



FORWARD GROUP
Private Client | Corporate | Funds

GUIDANCE NOTE

SOURCE OF WEALTH AND SOURCE OF FUNDS

Introduction

In order to act for you, we are required by law to understand the purpose and intended nature of the proposed business relationship.

In gaining this understanding we need to establish the source of your wealth and the source of the funds you are proposing to settle into a trust or invest in a company. Under certain circumstances we are required by Regulations to take “reasonable measures” to establish your source of funds and source of wealth so we may have to ask you for some form of corroboration of the information you are to provide us with.

We understand that these questions are very personal in nature, however, they are a legal requirement, and if you feel that you are uncomfortable disclosing this information it will not allow us (or any other intermediary) to act for you.

This information also allows us to better understand your needs and motives in utilising our services to enable us to provide you with suitable services. The following guidance has been produced to assist you in completing the Personal Information Form. It should not be viewed as prescriptive or comprehensive.

Source of Wealth (SOW)

The SOW refers to the origin of the entire body of wealth of the individual.

Source of wealth is often distinct from the source of funds and describes the activities which have generated the total net worth of a person, i.e. those activities which have generated your net assets and property. This is typically your employment and perhaps several other events/activities and we should understand both the geographical locations involved and how the activities link together.

SOW can be the business or economic activity of the individual, employment, investments or inheritance. The information provided should give an indication as to the volume of wealth the individual has and should provide a picture of how it was acquired.

Generally, no single source is likely to account for the total value of net worth, and often net worth is derived from different sources. It is expected that the individual provides a comprehensive picture of all the different sources contributing to his/her net worth.

Where we are able, we will seek to verify your SOW against information in the public domain, but where we are unable to do so, or where there are elevated risk profiles, we may ask you to provide documentary evidence to support your SOW such as copies of wills, copies of a contract where you sold a business or property, copies of business accounts, employment contracts or payslips etc.



Source of Funds (SOF)

Source of funds refers to the activity which generates the specific funds you are settling into a trust or investing in a company.

The SOF refers to the origin of the particular funds or assets which are the subject of the business relationship or the transaction which is to take place (e.g. the amount of share capital being injected into this business).

In practice, it is the activity, event, transaction, contract, business, occupation or employment from which the funds used are generated or derived.

For example, your source of wealth might be farming or property development, but the source of funds is the sale of a specific asset or piece of property. In some instances, the source of funds and the source of wealth could be the same.

The SOF should not simply be restricted to knowing from which bank or financial institution the funds may have been received, nor is it enough to see evidence that funds have been moved through the banking system. The information provided should be substantive, relevant and should illustrate the origin of the funds and the method/circumstances under which the funds were acquired.

A generic description about the source of funds used or an explanation stating that the funds to be used are derived from the business activity of the individual or from a particular transaction, is not considered as sufficient and may lead to overall delays in processing. Rather, the activity, event, transaction, contract, business, occupation or employment from which the funds are generated or derived should be clearly identified and supporting documentation may be requested.



Examples

Here are some examples of the sort of information you might provide to explain your source of funds and/or source of wealth:

Inheritance

- From whom did you inherit?
- How much did you inherit and when?
- How did they generate their wealth?

A curriculum vitae can prove to be a useful document as it allows us to understand an individual's career path. We are looking to understand the following aspects of that individual's employment:

a) If self-employed

What is/was the business? When was it formed? How was business started? How did the individuals develop the skills/knowledge/contacts required to start the business successfully?

b) If employed

What is/was the employers name(s) and nature of business? What positions do you/have you held? How long have you been/were you employed there?

Gifts

- From whom did you receive the gift?
- How much were you given and when?
- Why did they give it to you? How did they generate the funds?

Property sale

- How and when was the property initially acquired? How much were the sale proceeds?
- What was the address(es) of property(ies)? When was it sold?

Maturing investments

- What sort of investment was it?
- How long have you had the investment and how was it initially acquired?

Please also be aware that we are increasingly asked to provide banks and other services providers with an estimate of the net worth of our clients. This is to allow them to ensure that their risk profiling is as complete as possible.

Please contact a member of our team if you have any questions.





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