“Regulatory Use” of Commercial Register Data

CRF 2022
Who we are.

Industry experts with first-hand experience in the management of due diligence processes, AML and KYB.

Award winning RegTech platform

Headquartered in Vienna, Austria

International team
Founders from USA, Austria & UK | Team size 65+ | 25+ languages

Clients in 100+ countries
FIs, FinTech, BaaS, AML Compliance Platforms, Payment Network & LOUs

Government licensed
Clearing House Licenses across the globe

Part of the Moody’s Analytics Family
March 1st, 2022
What is Regulatory Use?

What: Real-Time Commercial Register data and documents access

Who: Obliged entities
(Banks, Payment, Insurance, Real Estate, Art Dealers, etc)

Why: Legal obligations for

• Anti-Money Laundering (KYC, KYB)
• Anti-Terrorist Financing
• TAX/VAT Regulation
• Supply Chain Regulation
Industry need:
Commercial Registers as partners & Regulatory Use

The Regulatory Use model: Licensed access for global Anti-Money-Laundering, KYB & Anti-Terrorism-Financing checks

Key needs

01. Live access via API
   - Licensed access
   - Agreed service levels
   - Cost-recovery model

02. Registers as partners
   - Establish technical working groups, coordinated approach to parliaments and regulators

03. Regulatory use
   - Anti-money laundering
   - Know Your Business

Key factors

01. Part of Economic Infrastructure
   - Key component of a functioning economy and cross-border trade and investment

02. Source of Truth
   - Registers are the golden source of information vital to meet the requirements of industry

03. Global Stability
   - Countering money laundering and terrorist financing. Changing role of business registers.
Recognized Data Sources for Entity Verification ...

The EU's 5th AML Directive updates and clarifies the definition of acceptable “data sources” for KYB

“Regulated, recognised, approved or accepted by the relevant national authorities with documentary evidence and clearer requirements.” - AMLD5

AND: Obliged parties must know about, and be responsive to, any changes in a timely fashion (Perpetual KYB)
Why registers?

Business Information is not Entity Verification

<table>
<thead>
<tr>
<th>Business Information</th>
<th>Entity Verification</th>
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<tbody>
<tr>
<td>Static / Bulk</td>
<td>Real-time</td>
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Understanding fundamental information about clients via:

- Researched or 2\textsuperscript{nd} hand business profiles
- Financials
- Group structures
- PEP/Sanctions/Adverse Media
- Beneficial owners (BO)

Determine current existence, location, status, D&Os and other filings with:

- Time stamped, golden source data
- Certificate of good standing
- Documentary evidence
- Signatory rights (Entity)
- Monitor and react to changes (Perpetual KYB)
Today's challenges...

Companies Law & Legislation are often decided in isolation. Little regard of technical dependencies or industry need.

- EU initiatives
  - BRIS = citizens & Gov’t (WEB)
  - EBR Network = industry and commerce (API)

- AMLD5 requires reliable and recognizable entity information and implies “must know”:
  - Push notifications are essential

- Automation and efficiency of service:
  - Humans on websites typing into Compliance Systems is not scalable
Changing role of business registers
It's critical to acknowledge and accept that the roles of business registers are changing

Future-proof registers
Registers as the backbone of the digital infrastructure and economy – requires adequate funding

Regulatory use of register data
Retrieve once – use once
Data security through authorized and licensed access to protect the digital infrastructure
Let’s talk!
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