

Cross-border Correspondent Relationship Baseline Due Diligence Questionnaire (v.1.1, March 2024)

NOTE:

This questionnaire is a baseline version of the extensive due diligence questionnaire for cross-border correspondent relationship developed by Asia Securities Industry & Financial Markets Association (ASIFMA), its member firms and contributors for the benefit of industry participants with reference to the Wolfsberg Group Correspondent Banking Due Diligence Questionnaire (CBDDQ) (V1.4) published in February 2023, with modifications in accordance with the relevant local laws, regulations and guidelines in Hong Kong.

This sample questionnaire should only be taken as a reference and should not be considered or relied upon as a legal or professional advice or opinions on any matters. The use of the sample questionnaire is voluntary. ASIFMA and contributors of the questionnaire do not assume liability in any form arising out of this questionnaire, make no representations that the use of or reference to the questionnaire will satisfy any legal, regulatory or other obligations and disclaim any on-going duty or obligation to update or revise the questionnaire or notify any persons of changes to laws, regulations or regulatory guidance that may affect the use or application of the questionnaire.

You are advised to seek your own professional advice as necessary.

The questionnaire is designed for due diligence conducted by financial institutions when establishing cross-border correspondent relationships as referred to in paragraph 4.20 of the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Corporations) (the "AML Guideline") issued by the Securities and Futures Commission of Hong Kong. It shall be completed *in addition* to and considered together with the customer due diligence measures and additional or enhanced due diligence measures under the AML Guideline.

The intention of this baseline DDQ is to act as an industry guidance as an add-on in addition to the Wolfsberg questionnaire to address the gaps over and above the Wolfsberg questionnaire. In the event that firms do not use the Wolfsberg questionnaire, then accordingly, this baseline DDQ would not apply and firms can utilise other arrangements such as for example the full length DDQ (attached in Annex 1).

The Respondent Institution (RI) should answer the questionnaire at the legal entity level including any branches and/or subsidiaries (referred to as an Entity) for which the client base, products and control model are materially similar to the RI Head Office/ Parent Company. Each question in the CBDDQ will need to be addressed from the perspective of the RI and on behalf of all of its branches and/or subsidiaries. If a response for the RI differs for one of its branches and/or subsidiaries, this needs to be highlighted and details regarding this difference captured at the end of each sub-section. If a branch/subsidiary's business activity (products offered, client base etc.) is materially different than its RI Head Office/ Parent Company, a separate questionnaire can be completed for that branch/subsidiary.

* Delete as inappropriate

No #	Question	Response
1. ENTITY, MANAGEMENT & OWNERSHIP		
1.	Full Legal Name of the Respondent Institution	
2.	Jurisdiction of the Respondent Institution	
3.	Jurisdiction(s) that the Entity carries out its business	
4.	Is the RI part of a group?	Yes / No * If yes, <ul style="list-style-type: none"> • please provide full name of the financial group • please append a list of entities belonging to the same group that establish cross-border correspondent relationship with the Correspondent Institution and which are covered by this questionnaire.

5.	<p>Please append a list of senior management containing each senior management's name, title, and respective functions/ roles.</p> <p>Please also indicate the responsible officers for AML/ CFT functions.</p>	
6.	<p>What are the types of underlying clients the Entity provides its service or products to via this correspondent account with the Correspondent Institution?</p>	<p><input type="checkbox"/> Individual clients (Percentage in the entire portfolio: _____ %)</p> <p><input type="checkbox"/> Institutional clients (Percentage in the entire portfolio: _____ %)</p> <ul style="list-style-type: none"> <input type="checkbox"/> Listed Companies <input type="checkbox"/> Private Companies <input type="checkbox"/> Asset Management Firms <input type="checkbox"/> Brokerage Firms/ Securities Firms <input type="checkbox"/> Banks <input type="checkbox"/> Insurance Companies <input type="checkbox"/> Investment Vehicles (Funds) <input type="checkbox"/> Others (please specify) <p><input type="checkbox"/> High risk clients (Percentage in the entire portfolio: __ %)</p> <p><input type="checkbox"/> PEP clients (Percentage in the entire portfolio: __ %)</p> <p><input type="checkbox"/> Clients domiciled in jurisdictions identified by FATF as high-risk jurisdictions</p> <p><input type="checkbox"/> Other: please describe:</p>
7.	<p>Is the Entity responsible for placing orders to the Correspondent Institution?</p>	<p>Yes / No*</p> <p>If no, what is the legal name of the entity responsible for placing orders?</p>

2. PRODUCTS & SERVICES		
8.	Does the entity offer the following products and services directly to its customers (as opposed to acting as an introducer or intermediary). (Select all that apply).	
8.1	Bilateral, Club & Syndicated Loans	Yes / No *
8.2	Brokerage /Dealer	Yes / No *
8.3	Commodities Trading	Yes / No *
8.4	Cross Border Remittances	Yes / No *
8.5	Currency Exchange/ Foreign Exchange Trading	Yes / No *
8.6	Custodian Service	Yes / No *
8.7	Debt Capital Market	Yes / No *
8.8	Derivatives Trading	Yes / No *
8.9	Deposit Taking	Yes / No *
8.10	Distribution	Yes / No *
8.11	Equity Capital Market	Yes / No *
8.12	Futures Contracts	Yes / No *
8.13	Margin Financing	Yes / No *
8.14	Money Markets Instruments (Certificates of Deposit, Commercial Paper etc)	Yes / No *
8.15	Repos/ Securities Lending	Yes / No *
8.16	Securities Trading	Yes / No *

8.17	Stored Value Instruments	Yes / No * If yes, please provide examples of Stored Value Instrument the Entity provides e.g. prepaid cards, e-wallet, government benefit cards.
8.18	Virtual Assets/Digital Currencies	Yes / No *
8.19	Underwriting	Yes / No *
8.20	Asset Management	Yes / No *
8.21	Insurance	Yes / No *
9.	Please confirm/ provide the following in relation to the Entity's cross-border correspondent relationships.	
9.1	What is the purpose of this cross-border correspondent relationship with the Correspondent Institution (including possible further nested correspondent relationships)?	
9.2	What are the types and nature of services to be provided by the Correspondent Institution under this cross-border correspondent relationship?	
9.3	What is the expected value and volume of transactions under this cross-border correspondent relationship with the Correspondent Institution?	
9.4	Does the Entity provide nested correspondent relationships to its underlying customers?	Yes / No *
9.5	Does the Entity's AML/CFT programme cover nested correspondent relationships?	Yes / No *

3. AML, CTF & SANCTIONS PROGRAMME:		
10.	Does the Entity have a programme that sets minimum AML, CTF and Sanctions standards regarding the following components: (Select all that apply)	
10.1	Customer Due Diligence (CDD)	Yes / No *
10.2	If underlying customer(s) have direct access to the correspondent account, whether the Entity would conduct CDD to verify their identities and continuously monitor its business relationships with them, in accordance with the AML requirements.	Yes / No *
10.3	Additional / enhanced due diligence measures to mitigate the risk of Money Laundering or Terrorist Financing (ADD)	Yes / No *

4. AML, CTF & SANCTIONS AND OTHER POLICIES & PROCEDURES		
11.	Does the Entity have policies and procedures that:	
11.1	Prohibit accounts/relationships with shell financial institutions ¹	Yes / No *

12.	Is the Entity subject to any applicable law, or conditions to provide documents, data or information in relation to any particular transactions or any underlying clients when requested by the Correspondent Institution?	Yes / No * If yes, please provide details.
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5. FRAUD		
13.	Does the Entity have policies in place addressing fraud risk?	Yes / No *
14.	Does the Entity have a dedicated team responsible for preventing & detecting fraud?	Yes / No *
15.	Do the Entity's processes include gathering additional information to support its fraud controls, for example: IP address, GPS location, and/or device ID?	Yes / No *

Declaration Statement	
<p>Declaration Statement (To be signed by Senior Compliance Manager – Second Line Representative or equivalent position holder AND Group Money Laundering Prevention Officer, Global Head of Anti- Money Laundering, Chief Compliance Officer, Global Head of Financial Crimes Compliance OR equivalent OR equivalent at branch/ subsidiary level (if this questionnaire is filled at branch/ subsidiary level))</p>	
<p>_____ (Financial Institution name) is fully committed to the fight against financial crime and makes every effort to remain in full compliance with all applicable financial crime laws, regulations and standards in all of the jurisdictions in which it does business and holds accounts.</p>	
<p>The Financial Institution understands the critical importance of having effective and sustainable controls to combat financial crime in order to protect its reputation and to meet its legal and regulatory obligations.</p>	
<p>The Financial Institution recognises the importance of transparency regarding parties to transactions in international payments and has adopted/is committed to adopting these standards.</p>	
<p>The Financial Institution further certifies it complies with / is working to comply with the applicable principles, laws and regulations on AML/CFT applicable to the Financial Institution. The information provided in this due diligence questionnaire will be kept current and will be updated no less frequently than _____.ⁱⁱ</p>	
<p>The Financial Institution commits to file accurate supplemental information on a timely basis.</p>	
I,	(Senior Compliance Manager – Second Line Representative Banking or equivalent), certify that I have read and understood this declaration, that the answers provided in this due diligence questionnaire are complete and correct to my honest belief, and that I am authorised to execute this declaration on behalf of the Financial Institution (and its branches/ subsidiaries, where applicable).
I,	(MLRO or equivalent), certify that I have read and understood this declaration, that the answers provided in this due diligence questionnaire are complete and correct to my honest belief, and that I am authorised to execute this declaration on behalf of the Financial Institution (and its branches/ subsidiaries, where applicable).
_____	(Signature & Date)
_____	(Signature & Date)

ⁱ A shell financial institution is a corporation that is incorporated and authorised to carry on financial services businesses in a place outside Hong Kong but with no physical presence in the jurisdiction it is incorporated and authorised, and which is not an affiliate of a regulated financial group that is subject to effective group-wide supervision. A corporation is considered to have "physical presence" if it carries on financial services businesses at any premises in that place or jurisdiction and at least one full-time employee of the corporation performs duties related to financial services businesses at those premises.

ⁱⁱ The Wolfsberg Questionnaire (v1.4) requires such time period be no shorter than 18 months