


RECORD KEEPING



THE IMPORTANCE OF RECORD-KEEPING

Record keeping refers to the retaining and storing of relevant documents which are created or obtained while doing business. Documents can be stored electronically or physically.

A proper record keeping system is vital to an effective Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) program. In addition to storing documents for customer identification purposes, an entity should maintain records for:

- Risk Management purposes — a proper record keeping system assists in tracking suspicious activities and managing the risk of the entity's operations from being misused for money laundering and terrorist financing.
- Auditing Purposes— records provide a trail for the auditors, whether it is for assessing the finances and profitability of the entity or for investigative purposes. 
- Regulatory purposes—regulated entities are required to maintain Know Your Customer (KYC) documents along with other relevant records specific to their operations for a minimum of **five (5) years**. During on-site examinations, representatives of the Financial Services Regulatory Commission (FSRC) inspect the files of their regulated entities to ensure that the necessary documents were retained in accordance with the AMLR and ATR. These entities may be subject to penalties such as the revocation of their licence for non-compliance with these laws and regulations. In addition, other Authoritative Bodies such as the Financial Intelligence Unit (FIU) request information from various entities during their investigation of particular individuals and transactions.

- Copies of background checks or additional due diligence;
- Evidence of risk assessments performed; and
- Proof of address verification documents. *Please see the FSRC's February 2016 newsletter for more information on the acceptable forms of proof of address verification.*



Some entities, depending on the nature of business, may also require their customers to provide two (2) reference letters: one from a banking institution which has conducted business with the client previously and another from a professional (i.e. lawyer or certified accountant) and a police certificate/record. These documents should also be retained.

For corporate clients the following documents should be maintained:

- Documents bearing the name(s) and address(es) of the Beneficial Owner(s)/Shareholder(s) and Director(s) of the company;
- Two (2) valid photo IDs and a valid proof of address verification document for each Director and Shareholder; and
- Copy of Certificate of Registration/Incorporation, Statutory Statement, and Memorandum and Articles of Association.

Topics Discussed:

- ⇒ **The Importance of Record Keeping**
- ⇒ **Maintenance of KYC Documents**
- ⇒ **Record Keeping for Each Sector**
 - * **Insurance Companies**
 - * **Credit Unions**
 - * **Money Service Businesses (MSBs)**
 - * **Trust & Corporate Service Providers**
 - * **Assurance Companies (Captive Insurance Managers)**
 - * **Escrow Accounts**
- ⇒ **Suspicious Transaction Report Records**
- ⇒ **Criteria for Proper Record Keeping**
- ⇒ **References**

MAINTENANCE OF KYC DOCUMENTS

All regulated entities are required to maintain documents prepared and obtained for customer verification purposes for the time period stipulated above. The following outlines the KYC documents that should be maintained:

- A personal information form that contains the full name, date of birth, nationality, current permanent address, contact information, occupation and name of employer and specimen signature for each customer;
- At least two (2) government-issued photo identification documents (IDs); acceptable forms include: valid passport; national identification card; social security card; and driver's licence;
- Source of Funds forms (where necessary);

RECORD-KEEPING FOR EACH SECTOR

In addition to the relevant KYC and AML/CFT documents, each Regulated Entity should maintain other documents that are relevant to the sector in which they operate.

Insurance Companies

Insurance companies should maintain the following relevant documents on file:

- Underwriting documentation — A completed and signed proposal form
 - Quotation for premium issued
 - Proof of ownership of the risk being insured
 - Copies of the Policy Document issued
 - Evidence of premium payment (receipt);
- Claims documentation — A completed and signed claim form from the Insured
 - Estimates
 - Bills/receipts/invoices to support amount paid
 - Third Party claim forms and estimates (where applicable)
 - Adjuster's Report for claims where one was assigned
 - Photos of sustained damage or losses
 - Police/investigation reports (where applicable).



Credit Unions

- Membership documents — share certificate;
- Loan administration documentation — Loan application form
 - Customer pay slip
 - Salary deduction authorization (where applicable)
 - Promissory Note
 - Letter of Employment
 - Ownership documents for the securities or collateral pledged.



Money Service Businesses (MSBs)

The MSBs that conduct payday advance business should also maintain the loan administration documents listed above for Credit Unions. For MSBs that conduct money transmittance business, the inbound and outbound transaction receipts should be maintained.

Trust & Corporate Service Providers

Corporate Service Providers should maintain the following documents for each registered/incorporated entity:

- Share Register;
- Register of Directors/Officers;
- Copies of Annual Returns filed;
- Professional Service Agreement for those clients that were introduced by an agent or intermediary;

- Financial Statements (these should be maintained in the Federation and at a place that is accessible to the Service Provider);
- Trust Service Providers should maintain the trust arrangements and the instrument/asset placed in trust.

For those Service Providers that carry out fiduciary services on behalf of their clients, the following should be maintained:

- Power of Attorney;
- Evidence of the opening of bank accounts or other investment accounts; and
- Bank statements or other statement of accounts.

Assurance Companies (Captive Insurance Managers)

- Copies of the insurance policies
- Reinsurance Agreements
- Copies of the Claims Document
- Professional Service Agreement for introduced business



Escrow Accounts

Escrow agents should keep proper records for each escrow agreement outlining all sums of money received or paid from the escrow account. An updated register of escrow accounts should also be maintained in the form set out in Form 5 of the First Schedule of the Escrow Act.

SUSPICIOUS TRANSACTION REPORT RECORDS

Regulated Entities should maintain a suspicious transaction report (STR) register to record the details of suspicious transactions encountered. Any supporting documents for these transactions should also be maintained. A Register of Enquiries should also be maintained to document any request made for information by the FIU or other authoritative bodies.

CRITERIA FOR PROPER RECORD KEEPING

- Accessible – Files should be stored in an area where they can be easily retrieved by the necessary persons.
- Secured — Files should be stored in a place where they are protected from events such as fire and flooding; preferably in fire proof filing cabinets. Documents should also be properly secured in folders to avoid them from being misplaced.
- Properly arranged — Files should be arranged in chronological, sequential or alphabetical order.
- Back-up — Files should be backed up to ensure continuity of business in the event of loss or damage.

Reference:

- Anti-Money Laundering Regulations (AMLR), No. 46 of 2011
- Anti-Terrorism (Prevention of Terrorist Financing) Regulations (ATR), No. 47 of 2011
- Financial Services (Implementation of Industry Standards) Regulations (FSR), No. 51 of 2011
- Companies Act Cap, 21.03
- Escrow Act, 2017

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