



DOMINICA FINANCIAL SERVICES UNIT BENEFICIAL OWNERSHIP GUIDELINE

Purpose

This Guidance is intended to provide assistance to Financial Institutions, Non-Regulated Financial Institutions and Listed Businesses (collectively "Supervised Entities") supervised by the Financial Services Unit (FSU) in meeting their Beneficial Ownership obligations under the Code of Practice

REFERENCE: GN/001/2025

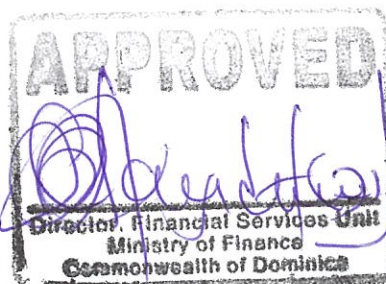
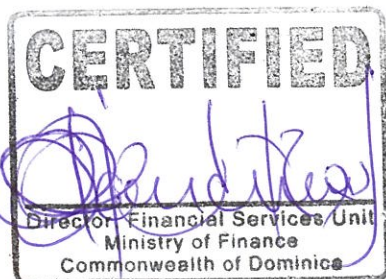


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1. INTRODUCTION

This Guidance is intended to assist Licensed Financial Institutions and Other Business Activities (“Supervised Entities”) supervised by the Financial Services Unit of Commonwealth of Dominica (“FSU”) in complying with their legal obligations **with regard to obtaining the beneficial ownership information of their customers/clients**, to ensure compliance with the Anti-Money Laundering, Counter Financing of Terrorism and Counter Proliferation Financing (“AML/CFT/CPF”) Laws.

Corporate vehicles play a vital role in the global economy by conducting a wide variety of commercial activities and services. However, their unique legal status, characteristics and complex structure increases their susceptibility to misuse by criminals through intricate schemes designed to conceal the true beneficial owners and the real purpose for holding assets and conducting transactions. Corporate vehicles include various types of *legal persons* and *legal arrangements* whereby the persons conducting transactions may not necessarily be the individuals who ultimately benefit from such transactions.

“Legal persons” refers to any entities other than natural persons that can establish a permanent customer relationship with a financial institution or otherwise own property. This can include companies, bodies corporate, foundations, *anstalt*, partnerships, or associations and other relevantly similar entities. See [FATF Glossary](#).

Shell companies and complex ownership and control structures involving many layers of shares registered in the name of other legal persons, bearer shares, and the unrestricted use of legal persons as directors, and formal nominee shareholders facilitate the obscuring of beneficial ownership information. See FATF Guidance [“Beneficial Ownership of Legal Persons”](#) to learn more about legal persons.

“Legal arrangements” refers to express trusts or other similar legal arrangements. Examples of other similar arrangements (for AML/CFT purposes) include *fiducie*, *treuhand* and *fideicomiso* (types of French, German and Mexican trust arrangements). See [FATF Glossary](#).

ML/TF risks are usually inherent due to the private nature of legal arrangements, the ease of formation, its flexibility and the ability to protect assets. They enhance anonymity by disconnecting the beneficial owner from the trustee, settlor, protector or beneficiary. Additionally, a trust can be created in one jurisdiction while being used in another to hold assets across jurisdictions to disguise the origins of criminal proceeds. See FATF Guidance [“Beneficial Ownership and Transparency of Legal Arrangements”](#) to learn more about legal arrangements.

The identification of the beneficial ownership of clients/customers and transactions removes the anonymity of the individuals ultimately behind such transactions and account activities. Obtaining such information and confirming its accuracy can assist competent authorities, such as Law Enforcement Agencies, by pinpointing those natural persons who may be ultimately responsible for a particular activity.

This Guidance is a general, informative document and is not intended to replace the Code of Practice or any of the AML/CFT/CPF Acts and Regulations.

This Guidance should not be construed as legal advice and should be read in conjunction with the said laws.

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2. DO BENEFICIAL OWNERSHIP REQUIREMENTS APPLY TO YOU?

You are legally required to comply with beneficial ownership requirements if you conduct business activities which fall within any of the categories listed below **AND** when you conduct transactions where your client/customers are legal persons or legal arrangements:

Other Business Activities as defined in Part II of the Second Schedule of the Money Laundering (Prevention) Act :	Activities of Financial Institutions as defined in Part I Second Schedule of the Money Laundering (Prevention) Act:
Real Estate	"Banking business" and "financial business" as defined in the Banking Act
Car dealerships	"Banking business" as defined in the Offshore Banking Act
Casinos (gaming houses)	Venture risk capital
Courier services	Money transmission services
Jewellery Business	Issuing and administering means of payments (e.g. credit cards, travelers' cheques and bankers' drafts)
Internet Gaming and wagering services	Guarantees and commitments
Management companies	Money broking
Accountant, an Attorney-at-law or other Independent Legal Professional when they prepare for or carry out transactions for a client in relation to the following activities— (a) buying and selling of real estate; (b) managing client money, securities or other assets; (c) managing bank, savings or securities accounts; (d) organization of contributions for the creation, operation or management of companies; (e) creation, operation or management of legal persons or arrangements, and buying and selling of business entities.	Trading for own account of customers in— (a) money market instruments (e.g. cheques, bills, certificates of deposits, commercial paper, etc); (b) foreign exchange; (c) financial and commodity based derivative instruments (e.g. options, interests rate and foreign exchange instruments etc); (d) transferable or negotiable instruments
Asset management and advice-custodial services	Money lending and pawning
Nominee service	Money exchange (e.g. Casa de Cambio)
Registered agents	Mutual funds
Any business transaction conducted at a post office involving money orders	Credit unions
Securities brokerage	Building societies
Telecommunications companies	Trust business
Utility companies	Insurance business
Dominica social security	Securities exchange
Inland Revenue Division	

Note: All Listed Businesses in the Schedule Part I and II are required to comply with domestic AML/CFT/CPF laws and to be registered with the FSU for AML/CFT/CPF Supervision to ensure compliance with such AML/CFT/CPF legislation.

3. BENEFICIAL OWNERSHIP VS LEGAL OWNERSHIP

Ownership in a legal person or legal arrangement comprises of both *legal ownership* and *beneficial ownership*.

LEGAL OWNERSHIP

As it relates to legal persons, legal ownership refers to the individual or entity whose name is officially recorded as the owner of a company. Legal owners have the formal title or proprietary right to the legal person and possess the authority to make decisions about it.

In relation to legal arrangements, the trustee is the legal owner of the assets held in trust on behalf of the trust and its beneficiaries.

BENEFICIAL OWNERSHIP

A beneficial owner is a **natural person** who **ultimately owns or controls** legal person or legal arrangement and is the **real person** who ultimately benefits from the business activity. More than one natural person can be beneficial owners of a legal person or legal arrangement.

A beneficial owner is NOT:

-  Another Company
-  A Firm
-  A Nominee Shareholder

FATF'S DEFINITION OF BENEFICIAL OWNER

In the context of legal persons, beneficial owner refers to the natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those natural persons who exercise ultimate effective control over a legal person. Only a natural person can be an ultimate beneficial owner, and more than one natural person can be the ultimate beneficial owner of a given legal person.

In the context of legal arrangements, beneficial owner includes: (i) the settlor(s); (ii) the trustee(s); (iii) the protector(s) (if any); (iv) each beneficiary, or where applicable, the class of beneficiaries and objects of a power; and (v) any other natural person(s) exercising ultimate effective control over the arrangement. In the case of a legal arrangement similar to an express trust, beneficial owner refers to the natural person(s) holding an equivalent position to those referred above. When the trustee and any other party to the legal arrangement is a legal person, the beneficial owner of that legal person should be identified.

THE FINANCIAL OBLIGATIONS REGULATIONS (FORs) & BENEFICIAL OWNERSHIP

Regulation 2 of the Anti-Money Laundering and Suppression of Terrorist Financing Code of Practice ("the Code") defines Beneficial Ownership in the following manner:

"beneficial owner" means the natural person who ultimately owns or controls an applicant for business or a customer or on whose behalf a transaction or activity is being conducted and includes, though not restricted to

- (a) in the case of a legal person other than a company whose securities are listed on a recognized stock exchange, a natural person who ultimately owns or controls, whether directly or indirectly, ten or more per cent of the shares or voting rights in the legal person;
- (b) in the case of a legal person, a natural person who otherwise exercises control over the management of the legal person; or
- (c) in the case of a legal arrangement
 - (i) the partner or partners who control the partnership;
 - (ii) the trustee or other person who controls the applicant; and
 - (iii) the settlor or other person by whom the legal arrangement is made;

4. LEGAL REQUIREMENT TO IDENTIFY AND VERIFY BENEFICIAL OWNERSHIP INFORMATION

Part III of the Code requires financial institutions and listed businesses to identify and take reasonable measures to verify the identity of the beneficial owners of their customers/clients.

Regulation 26 of the Code

Regulation 26 (1) of the Code requires a financial institution or listed business to **identify and take reasonable measures to verify the identity** of the beneficial owner of any accounts held at the financial institution or listed business or potential accounts. Regulation 26(1) of the Code further mandates that, for the purpose of identifying and verifying beneficial ownership information, financial institutions and listed businesses shall request original identification documents, data or other information from an applicant for business.

Where a customer is a legal person or where there is a legal arrangement, Regulation 27(2) of the Code requires a financial institution or listed business to—

- a) verify that any person purporting to act on behalf of the legal person or legal arrangement is so authorized and identify and verify the identity of that person;
- b) verify the legal status of the legal person or legal arrangement;
- c) understand the nature of the customer's business and its ownership and control structure; and
- d) determine who are the beneficial owners of the legal person or legal arrangement.

Regulation 27 of the Code

Regulation 27 states that the requirements outlined in Regulation 25 of the Code, with appropriate adaptations, apply to a business customer and that the financial institution or listed business shall verify the identity of the directors and other officers of a company, partners of a partnership, account signatories, beneficial owners and sole traders by means of documentary evidence.

Additionally, Regulation 27(2) mandates that the financial institution or listed business obtain, to the extent relevant to a proposed business relationship or transaction—

- a) the Certificate of Incorporation or Certificate of Continuance;
- b) the Articles of Incorporation;
- c) a copy of the Bye-laws, where applicable;
- d) The legal person's principal place of business and the type of business engaged in; and
- e) information on the identity of shareholders holding more than ten per centum of the paid up share capital of the company.

Where a customer or client cannot satisfy the requirements of sub-regulation 16(2)(d), the financial institution or listed business may request other forms of proof of the source of funds to be used for the transaction.

Regulation 21&30 of the Code

As it relates to legal arrangements, Regulation 21(5) and 30(1) states that where an applicant for business is a trustee, nominee or other legal arrangement, in addition to the requirements outlined in Regulation 21, the financial institution or listed business shall obtain the following information:

- a) evidence of the appointment of the trustee by means of a certified copy of the Deed of Trust;
- b) the nature and purpose of the trust;
- c) verification of the identity of the trustee, the protector and the settlor and any other natural person exercising ultimate effective control over the trust or other legal arrangement; and
- d) information on the identity of the beneficiary or class of beneficiaries and verification of this information where available.
- e) Whether the trust is subject to regulation and if so the details of the regulator

The verification of the identity of a beneficiary of a trust or other legal arrangement shall be performed before the pay-out or the exercise of vested rights.

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5. HOW TO IDENTIFY THE BENEFICIAL OWNERS OF A LEGAL PERSON?

In a scenario where your client or customer of a transaction is a legal person, you are required, in accordance with Regulation 29 of the code, to identify the beneficial owner of the company on whose behalf the transaction is being conducted.

A natural person may be a beneficial owner of a company through:

1. [Possession of controlling ownership interest in the company](#); or
2. [Exercising ultimate effective control over the company through means other than ownership](#).

1. BENEFICIAL OWNERSHIP THROUGH OWNERSHIP INTEREST

FATF identifies beneficial owners, through ownership interest, to consist of both elements of ownership interest and control. This simply means that ownership interest does not solely qualify a person to be a beneficial owner but rather such person must possess *controlling ownership interest*.

Regulation 2(1)(a) of the Code identifies persons holding **ten per cent or more** of the shares or membership of a company to be beneficial owners through controlling ownership interest in the company.

A natural person may be the beneficial owner of a legal person through direct or indirect ownership interests.

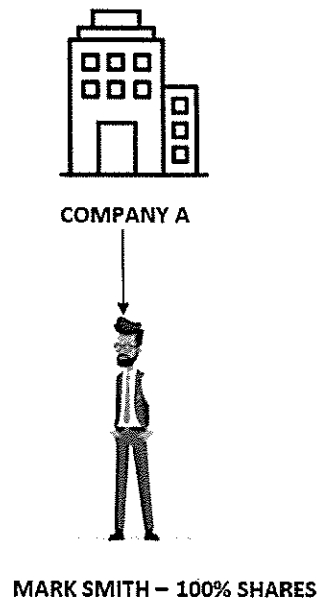
DIRECT OWNERSHIP INTEREST

Direct ownership exists where the shares or percentage holding of the legal person is directly held by a natural person. Ownership chains or multiple ownership channels do not exist in scenarios of direct beneficial ownership.

Where your customer/client is a legal person, and its legal owners are natural persons, the natural persons holding **10% or more of shares** of the said legal person are the beneficial owners of same.

The beneficial owner identified in a scenario of direct ownership is often also the legal owner of the legal person.

Example 1. Beneficial Owner through Direct Ownership

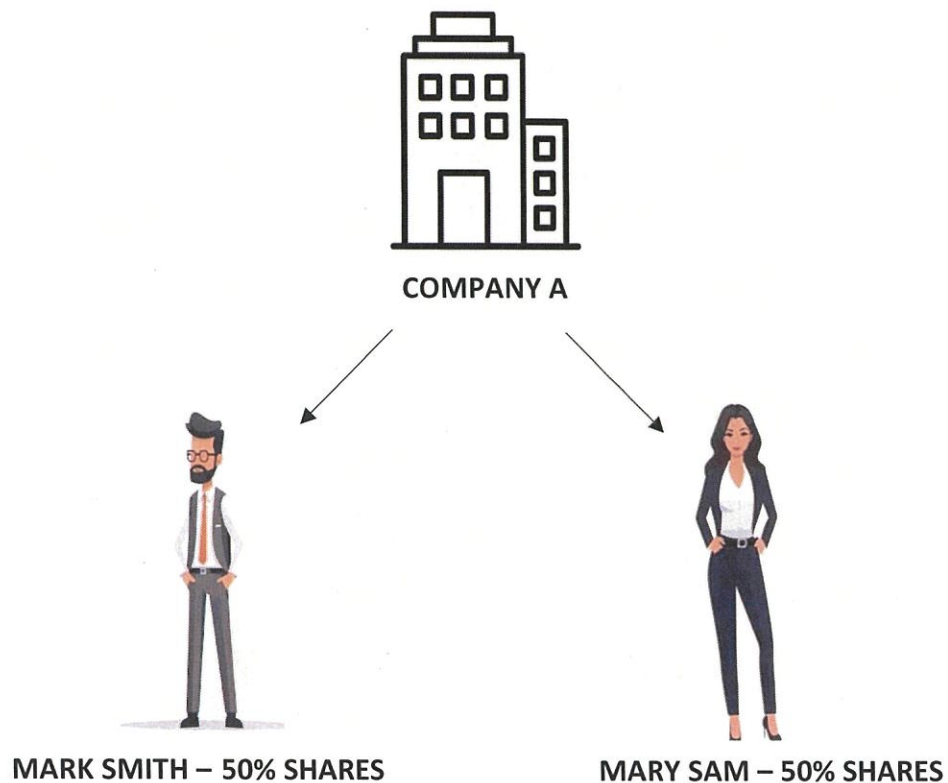


Example 1:

Company A is owned 100% by Mark Smith, who is a natural person. Mark holds all of the shares in Company A (more than 10% of the shares) and therefore is the beneficial owner of Company A. Identity information should be obtained and maintained for Mark.

In this scenario, Mark is also the legal owner of Company A.

Example 2. Multiple Beneficial Owners Through Direct Ownership

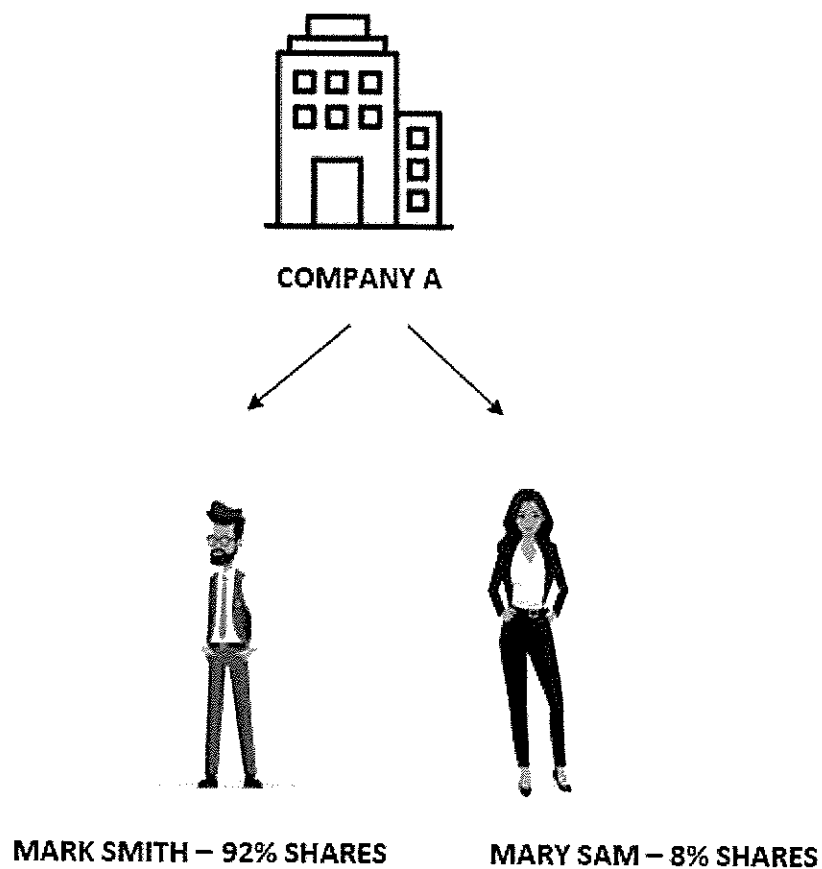


Example 2:

Company A is owned 50% by Mark Smith and 50% by Mary Sam, who are natural persons. Both Mark and Mary hold more than 10% of the shares in company and therefore BOTH are beneficial owners of Company A. Identity information should be obtained and maintained for Mark and Mary.

In this scenario, Mark and Mary are also the legal owners of Company A.

Example 3. Beneficial Owner Through Direct Ownership



Example 3:

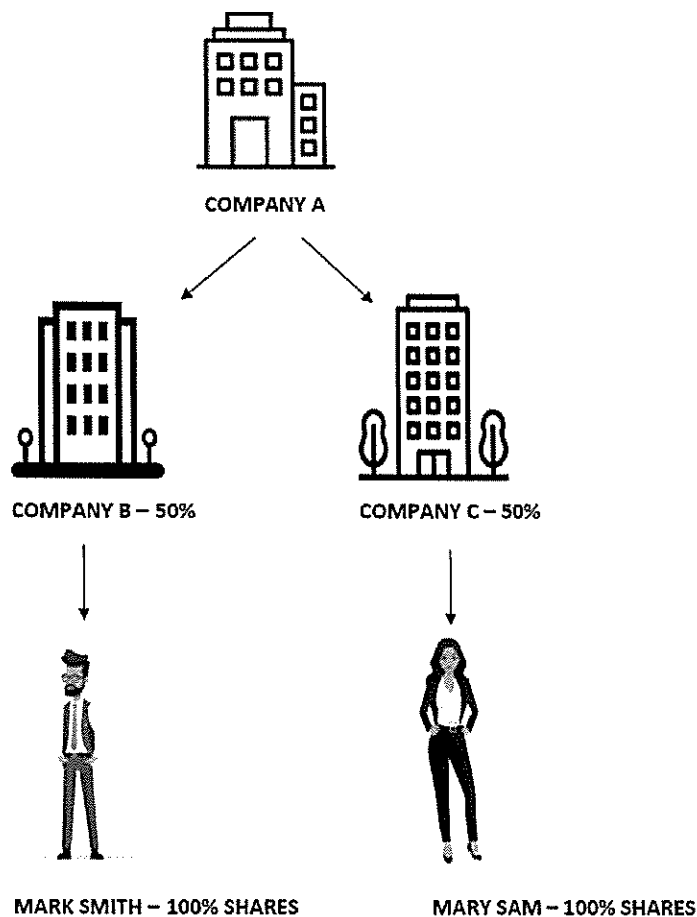
Company A is owned 92% by Mark Smith and 8% by Mary Sam, who are natural persons. Mark Smith holds more than 10% of the shares in company while Mary Sam does not. As such, only Mark can be identified as the beneficial owner of Company A since he alone has controlling ownership interest.

Though Mark is the only beneficial owner, it should be noted that both Mark and Mary are the legal owners of Company A.

INDIRECT OWNERSHIP INTEREST

Indirect ownership exists where the shares or percentage holding of the legal person is held by another legal person. In this instance, ownership is often exercised through a chain of ownership and it is necessary to identify the **ultimate beneficial owner**, i.e., the natural person(s) with controlling ownership interest in the company in question. The ultimate beneficial owner, in a scenario of indirect ownership is often the natural person with beneficial interest in the intermediate holding company/companies.

Example 4. Beneficial Owner by indirect ownership (simple)



Example 4:

Company A is owned 50% by Company B and 50% by Company C. Since Companies B and C are legal persons and not natural persons, neither Company is a beneficial owner of Company A.

You must continue to *identify the natural person with controlling ownership interest* in Company A.

Company B is owned 100% by Mark Smith while Company C is owned 100% by Mary Sam. To calculate the percentage of ownership in Company A possessed by Mark and Mary through their ownership of Companies B and C, respectively, the following mathematical equation can be utilised:

Mark Smith: $1 \times .5 = .5$ (50%)

Mary Sam: $1 \times .5 = .5$ (50%)

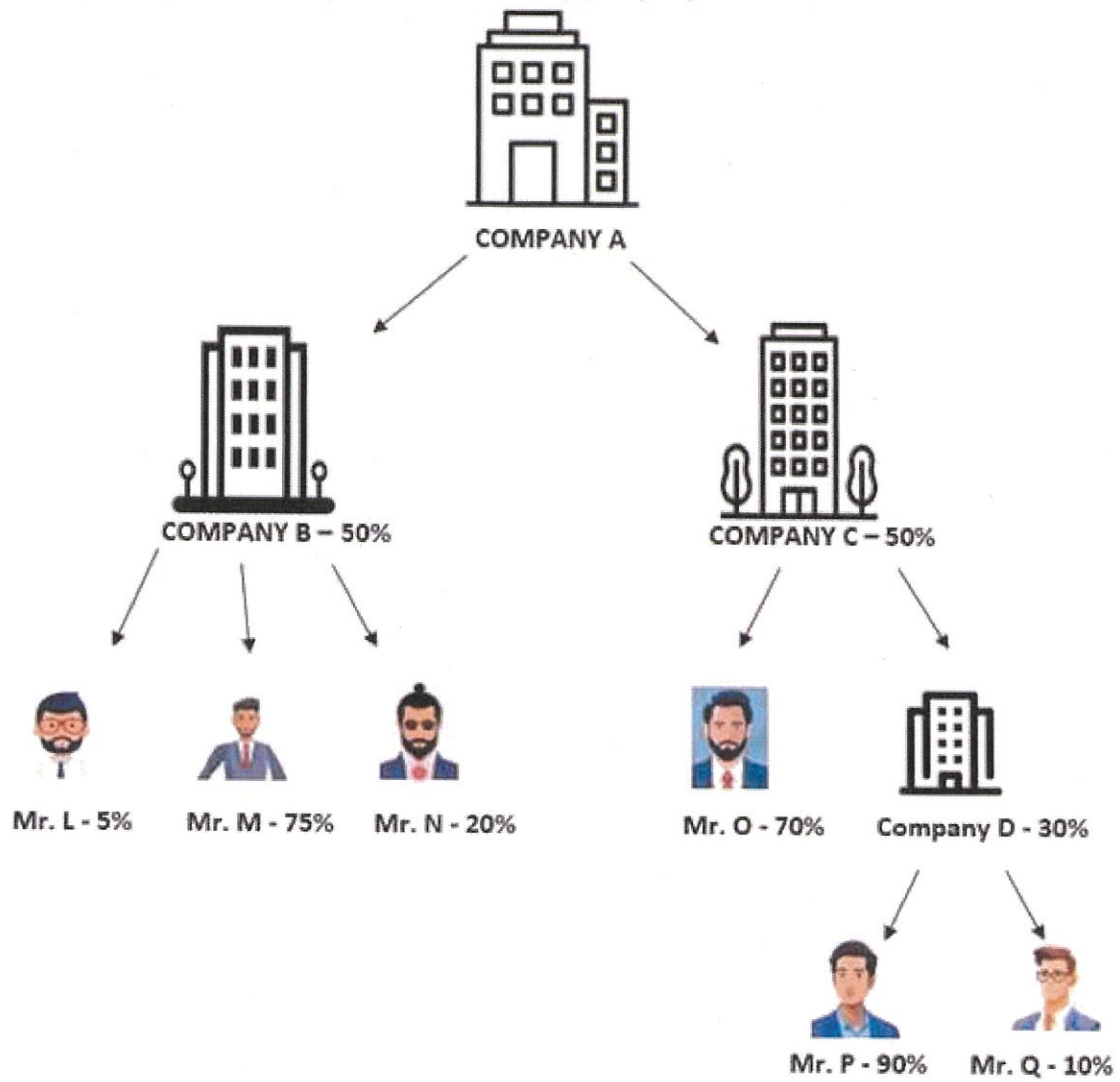
Through their ownership of Company B and Company A, Mark Smith and Mary Sam each indirectly own 50% of Company A.

Therefore, given that both Mark Smith and Mary Sam each own more than 10% of shares in Company A, both individuals are beneficial owners of Company A.

NOTE: Mark and Mary are beneficial owners of Company A, while Company B and Company C are legal owners of Company A

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Example 5. Beneficial Owner by Ultimate Ownership (complex)



Example 5:

Company A is owned 50% by Company B and 50% by Company C. Since Companies B and C are legal persons and not natural persons, neither Company is a beneficial owner of Company A.

You must continue to *identify the natural person with controlling ownership interest* in Company A.

Company B is owned by Mr. L (5%), Mr. M (75%) and Mr. N (20%). To identify the percentage of ownership each individual has in Company A, through his ownership in Company B, the following mathematical equation can be used:

Mr. L: $.05 \times .5 = .025$ (2.5%)

Mr. M: $.75 \times .5 = .375$ (37.5%)

Mr. N: $.2 \times .5 = .1$ (10%)

Company C is owned by Mr. O (70%) and Company D (30%). Given that Company D is a legal person and not a natural person, you are required to identify the natural persons that own Company D. Company D is owned Mr. P (90%) and Mr. Q (10%). To identify the percentage of ownership each individual has in Company A, through his ownership in Company C and Company D, the following equation can be used:

Mr. O: $.7 \times .5 = .35$ (35%)

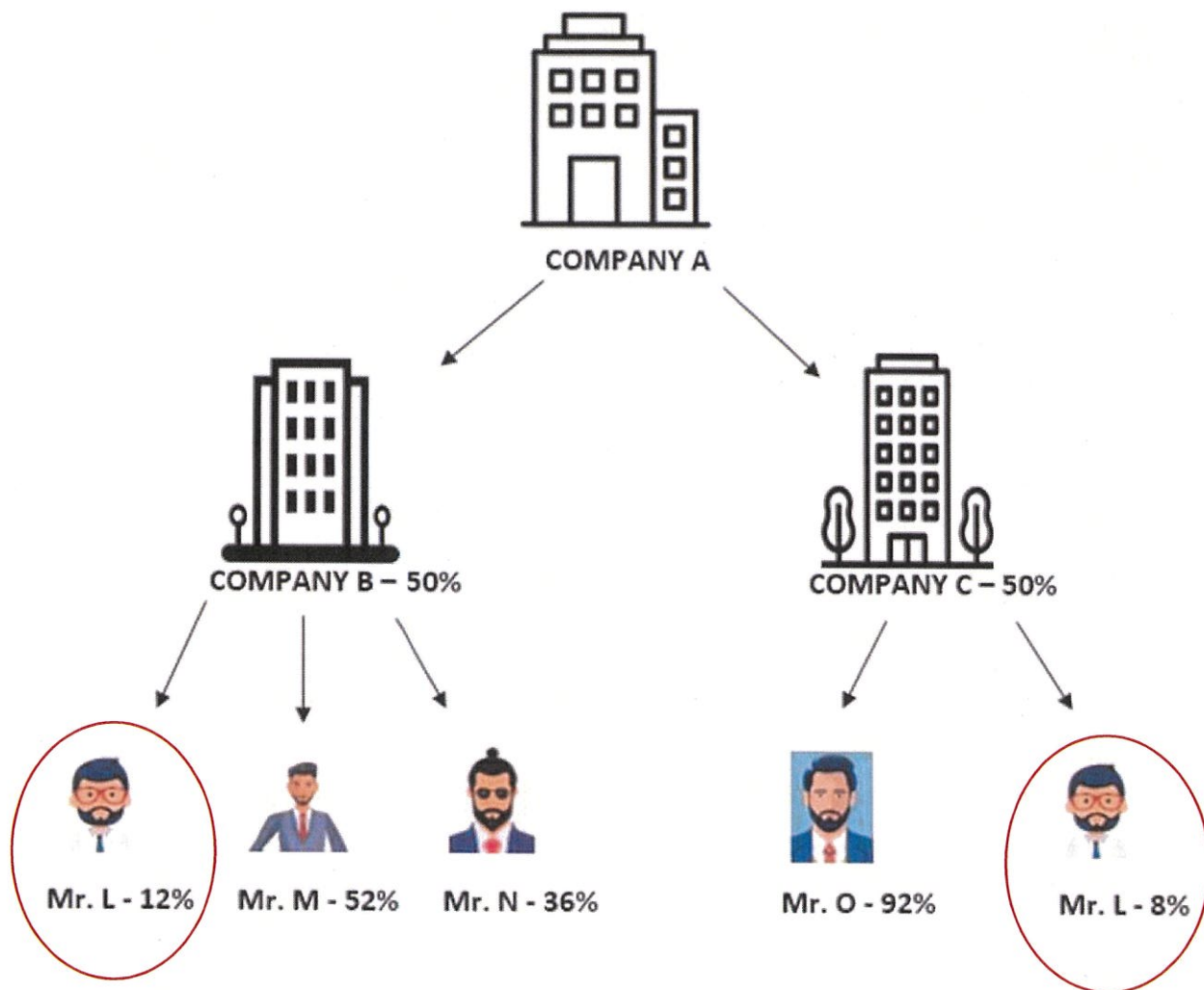
Mr. P: $.9 \times .3 \times .5 = .135$ (13.5%)

Mr. N: $.1 \times .3 \times .5 = .015$ (1.5%)

From the calculations above, it is revealed that Mr. M, Mr. N, Mr. O and Mr. P are all beneficial owners of Company A since they own more than 10% of shares in Company A.

NOTE: Mr. M, Mr. N, Mr. O and Mr. P are all beneficial owners while Company B and Company C are legal owners of Company A.

Example 6. Indirect ownership interest through aggregated interest



Example 6:

Company A is owned 50% by Company B and 50% by Company C. Since Companies B and C are legal persons and not natural persons, neither Company is a beneficial owner of Company A.

You must continue to *identify the natural person with controlling ownership interest* in Company A.

Company B is owned by Mr. L (12%), Mr. M (52%) and Mr. N (36%). To identify the percentage of ownership each individual has in Company A, through his ownership in Company B, the following mathematical equation can be used:

Mr. L: $.12 \times .5 = .06$ (6%)

Mr. M: $.52 \times .5 = .26$ (26%)

Mr. N: $.36 \times .5 = .18$ (18%)

Company C is owned by Mr. O (92%) and Mr. LP (8%). To identify the percentage of ownership each individual has in Company A, through his ownership in Company C and Company D, the following mathematical equation can be used:

Mr. O: $.92 \times .5 = .46$ (46%)

Mr. L: $.08 \times .5 = .04$ (4%)

From the calculations above, it is revealed that Mr. L, Mr. M, Mr. N and Mr. O are beneficial owners of Company A since they own more than 10% of shares in Company A.

Though Mr. L's interest in Company A through Company B is less than 10% (6%) and his interest in Company A through Company C is also less than 10% (4%), when aggregated-->Mr. L's interest in Company A actually meets the 10% threshold (6% + 4% = 10%).

NOTE: Mr. L, Mr. M, Mr. N and Mr. O are all beneficial owners while Company B and Company C are legal owners of Company A.

NOTE: There may be circumstances where persons are beneficial owners even though their ownership interest falls beneath the 10% threshold. In such a case, these persons are beneficial owners through their exercise of ultimate effective control of the company.

2. BENEFICIAL OWNERSHIP THROUGH CONTROL/OTHER MEANS (BEYOND OWNERSHIP INTEREST)

It is imperative to note that beneficial ownership should not only be determined by the ownership threshold.

Where it may not be possible to verify the identity of the natural person who has ultimate ownership of a Company, to the extent that there is doubt about whether a person with *ownership interest* is the beneficial owner, or where no natural person exerts *control through ownership interests*, the identity should be determined of the *natural persons (if any) exercising ultimate effective control* of the legal person through other means.

Identifying control through other means include examining the following¹:



¹ FATF (2023), Guidance on Beneficial Ownership for Legal Persons, FATF, Paris

WHERE NO BENEFICIAL OWNER CAN BE IDENTIFIED

In situations where a beneficial owner cannot be identified, i.e. where you are unable to identify any natural person with controlling ownership interest or any natural person exercising ultimate effective control, the entity should obtain the identity of the natural person who holds the position of senior managing official of the company/legal person.

*Close Fit was section 27(7) which speaks to relying on the information received once the person can be deemed not to be involved in ML/TF.

PLEASE NOTE: You may accept the information of a senior managing official of the legal person in place of beneficial ownership information ONLY IF you are unable to identify a natural person with beneficial ownership through his/her ownership interest or his/her exercise of ultimate effective control through other means.

BENEFICIAL OWNERSHIP IN RESPECT OF DIFFERENT TYPES OF LEGAL PERSONS

PARTNERSHIPS

Where your client or customer is a partnership, you are required to identify, verify and maintain records of the beneficial owners of the partnership.

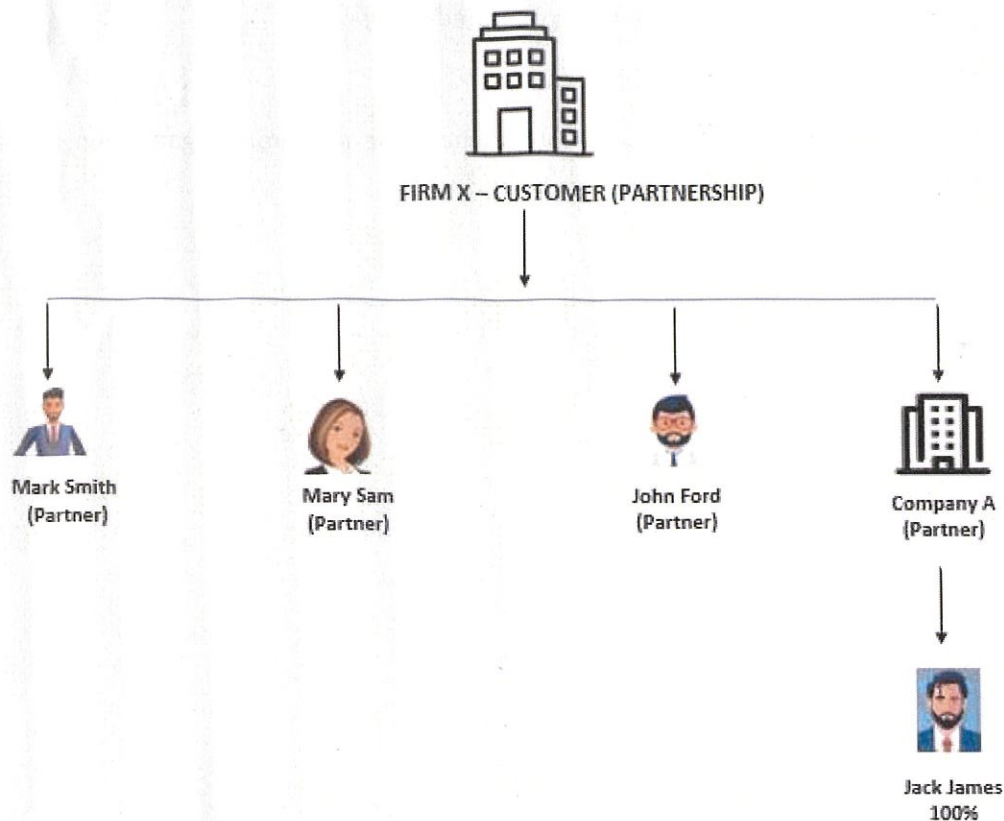
A Partnership is the relation which subsists between persons carrying on a business in common with a view of profit.

Section 2(c)(i) of the Code, "beneficial owner" of a Partnership as

- the partner or partners who control the partnership;

- (b) a trustee of a trust, where the non-profit organisation is established as a trust;
- (c) a person responsible for the management or administration of an unincorporated body, where the non-profit organisation is established as an unincorporated body;
- (d) a senior officer of the non-profit organisation; or
- (e) a person not specified in paragraphs (a) to (d) where the non-profit organisation is controlled or managed by that person;"

Example 7- Partnership



Example 7:

Firm X (your client/customer) is a Partnership and checks reveal that the Partners of Firm X are Mark Smith, Mary Sam, John Ford and Company A. By virtue of Section 20A of the Partnerships Act, all natural persons who are partners of Firm X are the beneficial owners. Given that Company A is a legal person, it cannot be identified as a beneficial owners of Firm X. You are therefore required to identify and verify the natural persons who own Company A. Company A is owned 100% by Jack James. As such Mark Smith, Mary Sam, John Ford and Jack James are beneficial owners of Firm X

NON-PROFIT ORGANISATIONS

Where your client or customer is a non-profit organisation (NPO), you are required to identify the beneficial owner of such entity. The beneficial owner of a NPO is the controller.

Section 3 of the Proceeds of Crime (Amendment) Act, No 25. of 2022, defines a “controller” of a NPO means a person who has the control or management of a non-profit organisation and includes —

- (a) a director of a non-profit company, where the non-profit organisation is established as a non-profit company;

6. IDENTIFICATION OF THE BENEFICIAL OWNERS OF A LEGAL ARRANGEMENT

Legal arrangements refer to express trusts and other similar legal arrangements. Other legal arrangements that are similar to express trusts operate in a like manner where there is a functional separation of ownership into two parts: legal control of assets, and benefit from these assets, held by different persons².

Trusts may include a range of parties:



Regulation 2 of the Code defines a beneficial owner of a legal arrangement as-

- (a) the partner or partners who control the partnership
- (b) the trustee or other person who controls the applicant and
- (c) the settlor or other person by whom the legal arrangement is made

When your client/customer, who is party to a legal arrangement, conducts a transaction, you are required to identify the beneficial owners of the legal arrangement before you.

In accordance with regulation 21(5)(c) of the Code, you must identify:

- (a) the type of trust or legal person;
- (b) the nature of the activities of the trust or legal person and the place where its activities are carried out; and
- (c) in the case of a trust
 - i. where the trust forms part of a more complex structure, details of the structure, including any underlying companies; and
 - ii. classes of beneficiaries, charitable objects and related matters;
- (d) in the case of a legal person, the ownership of the legal person and, where the legal person is a company, details of any group of which the company is a part, including details of the ownership of the group; and
- (e) whether the trust or trustee or the legal person is subject to regulation and, if so, details of the regulator.

I. The Settlor

Settlers are natural or legal persons who transfer ownership of their assets to trustees by means of a trust deed or similar arrangement. The Settlor is generally understood as the person establishing the trust.

It should be noted that the Settlor may not be named in the trust instrument. In fact, there may be circumstances where the settlor named in the trust instrument is not the “economic settlor” but instead acting as a “nominee” for the real economic settlor who is the real owner of the assets contributed to the trust. In this scenario it is important to obtain the identity of the economic settlor³.

Additionally, where the settlor named in the trust instrument is a legal person, you are required to identify the beneficial owner(s) of that legal person.

² FATF (2024), Guidance on Beneficial Ownership and Transparency of Legal Arrangements, FATF, Paris

³ FATF (2024), Guidance on Beneficial Ownership and Transparency of Legal Arrangements, FATF, Paris

The Trustee

Trustees are the legal, or natural, person who has powers over and can act in relation to trust assets. They are directly involved in trust transactions, or generally are required to conduct ongoing oversight and scrutiny of others who are dealing with the trust property.

Trustee usually perform their management, administration, and investment functions of the trust instrument personally but there may be situations where these functions may be delegated. In situations of delegation, a trustee may appoint custodians, investment managers, investment advisors, and other service providers to assist them in properly administering the trust. However, the trustee generally remains responsible for monitoring and reviewing the arrangements under which a delegate acts⁴.

II. The Protector

A protector or guardian is generally appointed to oversee trustees' actions and to consider whether such actions are in the interest of the beneficiaries. The Protector can be either a natural or legal person. Where the Protector is a legal person, it is important to identify the beneficial owner of such appointed Protector.

A Protector may protect and ultimately control a trust because he or she may:

- approve the trustee's decisions.
- revoke a trustee's decisions
- may remove a trustee
- may appoint a new trustee.
- may change the jurisdiction of the trust.

III. Natural person exercising effective control

Beneficial owners of a legal arrangement include other natural persons may exercise effective control over the legal arrangement.

Ultimate effective control over trusts or similar legal arrangements includes:

- situations in which ownership/control is exercised through a chain of ownership/control; and/or
- any other individual with the power to decide who can exert control over the trust.

"Control" means a power (whether exercisable alone or jointly with another person or with the consent of another person) under the trust instrument or by law to:

- i. dispose of or invest (other than as an investment manager) trust property;
- ii. direct, make or approve trust distributions;
- iii. vary or terminate the trust;
- iv. add or remove a person as a beneficiary or to or from a class of beneficiaries; and/or
- v. appoint or remove trustees⁵.

⁴ FATF (2024), Guidance on Beneficial Ownership and Transparency of Legal Arrangements, FATF, Paris

⁵ FATF (2024), Guidance on Beneficial Ownership and Transparency of Legal Arrangements, FATF, Paris

IV. Beneficiaries

A beneficiary of a trust is the person(s) who is(are) or may become entitled to the benefit, directly or indirectly, of any trust arrangement. A beneficiary can be a natural person, or a legal person or legal arrangement.

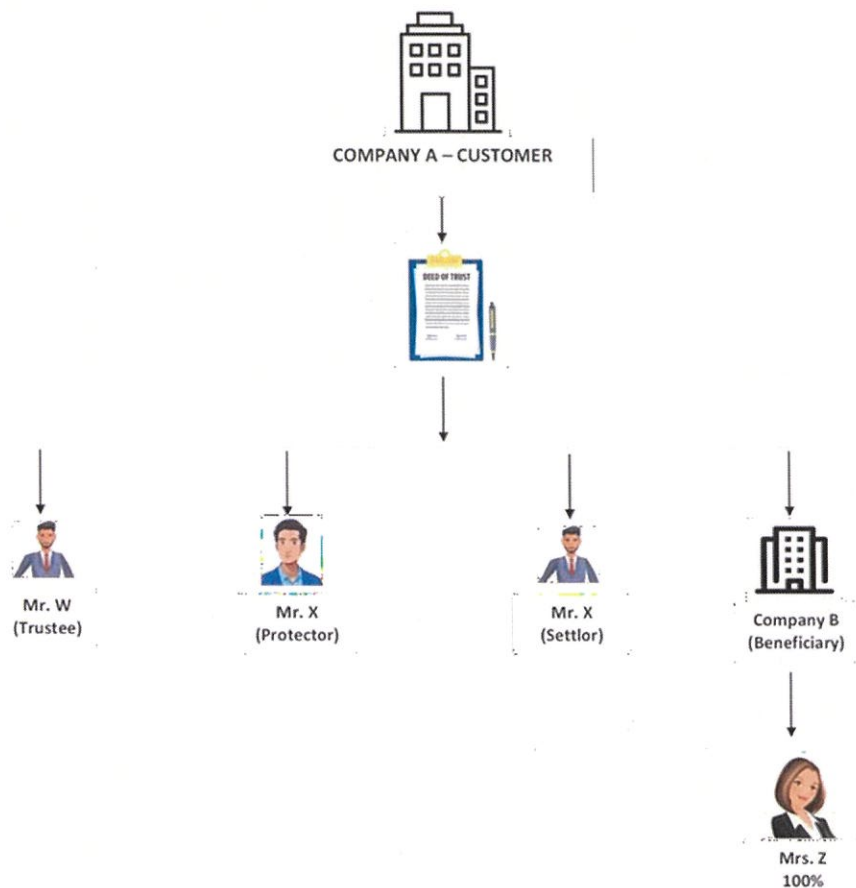
A beneficiary may include⁶:

- those explicitly named in the trust instrument (trust deed) as a beneficiary or beneficiaries.
- those who may not be explicitly named but who can be clearly identified as being entitled to the benefit of a particular legal arrangement (e.g., a child of the settlor if the trust instrument names the beneficiaries as being the settlor's children).
- those who become beneficiaries at the occurrence of a specific event, such as the exercise of trustee discretion (objects of a power) or the realization of an accumulation period

Note: Where the parties to the trust or legal arrangement are legal persons or other legal arrangements, information on these parties should include the information on their beneficial owners, including the means and mechanisms through which the beneficial owner exercises beneficial ownership and the scope of their beneficial interest in the legal person or arrangement.

⁶ FATF (2024), Guidance on Beneficial Ownership and Transparency of Legal Arrangements, FATF, Paris

Example 8- Where There is a Corporate Trust within the Ownership Structure



Example 8:

There may also be scenarios where there is a Corporate Trust within the ownership of a legal person.

Company A is wholly owned by Trust X. Therefore, the beneficial owners of Company A are the parties of the trust (i.e. the natural persons including the trustee, protector and settlor).

Note: One of the parties to the Trust is another legal person (beneficiary, Company B) and as such, you are required to also identify the beneficial owner of Company B (i.e. Mrs. Z).

The beneficial owners of Company A are Mr. W, Mr. X and Mrs. Z.

7. OBTAINING BENEFICIAL OWNERSHIP INFORMATION

Upon identifying the beneficial owner of either a legal person or a legal arrangement, it is important to ensure that the information gathered is adequate, accurate and up-to-date. Part III of the Code requires Supervised Entities to obtain specific documentation and information from clients/customers, who are legal persons or legal arrangements, when conducting business.

ADEQUATE INFORMATION

Adequate information is information that is sufficient to identify the natural person(s) who are beneficial owner(s), and means and mechanisms through ownership, control or other means. Once the beneficial owner is identified it is important that information obtained on the said beneficial owner's identity is ample to assist law enforcement agencies and competent authorities should such identity information be requested.

Adequate information on a beneficial owner of legal person or legal arrangement include:

- first and last name
- nationality(ies)
- date of birth
- a tax registration number
- an identity number
- passport number
- place of birth
- residential address
- the tax identification number or equivalent in the country of residence.
- role of the beneficial owner in the legal arrangement must make clear whether this beneficial owner is the settlor, trustee, protector, beneficiary, or a natural person exercising ultimate effective control over the trust

As it relates to the means and mechanisms through ownership, control or other means, in the case of a legal person, the following information of the identified beneficial owner is necessary:

- percentage of shares
- voting rights
- information on whether the beneficial owner is involved in any nominee relationship
- type of participation in company
- whether interest in company is through ownership or control

As it relates to trusts and other similar legal arrangements, the means and mechanisms through which the beneficial owner exercises ownership and the scope of their beneficial interest in the legal arrangement must be identified.

ACCURATE INFORMATION

Upon the identification of the beneficial owners of a legal person or arrangement, the information obtained must then be verified.

Verification is a combination of checks and other processes that ought to be adopted to ensure that the beneficial ownership data obtained is accurate.

According to FATF in its 2023 [Guidance on Beneficial Ownership for Legal Persons](#), the verification of the beneficial ownership information of a company typically involves a review of documents submitted such as share certificates, shareholder register, board meeting resolutions, and power of attorney documents. Verifying beneficial ownership information could also include, depending on the level of risk, manual or automated cross-checks with relevant government and other available databases.

In relation to legal arrangements, verifying beneficial ownership information can involve a review of documents submitted such as the trust instrument and any other document identifying beneficial owners, such as letters of wishes etc.

Verification of the Identity of the Beneficial Owner

Steps ought to be taken to prove that a natural person, who has been identified as a beneficial owner, actually exists and is who they claim to be. This is often done through the use of government issued identity documents (such as passport, social security card and/or driver's licence) which evince the name, date of birth, nationality and other useful attributes of a person. Government databases such as the [Elections and Boundaries Commission Registration Database](#), the Registrar General's Online Companies Registry and the [Ministry of Works and Transport Customer Portal](#) can also be used to assist in further verifying the identity of the beneficial owner information provided.

Additionally, where the beneficial owner is resident outside of Dominica, steps must also be taken to verify the authenticity of the legal documents provided from abroad. This may take the form of certified or notarized copies of identification documents.

Verification of the status of the Beneficial Owner

Apart from verifying the identity of a beneficial owner identified, it is important to confirm the *status of the beneficial owner*. This ensures that the person identified as a beneficial owner is in fact a beneficial owner of the legal person or legal arrangement.

To verify a beneficial owner's status in a legal person, FATF⁷ has highlighted the following elements to be considered:

- does the person identified as beneficial owner has ownership interest, voting rights or control rights in the legal person, such that they meet the definition of beneficial owner?

⁷ FATF (2023), Guidance on Beneficial Ownership for Legal Persons, FATF, Paris

- is the identified beneficial owner actually exercising the rights associated with his/her level of ownership and/or control in practice?
- is the identified beneficial owner exercising rights in the legal person under instruction from, or by agreement with an undisclosed third party?
- are the identified beneficial owners consistent with the structure and risk profile of the legal person?

To verify a beneficial owner's status in a legal arrangement, FATF⁸ has highlighted the following elements to be considered:

- Does the person identified as the beneficial owner meet the definition of a beneficial owner of the trust or the similar legal arrangement? i.e., is the person identified as beneficial owner the settlor/trustee/protector/beneficiary or object of a power of the trust/similar legal arrangement?
- Are there any other persons who can exercise ultimate effective control over the trust? Is the settlor or any of the beneficiaries acting as a nominee?
- Are there any legal persons/arrangements among the parties of the trust/similar legal arrangements? If so, have the natural persons who are their beneficial owners been identified?
- Are there any nominee arrangements involving parties to the trust/similar legal arrangements? If so, have the natural person who is the nominator (or its beneficial owners if the nomination is a legal person/arrangement) been identified?

Note: Supervised Entities are advised to utilise open source material in conjunction with any requested documentation to verify the beneficial owners of a Legal Person or Legal Arrangement. **Reliance on the Companies Online Registry, solely, does not amount to successful verification.**

Verification - A Risk Based Approach

A risk-based approach should be adopted when considering the robustness and extent of documentation required to verify a beneficial owner's identity. **There is no set list of identification required but rather the degree of the verification exercise is one which may vary on a case by case basis.**

For guidance on adopting a risk based approach, please see the Guidance Notes published on the FSU's website as it relates to the sector within which you operate and see [FATF's website](#) for further guidance on adopting a risk based approach.

⁸ FATF (2024), Guidance on Beneficial Ownership and Transparency of Legal Arrangements, FATF, Paris

UP-TO-DATE INFORMATION

The obligation of understanding ownership and control structure and the risk profile of a client who is a legal person or arrangement is ongoing in nature.

Additionally, supervised entities are required to retain/maintain legal and beneficial owner information and records of same in electronic or written form for a period of seven (7) years. This is necessary to ensure that competent authorities such as law enforcement agencies can access beneficial ownership information, if and when needed to assist in an investigation.

In the circumstances where a beneficial owner has died, you are required to maintain the identity information of the deceased beneficial owner until he/she has been replaced.

Please see the FIUTT's [RECORD KEEPING GUIDANCE FOR SUPERVISED ENTITIES](#) for more information.

8. ACCESSIBILITY OF BENEFICIAL OWNERSHIP INFORMATION

The accessibility of beneficial ownership information to competent authorities enhances transparency and accountability in financial systems. This access enables authorities, such as law enforcement authorities, to effectively combat money laundering, financing of terrorism, proliferation financing, tax evasion, fraud and other financial crimes by identifying the individuals who ultimately control or benefit from a legal person or legal arrangement.

By knowing who the true owners are, authorities can more easily trace illicit activities, ensure compliance with regulations, and protect the integrity of the financial system. Furthermore, accessible beneficial ownership data fosters trust among investors and the public, promoting a fairer business environment and encouraging responsible corporate behaviour.

9. SCREENING AND SUBMISSION OF REPORTS TO THE FIU

Supervised Entities, upon identifying the identities of beneficial owners of a legal person or legal arrangement, are required to screen the names of these beneficial owners against the relevant sanctions lists and submit, if necessary, the appropriate reports to the FIU i.e. TPR Forms, STR/SAR Forms.

For further guidance please see:

1. [FIUTT's Guidance on reporting Terrorist Funds Reports;](#)
2. [FIUTT's Guidance on reporting SARs/STRs;](#) and
3. [FIUTT's Guidance on reporting Proliferation Financing.](#)
- 4.

10. SANCTIONS

A FI or LB which does not comply with the Code, commits an offence and is liable for a penalty as prescribed under Schedule III of the Code. (See Section Regulation 59(1) of the Code).

***END OF DOCUMENT**

