

# COMPLIANCE FOCUS

# REVISIONS TO FATF RECOMMENDATION 24

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The Financial Action Task Force (FATF) has made several recent amendments to Recommendation 24 and its Interpretive Note. This document focuses on the identification and verification of beneficial ownership information.

## Identification and Verification

The revised Recommendation 24 requires countries to have measures in place to ensure that beneficial ownership (BO) information is **adequate, accurate and up to date**. The requirement for **adequate** BO information has been added while the provision for accurate BO information has been expanded. (Please See Paragraph 9 of the Interpretive Note for Recommendation (INR) 24.)

'Adequate Information' is defined as information that is sufficient to identify natural persons who are the BOs and the means and mechanisms through which they exercise beneficial ownership or control (INR 24).

Footnote 59 of the FATF Recommendation lists the sources of information that can be used to identify the natural person behind the BO. These include the following: full name, nationality, full date and place of birth, residential address, national identification number and document type and the tax identification number or equivalent in the country of residence.

## Verification Measures: Components and Considerations

The verification process involves checks and procedures to ensure that the information collected for BOs is accurate and consistent. Verification measures consist of two (2) components detailed below:

Verification of Identity: Application of appropriate steps to prove that a natural person identified as a BO truly exists. Government issued identification documents showing name, date of birth, nationality and other relevant information should be used. The information must be from a reliable source.

Verification of Status: Application of appropriate steps to confirm the means through which a BO meets the definition, the consistency between the structure and risk profile of the legal person and the BO and whether the identified BO is correctly exercising the rights associated with the level of ownership or control.

***The Risk-Based Approach  
should be applied to verification.***

## Types of Information to Record for Identification

The following types of information are necessary to identify BO and control means and mechanisms:

1. Indication of percentage shares, voting rights or forms of control;
2. Type of participation in the shareholding of the legal person.
3. Nominee relationships, other forms of BO and legal entities controlled directly by the BOs.