



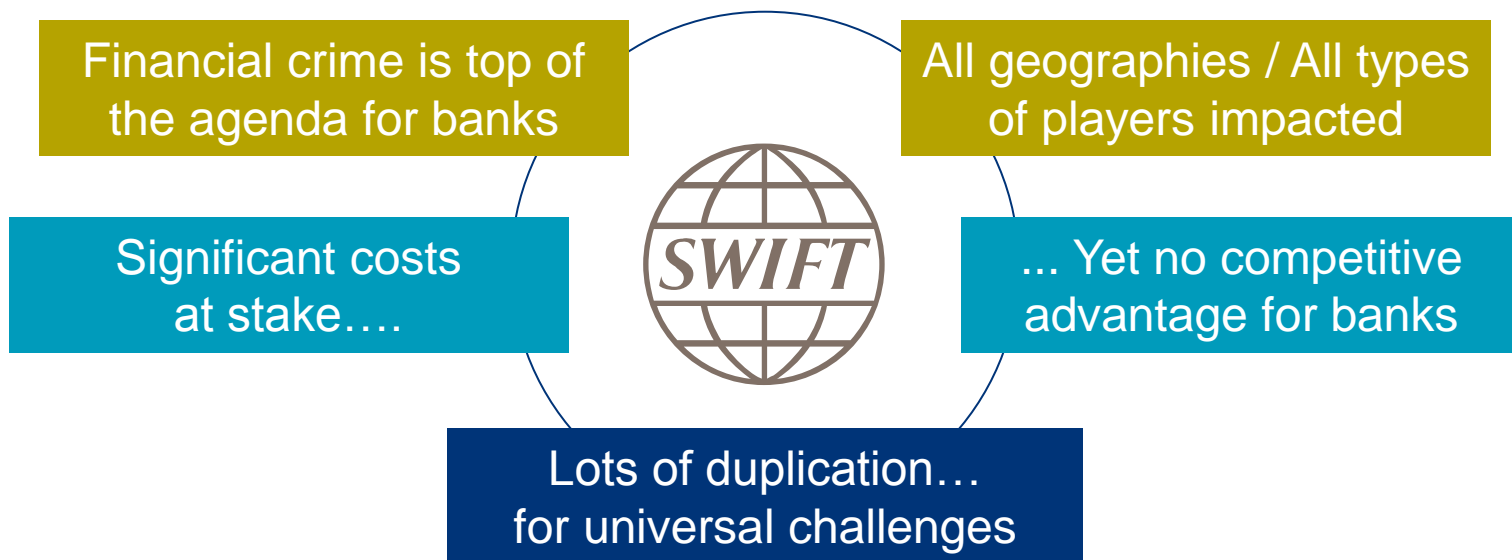
SWIFT Compliance Services

KYC Registry

Geneva March 2014

Julien Laurent

A community issue calling for a community solution ...



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The KYC Registry: Stronger together as a Community



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Comprehensive KYC:

The foundation to an effective AML approach

Market pressure calls for increased KYC processes:

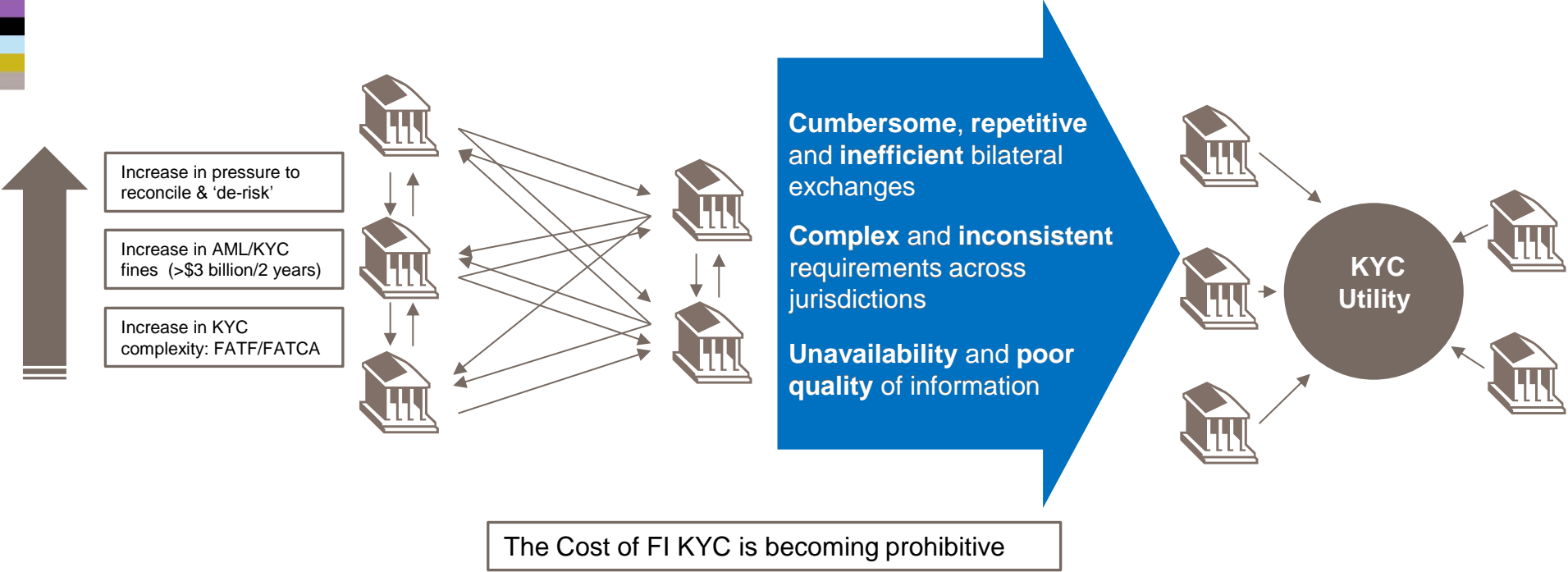
- This is yet to be translated into global standard requirements
- The industry as a whole must accept new expectations and consequences of non-compliance
- All banks require the same data, but there is no consistency in KYC data collection and quality assurance common to the industry



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Today's market: An unprecedented challenge to comply with KYC requirements



As a result the industry has witnessed a new development: the growth of the KYC 'utility'





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www.betterkyc.com

The 5 founding principles to the KYC Registry

1) Standardised KYC data set: 5 categories of information:

- *ID of customer, Ownership and management structure, Type of business and client base, Compliance information, Tax Information*

2) Feature-rich platform

- *User-controlled access, Portfolio & task Management, Export, report and audit*

3) Data validation – *Transparency and validation*

4) Unique value-added content – *Know your customer's customers*

5) Community-led engagement

- ✓ CDD & EDD data
- ✓ FATCA
- ✓ MIFID
- ✓ 95+ data items
- ✓ 30+ Docs



The KYC Registry – Baseline (1/2)

Entity header and details	<ul style="list-style-type: none"> • Anglicised legal name • Trading name / Doing Business As • Registered address and country 	<ul style="list-style-type: none"> • Operating address and country • BIC and LEI • Type of entity (Head-office, subsidiary, branch) 	<ul style="list-style-type: none"> • Entity classification (Bank/Cooperative/Central Bank etc.) • Head office: legal name, country and BIC • Group parent: legal name and country
CATEGORY	DATA	SUPPORTING DOCUMENTS	
I. Identification of the Customer	<ul style="list-style-type: none"> • Anglicised legal form • Legal name in local language • Trading name in local language • Immediate previous legal name(s) • Year of last legal name change • Phone and fax • Entity's website • Registration number • Authority issuing the reg number 	<ul style="list-style-type: none"> • Date of incorporation/establishment • Regulatory status • Primary financial regulator or supervisory authority and link to website (optional secondary) • Type of licence (full / offshore) • Licence number and authority issuing the licence 	<ul style="list-style-type: none"> ☐ Proof of regulation and banking licence OR Charter of law / Local decree ☐ Extract from registers OR certificate of incorporation ☐ Certificate of change of name
II. Ownership and Management Structure	<ul style="list-style-type: none"> • Form of organisation: <ul style="list-style-type: none"> ☐ Privately held ☐ Publicly listed <ul style="list-style-type: none"> ↳ Name and country of primary stock exchange (optional secondary) ↳ Link to the website of the stock exchange (optional secondary) ↳ Code of the institution on the stock exchange (optional secondary) • Bearer shares information • Shareholding companies (companies with 10% shares or more mandatory, 5% recommended for privately held and offshore banks) • Ultimate Beneficial Owners statement • Ultimate Beneficial Owners (threshold 10% ownership) • Key controllers (Board of Directors, Senior executive mgt, Supervisory Board, etc.) 	<ul style="list-style-type: none"> ☐ Memorandum and articles of association (statutes or by-laws) ☐ Ownership structure ☐ Documentary proof of shareholders companies ☐ Declaration of Ultimate Beneficial Owners ☐ List of shareholders ☐ Board of directors ☐ List of senior/executive management ☐ Supervisory/non-executive Board ☐ Sharia Board ☐ Latest audited annual report ☐ Functional organisational chart ☐ Proof of identity of UBOs and key controllers ☐ Proof of permanent residence of UBOs and key controllers 	

Mandatory/conditional – [Enhanced KYC](#)



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The KYC Registry – Baseline (2/2)

CATEGORY	DATA	SUPPORTING DOCUMENTS
III. Type of Business and Client Base	<ul style="list-style-type: none"> • Type of products and services offered • Type of clients • Geographical presence and reach • Industry focus 	<ul style="list-style-type: none"> 📄 Evidence of type of customers
IV. Compliance Information	<ul style="list-style-type: none"> • Money Laundering Reporting Officer or department contact details • Chief Compliance Officer name • AML person contact details • Number of employees • Number of AML staff • Name of AML Auditors • Questions about <ul style="list-style-type: none"> • Sanction lists used by the entity • PEP screening / sanctions screening / AML transaction monitoring processed used • Procedures/information gathered when establishing a customer relationship • Regulatory investigation or fines 	<ul style="list-style-type: none"> 📄 Wolfsberg AML questionnaire completed or equivalent 📄 Summary of AML policies/procedures or AML laws 📄 Detailed AML policies and procedures 📄 AML questionnaire of the entity (template) 📄 USA Patriot Act Certification completed 📄 MiFID questionnaire of the entity (template) 📄 Organisational chart of the Compliance department 📄 Response to negative statement from the press
V. Tax Information	<ul style="list-style-type: none"> • FATCA status and classification • GIIN • FATCA contact details • Tax Identification Number and tax country(ies) 	<ul style="list-style-type: none"> 📄 FATCA form

Mandatory/conditional – [Enhance KYC](#)



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The KYC Registry platform: rich in features to save time and cost in managing your KYC data...

Upload, update, manage, share and collect your KYC data in a single place

- User-controlled access
- Portfolio & task Management
- Export, report and audit

Identification of Customer

Ownership and Management Structure

Type of Business and Client Base

Compliance

Tax

Upload new document

Download all

Identification of Customer

Published

Anglicised legal name:	Global Bank AG		
Trading name:	Global Bank AG		
Registered address:	GERHART - HAUPTMANN - PLATZ 323 Hamburg Hamburg GERMANY (DE)		
Operating address:	GERHART - HAUPTMANN - PLATZ 323 HAMBURG 20095 HAMBURG 1332		
<i>[HeadOfficeDescription]</i>	<i>[GroupParentDescription]</i>		
Anglicised legal form:	Private limited company (Ltd.)	Entity's website:	https://www.nhsadehxxx.com
Legal name in local characters:	Not applicable	Registration number:	713894
Trading name in local characters:	Not applicable	Authority issuing the registration number:	Registrar of Companies
Immediate previous legal name:	Not applicable	Country of the authority issuing the registration number:	Germany
Phone:	941-2-4757351	Date of incorporation:	01 Jan 2014
Fax:	465-5-1254866	Entity status:	Payments Institution

Regulatory Status

Regulatory status:	Fully Regulated	Country of primary financial regulator / supervising authority:	Germany
Name of primary financial	Financial Markets Authority		



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Thorough and evidence-based data validation

Transparency and Validation:

- Completeness and accuracy of validated information against supporting documents
- Coherence checks between documents
- Checking documents against public sources (where possible)
- Local format of document with an English version.
- No judgmental or subjective checks (e.g. veracity of AML-related questions)
- Validation undertaken by industry professionals who understand the context & are language proficient

1 check/data field and on average 8 checks/document for 98 data fields and 34 documents

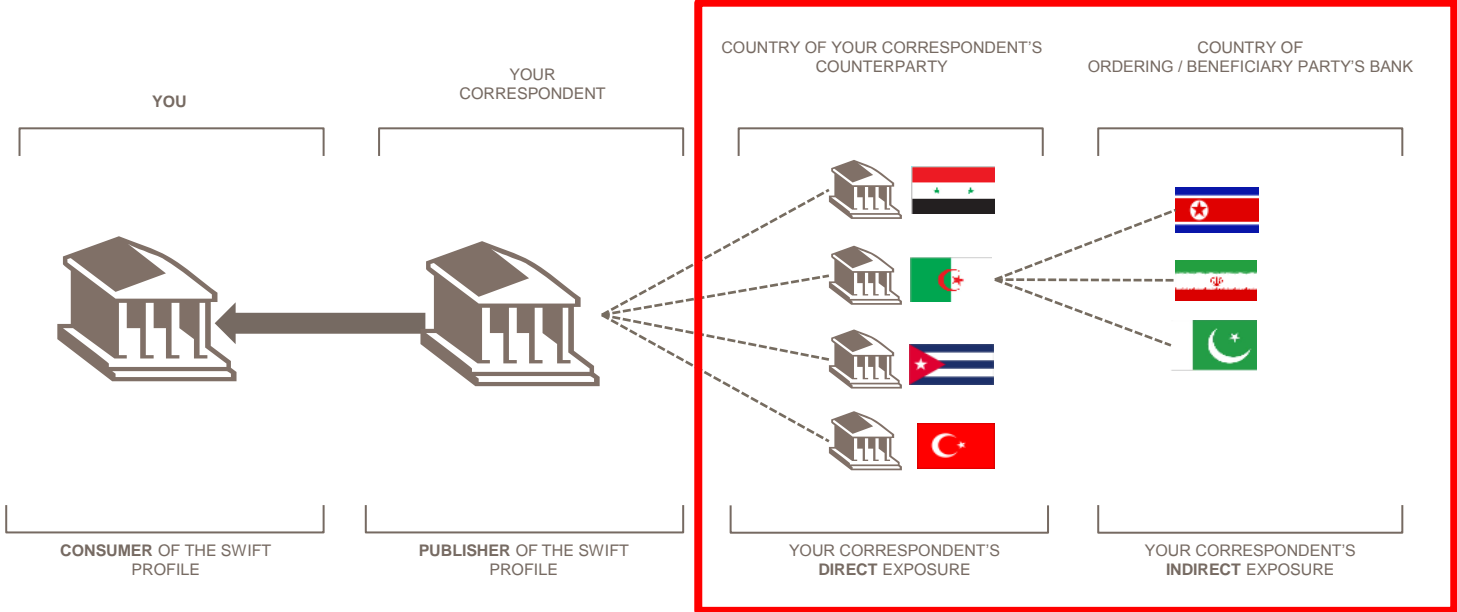


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KYC and KYCC

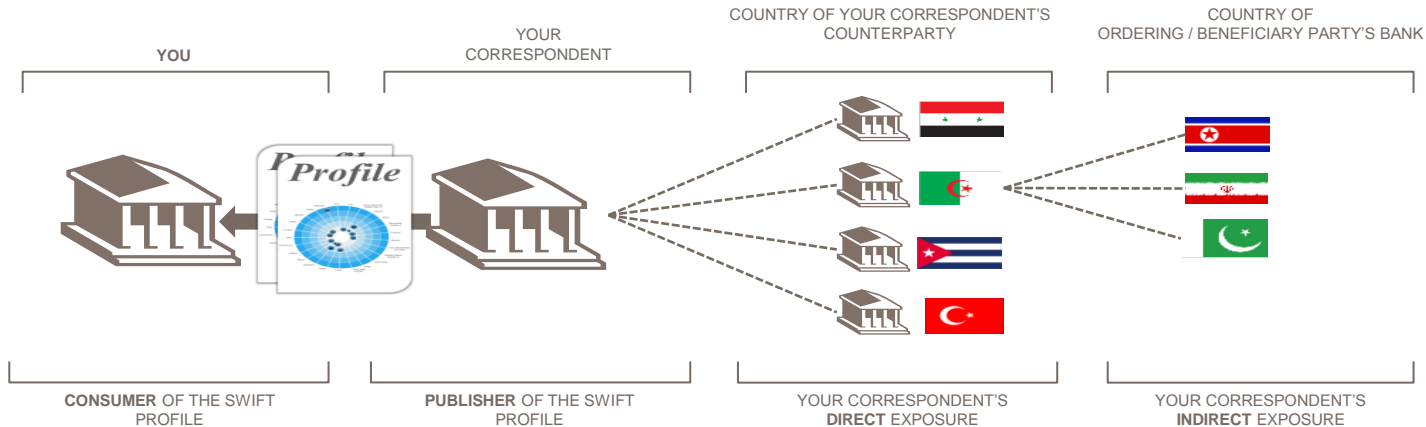
What's is out of your control ?



Unique content the SWIFT Traffic Profile, addressing 'KYCC'

WHAT IT IS

The purpose of the SWIFT Profile is to bring transparency on a bank's activity over the SWIFT network by indicating whether this bank has established relationships in FATF high risk or sanctioned jurisdictions. It addresses the challenge of Know Your Customer's Customer.



KEY BENEFITS

- Provides unique insights into bank's activity, based on unique data
- Substantiates declared behaviour by relying on factual data provided by a neutral third party
- Promotes a pro-active approach in the assessment of existing relationships and continuous monitoring of exposure
- Enables focus on riskiest correspondents



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Unique content the SWIFT Traffic Profile, addressing 'KYCC'

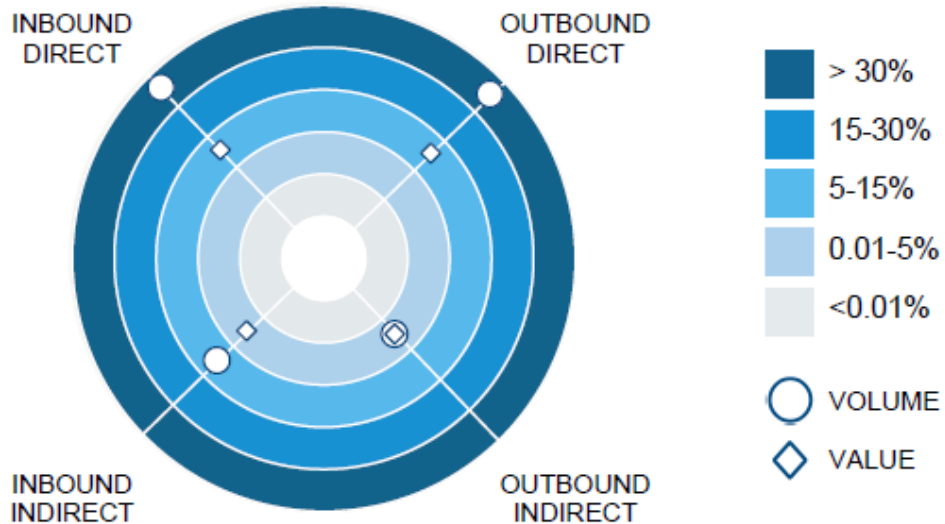
A 1st "aggregate" level

- Payments & Trade
- Direct & Indirect
- USD, EUR & other
- EU, OFAC, UN, FATF

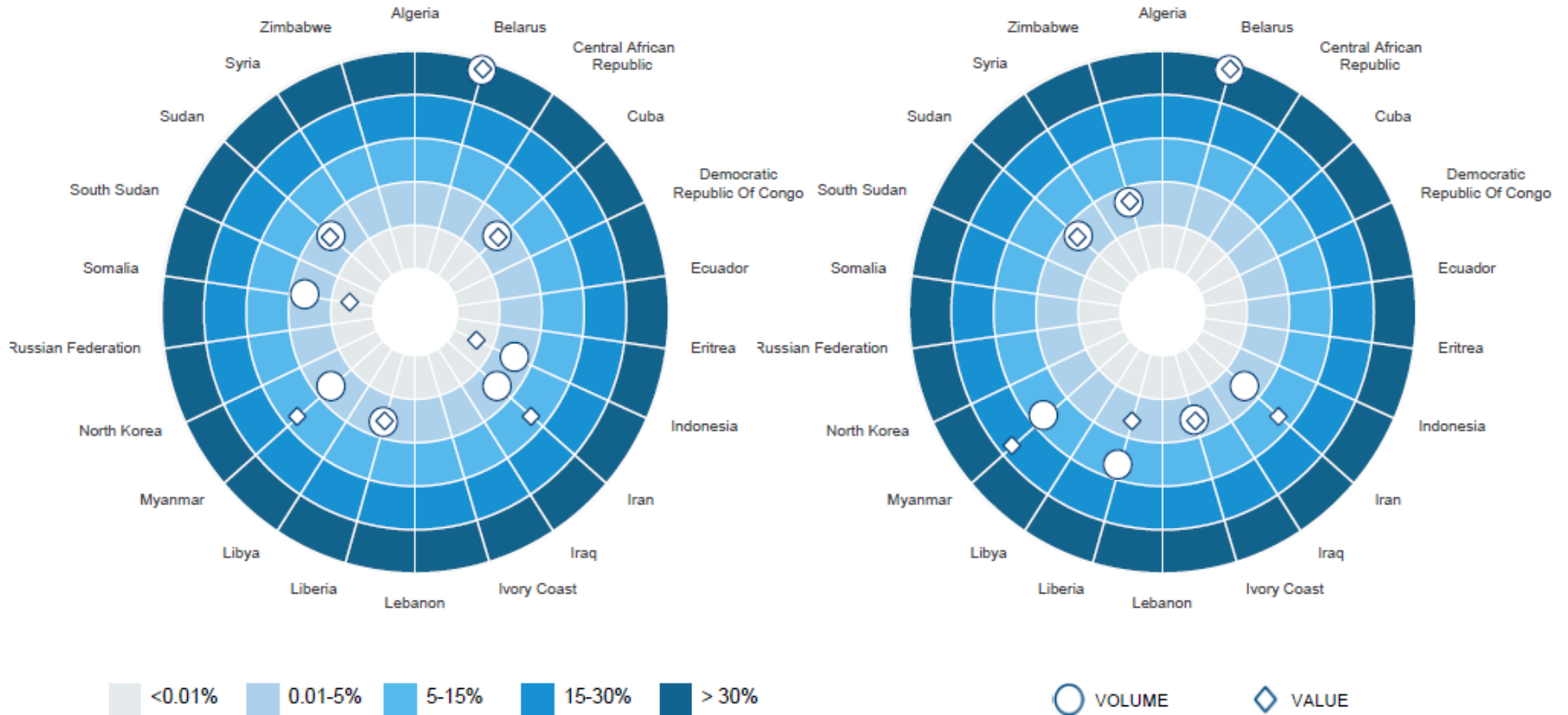


A 2nd "country" level

A 3rd "correspondent" level



Unique content the SWIFT Traffic Profile, addressing 'KYCC'



Value-based Pricing - *pay for what you find and need*

- Data **contribution** is ALWAYS free
- SWIFT Traffic Profile (KYCC) : annual fee of 2.500EUR/entity (Quarterly updates)
- Data **consumption** is free in 2015, under 2 easy conditions
 - Data contribution of institutional entities
 - Active promotion towards correspondents
- Usage fee in 2016
 - Principle: Annual fee for access granted to entity for UNLIMITED SEATS
 - Average of 100EUR/entity
 - Fee goes down to only 40EUR/entity for high-volume consumption



In summary: how are we different to other FI KYC vendors?

- ✓ We have a system that is live and focused on the largest number of connected Correspondent Banks in the world.
- ✓ We have established a thorough KYC standard set of documents and data
- ✓ The standard addresses CDD as well as the hard-to-acquire EDD data elements
- ✓ We are not an outsourced utility, we are hosting and providing secure access to data.
- ✓ We are a community-owned not-for-profit organization
- ✓ We validate and verify declared documentation before publishing it
- ✓ We host our data and are relied upon to connect financial institutions allowing them to do business around the world
- ✓ We are unique in providing the SWIFT Profile which affords greater transparency on your wider Correspondent Network and address the non-obvious risk of 'KYCC'



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