



# Client Due Diligence and reporting obligations

As a legal service provider, CMS is bound by statutory rules. These rules may have consequences for you and so we are pleased to give you some information about these in this brochure.

## 1. Voda, Wna & Wwft

Regardless of the type of service, our legal, notarial and tax advisors are obliged to identify clients and their authorised representative(s). For lawyers, this identification obligation is laid down in Article 7 of the Legal Profession Bye-Law (“**Voda**”). Article 39 of the Notaries Act (“**Wna**”) sets out the identification of clients upon the execution of deeds. Under the Voda and Wna, the client due diligence consists of requesting (and verifying) a valid identity document from the client and his or her authorised representative(s).

## 2. Wwft

The duty of identification for tax advisors follows directly from the Dutch Money Laundering and Terrorist Financing (Prevention) Act (“**Wwft**”). The objective of the Wwft is to maintain the integrity of and confidence in the financial system. The Wwft regulates client due diligence and the reporting obligation for unusual transactions, which must be met by tax advisors (in all matters) as well as lawyers and civil-law notaries when providing certain services. Since the implementation of the Fourth Anti-Money Laundering Directive in 2018, we are obliged to continuously assess the risks related to our clients and transactions. This risk-based approach has consequences for the design and implementation of our client due diligence; where needed, we may ask you for (additional) information to complete our procedure.

The Wwft requires us to carry out client due diligence before advice or assistance may be given on any tax matter or on actual or intended transactions regarding:

- the purchase or sale of registered goods;

- the management of money, securities, coins, banknotes, precious metals, precious stones or other valuables;
- the incorporation or management of companies, legal persons or similar bodies (including associations, partnerships, limited partnerships, undertakings of legal persons under public law and special-purpose funds);
- the purchase or sale of shares in, or the full or partial purchase, sale or acquisition of companies, legal persons or similar bodies (including associations, partnerships, limited partnerships, undertakings of legal persons under public law and special-purpose funds);
- activities in the field of tax matters that are comparable with the activities of tax advisors; or
- the establishment of a right of mortgage on a property subject to registration.

## 2.1 Client Due Diligence Wwft

Client due diligence under the Wwft consists of the following:

- identifying (and verifying) the client and his or her authorised representative (as under the Voda and Wna);
- identifying and verifying the ultimate beneficial owner(s);
- establishing the purpose and intended nature of the business relationship/transaction; and
- continual monitoring of the relationship.

Firstly, natural persons and representatives of legal persons will be asked to provide proof of identity by filling in and returning the client due diligence form. In this form we ask, among others, to provide information on the ultimate beneficial owner(s) of the entity. They must then be verified through a valid identity document. For Dutch legal persons, we ourselves request an extract from the Chamber of Commerce and for foreign entities will request documents that are reliable and customary in international commerce, through which we can establish the identity of this entity (i.e., a certified extract from the local register or certificate of incorporation).

## 2.2 Exemption

We do not need to carry out client due diligence under the Wwft (and report any unusual transactions) (i) in the course of ascertaining the legal position of a client or (ii) when performing the task of defending or representing a client in, or concerning, judicial proceedings, including providing advice on instituting or avoiding such proceedings.

## 2.3 Reporting unusual transactions

The Wwft requires that we report any unusual transaction to the Financial Intelligence Unit - Netherlands. A duty to report exists at any rate when carrying out a transaction in the amount of EUR 10,000 or more, paid to or through us in cash, with cashier's checks, a prepaid card, or similar means of payment.

We also have a duty to report a transaction, which the institution has reason to believe may be related to money laundering or terrorist financing. This duty overrides our obligation of confidentiality and/or legal privilege. Needless to say, we will strictly abide by our obligation of confidentiality in all other matters.

We understand that this legislation entails (administrative) burdens for both you and us. Failure to comply with the Wwft may lead to the imposition of disciplinary, criminal or administrative sanctions. Therefore, we kindly ask for your understanding.