



# ADVISORY

**FEBRUARY 2019**

## **ADVISORY ON REVISED GUIDELINES ON CDD/KYC IDENTIFICATION AND ADDRESS VERIFICATION REQUIREMENTS**

This Advisory is directed to:

- Nominated Officers
- Chief Executive Officers
- Chief Operation Officers
- Chief Risk Officers
- Compliance Officers
- Legal Officers
- Other Principal Officers

The Financial Services Commission (FSC), in response to concerns expressed by licensees and other stakeholders, has conducted a review of our Anti-Money Laundering, and Counter-Financing of Terrorism and Proliferation Guidelines ("the Guidelines") with respect to identification and address verification requirements for customer due diligence (CDD) and 'Know Your Customer' (KYC) purposes. These amended identification and address verification measures will be reflected in the revised FSC Guidelines that will be issued in 2019.

### **Legislative Requirement**

Regulation 7 (1) (a) of The Proceeds of Crime (Money Laundering Prevention) Regulations (MLPR) stipulates that:

- *The applicant for business is to produce satisfactory evidence of his identity to the regulated business; and*
- *The regulated business must take such measures as are specified in its identification procedures as will verify the applicant's identity.*

By way of the First Schedule of the Proceeds of Crime (Amendment) Act, 2013, an amendment was made to Regulation 7 (2) (b) of the MLPR to indicate that *"satisfactory evidence... shall include evidence as to identity from a source independent of the regulated business concerned (for example, a recent utility bill from a utility provider such as a telephone, internet, cable, water or electricity provider)."*

### **Customer Address Verification Concerns**

The FSC recognizes that in all instances, the customer address verification stage has been the most difficult and burdensome part of the KYC process. There have been multiple concerns expressed by both regulated entities and their customers with respect to the verification of the identity element of 'Current Permanent Address'.

To alleviate these concerns, the FSC has now widened the range of recommended address verifiers that can be utilized by licensees and registrants in the verification of address procedure for the applicant for business. This will allow licensees and registrants more flexibility in meeting this requirement, whilst ensuring that the validation of the identity regime satisfies the legislative requirements.

### **Identification Documents**

Identification documents for an individual may include<sup>1</sup>:

- a) Current Driver's Licence;
- b) Current Passport;
- c) Current Voter's Identification Card;
- d) Current Known Employer<sup>2</sup> or Public Sector Employer<sup>3</sup> Identification Card (with a photograph, signed by both the employee and employer and which has an expiry date).

### **Address Verification Documents**

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<sup>1</sup> In its revised Guidelines, the FSC will provide guidance on other acceptable forms of alternative identification.

<sup>2</sup> A Known Employer is defined in the FSC Guidelines as including: - In the case of a business, one that is registered on the Jamaica Stock Exchange; or a micro, small or medium enterprise (MSME) that is either licensed to operate or, if no such regime exists, one which is required to be registered with a government body or agency or statutory body in order to operate and is so registered.

<sup>3</sup> Public sector for the purposes of these Guidelines means the Central Government or a public body as defined in the Financial Administration and Audit Act.

For address verification, licensees can use one of the recommended methods as listed in the table below:

<b>Address Verifiers</b>	<b>Validating Framework</b>
<b>Utility Bill</b>	Should be in the name of the Applicant for Business with its date not past three (3) months.
<b>Telephone Directory</b>	Checking the telephone directory for confirmation.
<b>Voter Identification Card</b>	Authenticity should be confirmed with the Electoral Office of Jamaica (EOJ).
<b>Credit Card Statement or Bank Statement</b>	Original statement issued by another financial institution and mailed to the customer with its date not past three (3) months.
<b>Letter from a Justice of the Peace (JP)</b>	<p>A declaration from a JP who resides in the same parish as the Applicant for Business, stating that:</p> <ul style="list-style-type: none"> <li>i) the referenced individual is personally known to the JP; and</li> <li>ii) the JP has confirmed that the address is the referenced individual's true place of residence.</li> </ul>
<b>Driver's Licence</b>	Authenticity should be confirmed with Tax Administration Jamaica (TAJ).
<b>Confirmation from a "Trusted Referee"</b>	<p>A trusted referee can be:</p> <ul style="list-style-type: none"> <li>i) a person known to the Applicant for Business, for a minimum period to be determined by the entity, based on its risk assessment of the customer ;</li> <li>ii) a person who is not involved in the transaction being engaged in by the Applicant for Business; and</li> <li>iii) a person on whom the financial institution places reliance.</li> </ul>
<b>Letter from Employer</b>	Where the Applicant for Business is employed to a known employer or an employer within the public sector, then the Applicant's Employer can issue an address verification letter.

The above-recommended methods of verification are not exhaustive. Licensees and registrants are required to ensure that the source of verification used is independent and reliable. Further, the licensees and registrants must also ensure that the risk profiles of customers are taken into account when determining the most suitable form(s) of verification. Therefore, if the licensee/registrant deems it necessary to conduct enhanced due diligence for a 'high risk' customer, then two forms of verification may be required in those circumstances.

### **Restriction on Use of Same Identification Document for Dual Purposes**

It is expected that licensees and registrants will not use a single identification document for both proof of identification and proof of address. Therefore, if a driver's licence is provided for identification purposes, then another document should be used to verify the address of the applicant for business.

This restriction serves to provide further safeguards in the verification of identity procedures.

### **Responsibility of Licensees and Registrants**

Financial institutions are reminded that it is their responsibility to ensure that the systems that have been implemented to establish the identity of the Applicant for Business are credible, effective and compliant with the AML/CFT regime, in addition to the institutions' own risk profiles and internal controls.

#### ***For Further Information***

***Please contact the Offices of the Financial Services  
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