



CORPORATE SERVICES LTD.

## KNOW OUR CLIENT

While there is some euphoria in realising a piece of new business in the offshore financial world it is often tempered by the fact that on boarding a new client is a significant burden on resources and is often cited as the one of the single largest constrains on business.

The hope is that a new relationship will have a foundation of mutual trust and openness. This understanding combined with the procedures in place for us to “know our client” is there for both our clients and our own business owners. The focus should be to ensure that this on-boarding process, while it needs to be detailed and informative, is not an overwhelming or unpleasant experience for the client. For some new clients this will be straightforward and the desired outcome is achieved painlessly. But for more complex business set ups it is vital that an understanding of how that entity’s corporate structure operates.

This risk based approach to business ensures that for our clients we know their source of wealth, the nature of their business, where they reside and who it is we are dealing with. We do not therefore simply follow a “tick box” process for on-boarding new clients and the provision of certain documentation should be the minimum of our requirements. This bare minimum will include (along with our own completed due diligence and company questionnaire forms):

1. Proof of identity – preferably a valid passport;
2. Proof of residency – notarised copies of documents such as utility bills or a drivers licence that provide the clients current address;
3. A bank reference letter and a character reference letter;
4. Confirmation of source of funds – which can include an employment letter or a letter from an accountant verifying self-employment if self-employed.

These documents will be reviewed by our compliance team who has access to third party databases with the intent of forming a full understanding of the exiting or proposed business activities of the client.

The responsibility for knowing our client does not then end once the required documents are collected. Business and clients change in both personnel and strategy as such, any risk based approach includes on-going monitoring of the nature of the business to ensure that the direction that was initially envisaged and approved maintains that approval.

Both service providers and regulators face the onerous challenge of ensuring that the reputation of their respective financial services industries are maintained by creating and upholding clean and safe places to do business especially due to the international scrutiny that is placed on “secrecy” laws and tax status.

This has the added burden, where there is a sense that onshore jurisdictions do perhaps not take their responsibilities as seriously as offshore ones, of making sure that the bare minimum of regulation is simply that and therefore having higher standards to that of some onshore jurisdictions.

Many onshore jurisdictions may argue that offshore centres regulations and oversight is weak which leads to fraud and criminal activity whereas, many see that it is the offshore centres who are in fact leading the way in implementing high standards and best practice requirements. Offshore centres regularly meet and exceed benchmarks that many onshore jurisdictions do not.

It needs to be remembered that offshore centres are regularly and thoroughly reviewed by groups such as the IMF in relation to their regulatory adequacy. The Cayman Islands score very highly in the IMF’s review process while it was found that the Bahamas has much need for growth and improvement in certain areas.

As such the expertise provided by Higgs & Johnson in both the Cayman Islands and The Bahamas includes all key areas of business and financial services regulation. This level of expertise means we can provide both specific and general advice to the needs of our clients businesses and its operations.

In the Cayman Islands and the Bahamas this regulatory and business expertise covers all aspects both in and outside both jurisdictions specifically towards:-

- Securities Investment Business Law
- Corporate Services Law
- Mutual Funds Law
- Monetary Authority Law
- Trade and Business licensing
- Shipping registration
- Company Management Law
- Insurance Law
- Bank and Trust Companies Law
- Liquor Licensing
- Special Economic Zone
- Information Communication and Technology

### **For more information, contact:-**

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