

Source of funds procedure



Guidance notes for Ardan

This document sets out Ardan's source of funds procedures, including what documentary evidence is required to support the source of funds information supplied in the Application Form.

Source of funds includes both the activity that generated the funds as well as the means through which the funds have been transferred.

The current legislation and guidance requires all Isle of Man Companies to "take reasonable measures to establish the source of funds for all customers when entering a new business relationship". This reflects the Isle of Man's commitment to maintain the highest possible standards of business practice and

to counter money laundering and the financing of terrorism.

Ardan has adopted a risk-based approach to comply with current legislation and guidance by risk rating each client as representing Standard, Higher or High risk. This depends on the jurisdiction they are based in, the jurisdiction where the payment is to be transferred from and the investment amount. We have categorised each jurisdiction according to their level of compliance with international regulatory standards.

Please be aware that the countries listed in this document are subject to change with immediate effect at the absolute discretion of Ardan.

Important

The inclusion of a country on this list does not signify that Ardan will accept business from that country.

Ardan reserves the right to request further documentary evidence at any time.

A client's total investment is the sum of:

- their initial investment
- plus any one-off future investments, or the annualised amount of any regular investment, if proposed.

Investment thresholds

| Currency | Amount |
|----------|------------|
| GBP | 90,000 |
| USD | 125,000 |
| EUR | 105,000 |
| CHF | 115,000 |
| AUD | 160,000 |
| HKD | 960,000 |
| JPY | 13,500,000 |
| AED | 450,000 |
| CAD | 155,000 |
| ZAR | 1,800,000 |
| SGD | 165,000 |

STANDARD RISK

To qualify as Standard Risk Business the client is either:

- applying for a portfolio and is both resident in a standard risk country and sending their payment from a standard risk country.
- making a total investment* which falls below the investment thresholds.
- a regulated trust/ pension company.

For standard risk business no documentary evidence is required.

* Please see the Important section on page 1 for an definition of “total investment”.

Standard Risk Countries

| | | | |
|------------------------------|--------------------------|----------------------|---------------------|
| Albania | Andorra | Anguilla | Antigua & Barbuda |
| Argentina | Armenia | Aruba | Australia |
| Austria | Azerbaijan | Bahamas | Bahrain |
| Bangladesh | Belgium | Belize | Bermuda |
| Bhutan | Bosnia and Herzegovina | Botswana | Brazil |
| British Virgin Islands | Brunei | Cambodia | Canada |
| Chile | China | Colombia | Cook Islands |
| Costa Rica | Cyprus | Czech Republic | Denmark |
| Dominica | Dominican Republic | East timor | Ecuador |
| El Salvador | Estonia | Fiji | Finland |
| France | Gambia | Georgia | Germany |
| Ghana | Greece | Grenada | Guatemala |
| Guernsey | Guyana | Honduras | Hong Kong |
| Hungary | Iceland | India | Indonesia |
| Ireland | Isle of Man | Israel | Italy |
| Japan | Jersey | Jordan | Kazakhstan |
| Korea (South) | Kosovo | Kuwait | Latvia |
| Liechtenstein | Lithuania | Luxembourg | Macau |
| Macedonia | Malawi | Malaysia | Malta |
| Marshall Islands | Mauritius | Mexico | Micronesia |
| Monaco | Mongolia | Montenegro | Morocco |
| Namibia | Netherlands | New Zealand | Nicaragua |
| Norway | Oman | Panama | Paraguay |
| Peru | Poland | Portugal | Puerto Rico |
| Qatar | Romania | Rwanda | Saint Lucia |
| Saint Vincent and Grenadines | Samoa | San Marino | Saudi Arabia |
| Serbia | Seychelles | Singapore | Slovakia |
| Slovenia | Spain | Sri Lanka | Sweden |
| Switzerland | Taiwan | Thailand | Trinidad and Tobago |
| Tunisia | Turks and Caicos Islands | United Arab Emirates | United Kingdom |
| Uruguay | USA | Uzbekistan | Vanuatu |
| Vatican City | Zambia | | |

HIGHER RISK

A client will be categorised as higher risk if the total investment* is in excess of the investment thresholds listed on page 2 and they are either:

Documentary evidence of source of funds must be supplied for higher risk business.

- resident in a higher risk country; or
- sending their payment from a higher risk country.

* Please see the Important section on page 1 for an definition of "total investment".

Higher Risk Countries

| | | | |
|-------------------|-----------------------------|--------------------------|---------------------------|
| Afghanistan | Algeria | Angola | Barbados |
| Belarus | Benin | Bolivia | Bosnia and Herzegovina |
| Bulgaria | Burkina Faso | Burundi | Cameroon |
| Cape Verde | Cayman Islands | Central African Republic | Chad |
| Comoros | Congo (Democratic Republic) | Congo (Republic of) | Cote d'Ivoire/Ivory Coast |
| Croatia | Cuba | Djibouti | Egypt |
| Equatorial Guinea | Eritrea | Eswatini (Swaziland) | Ethiopia |
| Gabon | Gibraltar | Guinea | Guinea Bissau |
| Haiti | Iraq | Jamaica | Kenya |
| Kyrgyzstan | Lao PDR/Laos | Lebanon | Lesotho |
| Liberia | Libya | Madagascar | Maldives |
| Mali | Mauritania | Moldova | Montserrat |
| Mozambique | Nepal | Niger | Nigeria |
| Pakistan | Palestine | Papua New Guinea | Philippines |
| Russia | Sao Tome and Principe | Senegal | Sierra Leone |
| Soloman Islands | Somalia | South Africa | South Sudan |
| Sudan | Suriname | Syria | Tajikistan |
| Tanzania | Togo | Tonga | Turkey |
| Turkmenistan | Uganda | Ukraine | Venezuela |
| Vietnam | Yemen | Zimbabwe | |

HIGH RISK

Where the client is classified as a PEP (politically exposed person) they must supply both source of funds evidence and also their entire source of wealth by completing the supplementary "source of wealth" form.

**SUGGESTED DOCUMENTARY EVIDENCE FOR SOURCE OF FUNDS
FOR HIGHER OR HIGH RISK CATEGORISED BUSINESS**

| Generic description of Source of Funds | Details required in application form | Additional documentation |
|---|---|--|
| Lottery/betting/casino win | Date of win Total amount Details of which organisation | Letter from relevant organisation (Lottery headquarters/betting shop/casino) Or Certified copy of bank statement clearly showing the receipt of winnings Copies of media coverage (if applicable) as supporting evidence |
| Property sale | Address of property Date of sale Total amount received | Signed letter from solicitor Or Signed letter from estate agent (if applicable) Or Certified copy of completion contract |
| Inheritance | Received from Relationship to benefactor Date received Total amount received | Grant of Probate (with a copy of the will) which must include the value of the estate. Or Solicitor's letter |
| Company sale | Name of company Date of sale Total amount received Principal activity of company Applicant's share of sale proceeds | Signed letter from a solicitor Or Signed letter from regulated accountant Copies of media coverage (if applicable) as supporting evidence |
| Geared loan | Date of loan Total amount Name and nature of loan provider | Certified copy of loan agreement Or Certified copies of loan statements |
| Gift | Date received Total amount received Reason for gift Relationship to benefactor | Letter from Donor confirming details of gift and acknowledging the source of the donated funds Verification of the identity of Donor Donor's source of funds – requirements of evidence as stated above for each source of funds given. |
| Income from Employment Normal and/or bonus | Annual income for the last 2 years Name of employer Nature of employers business | Last 3 months' payslips Or Confirmation from employer of income Or Copy of recent accounts if self employed Or Bank statement that clearly shows receipt of the most recent three months' regular salary payments from the named employer. |
| Other income | Nature of the Income From who Total amount received Date received | Dependent of source of other income e.g. Maintenance payment: then copy of court order Or Certified copies of supporting documentation Or Signed letter detailing funds from a regulated accountant |

| Generic description of Source of Funds | Details required in application form | Additional documentation |
|--|---|---|
| Sale of shares | Date funds received From which company How long held Total amount received | Certified copy of redemption certificate |
| Maturing investments or policy claim | Date funds received From which company Total amount received | Certified copy of closing statement Or Letter confirming surrender |
| Compensation payment | Date received Total amount received Reason for payment | Solicitor's letter Court order |
| Company profits | Company profits for the last 2 years Industry company operates in | Copy of the latest accounts or letter from regulated accountant giving details of company profits over the last 2 years |