Customer Due Diligence (CDD) Guide

When to conduct CDD?

1. Establishing Business Relations

You are required to conduct CDD at the point of establishing a business relationship with your customer.

2. Carrying Out Any or Occasional Transaction involving the Circumstances or Amount as Specified under Paragraphs 14A to 14H of the Policy Document



LICENSED CASINO

Any transaction equivalent to **RM10,000** and above. This includes circumstances where the transaction is carried out in a single transaction or several transactions in a day that appear to be linked.



LICENSED GAMING OUTLETS

Customer's winning equivalent to **RM50,000** and above, including in situations where the transaction is carried out in a single transaction or through several transactions that appear to be linked.



MONEYLENDERS

When giving out financing equivalent to **RM3,000** and above, including in situations where the transaction is carried out in a single transaction or through several transactions, in a day that appear to be linked.



PAWNBROKERS

Pledge amount equivalent to **RM3,000** and above, including in situations where the transaction is carried out in a single transaction or through several transactions, in a day that appear to be linked.



DEALERS IN PRECIOUS METALS OR PRECIOUS STONES

Any cash transaction equivalent to **RM50,000** and above with the customer, or any other amount as may be specified by the competent authority. This includes:

- Transaction conducted in a single transaction or through several transactions in a day that appear to be linked and across all branches of the reporting institution; and
- Aggregate payments over a period of time for a single purchase.



GATEKEEPERS (lawyers, accountants, company secretaries and trust companies)

When preparing or carrying out any of the Gazetted Activities for their clients (Please refer to the Policy Document for further details)



REGISTERED ESTATE AGENTS

To conduct CDD on both purchaser and seller, or landlord and tenant of the property

3. Suspicion of money laundering, terrorism financing or proliferation financing (ML/TF/PF)

When you have any suspicion of ML/TF/PF regardless of the amount or thresholds

4. Doubt

When you have any doubt about the accuracy or adequacy of previously obtained information on a particular customer

Note: Please refer to Section 16 of the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA) and Paragraph 14 of the Anti-Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions for Designated Non-Financial Businesses and Professions (DNFBPs) and Non-Bank Financial Institutions (NBFIs) (AML/CFT/CPF and TFS for DNFBPs and NBFIs Policy Document).

What are specific information needed based on the customer type?

To comply with the CDD requirements, you are required to identity the customer and verify the customer's identity using reliable and independent documentation, electronic data or any other measures that you deem necessary.

1 INDIVIDUAL CUSTOMER AND BENEFICIAL OWNER

- Name
- NRIC / Passport number
- Residential and mailing address
- Date of birth
- Nationality
- Occupation type
- Name of employer or nature of self-employment / nature of business
- Contact number
- Purpose of transaction

2 LEGAL PERSON (LP), LEGAL ARRANGEMENT (LA) AND CLUB, SOCIETY AND CHARITY (CSC)

Step 1 Understand the nature of the customer's business, its ownership and control structure

Step 2 Identify the customer and verify its identity through the following information:

Legal Person
e.g. company/ business

- Name, legal form and proof of existence;
- Company/ business registration number;
- Powers that regulate and bind the customer, as well as persons having senior management position;
- Business and registered address;
- Any persons authorised to represent the company/ business; and
- Nature of business

Legal Arrangement
e.g. trust

- Name, legal form and proof of existence;
- Powers that regulate and bind the customer, as well as persons having senior management position; and
- Business address and address of the trustee's registered office

Club, Society and Charity
e.g. *persatuan, yayasan*

- Conduct CDD applicable for legal persons or legal arrangements, as the case may be; and
- Office bearer or any person authorised to represent the CSC

Examples of verification documents

- Certificate of Incorporation
- Unique identifier such as tax identification number
- Constitution
- Directors' Resolution
- Partnership Agreement
- Trust Deed
- Trust registration or equivalent document
- Unique identifier such as tax identification number
- Certificate of Registration
- Identification Documents of Office Bearers

Step 3 **Identify and take reasonable measures to verify the identity of beneficial owners through the following information:**

Who is a Beneficial Owner (BO)?

- Refers to any **natural person(s) who ultimately OWNS or CONTROLS a customer and/or the natural person on whose behalf a transaction is being conducted.**
- Also includes those **natural persons who exercise ULTIMATE EFFECTIVE CONTROL** over a legal person or arrangement.

'Ultimately owns or controls' or 'ultimate effective control' refers to situations in which ownership or control is exercised through a chain of ownership or by means of control other than direct control.

Legal Person

A. Identity of the **natural person(s)** who ultimately has a controlling ownership interest in a legal person. At a minimum, this includes:

>25% Identification of directors/ shareholders with **equity interest of more than 25%;**

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B. If there is doubt on the controlling ownership interest - the identity of the **natural person** exercising control through other means; **AND**

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C. When there is no **natural person** identified under **A** or **B** above, the identity of the **natural person** who holds the senior management position.

- *If BO is identified at step A, you do not need to pursue steps B and C; or*
- *If BO is identified at step B, you do not need to pursue step C*

Legal Arrangement

A. Identity of:

- Settlor;
- Trustee(s);
- Protector (if any);
- Beneficiary or class of beneficiaries; and
- Any other **natural person exercising ultimate effective control over the trust** (including through chain of control / ownership).

B. For other types of LA, the identity of persons in equivalent or similar positions.

Club, Society and Charity

A. Pursuant to CDD undertaken on LP or LA, where relevant;

B. Identity of other members with effective control of the CSC.

Examples of Other Means by which Natural Persons Exercise Control on LP, LA or CSC



Contractual associatons or personal connections with management or directors



Recipient of loan or other benefit (e.g. tenancy of property / licence to property) having conditions granting control rights



Other ability to exert significant influence on corporate activity (e.g. veto rights, decision rights, right to profit, etc)



Other ownership arrangements (e.g. nominees, joint ownership arrangements)



Management control (the right to appoint or remove majority of directors)



Ownership of voting rights

Customer Due Diligence (CDD) Process Flow

Customer On-boarding

1 Standard CDD

- Identify and verify customer's identity
- verify that any person acting on behalf of the customer is so authorised, and identify and verify the identity of that person
- identify and take reasonable measures to verify the identity of the beneficial owner
- understand and, where relevant, obtain information on, the purpose and intended nature of the business relationship

4 *Enhanced CDD

- Obtain the standard CDD information
- Obtain additional information on the customer and beneficial owner
- Ask for source of wealth / funds. In the case of PEPs, both sources must be obtained
- Obtain approval from the Senior Management prior to conducting business

** Enhanced CDD is only for:*

- *Customer assessed as higher risk in risk profiling conducted (step 3 below);*
- *Nominee services is provided to the customer;*
- *Customer is a foreign PEP; or*
- *Customer is from higher risk countries for which this is called for by the FATF or by the Government of Malaysia.*

2 Sanction screening

Screen your existing, potential or new customers against the UNSCR List[1] and Domestic List[2]

3 Risk Profiling

Conduct risk profiling and assign risk level to customers (e.g. Low, Medium, High) based on the following factors:

1. Customer risk;
2. Country or geographical risk;
3. Products, services, transactions or delivery channel; and
4. Any other information suggesting that the customer is of higher risk

For **existing customers** who were onboarded prior to the coming into force of the CDD obligation under section 16 of the AMLA, you are required to apply CDD requirements on the basis of materiality and risk.

On-going

	Standard On-Going Due Diligence	** Enhanced On-Going Due Diligence
Transaction Monitoring	• Scrutinise transactions to ensure consistency with customer profile	• Scrutinise transactions at a frequency that commensurate with the customer's risk level • Select patterns of transactions that need further examination
CDD Updating	• Ensure that CDD documents, data or information on customers are kept up-to-date and relevant	• Ensure that CDD documents, data or information on customers are kept up-to-date and relevant
Controls		• Increase number and timing of controls applied

*** Enhanced on-going due diligence is only for:*

- *Customer assessed as higher risk in risk profiling conducted (step 3 below);*
- *Nominee services is provided to the customer;*
- *Customer is a foreign PEP; or*
- *Customer is from higher risk countries for which this is called for by the FATF or by the Government of Malaysia.*

[1] **Consolidated UNSCR List:** https://www.un.org/securitycouncil/content/un-sc-consolidated-list

[2] **Domestic List:** http://www.federalgazette.agc.gov.my

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