

US Corporate Law News: FinCEN Customer Due Diligence Requirements for Financial Institutions take effect

27 MAY 2018

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CATEGORY:
ARTICLE

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Effective May 11, 2018, U.S. banks, mutual fund brokers or dealers in securities, futures merchants, and commodities brokers (collectively “financial institutions”) are required to comply with FinCEN's new “Customer Due Diligence Requirements for Financial Institutions” rules (“CDD Rules”). Under CDD Rules, financial institutions must establish and maintain written policies and procedures that are reasonably designed to: (1) identify and verify the identity of customers; (2) identify and verify the identity of “beneficial owners” of companies (defined as any individual who owns a 25 percent or more interest in a legal entity and an individual who controls the legal entity) opening accounts; (3) understand the nature and purpose of customer relationships to develop risk profiles; and (4) conduct ongoing monitoring to identify and report suspicious transactions. For more information, see <https://www.fincen.gov/news/news-releases/fincen-reminds-financial-institutions-cdd-rule-becomes-effective-today>.


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