

ARTICLE · OWNERSHIP · 6 MIN READ

Beneficial ownership made simple

How to identify and verify beneficial owners across trusts and corporates.

Beneficial ownership trips up more agencies than any other part of CDD. The good news: with a repeatable process and a one-page org chart template, you can resolve almost any structure in under fifteen minutes.

Two tests, always both

Identify any natural person who owns 25% or more of the customer, and any natural person who exercises effective control regardless of percentage. The second test is the one most files miss.

Companies

Pull the register extract. List shareholders. For any corporate shareholder, repeat the exercise until you reach natural persons. Document the chain visually.

Trusts

Identify the settlor(s), the trustee(s), the named beneficiaries (or class of beneficiaries) and any protector. For discretionary trusts you also need to consider who effectively controls distributions.

Partnerships and joint ventures

Identify the partners and the basis of control. For limited partnerships, identify the general partner and any limited partner with control rights.

Verify, don't just identify

Each beneficial owner must be verified to the same standard as the customer. Save the evidence to the file with a short note explaining how you concluded who the beneficial owners are.

This article is provided by Compliance1 as general information about AML/CFT obligations for real estate. It is not legal or regulatory advice.