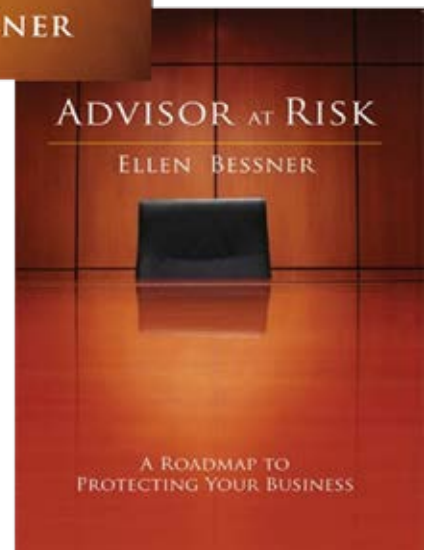
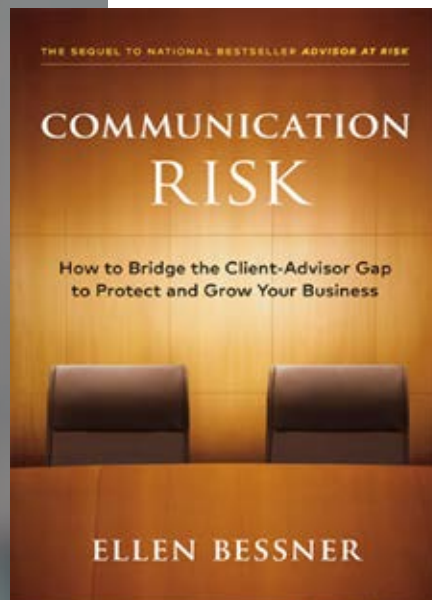


KNOW YOUR CLIENT CHEAT SHEET



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KYC PROCESS AND ROADMAP TO REDUCE RISK AND GROW YOUR BUSINESS

Advisor at Risk (Chapter 3) and Communication Risk (Chapter 4)

WHAT ARE KYC RISKS?

- Clients sign KYC forms without reading
- Clients later deny accuracy and sue
- litigation and regulatory matters are stressful, costly and damage reputations
- Put your licence at risk
- Advisors who ignore KYC risks and do not follow a KYC process

WHAT IS THE KYC FORM?

- It is a summary of what you know about the client
- It is not merely a tick-off-the-box exercise or a guessing game based on superficial knowledge about a client

WHAT IS THE KYC PROCESS?

5 step approach:

- I. Active listening (using open-ended questions and take notes while client speaks)
- II. Question the client to make sure you understand what they said
- III. Identify disconnects and inconsistencies and probe further through discussion
- IV. Finalize form and review with client
- V. Update the form - it is an active process and clients change

PAPER TRAIL

- Note-taking comes well before you populate the form with answers
- Notes of the information collected from client are examined carefully by regulators and judges
- Proof for every choice on KYC form is required so you can prove accuracy
- Know client's history and future expectations (well beyond what is on form)

CREDIBILITY BATTLE

- Evidence of client sophistication is key
- Judges and regulators test whether client understood; look for clear, credible evidence
- Versions of events differ between client who says understood nothing, and advisor who says client understood

5 C's OF NOTE TAKING & WIN THE CREDIBILITY BATTLE

Correct

Complete

Current

Consistent

Contemporaneous

(at the same time as telephone call or meeting)



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This is not legal advice; kindly consult a lawyer for advice required.

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