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Right Homes: Steps to Identify Politically Exposed Persons (PEPs)

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1. Introduction

1.1 Purpose

The purpose of this document is to outline the steps Right Homes take to identify whether a client is a Politically Exposed Person (PEP) and to establish procedures for managing the associated risks.

1.2 Regulatory Framework

This document is designed to comply with all relevant anti-money laundering (AML) and counter-terrorist financing (CTF) regulations.

1.3 Definition of a Politically Exposed Person (PEP)

A Politically Exposed Person (PEP) is an individual who is or has been entrusted with a prominent public function, or an immediate family member or close associate of such a person. This includes heads of state, government ministers, senior government officials, and high-ranking members of the military.

2. Risk-Based Approach

2.1 Importance of PEP Identification

Identifying PEPs is critical for assessing and managing the risk associated with potential money laundering and corrupt activities. PEPs are considered high-risk clients due to their potential influence and access to public resources.

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2.2 Risk-Based Approach to PEP Screening

PEP identification will be conducted using a risk-based approach, considering the nature of the business relationship, the type of transaction, and the client's geographic location.

2.3 Customer Risk Profiling

Clients will be categorized based on their risk level, taking into account factors such as the type of property transaction, business relationship, and geographic location.

3. Client Onboarding Process

3.1 Initial Customer Due Diligence (CDD)

During the initial customer onboarding process, standard CDD procedures will be conducted, including the collection and verification of identity information.

3.2 Identification of High-Risk Clients

Clients with characteristics indicative of higher risk, including those with political exposure, will be identified during the initial risk assessment.

3.3 Enhanced Due Diligence (EDD) Triggers

Triggers for Enhanced Due Diligence (EDD) will be clearly defined, including indicators that suggest a client may be a PEP, prompting additional scrutiny.

4. PEP Screening Procedures

4.1 PEP Classification Criteria

Clear criteria for classifying an individual as a PEP will be established, considering their current or previous political positions and levels of influence.

4.2 Source of Funds and Wealth

Examine the source of funds and wealth of clients to identify any discrepancies or connections to political positions. Verify the legitimacy of the client's wealth and financial transactions.

4.3 Ongoing Monitoring

Implement ongoing monitoring procedures to identify changes in a client's political exposure status. Regularly update PEP screening based on changes in the political landscape.

5. Internal Communication and Training

5.1 Employee Training on PEP Identification

All employees involved in client onboarding, transactions, and ongoing monitoring will receive training on identifying PEPs, including characteristics and red flags.

5.2 Reporting Channels for PEP Concerns

Establish clear channels for employees to report concerns or suspicions regarding potential PEP clients. Encourage a culture of vigilance and reporting within the organization.

5.3 Regular Communication and Updates

Regularly communicate updates on PEP identification procedures, industry trends, and changes in relevant regulations to ensure employees remain informed and vigilant.

6. Record Keeping and Documentation

6.1 Documenting PEP Decisions

Thoroughly document all decisions related to the identification of PEPs, including the rationale for the determination and any steps taken for additional due diligence.

6.2 Record Keeping Requirements

Maintain complete and accurate records of PEP identification processes, including relevant documentation and communication. Adhere to data protection and privacy laws.

6.3 Data Protection and Privacy

Handle PEP information with the utmost confidentiality, ensuring compliance with data protection and privacy laws. Implement secure storage and access controls.

7. Reporting to Regulatory Authorities

7.1 Reporting Suspicious PEP Transactions

Timely and accurate reports on suspicious transactions involving PEPs will be submitted to relevant regulatory authorities, as required by law.

7.2 Timely Reporting Requirements

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Reports will be submitted promptly, with the necessary information and documentation, to ensure regulatory bodies can take appropriate action.

7.3 Collaboration with Law Enforcement

Cooperate fully with law enforcement agencies in investigations related to suspected money laundering or corrupt activities involving PEPs.

8. Periodic Review and Update of Procedures

8.1 Regular Review of PEP Identification Procedures

Regularly review and assess the effectiveness of PEP identification procedures to ensure alignment with regulatory requirements and industry best practices.

8.2 Updating Procedures in Response to Changes

Promptly update procedures in response to changes in the regulatory environment, business operations, or emerging risks related to PEPs.

This document for Right Homes is to identify whether a client is a Politically Exposed Person (PEP). It is essential to ensure that all employees are familiar with and follow these procedures diligently. Regular training and periodic reviews of the PEP identification process will contribute to the effectiveness of AML and CTF efforts.

Director/MLRO

Shahid Mahmood

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