

CLIENT DUE DILIGENCE FORM (“CDD FORM”) FOR LEGAL PROFESSIONALS LEGAL PERSONS 2022

This CDD Form is designed to provide Members with examples and practical applications showing how the CDD, including client risk assessment requirements contained in the Practice Direction P (“PDP”) and the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism Ordinance (“AMLO”), may be met by legal practitioners. In particular, legal practitioners must have established adequate CDD procedures, including client and matter level risk assessment to identify and manage risks associated with Money Laundering (“ML”), Terrorist Financing (“TF”) and Proliferation Financing (“PF”). Therefore, this form was designed to serve as a practical example of how the client risk assessment could be undertaken and documented.

The CDD Form is a learning tool only and it is not a prescribed requirement or a formal guideline. In particular, as there are different ways to meet the PDP and AMLO requirements, the examples stated in the CDD Form may differ from the existing practices of law firms, especially those with an established AML framework. As such, the CDD Form is not intended to compel, suggest or advise changes to those existing practices.

The CDD Form is designed to produce an AML risk rating score based on a number of factors that would assist legal practitioners with classifying clients as Low / Medium / High to understand what level of CDD is required to be applied (Simplified/Standard/Enhanced). When weighting risk factors, legal practitioners should take a holistic approach and make an informed judgement about the relevance of different risk factors in the context of a particular client relationship or occasional matter. The weight given to each factor is likely to vary across practices, clients and matters, the high-risk triggers included in the CDD Form are not exhaustive and legal practitioners should consider all individual AML risks applicable to each client or matter. There is no prescribed approach to conducting client risk assessments, however they must be written down, monitored and refreshed depending on the client’s risk rating categorization to reflect changing risks or information about the client.

Client Name:		Date of Record:	
Subject Matter:		Matter No:	
New Client:	<input type="checkbox"/> Yes <input type="checkbox"/> No	Existing Client:	<input type="checkbox"/> Yes <input type="checkbox"/> No

For Existing Clients ONLY	Previous AML Risk Rating: (Legal practitioners should at least keep a clear record of clients rated as High-risk or to whom Enhanced Due Diligence measures were applied).	<input type="checkbox"/> High <input type="checkbox"/> Medium <input type="checkbox"/> Low
	Was the CDD information refreshed from the date of last client screening or service provided? (Frequency of client screening (on-going monitoring) is subject to risk-based approach adopted by the legal practitioner). Note: For existing clients who have not been in contact with the Practice for a significant period of time (anything above a year may be considered a significant gap in relation to those clients or transactions assessed as higher-risk), you should consider refreshing the CDD. The CDD information must be always refreshed/reviewed when a transaction / new client matter is: (a) by virtue of the amount or nature of the transaction, unusual or suspicious; or (b) not consistent with the legal professional’s knowledge of the client or the client’s business or risk profile, or client’s source of funds.	<input type="checkbox"/> Yes <input type="checkbox"/> No*
	Date of the last CDD refresh / on-going monitoring and action taken: To check whether: <ul style="list-style-type: none"> ▪ transaction(s) (including new services/instructions) are consistent with the client’s information; ▪ client CDD data, documents and information are relevant and kept up-to-date. If CDD refresh not required, specify the reason:	

***Note:** If not, please contact the client to verify if there are any changes to the client’s information or circumstances initially provided. Based on the information obtained from the client, conduct client screening (if required). After completion, please attach the review result in the client file.

Intermediaries	<p>Did you rely on the client's information and verification conducted by any of the specified intermediaries as defined in Section 18, Division 4, Part 2 of Schedule 2 to the AMLO? For example:</p> <ul style="list-style-type: none"> ▪ an overseas office of your firm; ▪ an accounting professional; ▪ a notary public; ▪ a tax advisor; ▪ an estate agent; ▪ other legal professional/law firm; ▪ a TCSP licensee; ▪ a financial institution that is an authorized institution; ▪ a licensed corporation; ▪ an authorized insurer; ▪ a licensed individual insurance agent; or ▪ a licensed insurance agency or licensed insurance broker company. <p>Note: You can rely on the Know Your Customer (KYC) work performed by the above intermediaries only if:</p> <p>(a) it is registered, licensed or regulated under the local law of a jurisdiction that is a member of the Financial Action Task Force (FATF);</p> <p>(b) it has measures in place to ensure compliance with the AML /CTF requirements similar to those imposed under the AMLO; and</p> <p>(c) it is supervised for compliance with those requirements by an authority in that jurisdiction that performs functions similar to those of any of the relevant authorities in Hong Kong or the Law Society of Hong Kong.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No*
Details of Intermediary	Name of Intermediary:	Country of Incorporation / Residence (if individual):
	Intermediary is a Legal Professional / Auditor / Financial Institution / Others *(Delete where applicable) Details of Others:	

***Note:** If yes, you must obtain copies of the client identification and verification documents from the specified intermediary and keep as a record in the client file. Where the intermediary is an overseas office of the firm, you must in all circumstances obtain client's ID information, and have an access to copies of other client identification and verification documents upon request.

PART A (1): Client Identification for Legal Person - Applicable to all clients		
Trading Name:		
Registered Office Address:		Business Address (if different):
Corporate Registration Number / Unique Identification Number:	Regulated / Listed Entities:	Details of regulated status / licence:
Place of Incorporation:	Details of listing (if any – name of stock exchange and stock code):	
Business Nature: For Trustees: nature and purpose of establishing the Trust):	Legal Entity Type: <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Corporation <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> General Partnership <input type="checkbox"/> Limited Liability Partnership	<input type="checkbox"/> Trust type: <input type="checkbox"/> Fund type: <input type="checkbox"/> Charity <input type="checkbox"/> Other association or body of persons corporate or incorporate:
Contact No.:	Email Address:	Fax No.:
Information required for transactions falling within the definition of "Applicable Circumstance": <ul style="list-style-type: none"> ▪ Financial transactions such as buying and selling of real estate, business, company, securities and other assets and property ▪ Managing client money, securities or other assets ▪ Management of bank, savings or securities accounts ▪ The formation, structure, re-organisation, operation or management of companies and other entities and legal arrangements ▪ Insolvency cases and tax advice ▪ Other transactions involving custody of funds by law firms as stakeholder or escrow agent or transfers of funds through their bank accounts 		
Nature and purpose of the transaction / legal service: (Details of parties to the transaction and their business relationship with the client (explain which party will transfer/receive funds and which party will cover legal fees). Where funds are expected to be received from a Third-Party on behalf of the client, explain why and the source of funds)		

<p>Source of Funds (SoF) for the transaction:</p> <p>Note: You must understand:</p> <ul style="list-style-type: none"> the account from which the funds were transferred (Client's/Third-Party bank account, foreign bank located in a high-risk jurisdiction, HK bank); and the activity that was involved in generating/accumulating those funds <p>You should seek evidence in a higher-risk scenario and when the SoF is unclear.</p>	<p>Where did the funds originated from (from which bank account and jurisdiction (Client's or a Third-Party)? Please specify:</p>	<p>What activity generated the funds?</p> <p><input type="checkbox"/> Business income</p> <p><input type="checkbox"/> Share sales/dividends</p> <p><input type="checkbox"/> Sale of real estate</p> <p><input type="checkbox"/> Loan drawdown</p> <p><input type="checkbox"/> Sale of asset(s)</p> <p><input type="checkbox"/> Venture funding</p> <p><input type="checkbox"/> Debt capital</p> <p><input type="checkbox"/> Equity capital</p> <p><input type="checkbox"/> Other:</p>
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PART A (2): Particulars of Individual Purporting to Act on Behalf of The Client

English Name:	Chinese Name (if any):	Date of Birth:
ID Card / Passport:	Nationality:	Acting capacity:
Contact No.:	Email Address:	Fax No.:
Residential Address:		Correspondence Address (if different):
<p>The following documents were obtained to verify whether the individual (intermediary, agent, representative) is authorized to act on behalf of the client:</p>	<p><input type="checkbox"/> A Board Resolution or similar written authority (e.g. list of authorised signatories) authorising the person to give instructions</p> <p><input type="checkbox"/> Power of Attorney</p> <p><input type="checkbox"/> Letter of Appointment</p> <p><input type="checkbox"/> Estates: Death certificate</p> <p><input type="checkbox"/> Grant of probate or Letter of Administration (if applicable)</p> <p><input type="checkbox"/> Written confirmation from the client</p> <p><input type="checkbox"/> Confirmation from a trustee acting in a professional capacity</p> <p><input type="checkbox"/> Confirmation from a trust company managing the trust</p> <p><input type="checkbox"/> Other:</p>	
<p>The following identity documents were obtained to verify the identity of the intermediary, agent, representative:</p>	<p><input type="checkbox"/> Hong Kong Permanent ID Card</p> <p><input type="checkbox"/> National ID Card issued by a sovereign authority showing Nationality</p> <p><input type="checkbox"/> Passport issued by a sovereign authority</p> <p><input type="checkbox"/> Non-Permanent Hong Kong ID card and Passport issued by a sovereign authority</p> <p><input type="checkbox"/> Other:</p>	

Note: Subject to risk-based approach, you may screen client's representative against Sanctions and PEP lists

PART A (3): Verification of Client's Information – applies to "Applicable Circumstances" only

It is not necessary to verify & identify all legal persons in the chain; instead the focus is upon the natural person, who is the beneficial owner.

Legal Entity Type	Required documentation to verify Client's identity	Beneficial Owners / Connected Parties / Key Controllers
Corporations	<p>Documents obtained to verify: Trading Name, Corporate Registration Number, Place of Incorporation and Business Address:</p> <p><input type="checkbox"/> Certificate of Incorporation and certificate on change of name (if applicable)</p> <p><input type="checkbox"/> Memorandum & Articles of Association (or equivalent)</p> <p><input type="checkbox"/> Business Registration Certificate</p> <p><input type="checkbox"/> Proof of Company's current registered office address</p> <p><input type="checkbox"/> Register/List of directors</p> <p><input type="checkbox"/> Group ownership / structure chart including a share register (or equivalent official documents to identify the shareholding structure and ultimate beneficial owner(s) of the Company)</p> <p><input type="checkbox"/> Corporate organisational chart</p> <p><input type="checkbox"/> Certificate of Good Standing</p> <p><input type="checkbox"/> Authorised signatory list (including signatory powers)</p> <p><input type="checkbox"/> Latest audited financial statements (or, for newly incorporated companies, an opening balance sheet signed by the Directors)</p> <p><input type="checkbox"/> Evidence of listed or regulated status (e.g. extract from stock exchange / regulator website or reliable source)</p> <p><input type="checkbox"/> Others:</p>	<p>Verify details of the below parties and complete Part A 4,5 and 6:</p> <p>1. Connected parties: Directors of the client.</p> <p>2. Beneficial Owner: Individual who:</p> <p>(a) owns or controls, directly or indirectly, including through a trust or bearer share holding, more than 25% of the issued share capital of the corporation;</p> <p>(b) is, directly or indirectly, entitled to exercise or control the exercise of more than 25% of the voting rights at general meetings of the corporation; or</p> <p>(c) exercises ultimate control over the management of the corporation.</p> <p>3. Key Controllers: Individual who has the right to exercise, or actually exercises, significant influence or control over the company, and/or substantial influence over the day-to-day management of the business (for example: Chairman, Chief</p>

		Executive Officer, Managing Director/Partner, Chief Financial Officer, Finance Director, Chief Operating Officer).
Trust	<p>Documents obtained to verify:</p> <p>(a) Name of the trust (or legal arrangement);</p> <p>(b) Date of establishment or settlement;</p> <p>(c) The jurisdiction whose laws regulate and bind the trust or legal arrangement;</p> <p>(d) Unique identification number (if any) granted by any applicable official bodies and document type (e.g. tax identification number or registered charity or non-profit organisation number); and</p> <p>(e) Registered address of the Trust (if not applicable, the registered address of the Trustee(s)).</p> <p><input type="checkbox"/> Trust deed</p> <p><input type="checkbox"/> Certificate of incorporation or equivalent of the trustee (and certificate on change of name if applicable)</p> <p><input type="checkbox"/> List of directors of the trustee</p> <p><input type="checkbox"/> List of beneficiaries or classes of beneficiaries</p> <p><input type="checkbox"/> Letter of wishes (if applicable)</p> <p><input type="checkbox"/> Resolution of the partners / directors authorising the establishment of the trust</p> <p><input type="checkbox"/> Others (specify):</p> <p>I have identified and verified:</p> <p><input type="checkbox"/> Trustee</p> <p><input type="checkbox"/> Settlor</p> <p><input type="checkbox"/> Protector (if applicable)</p> <p><input type="checkbox"/> Beneficiary(ies)</p>	<p>1. Connected parties: Directors of the trustee.</p> <p>2. Beneficial Owner: Individual who:</p> <p>(a) is entitled to a vested interest in more than 25% of the capital of the trust property, whether the interest is in possession or in remainder or reversion and whether it is defeasible or not;</p> <p>(b) is the settlor of the trust;</p> <p>(c) is a protector or enforcer of the trust; or</p> <p>(d) has ultimate *control over the trust.</p> <p>*Definition of control includes power to:</p> <ul style="list-style-type: none"> • dispose of, advance, lend, invest, pay or apply trust property; • vary or terminate the trust; • add or remove a person as a beneficiary or to or from a class of beneficiaries; • appoint or remove trustees or give another individual control over the trust; • direct, withhold consent to or veto the exercise of a power related to the trust property; or • manage funds or transactions without requiring specific authority to do so. <p>3. Key Controllers (definition included above)</p>
Partnership	<p>Documents obtained to verify Trading Name and Business address:</p> <p><input type="checkbox"/> Partnership Agreement (if available)</p> <p><input type="checkbox"/> Business Registration Certificate (BR Certificate) *</p> <p><input type="checkbox"/> Register of partners and their respective holdings in the Partnership (or the GP in the context of a limited partnership)</p> <p><input type="checkbox"/> Authorised signatory list (including signatory powers)</p> <p>* for clients who are law firms or act on behalf of the client due to sensitivity of the Partnership Agreement, the BR Certificate will suffice to verify the identity. In addition, the law firm's website, details on the respective Law Society website or e-mail signature could be also reviewed to verify identity of your client.</p>	<p>1. Connected parties: Partner(s) of the client.</p> <p>2. Beneficial Owner: Individual who:</p> <p>(a) is entitled to or controls, directly or indirectly, more than a 25% share of the capital or profits of the partnership;</p> <p>(b) is, directly or indirectly, entitled to exercise or control the exercise of more than 25% of the voting rights in the partnership; or</p> <p>(c) exercises ultimate control over the management of the partnership.</p> <p>3. Key Controllers (definition included above)</p>

PART A (4): Beneficial Owner Details

A CDD Form shall be completed in respect of any Beneficial Owner who:
 - In non-high-risk situations, holds not less than 25% interest in the client
 - In high-risk situations, holds not less than 10% interest in the client
 (Perform name screening of all Beneficial Owners)

1. Beneficial Owner Details

English Name:	Chinese Name (if any):	Date of Birth:
ID Card / Passport No:	Nationality:	Ownership percentage:
Contact No.:	Email Address:	Occupation / Nature of Business:
Residential Address:	Correspondence Address (if different):	

2. Beneficial Owner Details

English Name:	Chinese Name (if any):	Date of Birth:
ID Card / Passport No:	Nationality:	Ownership percentage:
Contact No.:	Email Address:	Occupation / Nature of Business:
Residential Address:	Correspondence Address (if different):	

3. Beneficial Owner Details

English Name:	Chinese Name (if any):	Date of Birth:
ID Card / Passport No:	Nationality:	Ownership percentage:
Contact No.:	Email Address:	Occupation / Nature of Business:
Residential Address:	Correspondence Address (if different):	

PART A (5): Directors Details

(Where there is a large number of directors and shareholders, only the principal directors and controlling shareholders need be identified and verified).
 (Perform name screening of the Directors)

1. Director Details

English Name:	Chinese Name (if any):	Date of Birth:
ID Card / Passport No:	Nationality:	Contact No.:
Residential Address:	Correspondence Address (if different):	

2. Director Details

English Name:	Chinese Name (if any):	Date of Birth:
ID Card / Passport No:	Nationality:	Contact No.:
Residential Address:	Correspondence Address (if different):	

3. Director Details

English Name:	Chinese Name (if any):	Date of Birth:
ID Card / Passport No:	Nationality:	Contact No.:
Residential Address:	Correspondence Address (if different):	



PART A (6): Key Controllers
(Perform name screening of all Key Controllers)

1. Significant Controller		
English Name:	Chinese Name (if any):	Date of Birth:
ID Card / Passport No.:	Nationality:	Nature of the control / influence:
Residential Address:	Correspondence Address (if different):	
2. Significant Controller		
English Name:	Chinese Name (if any):	Date of Birth:
ID Card / Passport No.:	Nationality:	Nature of the control / influence:
Residential Address:	Correspondence Address (if different):	
3. Significant Controller		
English Name:	Chinese Name (if any):	Date of Birth:
ID Card / Passport No.:	Nationality:	Nature of the control / influence:
Residential Address:	Correspondence Address (if different):	

Methods of verification:

Originals The original documents must be presented to the legal practitioner and a copy of that document should be made during the Face to-Face meeting with the practitioner before accepting instructions. If copies are provided, originals should be sighted as soon as practicable after accepting the instructions, if it is necessary not to interrupt the normal conduct of business and any risk of ML/TF/PF after accepting instructions is effectively managed.

Copies Where it has not been possible to verify the original documents, the client can:

(a) Provide certified copies of the documents, with the certification completed by acceptable identity agent. An acceptable certified document is one that is certified by:

- a Notary Public;
- a Legal Practitioner;
- a Certified Public Accountant (practising);
- a Chartered Secretary;
- a Justice of Peace; or
- a Consular or Embassy officer of the client's home country.

(b) If certified document cannot be obtained, you should attempt to verify the documents by alternative means, for example performing company search, obtaining certificate of incumbency certified by a professional person in the relevant jurisdiction or obtaining a director's/CEO declaration incorporating or annexing an ownership chart describing the intermediate layers and the beneficial owner if the client's ownership structure consists of multiple layers of companies on a risk-sensitive basis (the rationale behind the particular structure employed must be fully understood).

Please refer to *Alternative Processes to Verify a Client's Identity* guide for further examples.

PART B: Risk Assessment

Is the client, representative or beneficial owner(s) listed on the sanctions, terrorist or terrorist associates lists, directly or indirectly own / control or act on behalf of the designated person or entity? https://www.cedb.gov.hk/citb/en/policies/United-nations-security-council-sanctions.html https://www.un.org/securitycouncil/content/un-sc-consolidated-list	Prohibited Relationship
Note: If yes, please complete Part G directly Attach all documents on screening and searches performed (if any) in the client file.	
Is the client a Politically Exposed Person ("PEP")? (Suggested rating can be reduced depending on the type of PEP e.g. seniority, level of influence and risk of corruption).	<input type="checkbox"/> Yes (15) <input type="checkbox"/> No (0)
Note: If yes, please complete Part E, F and G	
Does the client or beneficial owner(s) operate business, generating funds / assets which have connection with Sanctioned entities / individuals or countries, High-Risk jurisdictions or High-Risk sectors (please see Part C for examples of higher-risk sectors)?	<input type="checkbox"/> Yes (15) <input type="checkbox"/> No (0)



<p>Is the client, representative or beneficial owner(s) incorporated / domiciled in a High-Risk jurisdiction or jurisdiction with strategic AML / CTF deficiencies identified by FATF?</p> <p>Note: List of FATF's country risk ratings can be accessed here: https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/ https://www.knowyourcountry.com/copy-of-country-reports</p> <p>List of High-Risk jurisdictions identified by the United Nations Security Council: United Nations Security Council Sanctions - Commerce and Economic Development Bureau (cedb.gov.hk)</p> <p>Other resources to help identifying High-Risk jurisdictions: Basel AML Index Basel AML Index Basel Institute on Governance (baselgovernance.org) Corporate Tax Haven Index 2021 ranking (taxjustice.net) Corruption Perception Index Corruption Perceptions Index - Explore the... - Transparency.org</p> <p>If the client is from or resides in a High-Risk jurisdiction, please complete Part F and G</p>	<p><input type="checkbox"/> High Risk Country (15) <input type="checkbox"/> Medium Risk Country (4)</p>
<p>Does the client intend to use a Third-Party bank account or cash for transactional purposes? (Suggested rating can be reduced if there are legitimate reasons for supporting such arrangement(s)).</p> <p>Rationale:</p> <p>Note: Appropriate checks should be made and the rationale for any payments into client account by the Third-Party is clearly understood before any such payments are accepted. You should seek identification document(s) and enquiry into sources of funding from that Third-Party and be alerted to warning signs.</p> <p>You should consider establishing a policy of never accepting cash payments. If this is unavoidable, you could set a limit above which you will not accept cash payments or should consider cash payments as a high risk particularly where large in size.</p>	<p><input type="checkbox"/> Yes (10) <input type="checkbox"/> No (0)</p>
<p>Non-Face-to-Face client identification? (Suggested rating can be reduced if there are legitimate reasons for not being able to meet the client considering any geographic/jurisdictional risks this may present).</p> <p>Rationale:</p> <p>Note: Please ensure that at least the first payment made in relation to the client's account is carried out through an account opened in the client's name with a Hong Kong bank or an institution that is incorporated or established in the jurisdiction that is a compliant member of the FATF.</p>	<p><input type="checkbox"/> Yes (5) <input type="checkbox"/> No (0)</p>
<p>Does the client have unduly complex ownership structure or located in offshore tax jurisdictions (many layers and many different types of legal vehicles)?</p> <p>Note: Whenever more than three layers of legal entities or arrangements separate the natural persons (beneficial owners) from the immediate ownership or control of the legal person, caution should be taken to understand the need for such structure. Companies maybe set up in offshore tax havens to purposefully make it difficult to identify beneficial owners.</p>	<p><input type="checkbox"/> Yes (15) <input type="checkbox"/> No (0)</p>
<p>Does the client operate with nominee shareholders/directors without a clear and legitimate commercial purpose or reasonable justification?</p>	<p><input type="checkbox"/> Yes (15) <input type="checkbox"/> No (0)</p>
<p>Does the client maintain a significant portion of capital in the form of bearer shares?</p>	<p><input type="checkbox"/> Yes (15) <input type="checkbox"/> No (0)</p>



PART C: Nature of Client's Business

<p>The client or beneficial owner(s) operates or generates income / assets in any of the higher-risk sectors listed below:</p> <ul style="list-style-type: none"> • Charity, Foundation, Non-profit organisation, Non-governmental organisation that exhibits high risk characteristics • Third Party Payment Processors (TPPPs), Money Service Business (MBS) (companies offering services involving money/currency, money transfer, cheque cashing, and issuing or selling travelers cheque) • Government or State-Owned Bodies that exhibit high risk characteristics • High Value Products – Dealers/traders in precious metals, gems, jewelry, or art & antiques • Cash Intensive – Money changer, Pawnshop, Privately owned ATMs/teller machines, Vending machine operators, Restaurants, Bars, Parking garages, Beauty/Hair Salons, Massage parlor, Taxi and limousine drivers • Entertainment – Casinos, Karaoke, Night clubs, Pubs, Gambling operators • Business Services – Fund Manager, Custodian, Trustee, Unlicensed Money Lenders, Company formation agents • Agency Services – Dealers, Traders, Brokers, Developers of Real Estate, Travel agents/Tour organizers • Transportation of goods - Import / Export traders, Freight forwarders, Freight shipping companies, Equipment rental and manufacturing related to transport, Charterers or operators of ships / vehicles / aircraft, Couriers • Potential exposure to criminal activities – Tobacco wholesalers, Sex industry establishments, Real estate, Construction companies, Telephone card/phone centers, Mining business, Pharmaceutical companies • Dual Use Goods – Chemical companies (producing chemical/biological tools), Technology (electronics/computers, night-vision equipment, drones) vulnerable to proliferation risk • Crypto-asset wallet providers and exchanges 	<input type="checkbox"/> (5)
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PART D: Products and Services

<p>Is the client seeking to use your client account without delivery of legal service or is seeking an advice on matter not requiring transfer of funds but instructs you to make or receive payment(s)?</p>	<p>Prohibited Relationship</p>
<p>Is your client seeking to engage you in any of the higher-risk services?</p> <ul style="list-style-type: none"> <input type="checkbox"/> Conveyancing <input type="checkbox"/> Sale or Purchase of business / securities / assets or property <input type="checkbox"/> Formation and management of trusts, companies or charities <input type="checkbox"/> Tax advice <input type="checkbox"/> Managing client money / securities / assets <input type="checkbox"/> Managing bank / saving / security accounts <input type="checkbox"/> Insolvency <input type="checkbox"/> Acting as custody stakeholder of client's funds / escrow agent <input type="checkbox"/> Services offered to clients in the context of trade based or trade-finance arrangements <p>Note: You may consider setting transaction value limit for the above services and risk rate the services as (high/medium/low), for example property sale transactions of 10,000 000 HKD or above as a higher risk. The set limits will vary depending on the size and type of transactions undertaken by the firm.</p>	<input type="checkbox"/> (5)

PART E: Politically Exposed Person

Title of Position Held:		Year of Service:	
Name of the Governmental or International Institution / Judiciary / Military / Political Party:		Name of country where the function is performed:	
Type of PEP:	<input type="checkbox"/> Client <input type="checkbox"/> Family Member (Spouse or Partner / Child / Parent / Child's Spouse) <input type="checkbox"/> *Close associate <input type="checkbox"/> Representative		
Describe the nature of the prominent public function the person is or has been entrusted with as a foreign or domestic PEP, or the nature of the person's relationship with the PEP:			
<p>*Definition of a "Close associate" includes:</p> <p>(a) an individual known to have joint beneficial ownership of a legal entity or a legal arrangement or any other close business relationship with a politically exposed person;</p> <p>(b) an individual who has sole beneficial ownership of a legal entity or a legal arrangement that is known to have been set up for the benefit of a PEP.</p> <p>Definition of beneficial owner includes the following:</p> <p>(a) The person holds, directly or indirectly, more than 25% of the issued shares in the company or, if the company does not have a share capital, the person holds, directly or indirectly, a right to share in more than 25% of the capital or profits of the company;</p> <p>(b) The person holds, directly or indirectly, more than 25% of the voting rights of the company;</p> <p>(c) The person holds, directly or indirectly, the right to appoint or remove a majority of the board of directors of the company;</p> <p>(d) The person has the right to exercise, or actually exercises, significant influence or control over the company;</p> <p>(e) The person has the right to exercise, or actually exercises, significant influence or control over the activities of a trust or a firm that is not a legal person, but whose trustees or members satisfy any of the first four conditions in relation to the company.</p>			



PART F: Enhanced Client Due Diligence (EDD)

EDD is required for “High-risk” clients and beneficial owner(s) i.e. those who are more likely to be involved in ML / TF / PF activities. When applying EDD measures, you should:

- (a) Assess all circumstances implying higher risks of ML / TF / PF in providing service(s) to your client / beneficial owner;
- (b) Provide information on client’s Source of Wealth (SoW);
- (c) Provide information on client’s SoF;
- (d) Consider the nature of an ongoing monitoring of the business relationship; and
- (e) Obtain approval of senior management / partner before:
 - In the case of a new client, establishing a business relationship with the client; or
 - In the case of an existing client, continuing a business relationship with the client.

What is client’s / beneficial owner’s SoW?

(Applies always to PEPs and clients / beneficial owners from a High-risk jurisdiction if the business relationship is assessed to be a higher risk business relationship).

For other type of High-risk clients, you may either obtain SoW or apply any of the following EDD measures subject to risk-based approach:

- seek additional independent sources to verify information provided or made available to you;
- take additional measures to understand better the background, ownership and financial situation of the client, and other parties to the transaction to be satisfied that the transaction is consistent with the purpose and intended nature of the business relationship; or
- apply enhanced monitoring to the client relationship, including greater scrutiny of individual transactions.

Note: SoW must be documented and an explanation from the client should be sought (if required). You should understand and obtain information on:

- client’s net worth; and
- the origins of the client’s ongoing and accumulated business income/funding.

Note: You can rely on publicly disclosed information if such information is available, external confirmations and information provided by the client, focusing on the sources that generated the major proportion of the wealth.

Examples of documents supporting SoW are listed below. All documents should be attached in the client’s file.

Type of SoW:

Examples of supporting document(s):

<input type="checkbox"/> Employment (e.g. salary, wages, bonus, other benefits)	<ul style="list-style-type: none"> ▪ Copies of pay slips ▪ Bank statements displaying source of income and/or regular payments from employer ▪ Personal Tax Summaries (PTS) ▪ Confirmation from the employer of annual salary ▪ Latest accounts or tax declaration if self-employed
<input type="checkbox"/> Rental Income	<ul style="list-style-type: none"> ▪ Tenancy agreement ▪ Bank statement showing regular payments of the rent by tenant
<input type="checkbox"/> Loan Drawdown	<ul style="list-style-type: none"> ▪ Loan agreement or loan statement
<input type="checkbox"/> Inheritance	<ul style="list-style-type: none"> ▪ Letter from solicitor ▪ Copy of Will / Grant of Probate
<input type="checkbox"/> Sale of Assets	<ul style="list-style-type: none"> ▪ Sale and purchase agreement ▪ Letter from solicitor/accountant ▪ Contract Note ▪ Shareholder’s certificate ▪ Transaction receipt/confirmation ▪ Title Deed
<input type="checkbox"/> Investments	<ul style="list-style-type: none"> ▪ Records of external investments ▪ Audited Financial Statements ▪ Copy of contracts
<input type="checkbox"/> Business ownership interests	<ul style="list-style-type: none"> ▪ Audited Financial Statements ▪ Copy of latest management accounts ▪ Board of Directors approval ▪ Dividend distribution ▪ Tax declaration form

<input type="checkbox"/> Gift	<ul style="list-style-type: none"> ▪ Letter from a solicitor ▪ Letter from donor explaining the reason for the gift and the source of donor's wealth ▪ Identification documents of donor ▪ Donor's source of wealth
<input type="checkbox"/> Others	<ul style="list-style-type: none"> ▪ Nature of income, amount, date received and from whom ▪ Appropriate supporting documentation
<p>Nature of enhanced / ongoing monitoring of the business relationship (<i>Who will do What and How often</i>):</p> <p>(What are the additional actions / controls that will be/are applied to monitor this High-risk relationship?)</p> <p>Note: Ongoing monitoring means scrutinising transactions to check they remain:</p> <ul style="list-style-type: none"> ▪ consistent with what is known about the client; ▪ controlling changes to client's information, activities and requested services; and ▪ monitoring frequently renewed sanctions, PEP lists and adverse news. <p>The type of monitoring may include:</p> <ul style="list-style-type: none"> ▪ requiring a greater level of information and explanation from the client in regards to transactions and amounts (during the course of a given instruction); ▪ greater frequency of checks on transactions, particularly SoF; or ▪ undertaking more frequent CDD checks on your client (screening, adverse news checks) periodically or upon each new matter. 	

PART G: APPROVALS OF CUSTOMER RISK ASSESSMENT	OVERALL AML RISK RATING:
I certify that the information above is correct and accurate to the best of my knowledge.	
Signed by Engagement Lawyer: Name and Signature Date:	Approved by Compliance Officer / Partner: Name and Signature Date:

ML / TF RISK RATING METHODOLOGY

Risk Rating	Score Range	Type of Customer Due Diligence
Low	Total Score \leq 8	<ul style="list-style-type: none"> ▪ Simplified CDD (does not require identification and verification of beneficial owner, allows for accepting other documents, data or information (e.g. proof of license, listed status or authorization status))
Medium	Total Score 9 – 14	<ul style="list-style-type: none"> ▪ Standard CDD
High	Total Score 15 – 40	<ul style="list-style-type: none"> ▪ Enhanced CDD
Prohibited Relationship	Total Score \geq 41	<ul style="list-style-type: none"> ▪ CDD is not required. Client instruction(s) should not be accepted.

Total Score:	
AML Risk Rating: Low / Medium / High / Prohibited	