



**MONEY LAUNDERING &
THE FINANCING OF TERRORISM**

**GUIDELINES FOR FINANCIAL
INSTITUTIONS**

Update

Issued: 21 May 2024

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NOTICE

To: Financial Institutions under the Money Laundering (Prevention) Act

TAKE NOTICE that the Money Laundering & Financing of Terrorism Guidelines for Financial Institutions are hereby updated to incorporate the amendments annexed hereto pursuant to the powers of the Supervisory Authority under sections 11(1)(c) of the Money Laundering (Prevention) Act 1996 [as amended by section 7 of the Money Laundering (Prevention) Act 2018].¹

Issues addressed:

- Periodic review of customer information
- Transparency of beneficial ownership of legal persons and arrangements

21 May 2024



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Director of the ONDCP

¹ Financial institutions have 14 days from the date of publication in which to raise with the Supervisory Authority in writing any concerns about the amendments or any other issue prompted by this guidance that relates to their ability to effectively follow the guidance.

AMENDMENT

The Money Laundering & Financing of Terrorism Guidelines for Financial Institutions (herein “the MLFTG”) are hereby amended as follows:

In Part I — Money Laundering

1. Paragraph 2.1 is amended in the heading by deleting the words “DEPOSIT TAKING INSTITUTIONS” and substituting “FINANCIAL INSTITUTIONS AND RELEVANT BUSINESSES”.
2. Paragraph 2.1.10 is amended by inserting after subparagraph (1) the following:

“(1a) Time periods should be established for updating customer due diligence information based on the risk posed by the customer. Those periodic reviews should be within the following time cycle:—

<u>customer risk</u>	<u>review period (every)</u>
high	1 year
medium	3 years
low	5 years.

Updates to customer due diligence information should include but not be limited to:

- Source of Funds Declarations (income and employment)
- Source of Wealth Declarations
- Business activity
- Ownership structure where customer is an entity (beneficial ownership)
- Current address

Re-verification of identity is not required unless there have been changes that give reason to doubt the veracity or accuracy of information held (see paragraph 2.1.10).

3. After Paragraph 2.2, there is inserted a new paragraph headed:

“2.3 TRANSPARENCY OF BENEFICIAL OWNERSHIP”

and Paragraph 2.3 is Annexed hereto in the next page following.

ANNEX

2.3 TRANSPARENCY OF BENEFICIAL OWNERSHIP

A. OVERVIEW These Guidelines provide guidance on the identification and verification of beneficial ownership of legal persons, legal arrangements and other structures capable of exercising beneficial control; on the need to obtain and hold adequate, accurate and current information on beneficial ownership.

(1) Definition of Beneficial Owner

In these Guidelines, unless the context otherwise requires:

“beneficial owner” refers to the natural person or natural persons who ultimately own or control a customer or the natural person on whose behalf a transaction is being conducted. It also includes those natural persons who exercise ultimate effective control over a legal person or arrangement and the beneficiary or the beneficial owner of a beneficiary under a life or other investment linked insurance policy. The term “beneficial ownership” shall carry like meaning in the particular circumstances.

Only a natural person can be an ultimate beneficial owner, and more than one natural person can be the ultimate beneficial owners of a given legal person or arrangement.

The terms **“ultimately owns or controls”** and **“ultimate effective control”** refer to situations in which ownership/control is exercised through a *chain of ownership* or by means of *control other than direct control*. The concept of control refers to the ability to take relevant decisions within a legal person or arrangement and to impose those decisions.

In the context of beneficial ownership, the term **“legal person”** refers to any entities other than natural persons that can establish a permanent customer relationship with a financial institution or otherwise own property, such as companies, other bodies corporate, foundations, partnerships, or associations and other relevantly similar entities. The term **“legal arrangement”** refers to trusts and other similar arrangements.

Beneficial ownership transparency means the legal requirement to establish the individual or individuals who are the ultimate beneficial owners or controllers of legal entities and arrangements and is **not** restricted to persons who are legal owners.

Financial institutions are required to apply such Customer Due Diligence procedures as are necessary to enable them to discover in addition to overt owners, all underlying (including cloaked) owners of legal persons and arrangements and to remove the anonymity of any natural person in the ownership structure or natural person actually controlling a legal entity or arrangement even though that individual may neither be a legal owner nor appear in the ownership structure.

The insistence on transparency is made necessary by the potential for persons with intent to engage in illegal financial activity to distance themselves from their illegal activity by arranging for the ownership of assets used in illegal transactions to be attributed to

someone or some entity other than themselves; these may be companies, legal persons, legal arrangements, trust-like entities or natural persons, thereby separating or distancing the ultimate beneficial owners or the actual controllers from the illegal transactions in which they wish to engage.

A systematic approach should be taken for reviewing or peeling back layers of ownership of an entity until a natural person or persons exercising **actual control** are identified. Multiple sources of information should be used as necessary to achieve this end. Successive stages of analysis are useful starting with shareholding records through which persons with formal legal ownership can be identified; if doubt remains as to the identity of the natural person in control then reviewing governing documents and records of membership to ascertain persons with the legal right to control an entity, and if doubt remains as to the identity of the natural person(s) in control, then ascertaining persons who, in the absence of any formal or informal arrangement, actually do or can exercise control by making and imposing decisions upon or within the entity that has legal ownership.

B. Identifying the Beneficial Owner

- (1) The ultimate beneficial owner is always a natural person or persons.
- (2) Identification of the ultimate beneficial owner should be determined through verification of the individual(s) who is the ultimate beneficial owner.
- (3) Where:
 - **unable to identify the ultimate beneficial owner, or**
 - **there is doubt about whether a person with a controlling ownership interest in a legal person is the ultimate beneficial owner, or**
 - **no natural person exerts control through ownership interests**

then the identity should be determined of:

- **the natural persons (if any) exercising control of the legal person or legal arrangement *through other means*.** (This is not intended to amend or supersede the definition of who is a beneficial owner.)

(4) Where no natural person is identified in the role of exercising control *through other means* then

- **the natural person who holds the position of senior managing official should be identified and recorded as holding this position.**

(5) Consideration should be given to various ways in law of exercising control over a legal person that exists within the jurisdiction. This includes:

- Voting rights
- Economic rights
- Convertible stock, or
- Outstanding debt that is convertible into voting equity.

(6) Need for a Multi-Pronged Approach to Beneficial Ownership

- (i) To address the situations outlined in (3) to (4) above, determining beneficial owners in high risk complex ownership structures is best done through a multi-pronged approach, using several sources of information. The different sources supplement each other, help mitigate accuracy problems and lead ultimately to better quality information.
- (ii) It can include information provided by the company itself and information held by or on behalf of public authorities.

(iii) The Three Pillars:

There are three equally important considerations that must be made when collecting information on beneficial ownership (often referred to as “the three pillars”), as follows:

Ensure that beneficial ownership information is:

- **adequate,**
- **accurate and**
- **up-to-date**

checked using triggers/circumstances set out in the definition of “ongoing due diligence” in regulation 2 of the Money Laundering (Prevention) Regulations 2007.

None of these pillars should be prioritised at the expense of the other.

To effectively implement the multi-pronged approach, it is important to ensure that the responsibilities of persons executing the functions are clearly set out.

B.1 Beneficial ownership based on shareholding or threshold and interest

Check to see if there is a legal ownership threshold to determine beneficial ownership, for example, any natural person whose direct or indirect ownership reaches a certain percentage of shares in the company. (See C.1 below).

Holding shares in a legal person means holding a right to share in the capital or, as the case may be, profits of that person. In addition, holding 15% percent or more of the shares in that legal person means holding a right or rights to shares in 15% percent or more of the capital or, as the case may be, profits of that person.

B.2 Beneficial ownership through Control / Other Means

In considering beneficial ownership by control or by other means, the following considerations may be relevant:

- **Differential voting rights** — Different classes of shares may give certain

shareholders more control by conferring more voting rights even though they have fewer shares. Voting rights refers to the rights conferred on shareholders in respect of their shares or, in the case of a legal person not having a share capital, on members or officers, to vote at general meetings of the legal person or legal arrangement on all or substantially all matters. In relation to a legal person or legal arrangement that does not have general meetings at which matters are decided by the exercise of voting rights—(a)exercising voting rights means to exercise rights in relation to a person or persons that are equivalent to those of a person entitled to exercise voting rights in a company; and(b)exercising..... percent or more of the voting rights in the legal person or legal arrangement means to exercise the right under the constitutional document of the legal person or legal arrangement to effect changes to the overall policy of the legal person or legal arrangement.

- **Power to appoint the majority of senior management** — Control over a legal person may be exercised if an individual has the power to appoint the majority of senior management. For avoidance of doubt, the reference of right to appoint or remove majority of the board of directors of a legal person in these guidelines refers to the right to appoint or remove directors holding majority of the voting rights at the meetings of the board on all or substantially all matters
- **Control through debt instruments** — Control could be exercised through debt instruments or other financial arrangements, for example where a lender or creditor can control a legal person via the provisions of the lending agreement. Rights attached to shares held by way of security provided by a person shall be treated, as held by that person —(a) where apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights are exercisable in accordance with that person's instructions only; and (b) where the shares are held in connection with the granting of loans as part of normal business activities and apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights are exercisable only in that person's interest only.
- **Control through position held within a legal person** — Natural persons who exercise substantial control over a legal person and are responsible for strategic decisions that fundamentally effect the business practices or general direction of the legal person may be considered a beneficial owner under some circumstances. Where a person controls a right, the right shall be treated as held by that person and not by the person who in fact holds the right, unless that person also controls it. A person controls a right if, by virtue of any arrangement between that person and other person or persons, the right is exercisable only —(a)by that person;(b)in accordance with that person's directions or instructions; or(c)with that person's consent or concurrence.
- **Control through informal means** — Control over a legal person may be exercised through informal means such as through close personal connections to relatives or associates.

Further, when an individual is using, enjoying, or benefiting from the assets owned by the legal person, that might call for further investigation if where such an individual is in the condition to exercise control over the legal person.

However, in practice this will be less relevant with routine collection of beneficial ownership information.

Control through senior management position — Exceptionally, where no natural person is identified with a material controlling ownership or exercising control by the other means mentioned above then the natural person who holds the position of senior managing official.

Example: look at persons who have made a loan to a legal person [consider for example, details buried in a loan agreement, where companies or natural persons have loaned the legal person money to be repaid on a certain date, which is secured, for example, by a certain threshold of or majority shares in the company. Check to see if the repayment date has passed and if there is proof of repayment; if there is no proof of repayment, then the Loan Agreement may be the source of information to suggest that the lender may be the real and therefore the beneficial owner.]

Look for natural persons who take advantage of capital or assets of the legal person; as well as those who really exert effective control over it (whether or not they occupy formal positions within the legal person), rather than just the natural or legal person who are legally on paper entitled to do so.

B.3 Beneficial ownership through legal persons

(a) Companies with shares — These are limited liability companies and corporations. See B1 above.

(b) Companies without shares — These are commonly known as Non-Profit Organizations (NPOs). However, they can also be used as for-profit entities, in jurisdictions where they are legally permitted to earn a profit, provided that the profit is not disbursed to the members or controllers of the NPO but is used for some public benefit or charitable purpose.

(c) Nominees

(1) Nominees can be explained as follows:

- **“Nominee”** is an individual or legal person who is officially the legal owner but who is an agent of and is instructed by another individual or legal person (“the nominator”) to act on behalf of the nominator in a certain capacity in a company/legal person. The nominator has a more substantive claim to control and/or ownership of the company through the nominee. The nominator may or may not be the beneficial owner of the legal interests in the legal person.
- **“Nominator”** is an individual (or group of individuals) or legal person that issues instructions (directly or indirectly) to a nominee to act on their behalf in the

capacity of a director or a shareholder.

Nominators may sometimes be referred to as: “**Principle**”, “**shadow director**” or “**silent partner**”.

- “**Nominee Director**” is an individual or legal entity that routinely exercises the functions of a director in the company on behalf of and subject to the direct or indirect instructions of the nominator. A Nominee Director is never the beneficial owner of a legal person.

Nominee directors may be: a legal professional; a corporate service provider; or any other person; a resident director or local director may be a nominee.

- “**Nominee Shareholder**” exercises the associated voting rights according to the instructions of the nominator and/or receives dividends on behalf of the nominator. A nominee shareholder is never the beneficial owner of a legal person based on the shares it holds as a nominee.

Nominee shareholders may be: a licensed service provider; professional party representative; or any other person.

(2) It is not unlawful to be or use nominees and many types of nominee arrangements have legitimate business purposes and pose minimal or no ML of FT risks. However, nominees can pose an obstacle to transparency, and for that reason may be deliberately used to facilitate the misuse of companies for money laundering and related crimes.

(3) The relationship between the Nominator and the Nominee may take various forms and have a variety of different terminology in other jurisdictions.

(4) Nominee Arrangements

(a) Nominees may exist in law, often the product of formal legal arrangements, such as with a Trust or Company Service Provider, notary, lawyer or tax advisor. Their behaviour may make them nominees in the eyes of the law.

(b) Nominees may exist informally, without any form of written (legal) contract. For example, based on loose forms of control where a family member, friend, employee or associate stands in for the **nominator**, who can be the beneficial owner.

(5) Take note that such nominees may exist in jurisdictions that do not have legal provisions for them.

(d) Partnerships — In some countries limited and unlimited partnerships do not have a shareholding and would not be captured by a share threshold. In the absence of shares, a natural person can have control over a partnership (or similar structure) if he/she has the right to exercise (or actually does exercise) significant influence over the running of the activities of the partnership, Including:

- Through direct or indirect ownership of the capital or profits of the partnership;
- Voting rights of the partnership;
- Right to appoint or remove any partner;
- Right to direct or veto the investment decisions, profit share or capital returns, of the partnership's funds or assets;
- Right to direct amendments to the partnership Constitutional documents (eg. partnership agreement);
- Right to dissolve or convert the partnership.

Where a partnership is a legal arrangement, all beneficial owners of the partnership should be identified. This includes all partners and the beneficial owners of parties to the partnership. This would be all partners and any other natural person exercising control over the partnership.

(e) Foundations— *These are legal entities created by a charter or similar document by which a founder makes a disposition of rights, title or interest in property to the foundation for a specific purpose. Upon disposition and acceptance by the foundation council, the property ceases irrevocably to be a part of the estate of the founder and becomes the exclusive property of the foundation as its endowment,*

Foundations and a variety of other legal persons have legal personality but are not companies and do not have shares. Thus they will not be captured by any share threshold. They have no owners and are controlled by a board. Therefore, alternate approaches will need to be used to determine beneficial ownership. For example, where a foundation is similar to a trust, persons who may be considered to exercise control over a foundation, include:

- Founders
- Beneficiaries
- Members of management
- Individual who has the right to exercise (or actually exercises) significant influence over the running of the activities of the foundation, for example, the right to:
 - appoint or remove any of the board members;
 - direct or veto the distribution of the foundation funds or assets or its investment decisions;
 - wind up or convert the foundation.

B.4 Beneficial ownership through different types of legal arrangements

Trusts — *A trust is a structure in which a person (the settlor) transfers assets to another person (the trustee) who manages the entrusted assets following the settlor's instructions, but for the benefit of the beneficiaries (either persons named by the settlor to receive income or the entrusted assets at some point, or a defined class of unnamed persons). In some trusts, such as discretionary trusts, there may be a "protector" (generally named by the settlor) who oversees the trustee's actions.*

(1) Trusts (and similar arrangements) do not always have to be registered, except with the tax authorities when they have taxable income. In other words, it is usually easier for the authorities to obtain information on a legal person (since they must already be registered) than on a trust (since they are not always registered).

(2) A jurisdiction may provide for express trusts created pursuant to law. However, it may be that trusts do not have to be registered in a jurisdiction in order to be legally valid. Trusts and other arrangements have much more complex structures because they usually do not have owners but parties with different roles, rights, and obligations.

Note: In some jurisdictions, an individual in Country X can create a trust according to the laws of Country Y even if no party to the trust (i.e. settlors, trustee or beneficiary) nor any of its assets are located in Country Y.

(3) With trusts (unlike with legal persons), it is generally the trustee of a trust that must keep the trust information (rather than as a company itself or a company register for legal persons) whether the trustee be a professional or non-professional.

(4) The transparency requirement for these arrangements goes beyond focusing on one beneficial owner and requires the trustee (or similar agent) to obtain information on any settlor (the person donating assets), other trustees, the protector (an intermediary between the settlor and trustee), beneficiaries (or class of beneficiaries), and any other natural person exercising ultimate effective control over the arrangement. Thus, no threshold can be applied to exempt identifiable beneficiaries from being identified as a beneficial owner.

(5) Regarding identification of the beneficial ownership of a trust, rather than using cascading tests as for legal persons, financial institutions should identify all parties of the trust, including:

- Settlor
- Trustee(s)
- Protector (if any)
- Beneficiaries or classes of beneficiaries
- Any other person exercising effective control of the trust.

Note: These persons are always identified as *beneficial owners* regardless of whether or not any of them exercises control over the trust.

(6) There may also be confidential documents such as a letter of wishes with the settlor's instructions, a circumstance that can make it very difficult to determine who really has effective control of the trust. Requiring all parties to the trust to be identified would resolve this problem.

(7) As with legal ownership information, financial institutions and DNFBPs must keep their beneficial ownership information up-to-date by conducting ongoing due diligence over the course of the relationship. This is required by the MLPR.

(8) These guidelines also apply to arrangements similar to trusts.

B.5 Beneficial ownership of Life Insurance and Investment Related Insurance Policies

See the Update to the MLFTG of 11 May 2021 relating to insurance (presently paragraph 2.1.14A). It requires:

“Identification and verification of the beneficiary under life insurance business and investment related policies should take place as soon as the beneficiary is identified or designated, and in all cases at or before the payout or the time when the beneficiary intends to exercise vested rights under the policy.”

B.6 Beneficial Ownership when natural persons and legal persons are combined

A trust may have ownership of a company, with the trustee holding the shares or other rights as the titled legal owner. In such situations, the trustee or settlor may be a legal person itself (such as a “corporate trustee”). When a party to a trust (such as the trustee) is not a natural person (such as a company or foundation), the BOs of that legal person (but not the legal person itself) should be identified as BOs of the trust. In other words, non-natural persons who are party to a trust should be looked through to identify the natural persons who are BOs.

B.7 Documentary Verification of Ownership

(1) Verification of beneficial ownership requires documentary proof which must be and be kept updated. These are usually governing documents of the legal person or legal arrangement. Examples of these are:

- share purchase agreements
- nominee shareholders agreements
- trust deed of settlement
- power of attorney
- operating agreements

(2) Sources of beneficial ownership information

There are generally three potential sources of information on trusts:

- the trustee,
- financial institutions/DNFBPs doing business with the trust/trustee, and
- registries or other government authorities such as the tax authorities.

C. TESTS TO DETERMINE WHO IS A BENEFICIAL OWNER

To determine who is a beneficial owner, financial institutions **should** make that determination using the appropriate beneficial ownership considerations below:

C.1 Beneficial Ownership Considerations

(a) for Companies

Stage 1: Does any individual hold or have the right to exercise one or more of the following (whether directly or indirectly) in relation to the company:

- 15% or more of the shares;
- 15% or more of the voting rights;
- the right to appoint or remove a majority of the board of directors (whether directly or indirectly, individually or jointly)

Stage 2: If the Stage 1 criteria are not met, an individual is still a beneficial owner of the company if in relation to the company, the individual has (a) the absolute and unconditional legal right to exercise, or (b) actually does exercise, **significant influence or control** over persons who satisfy the Stage 1 ownership criteria, but this does not apply where an individual acts solely in the capacity of a director, professional advisor or professional manager.

Stage 3: If no individual meets the criteria in Stage 1 and Stage 2 but a trust (or partnership or other entity that is not a legal person) meets one of the criteria of those Stages, a trustee (or member) is a beneficial owner of the company, if the trustee (or member) has the absolute and unconditional legal right to exercise, or actually exercises, significant influence or control over the activities of that trust (or partnership or other entity), except where the trustee (or member) acts solely in the capacity of a director, professional advisor or professional manager. **In short**, if the trustee controls the trust and the trust controls the company then the trustee is a beneficial owner of the company.

(b) for Partnerships

Stage 1: Does any individual hold or have the right to exercise one or more of the following (whether directly or indirectly) in relation to a limited liability partnership:

- an interest in the partnership representing a right to a share in more than 15% of any surplus property on the winding up of the partnership ;
- an interest in the partnership representing more than 15% of the right to vote on those matters that are decided by a vote at meetings of the partners of the partnership;
- the right to appoint or remove a majority of the managing partners or those persons who hold a majority of the voting rights at meetings of the partners.

Stage 2: If the Stage 1 criteria are not met, an individual is still a beneficial owner of the partnership if in relation to the partnership, the individual has (a) the absolute and unconditional legal right to exercise, or (b) actually does exercise, **significant influence or control** over persons who satisfy the Stage 1 ownership criteria, but this does not apply where the influence or control is solely in the capacity of a professional advisor or professional manager.

Stage 3: If no individual meets the criteria in Stage 1 and Stage 2 but a trust (or partnership or other entity that is not a legal person) meets one of the criteria of those

Stages, a trustee (or member) is a beneficial owner of the LLP, if the trustee (or member) has the absolute and unconditional legal right to exercise, or actually exercises, significant influence or control over the activities of that trust (or other partnership or entity), except where the trustee (or member) acts solely in the capacity of a professional advisor or professional manager. **In short**, if the trustee controls the trust and the trust controls the LLP then the trustee is a beneficial owner of the LLP.

(c) for Limited Liability Companies (LLC)

Stage 1: Does any individual hold one or more of the following (whether directly or indirectly) in relation to the LLC:

- an interest in the LLC representing a right to a share of 15% or more of the capital or the profits of the LLC;
- an interest in the LLC representing 15% or more of the voting rights in the LLC;
- the right to appoint or remove a majority of the managers of the LLC.

Stage 2: If the Stage 1 criteria are not met, an individual is still a beneficial owner of the LLC, if in relation to the LLC, the individual has (a) the absolute and unconditional legal right to exercise, or (b) actually does exercise, **significant influence or control** over persons who satisfy the Stage 1 ownership criteria, but this does not apply where an individual acts solely in the capacity of a manager or professional advisor .

Stage 3: If no individual meets the criteria in Stage 1 and Stage 2 but a trust (or partnership or other entity that is not a legal person) meets one of the criteria of those Stages, a trustee (or member) is a beneficial owner of the LLC, if the trustee (or member) has the absolute and unconditional legal right to exercise, or actually exercises, significant influence or control over the activities of the trust (or partnership or other entity), except where the trustee (or member) acts solely in the capacity of a manager or professional advisor. **In short**, if the trustee controls the trust and the trust controls the LLC then the trustee is a beneficial owner of the LLC.

Where no beneficial owner is identified under Stage 1, a determination has to be made as to whether either Stage 2 or Stage 3 applies. The beneficial owner is not necessarily one individual as there may be several beneficial owners in an ownership structure.

Where the first person in the ownership chain is a legal entity, a financial institution is required to pierce through the ownership structure and determine the details of the natural persons who ultimately own and control the legal entity.

(d) for Trusts

Where a trust is the owner of a legal entity, the trust deed or declaration of trust should be consulted and the identification details of the persons exercising effective control over the trust, which may include the trustee, settlor, vested beneficiaries (or class of beneficiaries), enforcer or protector, should be entered in the beneficial ownership record.

The beneficial owners of a trust (or other legal arrangements) must be identified regardless of whether or not they hold a controlling ownership interest.

(e) for Foundations

In the case of legal entities such as foundations, and legal arrangements similar to trusts, the natural person(s) holding the position of founders, beneficiaries and members of management may be considered to exercise control over the foundation or where the individuals benefiting from the legal arrangement or entity have yet to be determined, the class of persons in whose main interest the legal arrangement or entity is set up or operates, or any other natural person exercising ultimate/effective control by means of direct or indirect ownership or by other means may be considered beneficiaries;

Recommendations for how to apply the Beneficial Ownership Considerations to identify a beneficial owner are set out in the Beneficial Ownership Test Procedures in the Table below.

C.2 Table of Beneficial Ownership Test Procedures

Recommendations on how to identify a beneficial owner using the Beneficial Owners Test are encapsulated in the Table below on Beneficial Ownership Test Procedure.

Table: Beneficial Ownership Test Procedures

Beneficial ownership Test	Recommendations
Stage 1	<ul style="list-style-type: none"> • Review the entity’s Register of Shareholders or Members (or equivalent) or identify shareholdings of 15% or more in the company; interest of 15% or more in the LLC • Where the shareholding, interest or surplus of 15% or more is that of a legal entity, ascertain the shareholders of that entity (and if necessary, any parent entities) to determine whether a natural person indirectly holds 15% or more of the shares of the company in question. • Review the company’s Register of Members and Articles of Association (or equivalent); the LLC’s register of members or managers and LLC Agreements to identify persons with voting rights (often attached to shares, interest or right to surplus assets of 15% or more). • Review the governing documents of the company, LLC or Partnership to identify any individual with direct or indirect rights to appoint or remove majority of the board of directors.

<p>Stage 2</p>	<ul style="list-style-type: none"> • Examine the entity’s governing document, including any Articles of Association, Agreements, and Offering Memorandums and identify whether anyone has absolute and unconditional legal right to exercise, or actually exercises, significant influence or control. Ascertain whether there are any Powers of Attorney in effect with decision making powers from which a beneficial owner can be identified. • For instance, do the directors act on the instructions of a particular individual who acts in a capacity other than a director, professional advisor or professional manager.
<p>Stage 3</p>	<ul style="list-style-type: none"> • Consider the entity’s constitution and structure, including the Articles of Association and any other formal or informal governing arrangement applicable to the LLC, and identify whether there is a trust (or other entity that, under the law by which it is governed is not a legal person) in the ownership structure that may have influence or control over the entity.

D.1 Relevant Legal Entities and Arrangements

(a) Entities registered in this jurisdiction

(1) Relevant legal entities or arrangements for which beneficial ownership must be ascertained are those governed by the laws of Antigua and Barbuda that provide for their incorporation, formation or registration in this jurisdiction; this includes where an entity (wherever created) is recorded as the beneficial owner of a company or LLC registered in this jurisdiction.

(b) Entities not registered in this jurisdiction

Where a legal entity or arrangement is on record as the owner or controller of an entity referred to in (a) above, but the legal entity or arrangement is neither incorporated, formed or registered in Antigua and Barbuda, and so not registered in this jurisdiction, nonetheless, the individual(s) who is the beneficial owner(s) of the entity or arrangement must be identified and his/her identity verified. Information can be obtained from the register of the jurisdiction where the entity is incorporated, formed or registered showing details of who the declared beneficial owner(s) is, consistent with the guidance herein.

E.1 Action required by financial institutions

Where a financial institution is required to obtain and hold information on ultimate beneficial ownership, that information should be current (otherwise it may be misleading or useless): The financial institution must verify that the information it holds is correct; should require that any change in the information be notified to it promptly (at most

within 14 days of the change); where for any reason (through monitoring or otherwise), it becomes aware that information is no longer current or valid, it should notify the entity and require that the information be updated.