



ExamsNest

Your Ultimate Exam Preparation Hub

ExamsNest

Your Ultimate Exam Preparation Hub

Vendor: ACAMS

Code: CKYCA

Exam: Certified Know Your Customer Associate

<https://www.examsnest.com/exam/ckyca/>

QUESTIONS & ANSWERS

DEMO VERSION

QUESTIONS & ANSWERS
DEMO VERSION
(LIMITED CONTENT)

Version: 4.0

Question: 1

A legal entity applies to open an account in a financial institution. The owners of the entity are 20 individuals with equal shareholding. Who should be identified as the Ultimate Beneficial Owner (UBO), per Financial Action Task Force (FATF) guidelines?

- A. Any six shareholders whose collective shareholding exceeds 25%
- B. All 20 shareholders, because none exceeds the 25% threshold
- C. No one; this is an orphan legal entity because it has no UBOs
- D. The person(s) exercising control and/or acting as a senior management official(s)

Answer: D

Explanation:

FATF guidelines require identifying UBOs as individuals owning more than 25% or, if no one meets that threshold, those who exercise control through other means. In this case, no shareholder owns more than 25%, so the UBO is identified based on control, typically the person(s) in senior management.

Question: 2

Assets under management show an increase of investors whose income originates from high-risk jurisdictions. This indicates higher risk in which area?

- A. Customer
- B. Geographical
- C. Political
- D. Economic

Answer: B

Explanation:

FATF considers jurisdictions with weak AML/CFT controls as high-risk. An increase in investors from such regions raises geographical risk, since the customers' funds originate from locations with elevated money laundering or terrorism financing threats.

Question: 3

During a routine CDD update in a financial institution, a junior member of the compliance department identifies that the spouse of the reviewed client was elected as a member of government. Which action

<https://www.examsnest.com>

should the junior member take?

- A. Inform the relationship manager about the election of the client's spouse
- B. Make a note on the client's account of this fact and continue operations as usual.
- C. File a suspicious transaction report because the client did not notify the financial institution.
- D. Update the client's information to reflect that the client is related to a politically exposed person.

Answer: D

Explanation:

FATF guidelines require enhanced due diligence when a client becomes a Politically Exposed Person (PEP) or is related to one. Since the client's spouse is now a government member, the client must be classified as related to a PEP, and the institution's records must be updated accordingly.

Question: 4

A KYC analyst is onboarding a high-net-worth client and, during the screening process, notices that the prospective client is the parent of a government minister. After the analyst performs a source of wealth analysis, whose approval is needed before opening the account?

- A. Relationship management
- B. Senior management
- C. Team management
- D. Project management

Answer: B

Explanation:

FATF requires that the decision to establish or continue a business relationship with a Politically Exposed Person (PEP), or their close family members, must be approved by senior management after appropriate enhanced due diligence has been completed.

Question: 5

A politically exposed person (PEP) is eager to open a private account with an international bank. In addition to performing the normal CDD, which measure should be required from the AML officer?

- A. Conduct enhanced ongoing monitoring of the business relationship each quarter.
- B. Obtain senior management approval for establishing such business relationships.
- C. Contact law enforcement, as PEPs pose enhanced risks to an institution.
- D. Make a note of a PEP business relationship and file a suspicious transaction report to the local financial intelligence unit.

Answer: B

Explanation:

<https://www.examsnest.com>

FATF requires that before establishing a business relationship with a PEP, financial institutions must obtain senior management approval, along with applying enhanced due diligence measures such as verifying the source of wealth and funds.



ExamsNest

Your Ultimate Exam Preparation Hub

Thank You for trying the PDF Demo

Vendor: ACAMS

Code: CKYCA

Exam: Certified Know Your Customer Associate

<https://www.examsnest.com/exam/ckyca/>

Use Coupon “**SAVE15**” for extra 15% discount on the purchase of Practice Test Software. Test your Exam preparation with actual exam questions.

Start Your Preparation