

Background

This policy sets out Nationwide's approach to complying with Money Laundering Regulations 2007 (MLR) which requires firms to identify and verify (ID&V) the identity of a customer before we commence business activities with them. To comply with this, Nationwide needs to compare the information received about individuals against documents, data or information obtained from a reliable and independent source. The ID&V checks that are in place at account opening are set at a robust level. This guide provides a summary of the key requirements and how they apply to third parties.

Policy requirements

Nationwide takes its legal and regulatory obligations to know its customers very seriously. The bulk of business undertaken through Nationwide caters for retail (i.e. Individual) customers. The ID&V checks that are in place at account opening in Nationwide are set at a robust level. This means that once passed, we do not need to ask the customer for proof of identity again, should they choose to take out another retail product with us in the future. A majority of customers have their identities checked electronically and Nationwide comply with Joint Money Laundering Steering Group (JMLSG) guidance in respect of electronic ID&V with scoring based on our defined risk appetite. In addition, Nationwide caters for a limited proportion of Non Personal customers (wholesale or specialist) through our Commercial, Treasury and Specialist Lending departments. Nationwide's legal and regulatory obligation to know our customers in these relationships is likely to be more complex as they may involve multiple individuals or opaque corporate entities with numerous shareholders and directors. Third parties who look after ANY onboarding or account opening processes must:

- a) Ensure all customers are **ID Confirmed** on Nationwide's Portrait system before being allowed to open a new product with Nationwide;
- b) Carry out Customer Due Diligence (CDD) checks on personal customers that involve identifying the customer and verifying their identity;
- c) Where a customer does not/cannot pass electronic checks to verify their identity, third parties must capture paper ID to identify and verify the customer's identity in line with Nationwide's current list of acceptable ID documents (including exception items if necessary).
- d) Ensuring documentation captured is checked for authenticity and forgery before being accepted as proof of a customer's ID.
- e) Documentation captured as per c) & d) must be keyed accurately into Nationwide's Portrait system or copies of acceptable documentation submitted to our central team for keying along with certification that the originals have been seen.
- f) Not allowing accounts to be opened for ID Declined customers and referring them to Nationwide for further information.
- g) Following all other guidance on ID&V issued by the relevant business area's Money Laundering Prevention Officer on best practice or acceptable items.

How third parties can comply with the policy

- a) Develop, implement and maintain effective documented processes, systems and controls to ensure that customer ID statuses are updated with in accordance with the requirements of this Policy.
- b) Ensure all staff who handle customer data on behalf of Nationwide are appropriately trained in line with Nationwide's AML training policy. Including updates issued by the AML team or Money Laundering Prevention Officers for the business area relevant to their work.
- c) Implement a change control mechanism to ensure that future process changes take into account the requirements of this Policy;
- d) Implement appropriate oversight to ensure that:
 - i. Processes are followed in line with the requirements of this Policy;
 - ii. Paper documentation captured is captured in line with requirements and the correct information keyed onto Nationwide systems; and
 - iii. Any control or process failures resulting in a regulatory or policy breach are promptly reported to Nationwide.
- e) Provide Nationwide with regular Management Information to evidence that:
 - i. ID capture has been dealt with in line the requirements of this Policy;
 - ii. Quality checking has taken place on ID capture and any issues are reported to Nationwide through the Senior Relationship Owner.

Responsibilities of Senior Relationship Owners

- a) Familiarise themselves with the full Nationwide ID&V policy which can be obtained by emailing ML Policy and Risk Management
- b) Obtain written commitment that each third party will adhere to the policy requirements when handling account opening or customer onboarding in respect of ID&V;
- c) Ensure that the third party's ID&V processes are reviewed by the ML Policy team before being implemented or amended;
- d) Implement appropriate oversight and supervision to satisfy themselves that:
 - i. Relevant processes are carried out in line with the requirements of this Policy;
 - ii. The third party's controls are adequate to manage the risk created by their handling of customers' original documentation. As a minimum this should include an annual site visit and/or review of an appropriate number of cases against the Policy requirements; and
 - iii. All Compliance & Conduct risks associated with the outsourced or procured activities are identified, recorded, mitigated and/or accepted by the Accountable Executive.
- e) Provide regular management information, including the outputs of testing, to the Policy Owner evidencing how the third party has complied with the policy – at least on an annual basis.
- f) Report any breaches or issues reported by the third party to ML Policy and Risk Management as soon as reasonably possible.