PART F – ENHANCED DUE DILIGENCE (EDD) WORKFLOW

Referencing the CSS AML/ATF Risk Assessment Manual

1. EDD REQUIRED

Purpose:
Determine whether CSS understands the client relationship sufficiently to manage the identified ML/TF risk.

EDD is required when:

- Client is classified as High Risk
- High-Risk Override applies
- PEP/HIO identified
- Source of Funds concern identified
- Source of Wealth concern identified
- Beneficial Ownership concern identified
- Sanctions concern identified
- Significant adverse media identified
- Trigger event results in increased risk
- CAMLO or Deputy CAMLO directs EDD

2. IDENTIFY THE RISK REQUIRING REVIEW

Key Principles:
EDD should focus on understanding the identified risk and not become a generic document collection exercise.

Document the specific concern:

- Ownership transparency concern
- Source of Funds concern
- Source of Wealth concern
- Foreign jurisdiction concern
- PEP/HIO concern
- Third-party concern
- Adverse media concern
- Monitoring concern
- Unusual activity concern

3. OBTAIN ADDITIONAL INFORMATION

Review and obtain information relevant to the identified concern.

Ownership Concerns:

- Corporate records
- Ownership registers
- Shareholder information
- Partnership agreements
- Trust documentation

Source of Funds Concerns:

- Bank records
- Sale agreements
- Loan agreements
- Inheritance documentation
- Financial statements

Source of Wealth Concerns:

- Business ownership history
- Investment history
- Employment history
- Asset ownership documentation

Foreign Exposure Concerns:

- Foreign registrations
- Foreign ownership information
- Jurisdictional information

4. PERFORM INDEPENDENT REVIEW

Purpose:
Corroborate information provided by the client.

Where appropriate, independently verify information obtained:

- Corporate registry searches
- Public records searches
- Adverse media searches
- Regulatory database searches
- Public ownership records

5. ASSESS WHETHER CONCERNS ARE RESOLVED

Determine:
Does the information reasonably explain the identified concern?

Review:

- Information obtained
- Client explanations
- Independent verification results
- Risk indicators
- Supporting documentation

NO ← | → **YES**

6A. ESCALATE IMMEDIATELY

Refer to:
Part E – High-Risk Indicator & Escalation Workflow

Escalate to:

- Deputy CAMLO
- CAMLO

Document:

- Nature of concern
- Information reviewed
- Outstanding concerns
- Supporting documentation

CAMLO / DEPUTY CAMLO REVIEW

Determine whether:

- Additional EDD is required
- Risk rating must change
- Monitoring must increase
- Restrictions are required
- Reporting considerations exist
- Relationship should continue

6B. DETERMINE WHETHER CURRENT RISK RATING REMAINS APPROPRIATE

Review whether:

- Risk classification remains appropriate
- Additional monitoring is required
- Escalation requirements change
- Due diligence requirements change

Possible outcomes:

- High Risk remains unchanged
- Risk rating increases
- Additional controls required
- Enhanced monitoring required

7. DOCUMENT ALL DECISIONS

Record in client file:

- Reason EDD was required
- Risk identified
- Information obtained
- Independent review completed
- Findings and conclusions
- Risk rating decision
- Monitoring requirements
- Escalation decisions
- Reviewer approval

8. APPLY ONGOING MONITORING REQUIREMENTS

Refer to:
Part C – Ongoing Monitoring & Reassessment

Minimum requirement:

- Annual review

More frequent where:

- CAMLO directs
- Risk factors increase
- Trigger events occur
- Enhanced monitoring is required

KEY PRINCIPLE

EDD IS COMPLETE WHEN CSS CAN REASONABLY ANSWER:

"Do we understand the client, the identified risk, and the nature of the relationship sufficiently to continue the engagement safely and compliantly?"

If **Yes** → Continue relationship with appropriate controls.
If **No** → Escalate, apply additional controls, restrict services, or terminate the relationship.

RELATED REFERENCES:

Appendix D – CSS Monitoring Record
Appendix E – All Parts - AML/ATF Risk Assessment, Due Diligence & Escalation Workflow