

Til: Heidi Ravnholt (FT (HER@FTNET.DK), MHG@ftnet.dk (MHG@ftnet.dk))
Cc: Chiara.BACCI@ec.europa.eu (Chiara.BACCI@ec.europa.eu), BOCQUERAZ Claude (Claude.BOCQUERAZ@ec.europa.eu), FRIEHS Bettina (Bettina.FRIEHS@ec.europa.eu), Olena.LOBOIKO@ec.europa.eu (Olena.LOBOIKO@ec.europa.eu), Victoria Dyrehave Ellehauge (vicdra@em.dk), RAPP Bernadette (Bernadette.RAPP@ec.europa.eu), FISMA-D2@ec.europa.eu (FISMA-D2@ec.europa.eu)
Fra: PRUNA Raluca (Raluca.PRUNA@ec.europa.eu)
Titel: RE: Question concerning NPOs and the KYC-requirements set out in the AMLD
Sendt: 27-01-2022 09:19

Dear Ms Ravnholt, Dear Ms Hove Gere,

Thank you for reaching out to us on this very relevant issue, and apologies for our belated reply.

With regard to your first question, neither the AMLD (with a minor exception for anonymous prepaid cards) nor the future AMLR provide for exemptions from customer due diligence. At the same time, the current AMLD grants Member States wide discretion in the application of simplified due diligence, provided that this is applied to lower risk situations. Our experience is that simplified due diligence measures vary greatly among Member States today.

The draft AMLR (Article 22(1)(b)) provides a mandate for AMLA to identify specific simplified due diligence measures that can be applied in situations of lower risk. This includes, but is not limited to, specific categories of obliged entities, products and services. The AMLR does not contain specific provisions pertaining to NPOs, but introduces requirements to prevent de-risking practices, including the obligation to document client refusals and to keep records of those documents so that supervisors can verify that the extent of measures applied is proportionate to risk.

The information you shared with us suggests that financial institutions are considering NPOs in Denmark as higher risk, and applying enhanced due diligence on them as a result. One avenue that you may wish to consider is to increase supervisory engagement with the financial sector to improve their understanding of risks related to NPOs (and the different sub-sectors of NPOs operating in the country) and the granularity of their customer risk assessment – which from your message seems to be quite high-level and established at the level of the sector as a whole. This could take the form of e.g. disseminations of additional information on risks relating to the NPOs (including sectoral risk assessments), meetings with the sector, or other types of supervisory activity such as thematic inspections that might help to clarify supervisory expectations in relation to the calibration of customer due diligence to risk. Of course any choice as regards the best supervisory instrument rests with you, and these are only examples that we are providing for further reflexion.

You will have seen that in the meantime the EBA has issued an opinion and report on the practice of de-risking, which is calling for further Commission action in this area, on top of what the AML package of July 2021 already contains. We are reflecting on the way forward in this area and on possible measures at EU level to ensure that our AML framework is implemented in a way that does not undermine financial inclusion.

Best Regards,
Raluca Alexandra PRUNĂ
Head of Unit



European Commission
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The views expressed are my own and may not, in any circumstances, be regarded as stating an official position of the European Commission.

From: Majbrit Hove Gere (FT) <MHG@ftnet.dk>
Sent: Wednesday, January 26, 2022 8:42 AM
To: PRUNA Raluca (FISMA) <Raluca.PRUNA@ec.europa.eu>
Cc: BACCI Chiara (FISMA) <Chiara.BACCI@ec.europa.eu>
Subject: VS: Question concerning NPOs and the KYC-requirements set out in the AMLD

Dear Raluca Pruna,

Just a kindly reminder of our email below. Have you had a chance to look at it?

Thank you in advance.

Kind regards
Majbrit

Majbrit Hove Gere

Chefkonsulent, cand.merc.jur
Kontor for Forebyggelse af Hvidvask og Terrorfinansiering
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Fra: PRUNA Raluca <Raluca.PRUNA@ec.europa.eu>
Sendt: 21. december 2021 14:38
Til: Heidi Ravnholt (FT) <HER@FTNET.DK>
Cc: BACCI Chiara <Chiara.BACCI@ec.europa.eu>; LOBOIKO Olena <Olena.LOBOIKO@ec.europa.eu>; Majbrit Hove Gere (FT) <MHG@ftnet.dk>; Victoria Dyrehave Ellehauge <vicdra@em.dk>; RAPP Bernadette <Bernadette.RAPP@ec.europa.eu>; FISMA-D2@ec.europa.eu
Emne: RE: Question concerning NPOs and the KYC-requirements set out in the AMLD

Dear Ms Ravnholt,
Thank you for your message and the requests for clarification of NPOs and KYC/CDD.
We will come back to you early January.
Until then Merry Christmas to you too and a wonderful 2022!
Raluca

Best Regards,
Raluca Alexandra PRUNĂ
Head of Unit



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From: Heidi Ravnholt (FT) <HER@FTNET.DK>
Sent: Tuesday, December 21, 2021 2:30 PM
To: PRUNA Raluca (FISMA) <Raluca.PRUNA@ec.europa.eu>
Cc: BACCI Chiara (FISMA) <Chiara.BACCI@ec.europa.eu>; LOBOIKO Olena (FISMA) <Olena.LOBOIKO@ec.europa.eu>; Majbrit Hove Gere (FT) <MHG@ftnet.dk>; Victoria Dyrehave Ellehaug <vicdra@em.dk>
Subject: Question concerning NPOs and the KYC-requirements set out in the AMLD

Dear Raluca Pruna,

The Danish Ministry of Industry, Business and Financial Affairs is currently looking into the scope of the current Anti-Money Laundering directive (AMLD) and the upcoming AML-regulation (AMLR) regarding the possibility of easing the administrative burden that non-profit organizations (NPOs) experience when opening a bank account.

In recent years, NPOs in Denmark have reported that they experience extensive administrative burdens when banks carry out KYC-procedures, both when establishing an account and when banks carry out ongoing due diligence of the customer relationship. The burdens relate to the amount and type of information that the banks obtain from the NPOs, e.g. when identifying the beneficial owners.

The current AMLD offers a possibility for the obliged entities to carry out simplified KYC-procedures when a customer is classified as low risk. Nevertheless, it is the experience of the NPO sector, that NPOs often becomes target of excessive due diligence measures at the banks, and that it can be even difficult for some NPOs to get a bank account. The NPO sector also finds, that some banks demand fees for the services, that do not measure up to the size of a small NPO.

In Denmark, the current AMLD has been implemented in accordance with the directive without introducing further obligations for the obliged entities regarding KYC than the obligations that come from the directive.

In that context, we would like to ask the following questions:

- **Is it possible to exempt NPOs from the KYC-requirements set out in the current AMLD or the upcoming AMLR?**
 - o **If yes, could you please specify in which way, e.g. certain types or sizes of NPOs?**
- **Is it possible to make the KYC-procedures easier/less burdensome for NPOs based on either the current AMLD or the upcoming AMLR (besides the possibility already set out in the simplified KYC-procedures when the organization is classified as low risk)?**
 - o **If yes, could you please specify in which way?**

Thank you in advance and we look forward to receiving the Commission's feedback.

A very Merry Christmas and a Happy New Year to you.

Kind regards
Heidi Ravnholt

Deputy Director, LL.M.
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