



KYC Compliance Checklist

For U.S. Importers and Trade Companies

Know Your Customer / Know Your Counterparty Due Diligence

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Section 1: Counterparty Identification

Entity Details

- Collect legal name (as per registration/incorporation documents)
- Collect trade name / "DBA" (doing business as), if any
- Verify country of incorporation
- Collect U.S. tax ID (EIN) or foreign tax ID (if applicable)
- Obtain business registration certificate or articles of incorporation
- Collect government-issued business license (if applicable)
- Collect import/export licenses held by counterparty

Address Verification

- Verify registered address — evidence: corporate registry extract, government business registry, or official filing
- Verify principal place of business — evidence: utility bill, lease, business license, or similar document
- Confirm physical existence of business through address validation (site visit or third-party verification where possible)

Contact and Business Profile

- Identify primary contact person (name, title, email, phone)
 - Describe nature of business and main products/services
 - Check public presence (website, internet search, basic adverse media search) — no obvious inconsistencies
 - Verify trading history and years in operation
 - Obtain bank references or trade creditor references
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Section 2: Ownership, Control, and Beneficial Ownership

- Obtain ownership structure / organizational chart
- Identify all natural-person ultimate beneficial owners (UBOs) at $\geq 25\%$ ownership or control (FATF/FinCEN threshold)
- Verify identity of each UBO — collect government-issued ID documents (passport, national ID)
- Collect certified copy of shareholder register confirming all owners above 25% stake
- Determine if lower ownership thresholds are warranted based on risk assessment (e.g., 10%)
- Identify any complex or opaque ownership structures (shell companies, multi-layered entities)
- Investigate source of wealth/funds for high-risk counterparties
- Verify UBOs are not fronting for undisclosed parties
- Document corporate powers of attorney and corporate resolutions

Section 3: Sanctions, Watchlist, and PEP Screening

Entity Screening

- Screen entity name against OFAC SDN List and other U.S. sanctions lists
- Screen against UN, EU, and other applicable international sanctions lists
- Screen against U.S. BIS Entity List (export control)
- Screen against DHS UFLPA Entity List (forced labor)
- Screen against any other relevant denied-party or watchlists
- Check SAM (System for Award Management) / Federal Government Debarment List

Individual Screening

- Screen all directors and senior managers against sanctions lists
- Screen all UBOs against sanctions lists
- Complete PEP (Politically Exposed Persons) screening for directors and UBOs
- Document screening outcome:
 - No sanctions/watchlist hits, OR
 - Possible/confirmed hit — escalated, resolved, or relationship declined



Adverse Media

- Perform adverse media search on entity, directors, and UBOs
 - Check for prior regulatory violations, enforcement actions, or criminal links
 - Document and escalate significant issues
 - Check reputable news sources and NGO reports for reputational risks
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Section 4: Relationship Purpose and Expected Activity

- Define the role of the counterparty:
 - U.S. importer of record
 - Supplier / manufacturer
 - Trading intermediary / agent
 - Customer / distributor
 - Freight forwarder / logistics provider
 - Other (specify)
 - Describe purpose of relationship (e.g., long-term supply, contract manufacturing, spot purchases)
 - Document expected annual volume/value of transactions
 - Document expected payment methods and terms
 - Verify the transaction is not unusual or disproportionate to the counterparty's business
 - Identify whether an agent or broker is involved in the relationship
 - Verify that the counterparty has experience with similar products/transactions
 - For suppliers: determine if they are the original equipment manufacturer (OEM) or an aggregator/intermediary
 - Obtain "back-to-back" invoices or contracts if supplier is not the OEM
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Section 5: Risk Assessment and Classification

Risk Factors (check all that apply)

- High-risk jurisdiction (sanctions, corruption, human-rights concerns)
- Complex or opaque ownership structure
- High-risk industry under UFLPA or other forced-labor focus
- Use of trading companies, third-party agents, or third-party payers
- Negative/adverse media or NGO reports
- No established track record or newly formed entity



- Unusual transaction patterns or payment methods
- Cross-border transactions involving high-risk countries
- Counterparty resistance to providing documentation

Risk Rating

- Assign overall risk rating: Low / Medium / High
- Document rationale for risk classification in an internal risk-rating worksheet
- Obtain committee/system approval for the assigned risk level
- High-risk ratings trigger Enhanced Due Diligence (EDD) — additional documentation, deeper background checks, more frequent reviews

Section 6: Enhanced Due Diligence (EDD) — For High-Risk Counterparties

- Conduct detailed background check on the company's ownership structure
- Analyze financial health through credit reports and banking references
- Examine trading history with other partners
- Verify source of funds and source of wealth
- Collect additional documentation on beneficial owners (beyond standard threshold)
- Request detailed business activity breakdown
- Obtain source-of-funds documentation
- Check for connections to PEPs in detail
- Investigate any prior regulatory violations or suspicious patterns
- Consider on-site visits or third-party verification for high-risk suppliers
- Document all EDD findings and escalation decisions

Section 7: Documentation and Evidence Index

Identity and Corporate Documents

- Business registration certificate / articles of incorporation
- Government-issued business license
- Ownership structure / org chart
- UBO identification documents
- Corporate resolutions and powers of attorney



- Import/export licenses

Screening Records

- Sanctions screening tool reports or screenshots (with dates)
- PEP screening results
- Adverse media search results
- Internal review notes and approvals

Financial and Business Documents

- Bank references
- Trade creditor references
- Financial statements (most recent)
- Credit agency report
- Copies of contracts / purchase orders

Record Management

- For each document, record: document type, issuer, date range, coverage (PO/lot/shipment), storage location / system ID
- Retain all KYC records for at least 5 years (per BSA/AML requirements)
- Ensure records are organized, easily retrievable, and audit-ready

Section 8: Policies, Governance, and Training

Policies

- Maintain a written KYC/AML or comparable due-diligence policy
- Include trade compliance clauses in supplier/customer contracts
- Define internal standards for customer/counterparty onboarding
- Review and update KYC checklist at least annually to align with regulatory guidance

Roles and Responsibilities

- Designate a person/team responsible for KYC and sanctions screening
- Designate a compliance lead or committee (procurement, logistics, legal, IT)
- Clarify roles and escalation paths for compliance issues



Training

- Train procurement/sourcing teams on KYC requirements and red flags
- Train logistics/trade compliance staff on documentation standards
- Train finance/AP teams on financial due diligence
- Document all training sessions (dates, attendees, topics)
- Refresh training at least annually or when regulations change

Escalation

- Document process for handling sanctions/PEP hits
- Document process for handling adverse media findings
- Define corrective-action plans and exit criteria for non-compliant counterparties

Section 9: Ongoing Monitoring and Periodic Review

- Set review frequency by risk level (e.g., High: annually; Medium: every 2 years; Low: every 3 years)
- Conduct regular sanctions and PEP re-screening
- Monitor for changes in counterparty ownership or control
- Monitor for changes in counterparty business structure or key personnel
- Track unusual transaction patterns or ordering behavior
- Update risk assessments based on new information
- Trigger ad-hoc reviews for:
 - Ownership or control changes
 - Adverse media / NGO reports
 - Regulatory enforcement actions
 - Significant changes in transaction volume or patterns
 - New jurisdictions or products involved
- Periodically sample completed KYC files for completeness and quality
- Conduct internal audits of the KYC program at regular intervals



Section 10: Key Regulatory References

Key Regulatory Frameworks and References

BSA / AML	Bank Secrecy Act / Anti-Money Laundering requirements — foundational U.S. AML framework
FinCEN CDD Rule	Customer Due Diligence Rule — four core requirements: identify customers, identify UBOs, understand relationships, ongoing monitoring
FinCEN FIN-2026-R001	February 2026 Exemptive Relief — streamlined beneficial ownership verification at initial onboarding
OFAC SDN List	Specially Designated Nationals List — mandatory sanctions screening obligation for U.S. persons
FATF	Recommendations on KYC/CDD for trade finance and cross-border transactions
Corporate Transparency Act	Beneficial ownership reporting requirements under the CTA
CA TSCA	California Transparency in Supply Chains Act — disclosure requirements for retailers/manufacturers with \$100M+ gross receipts
EXIM Bank KYC	EXIM Bank KYC requirements and due diligence standards for export finance

Key Principle: KYC is not a one-time event — it is an ongoing process throughout the entire business relationship.

Sources: FinCEN.gov, OFAC (ofac.treasury.gov), EXIM.gov, FATF (fatf-gafi.org), Ondato KYC Checklist (March 2026), AAEL (January 2025)