

CDD procedures should be designed to identify and verify the identity of the beneficial owner(s) of an account, as appropriate, based on the evaluation of risk pertaining to the account. CDD procedures may include the following:

- Determining whether the member is acting as an agent for or on behalf of another.
- Obtaining information about the structure of legal entities not publicly traded in the U.S. (such as an unincorporated association, a private investment company (PIC), or trust or foundation) to determine whether the account's ownership structure poses heightened risk.
- Obtaining information about a trust structure to establish a reasonable understanding to determine the provider of fund and persons or entities that have control over the funds or have the power to remove the trustees.

Accounts identified as posing a heightened BSA/AML risk should be subjected to enhanced due diligence (EDD) procedures designed to ensure compliance with the requirements of the BSA. This may include steps, in accordance with the level of risk presented, to identify and verify beneficial owners, to reasonably understand the sources and uses of funds in the account, and to reasonably understand the relationship between the customer and the beneficial owner.

CDD and EDD information should be used for monitoring purposes and to determine whether there are discrepancies between information obtained regarding the account's intended purpose and expected account activity and the actual sources of funds and uses of the account.

If you have any questions regarding this guidance, please contact your district examiner, regional office, or state supervisory authority.

Sincerely,

/s/

Debbie Matz
Chairman

Enclosure