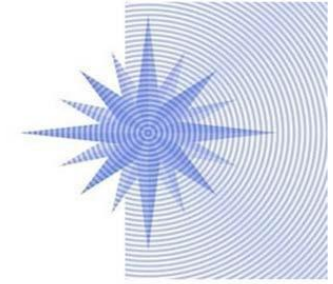


The Wolfsberg Correspondent Banking Due Diligence Questionnaire (CBDDQ)

Completion Guidance

April 2020



Banco Santander
Bank of America
Barclays
Citigroup
Credit Suisse
Deutsche Bank
Goldman Sachs
HSBC
J.P. Morgan Chase
MUFG Bank
Société Générale
Standard Chartered Bank
UBS

**the
Wolfsberg
Group**

In response to both an increase in regulatory expectations as well as a call for action from the Financial Stability Board (“FSB”) Correspondent Banking Coordination Group (“CBCG”), the Committee on Payments and Market Infrastructure (“CPMI”) and the Financial Action Task Force (“FATF”), the Wolfsberg Group (“the Group”) has revised its 2014 Correspondent Banking questionnaire and issued the Correspondent Banking Due Diligence Questionnaire (“CBDDQ”).

This document has been produced to support the completion of the questionnaire. The objective is to drive consistency through the correct interpretation of the questions. Ultimately, the Group expects that Correspondent Banking entities ensure the quality of the data collected is both accurate and consistent.

In the guidance notes below, the Financial Institution (“FI”) completing the questionnaire is referred to as the “Entity”.

The Questionnaire has been designed with the following completion format:

- Drop down answers: Provide specific answers e.g. “yes,” “no.” The selection of the response is **mandatory**, except where, in answering “no,” the subsequent questions become not applicable.
- Free text boxes: Entity to provide the **mandatory** response in a free text format, **including the elements described in the Wolfsberg Group CBDDQ Completion Guidance**.
- Where the Entity may want to provide additional context to responses provided in a specific section, it may utilise the free text box at the end of each section, highlighting the question number and providing context. Note that all free-text boxes, with the exception of questions 49a and 52a, have a limit of 320 characters.

Ensure that when responding to the questionnaire, **all responses are provided at the Legal Entity level**. This means the Financial Institution must answer the questionnaire at an ultimate parent / head office level and **covering all branches which act as responding entities** (unless otherwise specified). If a response differs for one of its branches, this needs to be highlighted and details explaining the difference captured at the end of each subsection or free text box, where available. In the event that a branch business activity (products offered, client base, etc.) or FCC control program is significantly different than its head office, the Entity may also complete a separate questionnaire for that branch.

This questionnaire should not cover more than one Legal Entity. This means the Financial Institution must answer the questionnaire at an ultimate parent / head office level and separately for applicable subsidiaries.

Note that not all questions have associated guidance notes. Refer to the Glossary for additional clarifications.

Declaration Statement

When the Entity completes the Questionnaire, it must have the Declaration Statement completed and signed off.

This section requires the signature of the Global Head of Correspondent Banking, or equivalent, and the Money Laundering Reporting Officer, or equivalent.

The inclusion of the Business into the Declaration Statement acknowledges the Business Management’ accountability for Correspondent Banking risks.

Entity & Ownership

Question 1	Full Legal Name	Also referred to as company name.
Question 2	Append a list of foreign branches which are covered by this questionnaire	Refer to page 3 “Completion of the CBDDQ” for further guidance. Include the Legal Entity foreign branches, unless there is a branch which has different business activities/clients or does not follow the same Financial Crime Compliance Programme. List all branches acting as responding entities, including full name and country of location.
Question 3	Full Legal (Registered) Address	Registered address for Legal Entities is also known as address of incorporation.
Question 4	Full Primary Business Address (if different from above)	Address where the Entity is primarily physically located (similar to principal business address or address of residence).
Question 5	Date of Entity incorporation/ establishment	Provide the date of incorporation. If the full date is not available, provide the year and explain why the full date is not available.
Question 6	Select type of ownership and append an ownership chart if available	Ownership chart means a visual representation of the ownership structure, including percentage of ownership and the full name of all parent entities and ultimate beneficial owners.
Question 6 a	Publicly Traded (25% of shares publicly traded)	Entity is publicly traded if 25% or more of its ordinary shares or common stock are listed on a stock exchange.
Question 6 a.1	If Y, indicate the exchange traded on and ticker symbol	Provide the full names of all the stock exchanges where the ordinary shares/common stock are primary listed along with the unique ID used by each stock exchange to identify the security.
Question 6 b	Member Owned/ Mutual	Mutual Societies are organisations owned by their members and managed for their benefit, such as a building society, friendly society, credit union, registered society (including: co-operative societies, industrial and provident societies, community benefit societies, which are registered legal entities and hold limited liability).
Question 6 c	Where a government or state owns 25% or more of an entity	If Entity is owned 25% or more by a government, state owned body or state agency (directly or indirectly) for the purpose of performing state related activity versus an investment stake.

Entity & Ownership

Question 6 d	Privately Owned	Select privately owned if 6a, b or c do not apply.
Question 6 d.1	If Y, provide details of shareholders or ultimate beneficial owners with a holding of 10% or more	Provide immediate and ultimate shareholders (legal entities and natural persons) full names and percentage held.
Question 7	% of the entity's total shares composed of bearer shares	Are share certificates issued in bearer form? Ownership is signified by possession of certificates issued to “bearer”.
Question 8	Does the Entity, or any of its branches, operate under an offshore banking license (OBL)?	Offshore banking license means a license to conduct banking activities which, as a condition of the license, prohibits the licensed entity from conducting banking activities with the citizens, or in the local currency, of the country which issued the license.
Question 8-a	If Y, provide the name of the relevant branch/es which operate under an OBL	Include any branches or entities which operate under an offshore banking license and Country of Location/Jurisdiction.
Question 9	Name of primary financial regulator / supervisory authority	This is the regulator with primary responsibility for oversight of anti-money laundering, counter terrorist finance and other types of financial crime compliance.
Question 10	Provide Legal Entity Identifier (LEI) if available	A Legal Entity Identifier (or LEI), is a 20-character identifier that identifies distinct legal entities that engage in financial transactions. It is defined by the International Organization for Standardization (ISO) 17442.
Question 11	Provide the full legal name of ultimate parent (if different from the Entity completing the DDQ)	Provide the name of the entity that effectively holds/controls majority voting power over the responding party.
Question 12	Jurisdiction of licensing authority and regulator of ultimate parent	If applicable, country in which the primary financial regulator/ supervisory authority of the ultimate parent is established.

Entity & Ownership

Question 13	Select the business areas applicable to the Entity	This section refers to the areas of business offered by the Entity.
Question 13 b	Private Banking / Wealth Management	Refer to the Glossary for further details. If the Entity does not provide both services, specify which service is applicable in “Other”.
Question 13 j	Other	Specify any other services which have not been covered in 13 above or provide any clarifications that may be required.
Question 14	Does the entity have a significant (10% or more) portfolio of non-resident customers or does it derive more than 10% of its revenue from non-resident customers? (Non-resident means customers primarily resident in a different jurisdiction to the location where bank services are provided.)	Indicate whether the entity has non-resident customers whose combined revenue represents 10% or more of the total revenue or if the number of non-resident customers is 10% or more of the total customer base.
Question 14 a	If Y, provide top five countries where the non-resident customers are located.	List the top 5 countries where the non-resident customers are located.
Question 15	Select the closest value:	
Question 15 a	Number of employees	Include the number of full time employees (FTE) of the Entity and any applicable branches. The Entity should aim to include the most accurate figure although it is understood that there may be a small variance for larger Entities.
Question 15 b	Total Assets	Provide the Total Assets per the Entity’s latest audited balance sheet, including any applicable branches. The Entity should aim to include the most accurate figure although the Group understand that there may be a small variance for larger Entities.

Products & Services

Question 17	Does the Entity offer the following products and services:	For each of the products and services mentioned below, respond based on the Entity offering of products and services directly to their customers, versus acting as an Introducer or Intermediary.
Question 17 a	Correspondent Banking	If the Entity answers “no” the Questionnaire remains relevant as the Entity may be obtaining correspondent banking services as a Respondent, rather than providing Correspondent Banking services to other Financial Institutions. Go to question 17b onwards.
Question 17 a.2	Does the Entity offer correspondent banking services to domestic banks?	Provision of correspondent banking services to Financial Institutions based in the same jurisdiction as the Entity.
Question 17 a.3	Does the Entity allow domestic bank clients to provide downstream relationships?	Where the Entity’s correspondent banking customers provide correspondent banking to other Financial Institutions and which flow through the Entity. A downstream correspondent (often referred to as “nested”) relationship occurs when a Respondent Bank receives correspondent banking services from a Correspondent and itself provides correspondent banking services to other financial institutions in the same currency as the account it maintains with its Correspondent.
Question 17 a.5	Does the Entity offer correspondent banking services to Foreign Banks?	Provision of correspondent banking services to Financial Institutions outside the jurisdiction of the Entity.
Question 17 e	Stored Value Instruments	Refer to Glossary for further clarification. If the Entity answers “Yes” utilise the free-text box under “Question 18 b” to provide examples of Stored Value Instrument the Entity provides e.g. prepaid cards, e-wallet, government benefit cards.
Question 17 p	Other high-risk products and services identified by the Entity	The definition of high risk is based on the Entity local regulations and/or the industry standards issued by bodies such as The Wolfsberg Group, FATF, etc. If answering “none” or “not applicable”, provide context to your response e.g. the Entity does not provide any additional high risk products.

AML, CTF & Sanctions Programme

Question 19	Does the Entity have a programme that sets minimum AML, CTF and Sanctions standards regarding the following components:	
Question 19 a	Appointed Officer with sufficient experience/expertise	“Sufficient experience/expertise” is based on local regulatory expectations and industry standards in the jurisdiction where the Entity is based. Consider the type of role previously undertaken and length of time in the Financial Industry Compliance sector. The Entity may have appointed the same person as both the AML and Sanctions Officer or have a person for each role.
Question 19 b	Cash Reporting	Only utilise the drop down option “not applicable” if there are regulatory reasons for not reporting (i.e., there is no regulatory requirement to report cash transactions at any threshold) or operational reasons (e.g. the Entity does not handle cash). Utilise the free-text box under questions “24 b” to provide further information.
Question 19 h	Policies and Procedures	“Policies” establishes the principles to be adhered to in order to ensure effective risk management, aligned to the three Lines of Defence model (refer to the Glossary for further information). “Procedures” support the implementation of the policy by providing detailed requirements that must be adhered to.
Question 19 i	Risk Assessment	Assessment of the inherent money laundering, terrorism financing, sanctions and bribery and corruption risks, present within the Entity (customers, geography, products, channels), as well as the mitigating controls implemented to manage those risks, resulting in a residual risk rating.
Question 19 n	Training and Education	Refers to activities delivered either internally or by a third party, designed to educate and develop employees, taking into account the Entity’s policies and procedures and for which attendance records are maintained.
Question 20	How many full time employees are in the Entity's AML, CTF & Sanctions Compliance Department?	This question excludes contractors and temporary staff and is only concerned with AML and Sanctions full time employees or equivalent in the second line of defence.
Question 21	Is the Entity's AML, CTF & Sanctions policy approved at least annually by the Board or equivalent Senior Management Committee?	Policy may be maintained at the Entity or the Entity’s parent level – answer for the policy applied by the Entity completing the questionnaire. If the Entity answer is “no” add context in the free text box.

AML, CTF & Sanctions Programme

Question 22	Does the Board or equivalent Senior Management committee receive regular reporting on the status of the AML, CTF & Sanctions programme?	“Reporting” means Management Information (MI) which is reported to Senior Management by way of presentation slides, metrics and/or discussions which can be evidenced via minutes.
Question 23	Does the Entity use third parties to carry out any components of its AML, CTF & Sanctions programme?	“Third party” means a different legal entity. This could be either related or unrelated to the responding Entity (i.e. either another entity in the same group or a third party). Provide the response based on the third party performing activities on behalf of the Entity, where the Entity remains accountable for the activity from a regulatory perspective.
Question 23 a	If Y, provide further details	Explain what is done by the third party, its responsibilities, details of the location where the third party is based, if it is regulated and by whom, if it is related to the Entity. Confirm if the third party is subject to the same governance, policies and procedures as the Entity.

Anti Bribery & Corruption

Question 25	Has the Entity documented policies and procedures consistent with applicable ABC regulations and requirements to [reasonably] prevent, detect and report bribery and corruption?	“Reasonably” refers to the ability to reduce the exposure to bribery and corruption versus the ability to eradicate all risks.
Question 26	Does the Entity have an enterprise wide programme that sets minimum ABC standards?	“Enterprise wide” refers to a programme which covers all relevant functions and activities which may be impacted by bribery and corruption risks, including branches and any businesses under the Entity’s responsibility. Refer to the programme which is currently in place whether imposed by the parent company or designed by the Entity itself.
Question 27	Has the Entity appointed a designated officer or officers with sufficient experience/expertise responsible for coordinating the ABC programme?	Has the entity assigned accountability for the ABC programme to an appropriate individual? “Sufficient experience/expertise” is based on local regulatory expectations and industry standards in the jurisdiction where the Entity is based. Consider the type of role previously undertaken and length of time in the Financial Industry Compliance sector.
Question 28	Does the Entity have adequate staff with appropriate levels of experience/expertise to implement the ABC programme	“Adequate staff” refers to the number of employees to address all the activities required under the ABC programme. “Sufficient experience/expertise” is based on the local regulatory expectations and industry standards in the Jurisdiction where the Entity is based.
Question 30	Does the Entity have a global ABC policy that:	
Question 30 b	Includes enhanced requirements regarding interaction with public officials?	Interactions with public officials can be considered to pose a higher risk of bribery and corruption.
Question 30 c	Includes a prohibition against the falsification of books and records (this may be within the ABC policy or any other policy applicable to the Legal Entity)?	“Books” refers to financial accounts. “Records” refer to any records retained for audit purposes.
Question 31	Does the Entity have controls in place to monitor the effectiveness of their ABC programme?	“Monitor the effectiveness” refers to testing and oversight that the Entity has implemented to assess compliance with the ABC programme.

Anti Bribery & Corruption

Question 32	Does the Entity's Board or Senior Management Committee receive regular Management Information on ABC matters?	“Reporting” means Management Information (MI) which is reported to Senior Management by way of presentation slides, metrics and/or discussions which can be evidenced via minutes.
Question 33	Does the Entity perform an Enterprise Wide ABC risk assessment?	Means an ongoing risk assessment performed at the Entity level, looking at inherent risk, mitigating controls and residual risks and their effectiveness.
Question 37	Does the Entity provide mandatory ABC training to:	
Question 37 a	Board and Senior Committee Management	Respond to this question taking into account the Board responsible for the responding Entity (which may be the Board of the parent).
Question 37 e	3rd parties to which specific compliance activities subject to ABC risk have been outsourced	Means training provided to third parties which currently perform ABC activities on behalf of the Entity.
Question 38	Does the Entity provide ABC training that is targeted to specific roles, responsibilities and activities?	Means training designed for specific roles/jobs/positions to help them understand their responsibilities in relation to ABC in their day-to-day activities.

Policies & Procedures

Question 42	Are the Entity's policies and procedures gapped against/compared to:	
Question 42 a	US Standards	Has the Entity performed a gap analysis against US regulations, over and above local regulatory and legal requirements?
Question 42 a 1	If Y, does the Entity retain a record of the results?	Has the entity recorded the results of the gap analysis e.g. a record of any additional policy requirements implemented over and above local regulatory or legal requirements?
Question 42 b	EU Standards	Has the Entity performed a gap analysis against European, over and above local regulatory and legal requirements?
Question 42 b 1	If Y, does the Entity retain a record of the results?	Has the entity recorded the results of the gap analysis e.g. a record of any additional policy requirements implemented over and above local regulatory or legal requirements?
Question 43	Does the Entity have policies and procedures that:	
Question 43 f	Prohibit opening and keeping of accounts for Section 311 designated entities	If the Entity answers “no” provide explanation under question 46b. Refer to the Glossary for further information in relation to Section 311 (Patriot Act).
Question 43 k	Specify how potentially suspicious activity identified by employees is to be escalated and investigated	Means a documented process where all employees have a path of escalation and subsequent investigation of potentially suspicious activities

Policies & Procedures

Question 43 l	Outline the processes regarding screening for sanctions, PEPs and negative media	Means a documented process in which screening is performed for all three key areas. If the Entity performs the activities but does not have the process documented, it should answer “no.” If the Entity has variances between the three processes, utilise the free-text box “Question 46 b” for further clarification.
Question 43 m	Outline the processes for maintenance of internal "watchlists"	Refer to the Glossary for further information in relation to watchlists. If the Entity performs the activities but does not have the process documented, it should answer “no.”
Question 44	Has the Entity defined a risk tolerance statement or similar document which defines a risk boundary around their business?	Risk tolerance/risk appetite statement documents the level of the exposure beyond which the Entity is not prepared to accept additional risks.
Question 45	Does the Entity have record retention procedures that comply with applicable laws?	Means documented procedures outlining the minimum period for which records must be kept, e.g. including customer due diligence information, outcome of screening controls, escalation and decisions made by Senior Management and others.

AML, CTF & Sanctions Risk Assessment

Question 47	Does the Entity's AML & CTF EWRA cover the inherent risk components detailed below:	
Question 47 a	Client	Refers to the Entity's book and all its clients/customers.
Question 47 b	Product	All products provided by the Entity, directly or via third parties.
Question 47 c	Channel	Means the ways which the services are provided, e.g. face to face, electronically.
Question 47 d	Geography	Means the jurisdictions to which the Entity has exposure via its clients, physical presence and services provided.
Question 48	Does the Entity's AML & CTF EWRA cover the controls effectiveness components detailed below:	Control effectiveness is an assessment to determine how well controls are operating.
Question 48 g	Governance	Means AML & CTF governance controls effectiveness, e.g. paths of escalation, the collection and dissemination of Management Information, effectiveness of actions taken to enhance its governance, among other aspects.

KYC, CDD and EDD

Question 54	Does the Entity verify the identity of the customer?	“Verification of identity” refers to the requirement to evidence the information provided by/on behalf of the customer during CDD, as required.
Question 56	Which of the following does the Entity gather and retain when conducting CDD? Select all that apply:	
Question 56 c	Expected Activity	This may include volumes, types of transactions, jurisdictions, frequency, products, values. Refer to Glossary for further clarification.
Question 56d	Nature of business/employment	All types of revenue generating activity provided/performed by the customer.
Question 56 e	Product usage	Type and level (e.g. value/volume) of utilisation of products.
Question 56 f	Purpose and nature of relationship	The reason for the establishment of the relationship and the type of relationship such as investment banking or private banking.
Question 57	Are each of the following identified:	
Question 57 a 1	Are ultimate beneficial owners verified?	This question is asking if the Entity verifies ultimate beneficial owners within the ownership/control threshold set by the Entity, e.g. 25% or more, 10% or more, etc.
Question 57 d	Other relevant parties	Any other entity or individual which otherwise holds a significant ownership or controlling interest in the customer, e.g. authority to act on behalf of the customer.

KYC, CDD and EDD

Question 58	What is the Entity’s minimum (lowest) threshold applied to beneficial ownership identification?	Indicate the Entity’s lowest ownership/control threshold obtained from its customers, based on the Entity’s risk appetite. Note that if “Other (Specify the percentage)” answer is selected, the Entity is able to type the percentage figure in the same text box as the drop down. “Lowest” refers to the ownership threshold applied to the highest risk customer rating the Entity implements.
Question 59	Does the due diligence process result in customers receiving a risk classification?	“Risk classification” refers to the customer receiving a risk score or rating when assessing potential financial crime risk exposure.
Question 61	Does the Entity have a risk based approach to screening customers for adverse media/negative news?	“Risk based approach” refers to an adverse media/negative news screening methodology which varies according to customer risk, instead of one rule applicable to all customers.
Question 63	What is the method used by the Entity to screen for adverse media / negative news?	
	Automated/Manual/Combination	Automated is typically achieved through a regular automated feed of data into a screening tool which will perform name match checks against the data and generate ‘alerts’ for bank staff to review. Manual is in reference to screening that is not automated. Combination is a mix of automated and manual
Question 67	Does the Entity have policies, procedures and processes to review and escalate potential matches from screening customers and connected parties to determine whether they are PEPs, or controlled by PEPs?	Means a documented process in the Entity’s policies and procedures setting out how an employee can escalate screening hits related to PEPs and PEP exposure.
Question 68	Does the Entity have a process to review and update customer information based on:	
Question 68 a	KYC renewal	Periodic, ongoing KYC/CDD review of existing customers/clients.
Question 68 b	Trigger Event	A trigger event is some new event or piece of information that alters the information in the CDD record and would cause it to be reviewed e.g. significant negative media, or disclosure of a regulatory order.

KYC, CDD and EDD

Question 69	Does the Entity maintain and report metrics on current and past periodic or trigger event due diligence reviews?	This question focuses on the governance of periodic and trigger event KYC/CDD reviews of the Entity’s customers base, so that Senior Management are made aware of control issues e.g. delays, back logs.
Question 70	From the list below, which categories of customers or industries are subject to EDD and/or are restricted, or prohibited by the Entity's FCC programme?	The Entity is to exclude illegal activities when answering this question, as it is expected that the Entity would not hold relationships with such customers. This question is connected to Question 44 and is looking to understand whether the Entity requires that certain customer types are subject to mandatory EDD, subject to limitations on activity that the Entity will support (“restrictions”), or whether business relationships with these customer types are prohibited due to FCC concerns. If the selected answer is “none of the above” provide further details at the free text box.

Payment Transparency

Question 80	Does the Entity adhere to the Wolfsberg Group Payment Transparency Standards?	Refer to the Wolfsberg Payment Transparency Message Standards publication on the Wolfsberg Group’s website.
Question 81	Does the Entity have policies, procedures and processes to [reasonably] comply with and have controls in place to ensure compliance with:	
Question 81 a	FATF Recommendation 16	Refer to the Glossary for further information on FATF Recommendation 16.

Sanctions

Question 87	Does the Entity have policies, procedures, or other controls reasonably designed to prevent the use of another entity’s accounts or services in a manner causing the other entity to violate sanctions prohibitions applicable to the other entity (including prohibitions within the other entity’s local jurisdiction)?	The controls the Entity has in place to ensure that where activities which are directed through accounts maintained by other Financial Institutions, do not breach the third party’s sanctions regulations and requirements.
Question 96	Does the Entity have a physical presence, e.g., branches, subsidiaries, or representative offices located in countries/regions against which UN, OFAC, OFSI, EU and G7 member countries have enacted comprehensive jurisdiction-based Sanctions?	Comprehensive Sanctions Programmes – Known as Sensitive Sanctioned Countries (“SSCs”). This is where almost all (barring licenced) activity is prohibited with the country. Answer “yes” if the Entity has a physical presence in any country which is included in any of the Sanctions Lists.

Training & Education

Question 98	Does the Entity provide mandatory training, which includes:	
Question 98 a	Identification and reporting of transactions to government authorities	This question focuses on both systematic regulatory transactional reporting obligations and suspicious activity reporting.
Question 98 e	Conduct and Culture	Conduct and Culture in this context refers to regulatory requirements around behaviour from a financial crime risk management perspective.
Question 99	Is the above mandatory training provided to:	
Question 99 e	3rd parties to which specific FCC activities have been outsourced	Answer “Yes” if the Entity provides training to the 3rd party performing financial crime compliance activities on their behalf. Or Also answer “Yes” if the Entity has oversight of the 3rd party’s training programme for financial crime compliance and is comfortable that it complies with the Entity’s requirements?
Question 101	Does the Entity provide customised training for AML, CTF and Sanctions staff?	AML and Sanctions staff includes all full time employees, as well as contractors and temporary staff, from both 1st and 2nd line of defence (refer to Glossary for further information). “Customised” refers to a training programme tailored to the role and responsibilities that the employee undertakes.

Audit

Question 107 How often is the Entity audited on its AML, CTF & Sanctions programme by the following:

Question 107 a Internal Audit Department

From the drop-down answers available, “Via component-based reviews” refers to Audit reviews focusing on a theme (also known as thematic reviews), instead of a whole function for example.

Question 107 b External Third Party

From the drop-down answers available, “Via component-based reviews” refers to Audit reviews focusing on a theme (also known as thematic reviews), instead of a whole function for example.