

Politically exposed persons

On 1 August 2015, new requirements were introduced into the Swedish Money Laundering Act whereby the bank must know which of its customers are in politically exposed positions. This applies to both customers resident in Sweden and those who are resident abroad.

Politically exposed persons – PEPs

A politically exposed person (PEP) is a natural person who is or has been entrusted with prominent public functions in a country or an international organisation. Prominent public functions include the Head of State, Members of the Swedish Parliament, the Prime Minister, members of the boards of political parties represented in the Swedish Parliament or the European Parliament, judges of the Supreme Court and the Supreme Administrative Court, the Auditors General, Members of the Executive Board of Riksbanken (The Central Bank of Sweden), ambassadors, high-ranking officers (generals and air chief marshals, lieutenant generals and air marshals, admirals, vice admirals and rear admirals), CEOs or directors of state-owned companies, or members of the management of an international organisation (directors, general secretaries, etc.).

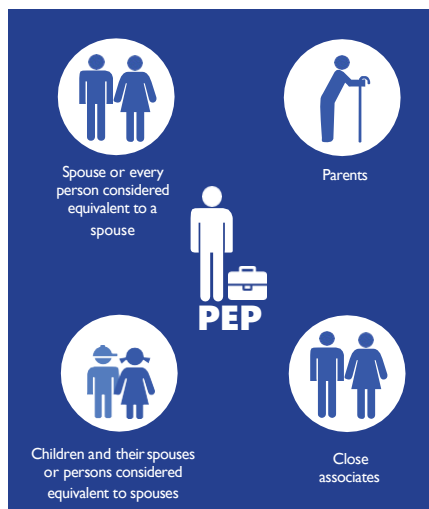
Due to her or his position and influence, a PEP is considered to hold a position which per se constitutes a risk of being exploited for, among other things, bribery and corruption.

Family members and close associates

The bank must also know which customers are family members and close associates of a PEP. 'Family member' means any spouse, registered partner, common law spouse, and children, as well as their spouse, registered partner, common-law spouse and parents.

'Close associate' means:

- a person who, jointly with a PEP, owns or otherwise exercises controlling influence over a company
- a person who otherwise has, or has had, a close relationship with a PEP, which need not be a commercial relationship
- a person who alone owns or exercises influence over a company which, in reality been formed for the benefit of a PEP.



Beneficial owner

If the customer is a company, the bank must also check whether the direct or indirect owner is a PEP, if the stake held in the company exceeds 25% or if the person exercises a controlling influence over the company.

The bank must ask questions

The Swedish Money Laundering Act places high demands on the bank to be well acquainted with its customers and their bank transactions. The bank must

understand the purpose of the commercial relationship and the customer's various transactions. In the case of a PEP, the bank must take measures which go beyond normal measures – i.e. enhanced customer due diligence. This means, among other things, that the bank must obtain the approval of a senior manager within the bank before a commercial relationship is entered into with a PEP. The bank must also take measures to establish the source of the customer's wealth and means associated with the commercial relationship and the transactions. The above also applies to family members and close associates of a PEP.

The bank will, therefore, put several questions to a PEP, his/her family members and known colleagues. Accordingly, it will take longer for the bank to commence and manage commercial relations with such persons.

All information received by the bank is treated in confidence and is subject to bank secrecy.

Regular monitoring

The bank is required to keep its customer information updated. Since employment conditions and family arrangements, etc. may change from time to time, the bank needs to regularly update the information received from the customer in these respects.

Upon ceasing to be a PEP

Where a PEP is no longer entrusted with a prominent public function, the bank must continue to treat the customer as a PEP for a period of at least 18 months thereafter, after which the bank must carry out a risk assessment.



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