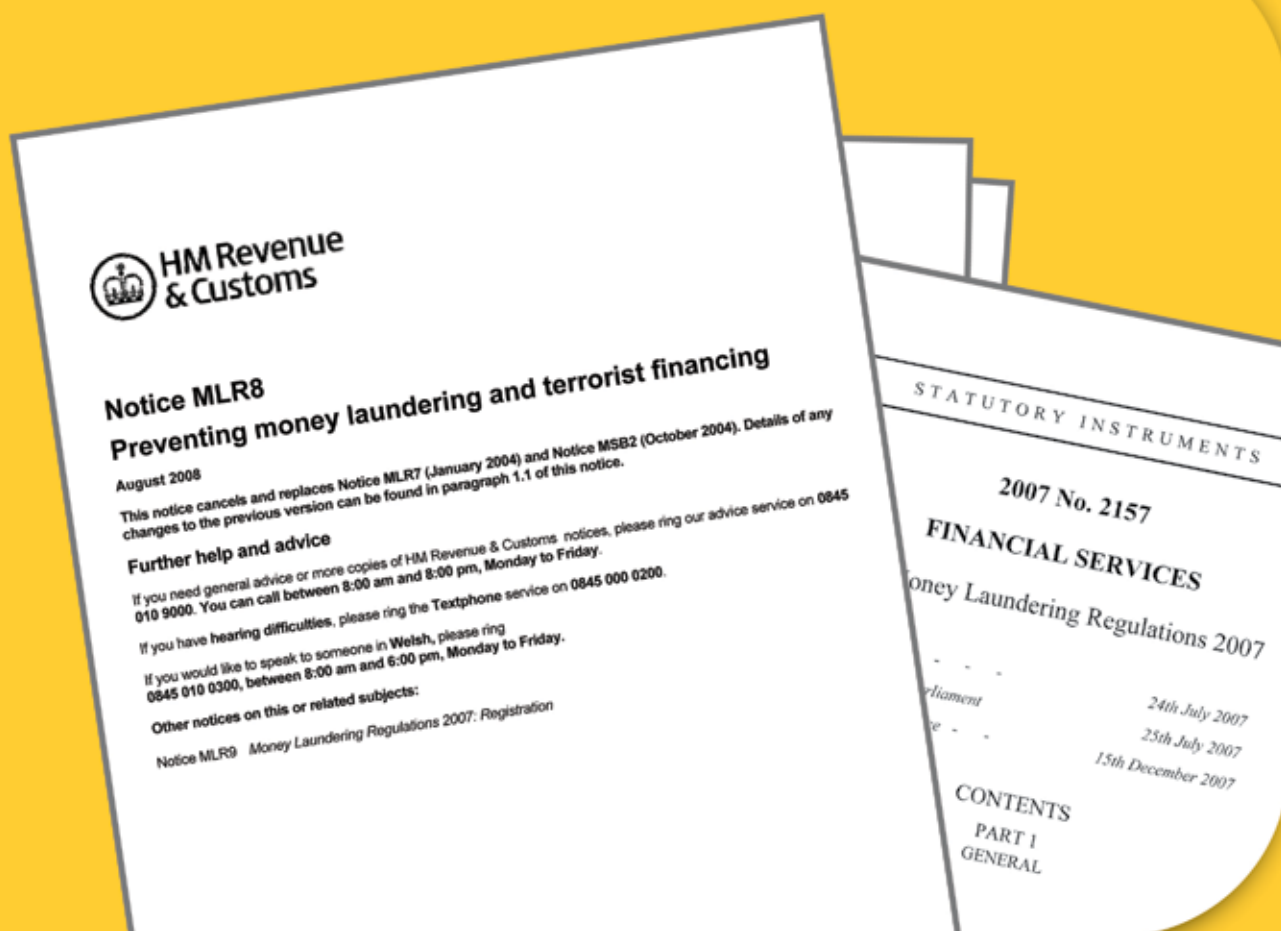


A 192 Compliance Guide

HM Revenue & Customs Notice MLR 08



A fully compliant KYC solution

From the 1st November those of you working within the money transfer, cheque encashment or Bureaux de Change business will find that you now need to comply with key legislation and compliance guidelines such as the 3rd EU Money Laundering Directive and the HM Revenue & Customs guidance notes.

We have put this guide together and waded through relevant legislation and industry guidance to highlight the key principles. The following is based on the HM Revenues & Customs guidance (Notice MLR08) who will be the supervisory authority for your businesses.



The UK Money Laundering Regulations

The full legislation can be found on our website at the link below but here's the key parts from AML & KYC perspective.
<http://www.192business.com/compliance/money-laundering>



The HM Revenue & Customs Notice MLR08

This guide covers the key principles relating to customer due diligence. You may want to read through the whole guidance which you can find here:
<http://www.hmrc.gov.uk/MLR/mlr8.pdf>



What is customer due diligence?

7.3 What is customer due diligence?

These regulations require businesses to:

- Identify their customers and verify their identity
- Identify, where applicable, the 'beneficial owner' involved in the business or transaction (where someone is acting on behalf of another person, or to establish the ownership of corporate bodies or other entities – see section 7.8 for further guidance) and take risk-based and adequate measures to verify their identity

8.2 Nature and extent of evidence

8.2.1 Customers

Identifying a customer is a two part process. The business first identifies the customer by obtaining a range of information, such as their name, address and date of birth. The second part is verifying this information through the use of reliable, independent source documents, data or information.

192business have data from a variety of sources such as credit reference databases, Electoral Roll, telephone files and Director Reports. We even have the full Electoral Roll (instead of the edited version that people opt-out of to avoid receiving junk mail) to help you conduct robust AML checks and ensure high match rates in the KYC AML process.

192business' multiple data sources for electronic evidence of identity



The Current and historical Electoral Rolls



The Directory Enquiries Database



Companies House Data



Credit Reference Agency data



Passport



Driving Licence



Mortality



Known Fraudsters and money launderers

When do KYC checks have to take place?

7.4 When must these due diligence measures be applied?

Customer due diligence measures must be applied:

- When establishing a business relationship
- When carrying out an occasional transaction (i.e. involving 15,000 euro (or the equivalent in sterling) or more
- Where there is a suspicion of money laundering or terrorist financing
- Where there are doubts about previously obtained customer identification information
- At appropriate times to existing customers on a risk-sensitive basis.

When you establish a relationship with an individual or are carrying out large occasional transactions you need to ensure you are carrying out know your customer checks, especially on a risk sensitive basis

Money transmission businesses should also note that the European Council Regulation EC 1781/2006 requires them to obtain information on customers to accompany every transfer of funds. The information must be verified where the amount exceeds 1,000 euro (or the equivalent in sterling).

Using electronic evidence

Our solutions pull on data from a variety of sources such as Electoral Roll, Director Reports, Telephone Files and Credit Reference Agencies. We will return what customer details have been verified and how many databases they have been found on.

8.4 Electronic evidence

Businesses can access these records, either directly or through an independent third party organisation, and use them as a way of confirming customers' details. This can provide a useful basis for having confidence in a customer's identity.

8.5 Nature of electronic checks

For an electronic check to provide satisfactory evidence of identity on its own, it must use data from multiple sources collected over a period of time, or incorporate checks that assess the strength of the information supplied. An electronic check that accesses data from a single source (e.g. a single check against the electoral roll) is not enough on its own to provide satisfactory evidence of identity.

Our databases such as credit reference and Electoral Roll contain historical data related to previous address information. All searches are saved within an archive and are easily accessible providing you with a full audit trail.

Electronic verification is a suitable means of CDD

8.6 Criteria for use of an electronic provider

Before using a commercial agency for electronic verification, businesses should be satisfied that information supplied by the data provider is sufficiently extensive, reliable and accurate. This judgement may be assisted by considering whether the provider meets all the following criteria:

- It is recognised through registration with the Information Commissioners Office to store personal data

Our registration No. with the ICO is Z7403278. We have been handling and managing sensitive consumer data for 10 years and we only licence data from credible sources under strict licence agreements.

- It uses a range of positive information sources that can be called upon to link the customer to both current and previous circumstances

The information that can be verified to prove identity can be Name, Date of Birth, Address, Phone Number, Nationality, Gender and other such characteristics

- It accesses negative information sources such as databases relating to identity fraud and deceased persons
- It accesses a wide range of alert data sources, and It has transparent processes that enable the firm to know what checks were carried out, what the results of these checks were, and what they mean in terms of how much certainty they give as to the identity of the subject.

Our AML check tools systems access multiple negative data sources such as the EU and Bank of England Sanctions files, lists of PEPs, the OFAC SDN list, lists of known money launderers, terrorist individuals and groups, confirmed fraud data and lists of the deceased.

- In addition, a commercial agency should have processes that allow the enquirer to capture and store the information they used to check and verify an identity.

Our ID check Archive ensures that our clients have a quickly accessible record of the ID check process and the outcome thus helping our clients to meet AML compliance.

192business meets the standards of the Money Laundering Regulations 2007

This document only covers some of the key parts of the Money Laundering Regulations 2007 but should serve to illustrate how 192business' ID check solutions are designed to help you be compliant with the latest money laundering compliance.

If you have any questions or want to see how we can help your AML KYC compliance please email us at compliance@192.com

How to search our identity solutions

Our ID check tools have always been simple and easy to use and our latest search interface has been designed for your team to enter the minimum of information to launch a customer ID-check.

The screenshot shows a web form titled 'Check-ID' with the following fields and options:

- Forename:** Text input field.
- Other Names: (if available):** Text input field.
- Surname:** Text input field.
- Short Entry / Long Entry:** Radio buttons.
- Building No./Name:** Text input field.
- Country:** Dropdown menu (currently set to UK).
- Postcode:** Text input field.
- Date of Birth: (Recommended):** Three dropdown menus for Day, Month, and Year.
- Gender:** Radio buttons for Male and Female.
- Reverse Search Phone Number:** Checkable option.
- Phone Number:** Text input field.
- Your Reference:** Text input field.
- Buttons:** '> Clear Form' and 'Search'.

Five numbered callouts provide additional information:

- 1** The search form can be used to run ID checks in any country for which we have data coverage
- 2** Simply enter the customer name here and address data here
- 3** Address look-up in the search form to save users 70% of the keystrokes it takes to enter an address
- 4** Additionally you can create your unique customer reference number
- 5** Incorporate a Date of Birth check or leave it blank

CDD from Ipswich to Iran...

Our ID check solution is designed for businesses that have global customer bases so our ID databases that can verify Name, Address and Phone Number in 25 countries. Where we have no database coverage we can offer Passport, ID Card and Travel Visa document ID checks according to the standards set out by the International Civil Aviation Organisation.

The results screen

Our latest development aims to make the results screen show as little or as much information as you want to see.

At first glance users will see a series of data blocks. This more modular approach will enable users to go straight to the section of the ID report that they deem most important. Each data block can be expanded or minimised to enable your users to view reports as they prefer.

The screenshot displays a KYC report for JOHN R FERRARI. The 'Input Details' section shows the date (Thursday, 23 August 2007 at 10:38:37), name (JOHN R FERRARI), gender (Male), date of birth (Friday, 13 October 1944), and address (17 Top Gear Lane, Test Town, X9 9LF). The 'Standardised Address' is also listed. Below this is the 'KYC Summary' table:

Category	Match	Count
Full Name and Address Verified	YES	3
Surname and Address Verified	YES	3
Date of Birth Verified	YES	1

The 'Report Summary' section provides a quick overview of various checks:

Check	Result	Category
Credit Reference	Match	Fraud-ID
Electoral Roll	Match	Sanctions
Telephony	Match	IP Address
Directors	Match	Deceased

Other sections include 'Electoral Roll', 'Telephony', 'Credit Reference', and 'Fraud-ID'. The 'Credit Reference' section shows matches for (ORA) Active Credit File, (ORA) Date of Birth, Electoral Roll, and Telephone Directory. The 'Fraud-ID' section lists several matches with details like names, addresses, and transaction dates.

1 The main benefit to users is the new KYC Summary Report giving a quick heads up on what customer details have been verified and by how many sources.

3 We have enhanced the way that results against Electoral Roll searches are displayed and can now display additional ER information such as Length of residency, gender and Date of Birth.

5 Our Credit Reference Data now also includes CCI and forwarding address notifications. For CIFAS members we can also provide matches to CIFAS data as part of the CRA data query.

7 Matches against Credit Reference Data will result in an electronic ID check footprint being left on the search subject's credit reference file. However, this footprint does not adversely effect a credit reference file and is not used by lenders to inform credit decisions.

2 We have also added a Report Summary to show which data sources have matched the customer details put forward.

4 One of the best improvements we've made to is the addition of more Credit Reference Agency (CRA) data and improved how results against CRA data are displayed.

6 Searches against our Credit Reference Data will also return matches against our database of Politically Exposed People (PEP) including heads of state, heads of government, members of parliament....

8 The Fraud-ID module is becoming increasingly used by retailers such as Panasonic and like a to profile transactions for any previous fraud history. Send your fraud alert data to us and we can switch this module on when you use

Telephone directory data is sourced from the British Telecommunications plc Wholesale Directory Solutions (BWTDS) OSIS database, and i-CD publishing (UK) Ltd is licensed by BWTDS to use the data to provide retail directory information services.

“

One of the biggest selling points was that the solution is truly scaleable. We are looking forward to further expansion in the future – with the help of 192business

”

The Money Shop

To find out more

Call us on **+44 (0)207 909 2192**

Request a call back at **www.192business.com/contact**

Email us your questions at **id@192.com**

See more on our verification technologies at **www.192business.com**