

To: All Staff and Compliance Personnel

From: [Compliance Department / Executive Management]

Date: [Insert Date]

Subject: Internal Policy: Beneficial Ownership Verification Standards

1. Purpose

This policy establishes the mandatory standards for identifying and verifying the beneficial owners of legal entity customers. The objective is to mitigate financial crime risks and ensure compliance with Anti-Money Laundering (AML) and Know Your Customer (KYC) regulations.

2. Definition of a Beneficial Owner

A Beneficial Owner is defined as any individual who, directly or indirectly, meets either of the following criteria:

- **Ownership Threshold:** Each individual who owns 25% or more of the equity interests of a legal entity customer.
- **Control Prong:** At least one individual with significant responsibility to control, manage, or direct the legal entity (e.g., CEO, CFO, Managing Member, or General Partner).

3. Verification Requirements

Before opening a new account or performing significant transactions, staff must obtain a signed certification from the legal entity representative. Required information for each beneficial owner includes:

- Full legal name
- Date of birth
- Residential or business street address
- Identification number (e.g., SSN, Passport number, or Alien Identification Card)

4. Documentation and Validation

Staff must verify the identity of the beneficial owner(s) using risk-based procedures. Valid forms of identification include:

- Unexpired government-issued photo ID (Driver's License or Passport).
- For entities, certified articles of incorporation or partnership agreements to confirm ownership structure.

5. Record Retention

All records obtained during the verification process must be maintained for a period of [Insert Number, e.g., five] years following the closure of the account or the termination of the business relationship.

6. Compliance and Non-Compliance

Failure to adhere to these verification standards may result in disciplinary action and increases the firm's exposure to regulatory penalties. Any suspicious activity or inability to verify ownership must be reported to the Money Laundering Reporting Officer (MLRO) immediately.

Approved By:

[Name/Signature]

[Title]

[Organization Name]