation from the MLRO that you can proceed with the transaction.

Appendix 10A

KYC form – for sending to prospective borrowers/recoverable grant recipients

Know Your Customer Information Requirements

We are required to collect and use information about you as a prospective recoverable grant/loan recipient.

We are required to comply with the principles of the Data Protection Act 2018/GDPR when collating and processing this information. We confirm that any information you provide as required by this form will be dealt with in accordance with these principles.

Once you have completed this form and applied for funding from us, we will use the information provided to:

- verify your identity and suitability for investment.
- assess your ability to meet your financial commitments (and we may carry out checks with credit reference agencies to do so).

To prevent crime, verify your identity and to recover debt, we may exchange information where appropriate, with fraud prevention agencies, law enforcement agencies, debt recovery agencies and other organisations including other lenders.

If you give us false or inaccurate information and potential fraud is identified, details will be passed to fraud prevention agencies to prevent fraud and money laundering.

Information may also be processed for the purpose of complying with applicable laws, including, without limitation, anti-money laundering and anti-terrorism laws and regulations and fighting crime and terrorism. This may require the disclosure of information to a UK or other governmental or regulatory authority or to any other person we reasonably think necessary for these purposes.

Appendix 10B

SECTION A – APPLICANT INFORMATION

1) DETAILS

Programme Name:		Project Name:		Reference:	
Name of applicant (this should be the registered name if the applicant is a corporate entity) :					
Other names (if different to the registered name, please list any trading names) :					
Constitution (state if the applicant is individual, local authority/RP/UK Company, etc) :					
Country of incorporation (if applicable) :					
Company No. or CBS No. (if applicable) :					
Date of Birth (please provide this information if the applicant is an individual) :					
Address (this must be the registered address if the applicant is a corporate entity) :					
Town and County :					
Postcode :					

If the applicant is a business, is it part of a larger group?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If 'Yes', how many companies are in the Group?	
Please provide the names of the Group Entities and Countries of Registration :	
NAME OF GROUP ENTITIES	COUNTRY OF REGISTRATION
→	→
→	→
→	→
→	→
→	→
Please provide a copy of your Group Organizational Chart when submitting your application form.	
Is this business/organisation the top parent company?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If 'No', please provide the following details:	
➤ Parent Company Name & Company No. :	
➤ Country of Registration / Incorporation :	
➤ Primary Country of Operation :	

2) POINT OF CONTACT

Please advise which person the recipient would like to nominate as its main point of contact.

Contact Name :

Position :

Business Address

Correspondence
Address

Town and Country :

Postcode :

Country:

Please indicate your preferred contact method by ticking the relevant boxes. Where appropriate, please include the country codes.

<input type="checkbox"/> Telephone No.	
<input type="checkbox"/> Mobile No.	
<input type="checkbox"/> Email Address	

3) DIRECTORS AND SECRETARY WHERE APPLICABLE

Please complete the following section for all company Directors and the Secretary. If a Company Director is also a shareholder/ultimate beneficial owner of the company, please just list the Director's Name here but complete the shareholder/ultimate beneficial owner details in full on the next page.

Please advise the number of directors :

If there are more than four directors, please provide the information below on a supplementary sheet.

	Director / Secretary 1	Director / Secretary 2
Name :		
Official Position (please complete) :		

Date of Birth :		
Home Address :		
Town and County :		
Postcode :		
Country :		
Telephone :		
Mobile No. :		
Email Address :		
	Have you previously been identified by us in conjunction with another scheme? <input type="checkbox"/> Yes <input type="checkbox"/> No	Have you previously been identified by us in conjunction with another scheme? <input type="checkbox"/> Yes <input type="checkbox"/> No
	If so, please provide the details below:	If so, please provide the details below:

	Programme Name		Project Name		Programme Name		Project Name
	Director / Secretary 3			Director / Secretary 4			
Name :							
Official Position (please complete) :							
Date of Birth :							
Home Address :							
Town and County :							
Postcode :							
Country :							
Telephone :							
Mobile No. :							

Email Address :										
	Have you previously been identified by us in conjunction with another scheme?	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	Have you previously been identified by us in conjunction with another scheme?	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
	If so, please provide the details below:			If so, please provide the details below:						
	Programme Name		Project Name		Programme Name		Project Name			

4) SHAREHOLDERS / ULTIMATE BENEFICIAL OWNER DETAILS

Please advise the number of shareholders/ultimate beneficial owners :

If there are more than four shareholders/ultimate beneficial owners, please provide the information below on a supplementary sheet.

Shareholders/ultimate beneficial owners with 25% or more interest in the applicant are required to complete the following section.

Shareholder/Ultimate Beneficial Owner 1				Shareholder/Ultimate Beneficial Owner 2			
Is the Shareholder/Ultimate Beneficial Owner also a Director of the company?	<input type="checkbox"/> Yes <input type="checkbox"/>	Shareholding Percentage		Is the Shareholder/Ultimate Beneficial Owner also a Director of the company?	<input type="checkbox"/> Yes <input type="checkbox"/>	Shareholding Percentage	

		No				No		
Title:								
Surname:								
First Name:								
Other Name(s):								
Date of Birth:								
Permanent Residential Address:								
Town and County:								
Postcode:								
Country:								
Telephone:								
Town of								

Birth:				
Country of Birth:				
Nationality:				
Occupation or Business (if not a Director of the Company):				
Country of Business:				
Business Address:				
Town and County:				
Postcode:				
Country:				
	Have you previously been identified by us in conjunction with another scheme?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Have you previously been identified by us in conjunction with another scheme?	<input type="checkbox"/> Yes <input type="checkbox"/> No

	If so, please provide the details below:			If so, please provide the details below:				
	Programme Name		Project Name		Programme Name		Project Name	
	Shareholder/Ultimate Beneficial Owner 3			Shareholder/Ultimate Beneficial Owner 4				
	Is the Shareholder/Ultimate Beneficial Owner also a Director of the company?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Shareholding Percentage		Is the Shareholder/Ultimate Beneficial Owner also a Director of the company?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Shareholding Percentage	
Title:								
Surname:								
First Name:								
Other Name(s):								
Date of Birth:								
Permanent Residential Address:								
Town and								

County:		
Postcode:		
Country:		
Telephone:		
Town of Birth:		
Country of Birth:		
Nationality:		
Occupation or Business (if not a Director of the Company):		
Country of Business:		
Business Address:		
Town and		

County:		
Postcode:		
Country:		

Have you previously been identified by us in conjunction with another scheme?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Have you previously been identified by us in conjunction with another scheme?	<input type="checkbox"/> Yes <input type="checkbox"/> No
-------------------------------------------------------------------------------	-------------------------------------------------------------	-------------------------------------------------------------------------------	-------------------------------------------------------------

If so, please provide the details below:	If so, please provide the details below:
------------------------------------------	------------------------------------------

Programme Name		Project Name		Programme Name		Project Name	
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If any beneficial owner/shareholder is a company, please complete the following section:

Company Name :	
----------------	--

Company No. :	
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Country of Incorporation :		Business ownership / interest percentage :		%
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5) ADDITIONAL SIGNATORIES

Please complete the following section for any additional individuals who will be authorised to sign Council/LATCs – related documentation or to provide instructions to Council/LATCs in relation to the proposed transaction.

There is no requirement to list any signatories who are also directors/shareholders within section 3 and 4.

	Additional Signatory 1	Additional Signatory 2
Name :		
Official Position (please complete) :		
Date of Birth :		
Home Address :		
Town and County :		

Postcode :										
Country :										
Telephone :										
Mobile No. :										
Email Address :										
	Have you previously been identified by us in conjunction with another scheme?	<input type="checkbox"/> Yes <input type="checkbox"/> No								
	Have you previously been identified by us in conjunction with another scheme?	<input type="checkbox"/> Yes <input type="checkbox"/> No								
	If so, please provide the details below:	If so, please provide the details below:								
	<table border="1"> <tr> <td>Programme Name</td> <td></td> <td>Project Name</td> <td></td> </tr> </table>	Programme Name		Project Name		<table border="1"> <tr> <td>Programme Name</td> <td></td> <td>Project Name</td> <td></td> </tr> </table>	Programme Name		Project Name	
Programme Name		Project Name								
Programme Name		Project Name								
	Additional Signatory 3		Additional Signatory 4							
Name :										
Official Position (please complete) :										
Date of Birth :										

Home Address :							
Town and County :							
Postcode :							
Country :							
Telephone :							
Mobile No. :							
Email Address :							
	Have you previously been identified by us in conjunction with another scheme?	<input type="checkbox"/> Yes <input type="checkbox"/> No		Have you previously been identified by us in conjunction with another scheme?	<input type="checkbox"/> Yes <input type="checkbox"/> No		
	If so, please provide the details below:			If so, please provide the details below:			
	Programme Name		Project Name		Programme Name		Project Name

SECTION B- DECLARATION

**Company
Name :**

**Bid
Number :**

By signing this Declaration, we confirm that:

- Full details of all shareholders/ultimate beneficial owners/principal controllers who have an interest in any entity in the corporate structure of 25% or more and all persons who are authorised to sign on behalf of the business have been disclosed above.

- The signatories to this form are duly authorised by other Directors, Officers, Partners, Shareholders, Signatories, or other relevant parties to consent to the Credit Reference Agency searches and use of information as set out in Section A.
- We will notify you promptly in writing if there is any change to the shareholder/ultimate beneficial owners/ principal controllers and any change to the information supplied under the original KYC.

Signature of the Director / Secretary / Authorised Signatory :
Name :
Capacity :
Date :

IDENTIFICATION DOCUMENT CHECKLIST

Please confirm you have provided the following documents or that they are not applicable (N/A).

IDENTIFICATION DOCUMENT	YES / NO / NOT APPLICABLE (N/A)
Certificate of Incorporation :	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
Copy of Annual Accounts :	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
Extract from Companies House /FCA Register :	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
Entry from Municipal Yearbook or from the London Councils directory website (if applicant is a local authority) :	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
Evidence of Identity of Shareholders owning 25% shares or more :	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
Evidence of Identity of Directors :	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
Evidence of Identity of any other individuals (such as a trustee, beneficiaries, settlors, partners, owners of an unincorporated entity or any other person exercising control) :	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
Copy of constitutional documents (such as memorandum and articles of association) :	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

Evidence of Registration with the Charity Commission :	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
Evidence of FCA Authorisation :	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
Written confirmation on company letter head that the person named as a contact at Section A, No.2 of this form is authorised to act on behalf of the applicant :	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
If The applicant is a UK listed company, evidence of that listing :	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
Register of Shareholders :	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
Register of Directors :	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
Certificate of 'good standing' (required for non-UK companies only) :	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A

Note that the identification required for any individuals referred to in this form is a form of photographic ID plus proof of address (which may not be more than 3 months old).

Note that we prefer to see original documents. Please use special delivery to send original documents to ensure they are not lost in the post. If you cannot send original documents, you can send certified copies. People who can certify documents are:

- A director, manager or bank counter staff of a bank or an authorised credit or financial institution.
- An Embassy, consulate, or high commission officer in the country of issue.
- A qualified lawyer or attorney, registered with the relevant national professional body in the jurisdiction of country of issue.
- A qualified accountant, registered with the relevant national professional body in the jurisdiction of country of issue.
- A notary public, a member of the judiciary, a senior civil servant, or a serving police officer in the jurisdiction of country of issue.

Please note that individuals within the above categories in most countries are acceptable but exceptions may apply. The person giving the certification should provide the certification directly on the copy of the document, providing the following information:

- Sign and date the copy document (printing his/her name clearly in capitals).
- Clearly indicate his/her position or capacity.
- Provide his/her contact details, including the name and address of the company/institution that they represent.
- The certifier must state that it is a true copy of the original document.

Appendix 11A

KYC & Risk Assessment Form - Internal

Part A – Standard KYC form to be completed in ALL situations

This form is intended for you to record your completed KYC checks. Once completed, retain a copy on file.

➤ Date of completion of this form:	
------------------------------------	--

➤ Your name:	
➤ Name of scheme / project:	
➤ Name of the entity / individual whose identity you have checked:	
➤ Address of entity individual whose identity you have checked:	
➤ Have you checked the identity yourself or relied on an entry in our KYC Matrix (Appendix 12 of the AML Procedures)? If you relied on the Matrix, state the date on which the KYC was carried out according to the Matrix. You then do not need to complete the remainder of this form.	
➤ Have you checked the identity yourself or relied on a third party's KYC? If you relied on a third party you must obtain their prior written consent, the MRLO's written consent and the documents referred to in para. 2.17 of the AML Procedures. Confirm that this has been done and attach a copy of both consents along with copies of the third party's KYC and documents evidencing the arrangements referred to in 2.17.	
➤ Date of birth of any individual whose identity you have checked:	
➤ Company / FCA number of any registered company whose identity you have checked:	
➤ Details of any entity you have checked who is not an individual or company. State type of entity and any registered number or constitutional details.	
➤ Confirm that you have checked that the potential recoverable grant/loan recipient does not appear on the HM Treasury sanctions list:	
➤ Is the party a PEP or associated with a PEP?	

➤ Is the party from a high risk jurisdiction?	
➤ Have you identified the source of funds? If state no, speak to the MRLO before proceeding.	
➤ Any other red flags?	
➤ Have you investigated the identity of any ultimate beneficial owners where this is required by Appendix 8. These are any living individuals (or entities in the case of trusts) who own a 25% share or more or otherwise have control over 25% or more in any company, trust or partnership. If answered “Yes”, complete a second KYC form for each individual / entity you have investigated.	
➤ Have you investigated the identity of any directors / persons you are dealing with in connection with the transaction where this is required by Appendix 8? If answered “Yes”, complete a second KYC form for each individual / entity you have investigated.	
➤ Do any of the situations set out in para. 2.24 of the AML Procedures apply, meaning it is a high risk matter to which enhanced due diligence applies? These situations are set out in the AML Procedures.	
➤ Are you satisfied that there are no issues of concern raised by the documents provided or information you have seen as part of your KYC due diligence? If answered “Yes”, complete the Part B form.	
➤ What identification documents have you seen? Annex copies.	
➤ Confirm that you have seen all of the documentation required by Appendices 8 and 9. If you cannot confirm this, speak to MLRO about whether alternative	

<p>documentation can be accepted; if it can be accepted, explain what it is and attach evidence of the MLRO's consent to that alternative evidence.</p>	
<p>➤ Have you seen original identification documents? If "No", ensure that the documents have been certified, in accordance with para. 2.18.</p>	
<p>➤ If you have not seen original or properly certified copies of the documentation required by Appendices 8 and 9, explain what KYC has been done. You may be able to proceed with alternative documentation if MRLO consents; you must attach evidence of the MRLO's consent and an explanation of the circumstances.</p>	
<p>I confirm that I am satisfied that I understand the structure and ownership of the potential loan / recoverable grant recipient.</p>	
<p>Signature:</p>	
<p>Print Name:.....</p>	
<p>Date:</p>	

Appendix 11B

<p align="center"><u>KYC & Risk Assessment Form – Internal</u></p> <p>Part B – Additional KYC form to be completed where additional information is required</p> <p>Once completed, please retain a copy on file</p>	
<p>➤ Why is additional KYC information required?</p>	

<ul style="list-style-type: none"> ➤ Confirm that you have carried out an additional Online Check and annex a copy. 	
<ul style="list-style-type: none"> ➤ Name any additional companies you have investigated along with their registered address and company number. 	
<ul style="list-style-type: none"> ➤ What identification requirements have you obtained in respect of any additional companies you have investigated? 	
<ul style="list-style-type: none"> ➤ Name any additional individuals you have investigated along with their address and date of birth (this should include all PEPs associated with the company). 	
<p>PEPs – the following are required:</p> <ul style="list-style-type: none"> ➤ Approval form (from senior management); ➤ Identify source of wealth; ➤ Conduct enhanced ongoing monitoring of the business relationship with that person. 	
<ul style="list-style-type: none"> ➤ Confirm you have obtained a corporate structure where the transaction involves a group of entities. 	
<ul style="list-style-type: none"> ➤ Confirm you have investigated all relevant entities within the group. 	
<ul style="list-style-type: none"> ➤ Confirm you have obtained written confirmation from the MLRO that you can proceed with the transaction. 	
<ul style="list-style-type: none"> ➤ Confirm that, in the case of an ongoing transaction, you will review the KYC and reconsider the risk assessment every 6 	

months.	
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Part C – Reminder of situations where additional KYC is required

The situations which trigger a requirement for additional KYC are:

- You doubt the documentary evidence supplied, for example, if an address on a driving licence and an address on a utility bill do not match and the potential recipient cannot explain this discrepancy.
- There is no face to face contact with the loan / recoverable grant recipient.
- Dealings are being undertaken on behalf of third parties (for example, the recoverable grant or loan recipient does not deal with you direct and acts only through an agent).
- Any aspect of the proposed transaction, for example, the source of funds for a transaction. Examples of what may be suspicious are in section 3 of the AML Procedures.
- The transaction includes any high net worth individual. This is because high net worth individuals are a more likely target for criminals seeking to launder money.
- The transaction includes a PEP.
- The transaction involves a non-UK company or you are concerned that the company structure is unduly complex.

Appendix 12. **KYC Matrix**

This is intended to be a table identifying all the KYC information which BCKLWN hold on loan and recoverable grant recipients to avoid duplication of KYC due diligence. Once completed for the relevant transaction, please retain a copy on the file and give a copy to the Officer in Charge of Keeping Records.

Name of loan/recoverable grant recipient	Address of loan/recoverable grant recipient	Registered number or date of birth	Details of identification documents received	Date KYC completed	Location of KYC	Contact at BCKLWN

Appendix 13. Frequently Asked Questions

1. What is Money Laundering?

The Financial Action Task Force (FATF) – an inter-governmental body that sets standards for combating money laundering, provides the following definition for money laundering:

“Money laundering is the processing of these criminal proceeds to disguise their illegal origin. This process is of critical importance, as it enables the criminal to enjoy these profits without jeopardising their source.”

In a broader sense, other illegal activities to look out for involve handling proceeds of crime and terrorism financing.

Money laundering takes various forms. In the UK, the Joint Money Laundering Steering Group (JMLSG) lists the usual forms that include:

- trying to turn money raised through criminal activity into ‘clean’ money (that is, classic money laundering);
- handling the benefit of acquisitive crimes such as theft, fraud and tax evasion;
- handling stolen goods;
- being directly involved with any criminal or terrorist property, or entering into arrangements to facilitate the laundering of criminal or terrorist property; and
- criminals investing the proceeds of their crimes in the whole range of financial products.

Terrorist financing is the process by which terrorists fund their operations to perform terrorist acts. Terrorists need financial support to carry out their activities and to achieve their goals. There is little difference between terrorists and other

criminals in their abuse of the financial system. While different from money laundering, terrorists often exploit similar weaknesses in the financial system.

More details of what money laundering involves and what sorts of things you should look out for are set out in the AML Policy and Procedures.

2. What is the Legislation?

- Please see section 5 of the AML Policy.

To combat money laundering, the Proceeds of Crime Act 2002 introduced the following high-level offences:

- Failure to report – up to five years in prison, or a fine or both
- Tipping off – up to 5 years, or a fine or both and
- Assistance – up to 14 years in prison, or a fine or both.

3. What do I have to do?

You have to:

- Make sure you carry out proper KYC checks against potential recoverable grant and loan recipients before entering into any loans or recoverable grants. You need to follow the process in the AML procedures. A flow chart explaining the process is at Appendix 3b.
- Make sure you carry out proper Customer Due Diligence against customers making cash payments in excess of £1,000. You need to follow the process in the AML procedures. A flow chart explaining the process is at Appendix 3a.
- Make sure you report any suspicions of money laundering to the MLRO. Details of what sort of things may give rise to suspicion are at section 3 of our AML Procedures. Section 3 also explains how you need to make any reports to the MLRO.
- Keep records of your KYC checks and recoverable grant, loan transactions and cash payments in excess of £1,000. Section 4 of the

AML Procedures explains what you need to do. Ensure all documents relating to the KYC checks are kept on file and a copy of the completed KYC Matrix is given to the Officer in Charge of Keeping Records.

- You should read the AML Policy and Procedures in full as it sets out in detail the steps you need to take to comply with the legislation. The AML Policy and Procedures also has proforma documents for obtaining KYC and for making any MLRO reports.

4. What KYC documents do I need?

There are different requirements depending on the type of entity or individual you are dealing with. The requirements are set out in Appendix 8 of our AML Procedures.

In some situations you also need to provide additional KYC documentation. These situations are explained in our AML Procedures (see paragraph 2.24 of our AML Procedures). If one of these situations applies you also need to obtain the documentation set out in Appendix 9 of our AML Procedures.

5. How do I obtain KYC information

You should ensure that the KYC questionnaire at Appendix 10 of our AML Procedures is sent to prospective loan or recoverable grant recipients before the transaction commences. If this has not been done, send out the questionnaire as soon as possible. Once you receive the information back from the relevant prospective loan/recoverable grant recipient you should check what you have received against the requirements in Appendices 8 and 9 of the AML Procedures and then complete the form at Appendix 11a and 11b of our AML Procedures. Please see the AML Procedures and the Flow Chart at Appendix 3a for more information.

6. *What do I do if I have concerns about the KYC process or I suspect money laundering?*

You must report this to your MLRO immediately. If the concern is that there is suspected money laundering, there is a specific form you can use to make this report (see Appendix 6 of our AML Procedures). You must not tell anybody you have reported this other than your immediate line manager. In particular, you must not tell the prospective recoverable grant or loan recipient / customer making the cash payment in excess of £1000 that you have made this report. You can then discuss with your MLRO and line manager what your next steps should be. Section 3 of the AML Procedures gives more information about what you need you do if you have a concern.

7. *Who is the Money Laundering Reporting Officer (MLRO)?*

The current Money Laundering Reporting Officer is the Assistant Director Resources (S151 Officer) – Michelle Drewery – michelle.drewery@west-norfolk.gov.uk

8. *What if the MLRO is unavailable?*

If the MLRO is unavailable you can contact the current Deputy MLRO, who is the Senior Internal Auditor – Jamie Hay – Jamie.hay@west-norfolk.gov.uk

Acronym	Full Term
AML	Anti-Money Laundering
CDD	Customer Due Diligence
DMLRO	Deputy Money Laundering Reporting Officer
EEA	European Economic Area
FATF	Financial Action Task Force
FCA	Financial Conduct Authority
HMRC	His Majesty's Revenue & Customs
ICAEW	Institute of Chartered Accountants of England & Wales
KYC	Know Your Customer
LATCs	Local Authority Trading Companies
MLR	Money Laundering Regulations
MLRO	Money Laundering Reporting Officer
NCA	National Crime Agency
NOC	Nominated Officer for Compliance
OCKR	Officer in Charge of Keeping Records
PEP	Politically Exposed Person
POCA	Proceeds of Crime Act 2002
ROE	Register of Overseas Entities (ROE) at Companies House
RPs	Registered Providers of Social Housing
UBO	Ultimate Beneficial Owner