

LSEG Due Diligence

KYC Entity Verification reports



LSEG RISK
INTELLIGENCE



Against a backdrop of strict global AML legislation, banks and financial institutions (FIs) must take adequate steps to understand the risks relating to their clients as well as to the ultimate beneficial owners (UBOs) of those clients. LSEG's new Entity Verification reports deliver accurate, targeted information to help organisations stay on the right side of strengthening UBO regulations.

A changing regulatory landscape

Financial crime – including fraud, theft, money laundering, bribery and corruption, and more – is a ubiquitous challenge that impacts countries, companies, societies, and individuals across the globe. As a result, organisations spend vast sums every year trying to identify and mitigate financial crime-related risks within their customer networks.

Against this backdrop, the role of thorough and complete due diligence cannot be overestimated, as it remains our best available defence against illicit activity.

[Know your customer \(KYC\)](#) processes must be robust and accurate in their attempts to pinpoint potential links to crime. Furthermore, in order to remain compliant with strict global AML legislation, banks and FIs must take steps to fully understand the many risks relating to both their clients and, importantly, the UBOs of these clients.

The Financial Action Task Force and regulators worldwide require financial institutions and other obliged institutions to identify, verify, and screen UBOs, and there is increasing regulatory activity in terms of strengthening legislation in this crucial area.

For example, in the US, FinCEN in April 2021 launched a regulatory process for a new beneficial ownership reporting requirement ‘to solicit public comment on a wide range of questions related to the implementation of the beneficial ownership information reporting provisions of the Corporate Transparency Act (CTA)’¹, which, amongst other stipulations, requires covered legal entities to report information about their beneficial owners.²

In Europe, UBO legislation has also been tightened, specifically by the EU’s 5th Anti-Money Laundering Directive (5AMLD), which increased pressure on organisations to have an effective programme in place. More recently, the 6th Anti-Money Laundering Directive (6AMLD) has further strengthened requirements.

As UBO laws continue to hold the spotlight, we look forward to a period of greater transparency, but also anticipate rising tension and increased challenges for regulated firms as they navigate a complex and ever-changing UBO landscape.

In order to alleviate these challenges, LSEG offers Entity Verification due diligence reports as part of our suite of [KYC due diligence products](#). These reports offer detailed and targeted information on the ultimate beneficiaries and controllership of entities and can help compliance teams to pinpoint risk and remain on the right side of the regulatory curve.

1 [fincen.gov/news/news-releases/fincen-launches-regulatory-process-new-beneficial-ownership-reporting](https://www.fincen.gov/news/news-releases/fincen-launches-regulatory-process-new-beneficial-ownership-reporting)

2 moneylaunderingnews.com/2021/01/u-s-passes-historic-bsa-aml-legislative-change/

Entity verification reports: an overview

Our Entity Verification reports provide a targeted approach to fulfil regulatory requirements, with a specific focus on business overview information, UBO identification, by ownership by shareholder level and percentage ownership, as well as senior management official identification, along with global compliance screenings via World-Check, to fulfil KYC regulatory obligations.

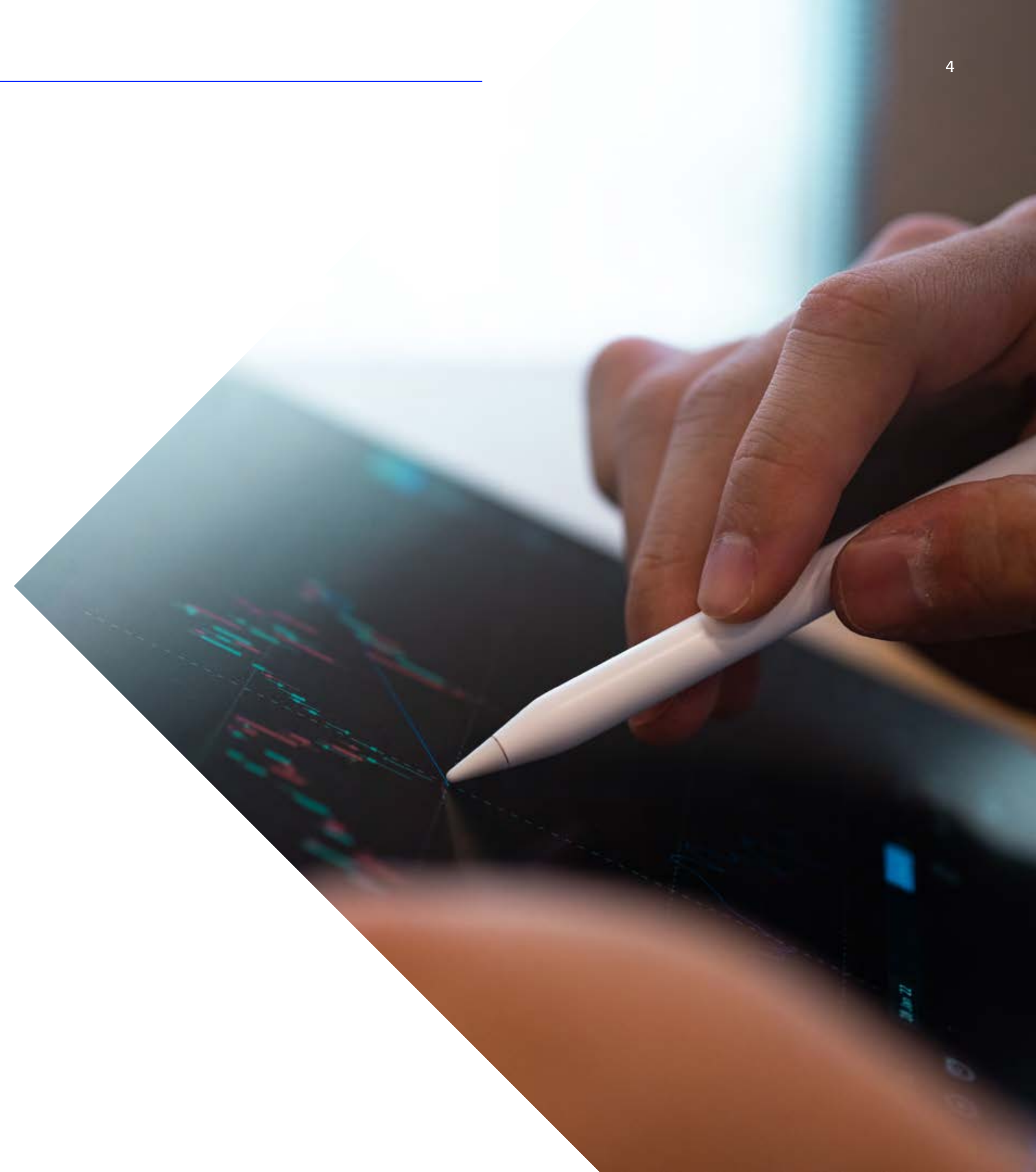
Each report covers one company and defaults to the FATF recommended 25% shareholder threshold for ownership, but also allows for users to set their own threshold depending on risk appetite.

Information is gathered in 60+ primary languages. We do not rely on intermediary information, but rather consult primary sources, including official corporate registry documents, official stock exchange information, and the US Securities and Exchange Commission (SEC).

Secondary sources used include expertly vetted free and paid internet resources that provide reliable shareholding information and we are also able to offer unrivalled strength in emerging markets, since we enjoy direct access to company registry records in many jurisdictions.

For multilayered organisations, there are no limits on the levels of ownership or the number of parties involved to determine UBOs.

Identified UBOs are screened against [LSEG World-Check®](#), and there is the option to order further [enhanced due diligence \(EDD\) reports](#) where suspicious entities are flagged. We also offer a rescreening service to ensure that information remains up to date.



Entity Verification reports: drilling down

A snapshot of our reports:

A comprehensive cover page delivers important information at a glance, including:

- Subject background information and a UBO executive summary
- An explicit breakdown of percentage ownership, with shareholders identified per level
- A UBO graphic, where possible, for easier visualisation of ownership structures and percentages
- World-Check screens identifying risks found
- An associations summary and sources summary chart

The detailed body of the report delivers:

- Select data points covering the background, legal form, operational status, primary business activity, and key industry of the company in question. Names, locations, dates, business licences, tax licences, and brief ownership details are included
- Detailed UBO information, including top-down representation by level, supplemented by a graphic and EDD parameters, including World-Check risks identified per level
- Shareholder sections by level, with EDD parameters and identified World-Check risks
- Management details, with EDD parameters and identified World-Check risks

Specifically, our new Entity Verification reports offer a more comprehensive view of UBOS by including more general background information that provides a consolidated view of corporate registry details. Additionally, the presentation of shareholder groups by level aids the formation of a more holistic and comprehensive view of ownership.

Each report covers one company and World-Check screening for shareholders/SMOs.



Executive summary of top-down UBOs by name and percent ownership

Ownership structure table – UBOs and additional shareholders

Management screening: Results of controllers and management risk screening

Entity Verification Report

SM Corporation Inc.

Australia | Food, Beverage & Tobacco

EXECUTIVE SUMMARY

Inquired with the Ministry of Commerce and Industry of Saudi Arabia revealed the complete shareholding structure of SM Corporation Inc.

SM Corporation Inc. is owned by Saudi Trading Company and Malwadi International Trading Co LLC, each holding 47 percent in the subject company. The remaining shares are owned by Ismat Abdul salam Said Elsubasi (4 percent) and Mohamed Shuaibeh Abou Jeddah (2 percent).

Inquired revealed the shareholders of Saudi Trading Company to be Al-Basmalah Holding Company Limited (owned by Al-Jebel Electricity Company Limited and Farid Tariq Abdullah Alreshed) and Dejah Industrial Investment Company (owned by Al-Jebel Electricity Company Limited and Al-Basmalah Holding Company Limited). Meanwhile, Malwadi International Trading Co LLC is owned by Sami Ibrahim Fathi Gassez, Abdul Fattah Ahmed Farouq Sobhi, Romiz Khairy Abdelgaleel, Ismat Abdul salam Said Elsubasi as well as Malwadi International Holding Company LLC. Malwadi International Holding Company LLC is, in turn, owned by Sami Ibrahim Fathi Gassez, Abdul Fattah Ahmed Farouq Sobhi, Romiz Khairy Abdelgaleel and Fawzi Fawzi Abdulmost.

SHAREHOLDERS

Identified UBOs	Ownership	Risks Identified
Subject name 1	47%	No risk found
Subject name 2	47%	No risk found
Subject name 3	2%	Risk found
Subject name 4	2%	Risk found

Shareholders (Full Level)

Identified UBOs	Ownership	Risks Identified
Subject name 1	47%	No risk found
Subject name 2	47%	No risk found
Subject name 3	2%	Risk found
Subject name 4	2%	Risk found
Subject name 5	13%	Risk found
Subject name 6	13%	Risk found

16 more shareholders

SUBJECT COMPANY

Name	Risks Identified
SM Corporation Inc.	No risk found

MANAGEMENT SCREENING

Management	Roles	Risks Identified
Subject name 1	CEO	No risk found
Subject name 2	COO	No risk found
Subject name 3	CTO	Risk found
Subject name 4	COO	Risk found
Subject name 5	Director	No risk found

16 more management

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Prepared by: Ministry
CONFIDENTIAL

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ISAE 3000 assurance
report available

LSEG DUE DILIGENCE

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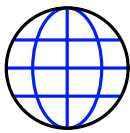
Why LSEG Due Diligence reports

Our [KYC due diligence reports](#) deliver detailed analysis and accurate risk ratings, so that organisations can make informed decisions and engage customers with confidence.



Quality, holistic reports with global coverage

Our reports deliver accurate, trusted data and insight across the range of risks impacting regulated entities. We have a team of certified compliance professionals able to access a wide range of open and paid primary data, obtained from official sources in over 200 jurisdictions and in 70 languages.



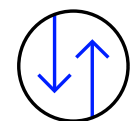
Local knowledge

Our due diligence reports are built on insightful data, analysis, and knowledge, and incorporate local knowledge and analysis that is applicable to the industry and countries where you do business, enabling you to mitigate and remediate risks that are prevalent in your industry or common to your market.



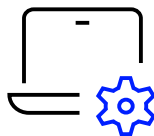
Experience and deep domain expertise from a trusted partner

As one of the first to market, LSEG has a lengthy track record of delivering quality KYC due diligence reports produced by compliance professionals, with both country and industry knowledge, which enables them to provide issues-based analysis and relevant insights. These professionals hold qualifications across different disciplines, including law, taxation, finance, auditing, business administration, commerce, and international relations.



Quick turnaround times

We offer convenient ordering capabilities through a dedicated portal. Our Snapshot report is available within 1 business day, and our Basic level report can be turned around within 2 business days; we deliver all reports quickly and efficiently.



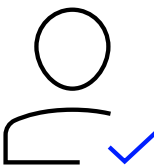
Technology driven

To help streamline research processes and help automate your decision-making, we have made large-scale investment in NLP and AI technology, with modernised data-orientated delivery of content and ratings in both human and machine readable formats to better support you in an online world.



Targeted insight

We are focused on primary AML/KYC risk concerns specific to identity, integrity, and financial risk while also including emerging risks, such as operational, ESG, and cyber, which are becoming more prevalent and material to consideration of a commercial relationship.



Reports and services to suit your needs

Our suite of KYC due diligence reports are part of the wide and flexible range of due diligence reports that we offer, and are available at varying levels of complexity and customisation to address your specific use case. In addition, we offer consulting and managed services to handle business as usual operations or remediation projects.

