



Central Bank of Kenya

Guidance on Beneficial Ownership (BO)

August 2025



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ACRONYMS

AG	Attorney General
AML	Anti-Money Laundering
BO	Beneficial Ownership
BRS	Business Registration Service
CEO	Chief Executive Officer
CDD	Customer Due Diligence
CBK	Central Bank of Kenya
CFT	Combating the Financing of Terrorism
CPF	Countering Proliferation Financing
EDD	Enhanced Due Diligence
ESAAMLG	Eastern and Southern African Anti-Money Laundering Group
FATF	Financial Action Taskforce
FI	Financial Institution
FRC	Financial Reporting Centre
FXB	Foreign Exchange Bureau
ML	Money Laundering
POCAMLA	Proceeds of Crime and Anti-Money Laundering Act
POCAML Regs.	Proceeds of Crime and Anti-Money Laundering Regulations 2013 (as amended)
RBA	Risk- Based Approach
TF	Terrorism Financing

PART I. PRELIMINARY

1.1. Title -

Guidance on Beneficial Ownership (BO).

1.2. Application

This Guidance applies to financial institutions (FIs) licensed under the Banking Act, the Central Bank of Kenya (CBK) Act and the National Payment Systems Act:

- i) Commercial banks;
- ii) Mortgage finance companies;
- iii) Microfinance banks;
- iv) Money remittance providers;
- v) Foreign exchange bureaus;
- vi) Payment service providers; and
- vii) Non-deposit taking credit providers (formerly known as digital credit providers).

1.3. Authorisation

This Guidance on Beneficial Ownership (BO) is issued under Section 36C.(1)(d) of the Proceeds of Crime and Anti-Money Laundering Act (POCAMLA), which empowers the CBK to guide FIs on anti-money laundering, combating the financing of terrorism and countering proliferation financing (AML/CFT/CPF) issues.

1.4. Definitions¹

1.4.1. Beneficiary

In trust law, a beneficiary is the person or persons who are or may become entitled to the benefit of any trust arrangement. A beneficiary can be a natural person or a legal person, or a legal arrangement. All trusts (other than charitable or statutory permitted non-charitable trusts) are required to have ascertainable beneficiaries. While trusts must always have some ultimately ascertainable beneficiary, trusts may have no defined existing beneficiaries when they are set up but only a class of beneficiaries² and objects of a power until some person becomes entitled as beneficiary to income or capital on the expiry of a defined period, known as the accumulation period, or following exercise of trustee discretion in the case of a discretionary trust. The accumulation period is normally co-extensive with the trust perpetuity period which is usually referred to in the trust deed as the trust period.

1.4.2. Beneficial owner

In the context of legal persons, beneficial owner refers to the natural person(s) who ultimately:

- i. owns or controls a customer.
- ii. and/or the natural person on whose behalf a transaction is being conducted. It also includes those natural persons who exercise ultimate effective control over a legal person. Only a natural person can be an ultimate beneficial owner, and more than one natural person can be the ultimate beneficial owner of a given legal person.

¹ FATF (2012-2025), International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation, Paris, France
<https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html>

² For beneficiaries of trusts that are designated by characteristics or by class, financial institutions should obtain sufficient information concerning the beneficiary to satisfy the financial institution that it will be able to establish the identity of the beneficiary at the time of the payout or when the beneficiary intends to exercise vested rights. (Per FATF)

iii. In the context of legal arrangements, beneficial owner includes:

- the settlor(s);
 - the trustee(s);
 - the protector(s) (if any);
 - each beneficiary, or where applicable, the class of beneficiaries and objects of a power; and any other natural person(s) exercising ultimate effective control over the arrangement.
- iv. In the case of a legal arrangement similar to an express trust, beneficial owner refers to the natural person(s) holding an equivalent position to those referred above. When the trustee and any other party to the legal arrangement is a legal person, the beneficial owner of that legal person should be identified.

Reference to “ultimately owns or controls” and “ultimate effective control” refer to situations in which ownership/control is exercised through a chain of ownership or by means of control other than direct control.

This definition should also apply to beneficial owner of a beneficiary under a life or other investment linked insurance policy.

The ultimate beneficial owner is always one or more natural persons.

Reference to “ultimate effective control” over trusts or similar legal arrangements includes situations in which ownership/control is exercised through a chain of ownership/control.

1.4.3. Express trust

Express trust refers to a trust clearly created by the settlor, usually in the form of a document e.g. a written deed of trust. They are to be contrasted with trusts which come into being through the operation of the law and which do not result from the clear intent or decision of a settlor to create a trust or similar legal arrangements (e.g. constructive trust).

1.4.4. Legal arrangements

Legal arrangements refers to express trusts and other similar legal arrangements. Examples of other similar arrangements:

- For AML/CFT purposes) may include but are not limited to fiducie, certain types of Treuhand, fideicomiso and Waqf.³
- Similarity is assessed having regard to Article 2 of the Hague Convention on the law applicable to trusts and their recognition on the basis of whether legal arrangements have a similar structure or perform a similar function to an express trust.

1.4.5. Legal persons

Legal persons refers to any entities other than natural persons that can establish a permanent customer relationship with a financial institution or otherwise own property. This can include companies, bodies corporate, foundations, anstalt, partnerships, or associations and other relevantly similar entities.

1.4.6. Nominee shareholder or director

Nominee is an individual or legal person instructed by another individual or legal person (“the nominator”) to act on their behalf in a certain capacity regarding a legal person. A Nominee Director (also known as a “resident director”) is an individual or legal entity that routinely exercises the functions of the director in the company on behalf of and subject to the direct or indirect instructions of the nominator.

A Nominee Director is never the beneficial owner of a legal person.

³ The terms “fiducie” (French), “Treuhand” (German), “fideicomiso” (Latin American), and “waqf” (Islamic) refer to legal arrangements in different jurisdictions that are functionally similar to trusts, though each has distinct features rooted in its respective legal tradition.

A Nominee Shareholder exercises the associated voting rights according to the instructions of the nominator and/or receives dividends on behalf of the nominator. A nominee shareholder is never the beneficial owner of a legal person based on the shares it holds as a nominee.

1.4.7. Settlor

Settlers are natural or legal persons who transfer ownership of their assets to trustees by means of a trust deed or similar arrangement.

1.4.8. Trustee

The terms trust and trustee should be understood as described in and consistent with Article 2 of the Hague Convention on the law applicable to trusts and their recognition.

Trustees may be professional (e.g. depending on the jurisdiction, a lawyer or trust company) if they are paid to act as a trustee in the course of their business, or a non-professional who is not in the business of being a trustee (e.g. a person acting on behalf of family).

Article 2 of the Hague Convention reads as follows:

For the purposes of this Convention, the term “trust” refers to the legal relationships created – inter-vivos or on death - by a person, the settlor, when assets have been placed under the control of a trustee for the benefit of a beneficiary or for a specified purpose.

A trust has the following characteristics –

- a. the assets constitute a separate fund and are not a part of the trustee’s own estate;
- b. title to the trust assets stands in the name of the trustee or in the name of another person on behalf of the trustee;
- c. the trustee has the power and the duty, in respect of which he is accountable, to manage, employ or dispose of the assets in accordance with the terms of the trust and the special duties imposed upon him by law. The reservation by the settlor of certain rights and powers, and the fact that the trustee may himself have rights as a beneficiary, are not necessarily inconsistent with the existence of a trust.

PART II. STATEMENT OF POLICY

2.1. Purpose

The main purpose of this Guidance is to provide direction to FIs on the implementation of BO obligations. It therefore must be read together with the relevant statutory provisions under POCAMLA and POCAMLA Regs. and other enabling legislation.

2.2. Scope

This Guidance provides practical direction on the implementation of legal and regulatory requirements relating to the identification, verification, documentation of BO information. It covers both domestic and foreign legal persons and arrangements and is intended to assist FIs in fulfilling their obligations regarding BO under the POCAMLA and POCAML Regs.

2.3. Responsibility

The Board of Directors and senior management of an FI are expected to formulate and implement policy, procedures, controls, internal guidelines, and staff training programs on the identification and verification of BO for legal persons and arrangements.

PART III. BACKGROUND

3.1 Introduction

Legal entities and arrangements play an essential role in the economy through performing a wide range of commercial, entrepreneur and philanthropic activities. Due to their legal status, such entities are susceptible to be used in complex schemes designed to conceal the true beneficial owners and, in many respects, the real reason for holding assets and conducting transactions.

For criminals trying to circumvent anti-money laundering (AML), counter-terrorist financing (CFT) and combating proliferation financing (CPF) measures, legal entities and arrangements are an attractive way to disguise their identity and conceal the origin and/or destination or ultimate purpose of funds through manipulation of the financial system. As such, the Financial Institutions (FI's) play an important role by obtaining beneficial ownership information which helps prevent the misuse of these entities in the financial system.

3.2 International Standards

Part of preventive measures provided by the Financial Action Task Force (FATF) requires FIs to identify the BO and take reasonable measures to verify the identity of the beneficial owner, such that the FI is satisfied that it knows who the beneficial owner is. For legal persons and arrangements this should include FIs understanding the ownership and control structure.

3.3 Kenya's Legal and Regulatory Framework on Beneficial Ownership(BO)

Kenya has established a comprehensive legal and regulatory framework to enhance transparency and accountability in the identification and disclosure of beneficial ownership (BO) information. The principal laws and regulations governing BO obligations are as follows:

- **Section 876 of the Companies Act 2015 and the Companies (Beneficial Ownership Information) Regulations, 2020:** outline the statutory obligations of companies regarding the disclosure of beneficial owners. The Regulations provide a general framework and procedural guidance for the submission, maintenance, and updating of BO information to the Business Registration Service (BRS).
- **The Limited Liability Partnerships Act and the Limited Liability Partnerships (Beneficial Ownership Information) Regulations, 2023:** These Regulations extend BO disclosure obligations to limited liability partnerships (LLPs). LLPs are required to identify and report beneficial owners, ensuring that ownership and control structures are transparent and accessible to the relevant authorities.
- **The Proceeds of Crime and Anti-Money Laundering Regulations (POCAML Regs.)** impose specific customer due diligence (CDD) obligations on reporting institutions with respect to beneficial ownership.

The Key BO requirements are found in:

Regulation 14 which stipulates that:

- 1) *A reporting institution shall undertake CDD measures.*
- 2) *In carrying out the obligation under sub-regulation (1), a reporting institution shall —*
 - a. *identify the customer whether permanent or occasional and verify that customer's identity using reliable, independent source documents, data or information;*

- b. *identify the beneficial owner, and take reasonable measures to verify the identity of the beneficial owner, such that the reporting institution is satisfied that it knows who the beneficial owner is and it understands the ownership and control structure of the customer in case of legal persons and arrangements;*
 - c. *understand and, as appropriate, obtain information on the purpose and intended nature of the business relationship; and*
- 3) *A reporting institution shall take measures to satisfy itself as to the true identity of any applicant and beneficial owner seeking to enter into a business relationship with it, or to carry out a transaction or series of transactions with it, by requiring the applicant to produce an official record for the purposes of establishing the true identity of the applicant and beneficial owner, and for the purpose of verifying that identity.*

Regulation 22 provides:

- 1) *A reporting institution shall identify and verify the natural persons behind a legal person and legal arrangement.*
- 2) *A reporting institution shall understand the nature of business, ownership and control structure when performing CDD measures in relation to a customer that is a legal person or legal arrangement.*

Primarily, the obligations of a reporting institution on beneficial ownership requirements are:

- a) Identifying a natural person who is the beneficial owner of the customer and obtaining information that describes the ownership, control and structure of the legal persons/ legal arrangements relating to the beneficial owner;
- b) Taking reasonable measures to verify the accuracy of the information obtained and keeping records of all relevant documents;
- c) Conducting customer risk profiling to identify the risk category of the beneficial owner; and
- d) Performing further regulatory obligations based on the risk category of the beneficial owner such as CDD, EDD, identifying Politically Exposed Persons (PEPs), sanction screening and high-risk jurisdiction screening.

PART IV. SPECIFIC REQUIREMENTS

4.1 Identification of Beneficial Owner

Concept of BO applies to incorporated or registered entities such as:

- Companies limited by shares. (Private or public).
- Companies limited by guarantee.
- Unlimited Companies.
- Foreign Companies
- Limited Partnerships.
- Limited Liability Partnerships.
- Trusts (including Express Trusts).
- Co-operative Societies.
- Any other corporate bodies.

To determine the identity of beneficial owners of a customer, FIs should seek to understand the complexities of the customer's ownership structure, governance and/or arrangement at each layer. An entity may have several beneficial owners within several layers, depending on its size and the complexity of its structure and governance.

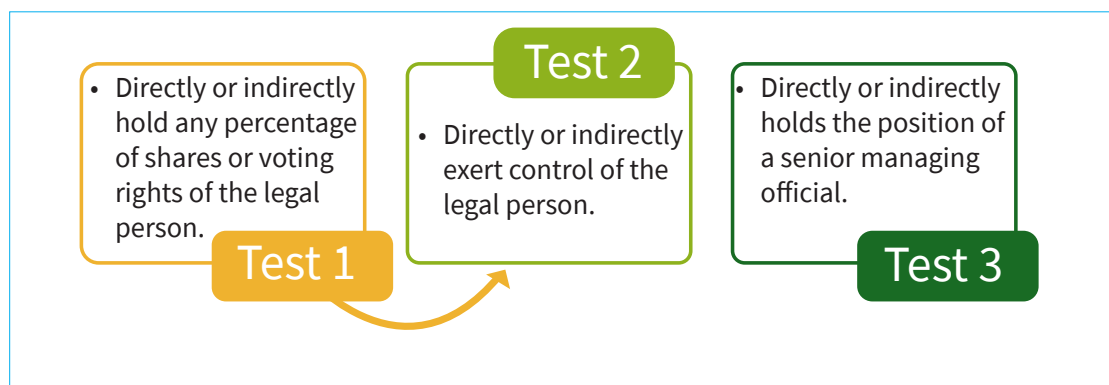
As outlined under Paragraph 1.4 above a beneficial owner is defined as a natural person:

- (a) who ultimately owns a customer;
- (b) who ultimately controls a customer;
- (c) on whose behalf a transaction is being conducted ; and/or
- (d) who exercises ultimate effective control over a legal person or arrangement.

4.2 Detailed Processes for Identification of Beneficial Owners – Legal Persons

Identifying BO for legal person is done using a cascading test. Accordingly, for the purposes of control through ownership in a company, a natural person or individual(s) is a BO of the company. This approach is depicted in diagram 1 below.

Diagram 1: Cascading Test



In the cascading approach, if no beneficial owner is identified by using test 1 or, in case of doubt that the natural person(s) identified in the test 1 constitute all beneficial owner(s), the second test should be applied.

Test 3 only adopted where tests 1 and 2 do not lead to identification of a BO.

4.2.1 Step 1: Ownership

In most circumstances, ownership over an entity implies control over the entity, as ownership may come with the power and authority to take actions and make decisions for the entity. Such a situation can be observed, among others, where:

- i. The natural person has majority voting power within the entity to make decisions;
- or
- ii. The natural person exercises his right to appoint or remove directors or senior management, as a major shareholder

Having ultimate controlling ownership interest over an entity includes having more than 10 percent ownership or equity interest in an entity which may be observed, among others, through share capital or voting rights.

The ownership may either be direct ownership (through ownership of shares within the entity itself) or indirect ownership (through chain of corporate vehicles).

There may also be circumstances where a natural person owns less than 10 percent direct shareholding in an entity but is identified as the beneficial owner through his indirect and aggregated ownership of the entity.

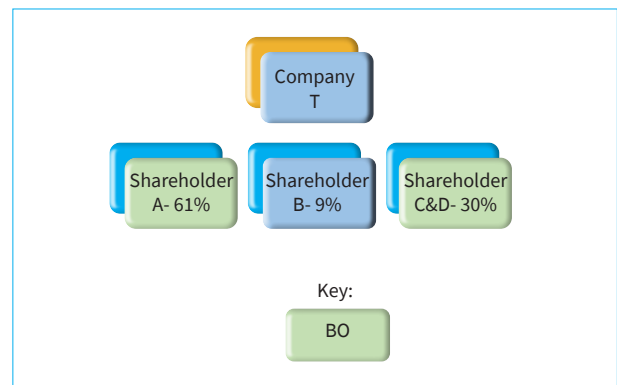
Example 1:

Assume Company T shareholding is as follows: Shareholder A holds 61% of the shares, B holds 9% of the shares and C and D jointly hold 30% of the shares.

Using the 10% threshold, the BOs of Company T are:
Shareholder A since he/she holds at least 10% of the shares in the Company.

Shareholders C and D because they jointly hold more than 10% of the shares in the Company.

Diagram 2: Shareholder of Company T

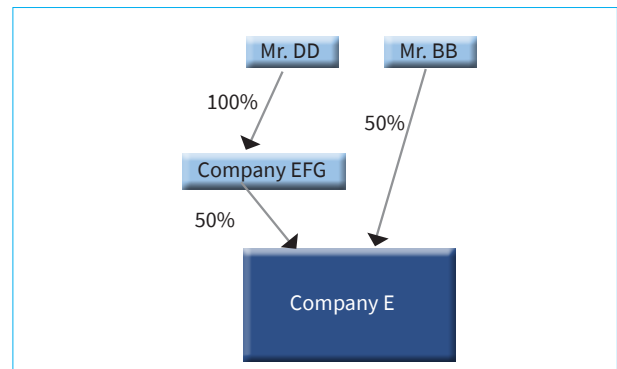


Example 2:

Company E is owned by two shareholders each having 50 % shareholding. While MR BB owns 50% of the shares, Company EFG which is fully owned by Mr. DD owns the remain 50 %.

Mr. DD and Mr. BB are deemed the BOs of Company E as both hold more than 10% of the shares in Company E as shown in Diagram 3.

Diagram 3: BO of Company E



Source: Suruhanjaya Syarikat Malaysia

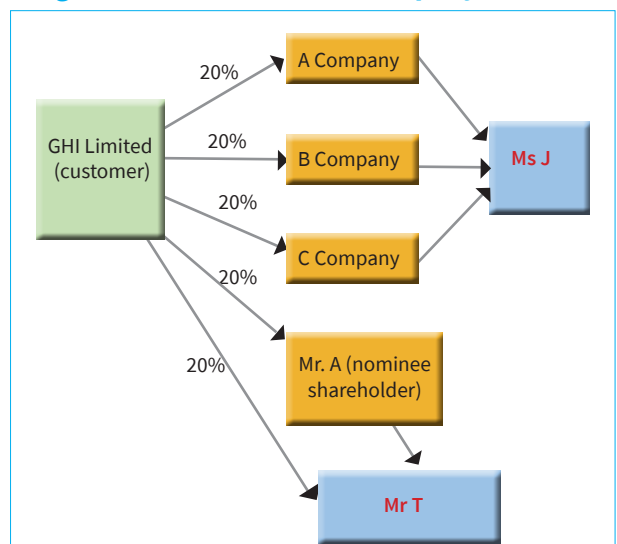
Example 3:

GHI Limited (the customer) has five owners each owning 20% shareholding. Three of the owners are companies (Company A, Company B and Company C). All three companies are owned by Ms J.

The other two owners are Mr T and Mr A. You determine Mr A is nominee shareholder, accustomed to following the instructions of Mr T. This means that Mr T has direct ownership of 20% and indirect ownership of a further 20% of the customer (through the nominee agreement).

Therefore, both Ms J and Mr T are beneficial owners based on the ownership test as depicted in Diagram 4.

Diagram 4: Shareholder of Company T



4.2.2 Step 2 - Exercising control of the legal person through other means

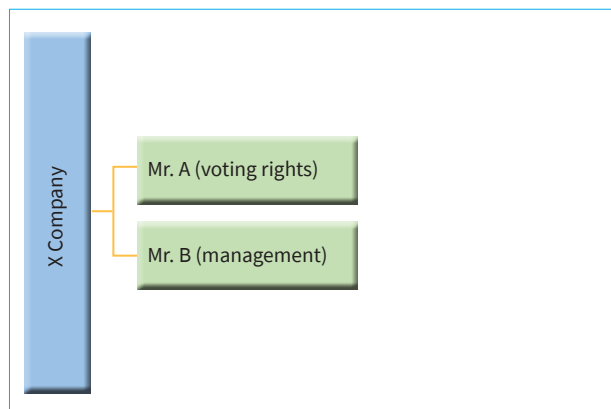
A natural person may also exercise effective control over an entity, if he has the powers and authority to take actions and make decisions for the entity. This includes matters relating to its financial affairs, financial relationships, operations or other matters that may fundamentally affect the business or direction of the entity, without having ownership interest over the entity. Such powers may be attained through other means, such as:

- i. Exerting dominant influence to appoint or remove directors/ senior management;
- ii. Having the power of attorney over the entity;
- iii. Owning stocks or rights over outstanding debts that are convertible into voting equity;
- iv. Participating in the financing of the enterprise; or
- v. Having control through trusts, agreements, arrangements, understandings, policies or practices, close and intimate family relationships or if a company defaults on certain payments. A natural person demonstrating control may be, among others, the entity's senior management, directors, authorised signatory, controller and etc

Example 4:

An example of Ultimate Effective Control is an individual with significant responsibility to control, manage, or direct a legal person, including an executive officer or senior manager. In the figure below, Mr. A holds all the voting rights in the X Company, while Mr. B gives directions to the Board of Directors and determines the overall direction of X Company. Both Mr. A and Mr. B should be identified as beneficial owners because they both have effective control over the Company through their voting rights and significant influence, respectively.

Diagram 5: Ultimate Effective Control of Company X



4.2.3 Step 3 - Senior management within the legal person

Where no natural person is identified under steps 1 and 2 above, the beneficial owner is the relevant natural person who holds the position of senior managing official.

4.3 Detailed Processes for Identification of Beneficial Owners – Legal Arrangements

All trusts have the common characteristic of causing a separation between legal ownership and beneficial ownership. Legal ownership always rests with the trustee. Beneficial ownership can rest with the author of trust, trustees or beneficiaries, jointly or individually

FIs should identify and take reasonable measures to verify information about a trust, including, the identities of the author of the trust, the trustees, the beneficiary or class of beneficiaries and any other natural person exercising ultimate effective control over the trust (including those who control through the chain of control or ownership).

For example, in a trust, such persons may include, among others, the trustee (person who manages the trust), the settlor (the person who creates the trust), the protector (person appointed by settlor to oversee the trustee) and the beneficiary (person who benefits from the trust). The following are examples of positions denoting control over a trust:

- (a) A settlor with power to revoke the trust and return property of trust back to the settlor;
- (b) A protector with power to remove or appoint a trustee;
- (c) An investment manager with power to direct the trustee's action; and
- (d) A person who benefits from the legal arrangement.

FIs are required to obtain trust documents (e.g. deed of trust, instrument of trust, trust declaration, etc.) and the provisions of the trust document must be fully understood.

The FI should take reasonable measures to verify trust document through independent means (e.g. Registry of Trust, Notary).

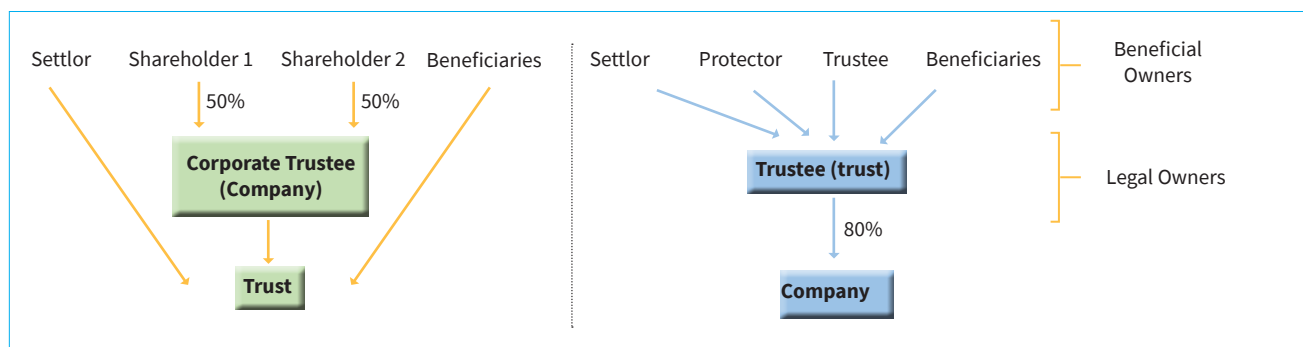
Example 5:

Person 'B' is the author of a trust for the benefit of his child. The trustee seeks to establish a relationship with a financial institution to help manage the assets of the trust. Even though the trustee is the controller of the assets of the trust he may not be the ultimate beneficial owner and the main focus of CDD should include person 'B' as well.

Example 6:

Where the trustee is a corporate trustee, the standard would require that the natural persons behind the corporate trustee are identified. In other words, when a party to a trust is not a natural person, the beneficial owners of that legal person (for example: the corporate trustee) should be identified as the beneficial owners of the trust.

Diagram 6:



4.4 Methods to Identify the Beneficial Owner

In the case of business organizations or legal persons incorporated in Kenya, reporting entities should identify and verify the BOs of such business organization or legal persons using the means or documents provided below. However, the list or examples provided are not exhaustive. FIs should request any other documents that enable them to identify BOs of their customers adequately and accurately.

Information relating to beneficial ownership	Source Documents
<ul style="list-style-type: none"> • Directly or indirectly holds 10% or more of shares • Directly or indirectly hold 10% or more of voting rights. • Right to exercise effective control or influence over a legal person/arrangements • Senior managing officials as BOs 	<ul style="list-style-type: none"> • Certificate of incorporation • Certificate of registration • Company constitution • Minutes of Board meeting • Registration form of the Cooperatives • By-laws of the cooperative • Minutes of General Meeting • Constitution/ charter/ rules • Central Register of Beneficial Owners (CRBO), • Shareholder register, • Articles of association and statement of capital • Director's and shareholder's resolution • Partnership agreement • Appointment/ Authorisation letter Senior management list • Company's annual report and annual return • Joint venture agreement, shareholder's agreements and other related agreements • List of members of committee • Director nomination agreement Register of member including BO • Trust deed • Trust registration document

Depending on the type of legal person or legal arrangement, identity of beneficial owners may be determined based on the following relationships:

Type of legal person/ legal arrangement	Relationships to be determined, if an
Companies (Private & Public)	<ul style="list-style-type: none"> • Shareholders • Senior management • Joint venture agreement • Persons with voting rights • Nominee directors/ shadow directors • Persons with power to appoint or remove directors • Other persons with interest and controlling influence within the company
Partnership/LLP	<ul style="list-style-type: none"> • Partners within the partnership • Other natural persons with effective control and influence over the partnership. • Natural person who meets any of the following conditions, whether individually or jointly with others, in relation to the limited liability partnership— <ul style="list-style-type: none"> a. holds a right to share in at least ten percent of the capital contribution or profits of the limited liability partnership either directly or indirectly; b. holds at least ten percent of the voting rights in the conduct and management of the limited liability partnership whether directly or indirectly; c. has a right to appoint or remove any partner or a manager; or d. exercises significant influence or control, directly or indirectly, over the limited liability partnership. e. Where two or more natural persons hold a right jointly or have a joint arrangement relating to rights held, each of such persons shall be treated as a beneficial owner.
Clubs/ Societies/ Foundations/ Charities/ NGOs/ Cooperatives	<ul style="list-style-type: none"> • Office bearer (e.g. president, secretary, treasurer or other committee) • Senior management/ management team. Other member with effective control and /or influence over the club/ societies/ charities/ foundations/ cooperatives
Trust arrangement	<ul style="list-style-type: none"> • Settlor • Trustee • Protector • Beneficiaries or class of beneficiaries • Other natural persons with effective control or influence over the trust.

FIs shall take all reasonable measures to identify their customers' beneficial owner and shall be satisfied, based on the measures taken, that they know the ultimate beneficial owner. It is recommended that FIs are to examine as many levels of information from the company structure as they deem necessary to accomplish this.

"Reasonable measures", in this situation, refer to practical, necessary and appropriate steps taken in line with the reporting institutions' risk assessment, on best efforts basis.

Where the reporting institutions are unable to identify, or further verify, the information of beneficial owners, including those who are foreign natural persons, reporting. Institutions shall record that they have exhausted all reasonable measures that may be taken to obtain such information. This may include obtaining a statutory declaration from the customer on the identification of the foreign beneficial owner.

4.5 CDD of Beneficial Owner

FIs are expected to perform identification and verification of beneficial owners at the on-boarding stage, as well as when there are any changes to the beneficial ownership information. In addition, depending on the risk assessment of the customer and their beneficial owner, reporting institutions shall conduct CDD on the BO, in accordance with FI's CDD and EDD procedures.

4.6 Verification of the Beneficial Ownership

Verifying beneficial ownership information serves the critical purpose of promoting transparency and preventing the misuse of legal entities for illicit activities such as money laundering, terrorist financing, corruption, and tax evasion.

By identifying and confirming the natural persons who ultimately own or control a company or legal arrangement, institutions and regulators can ensure that entities are not being used as fronts to conceal criminal activity. This transparency strengthens corporate governance and enhances public trust in the financial system.

In addition, the verification of beneficial ownership is essential for compliance with legal and regulatory requirements, under the POCAMLA, the Companies Act, as well as adhering to international standards on BO by the FATF. It enables FIs to perform effective risk assessments, fulfil CDD obligations, and provide accurate information to support law enforcement investigations and asset recovery efforts.

4.6.1 Verification of Beneficial Ownership of Domestic Legal Persons or Legal Arrangements

Step 1: Collect BO Information from the Legal Person or Legal Arrangement

This includes:

- Full legal name(s) of the beneficial owner(s).
- National ID or passport copy of the beneficial owner(s).
- Date of birth.
- Nationality.
- Copy of Beneficial Ownership Form filed with the BRS.
- Copy of CR12 (company structure and shareholding).
- Nature of ownership and control structure (e.g. percentage of shares or voting rights).
- Company extract or certificate of incorporation (showing directors and shareholders).
- Trust deed or partnership agreement (where relevant).
- Board resolutions indicating control arrangements.
- Structure charts showing ownership layers in complex structures.
- Share certificates;
- Register of members;

Step 2: Identify the Beneficial Owners

Identify natural person who:

- Holds 10% directly or indirectly of the issued shares;
- Holds 10% directly or indirectly of the voting rights;
- Exercises effective control over a legal person or legal arrangement i.e. has the powers to appoint or remove a majority of the board;
- Exercises executive control over the daily or regular affairs of the legal person through a senior management position, such as a chief executive officer (CEO), chief financial officer (CFO), managing or executive director, or president.

Step 3: Verify the BO Information Provided:

Conduct CDD on the beneficial owner (s) using the following steps:

- i) Verify identity documents of the beneficial owner(s) (using IDs, passports);
- ii) Match BO names against official shareholding documents and CR12;
- iii) Match BO names against official BO form filed with the BRS.
- iv) Confirm ownership percentages and voting rights.

4.6.2 Verification of Beneficial Ownership of Foreign Legal Persons and Legal Arrangements

The verification of BO of foreign legal persons and arrangements can be conducted in the following steps:

Step 1: Request and Review Foreign BO Registration Documents

Ask the customer that is a foreign legal person or legal arrangement to provide:

- Certificate of incorporation or registration.
- Memorandum & Articles of Association, trust deed, or equivalent.
- Register of shareholders/partners/beneficiaries.
- Organizational or ownership chart.
- BO declaration form, similar or equivalent of Kenya's beneficial ownership forms.

Step 2: Identify the Beneficial Owners

Determine who qualifies as a BO, using the definition under Kenyan law.

Step 3: Verify the Identity of the Beneficial Owners

For each identified BO, collect:

- Certified copy of valid passport
- Source of funds or wealth (if required for enhanced due diligence)
- Verification of documents by a lawyer, notary public, or competent authority in the foreign jurisdiction

Step 4: Conduct Independent Checks

Search for the BO through other sources of information such as:

- Foreign company registries
- Commercial databases like Dow Jones, World-Check or Lexis Nexis
- Media or open-source searches for PEP or sanctions exposure

For foreign BOs, where there is no existing independent and reliable document submitted on the BO, reporting institutions may verify the identity of the beneficial owners through open available sources, such as publicly accessible registries. FIs should reflect that they have exhausted all reasonable measures that may be taken to verify the foreign BO's identity.

In these circumstances the risk profile of that customer should reflect the increased risk of no independent and credible documents being verified, and in certain high-risk circumstances the discontinuing of the relationship with the FI

4.6.3 CDD of Beneficial Owner

After identification and verification of the BO, an FI is required to undertake CDD of the BO. CDD of the BO shall conduct in accordance with the BO's risk rating, FI's CDD and EDD procedures.

4.7 Record Keeping

FIs are required to keep detailed records of all decisions and to retain CDD and related documentation in a manner that is readily auditable. It is essential to document the reasoning behind each decision taken. A review conducted at a later stage should clearly demonstrate the rationale behind the risk-based decision that was made.

FIs shall conduct ongoing due diligence on the business relationship by ensuring that documents, data or information collected under the CDD process is kept up-to-date and relevant, by undertaking reviews of existing records, particularly for higher risk categories of customers.

FI should take cognizance of the record keeping requirements stipulated in the Proceeds POCAMLA and its Regulations.

4.8 Reporting Discrepancies

In case an FI notices any discrepancies in the beneficial ownership data they obtain from their customer and the BO data registered in the BRS, they must file a suspicious activity report with the FRC.

PART V. EFFECTIVE DATE

The effective date of this Guidance shall be September 1, 2025.

PART VI. ENQUIRIES

In the event of any clarifications or enquiries on any aspect of this guidance should be referred to:

Director,

Bank Supervision Department

Central Bank of Kenya

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