

Amesto's compliance with the Money Laundering Act in Norway

This document explains why we, as an accounting firm, are required by law to collect information about our clients and what kind of information we need to request. The requirements follow from the Money Laundering Act and apply to all accountants in Norway.

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Background

As an approved accounting firm, Amesto AccountHouse (we/us) is subject to the Money Laundering Act. The law requires us to conduct customer due diligence in two main areas:

- know your customer (KYC) and
- investigation of suspicious transactions.

This document explains what is required by the legislation.

Summary

We collect the following information and documentation:

- Identification of the customer
 - Private individuals: identification
 - All others: company registration extract
- Identification of those acting on behalf of the customer
 - Those who sign the assignment agreement
 - Other contact persons
- Overview of beneficial owners
 - *Individuals* who directly or indirectly own or control more than 25% of the business (in the case of several ownership levels, the 25% limit in each individual stage is considered, in addition to total ownership/control)
- PEP status on the previous mentioned
 - If one or more people are currently in the position, or have done so during the last 12 months, we will collect additional information
- Conditions at the company
 - Information about industry, partners, markets, settlement form of sales, how the business is financed, etc.

We are also subject to the Money Laundering Act's requirements for investigation of suspicious transactions.

The information and documentation we request is required by law to collect. We understand that the requirements may be perceived as unnecessary and extensive and greatly appreciate the cooperation. The information is collected routinely from all customers and does not mean that we suspect any wrongdoing.

Know your customer

In order to be able to establish, and continue to have, customer relationships, we are obliged to obtain some information and documentation from you as a customer.

Identification

Company

We collect documentation to identify the customer. Most of our customers are a company, an organization, association, or similar. In such cases, we require an official company registration extract. There is an absolute requirement for an organisation number, which means that we are not allowed to take on assignments for entities that are not registered in a public register. For Norwegian enterprises, we normally extract a printout from the Register of Business Enterprises or the Central Coordinating Register for Legal Entities. For foreign entities, we need a certificate of incorporation from the register in which the entity is registered.

Private individual

If the customer is a private individual, we need identification of the person. For people who have an approved eID we can use, it is preferable. In Norway, identification via BankID is the most common. If identification through eID is not possible, we need a certified copy of passports for foreign persons, and a certified copy of passports, driver's licenses or bank cards with a photo of Norwegian persons. As a general rule, we make the copy ourselves during a personal meeting. If an in-person meeting is not possible, it must be clarified with us how it will be handled. Personal attendance is not necessary if the identity is confirmed via a valid eID.

People acting on behalf of the customer

We need to know who is acting on behalf of the customer, and that he/they are allowed to act on behalf of the customer. This applies to people who sign the assignment agreement, as well as contact persons.

Those who sign on behalf of the customer shall have the right to enter into such agreements. In practice, this means the general manager, chairman of the board, or signatories/procurators in accordance with the certificate of incorporation. Persons as mentioned in the previous sentence can also give power of attorney to others. Anyone involved in representing the customer is considered to be acting on behalf of the company.

In addition, other designated contact persons may also act on behalf of the customer. According to the Accounting Act, Amesto is only allowed to deal with persons who have been authorised in writing to have such a role, and this is normally stipulated in the assignment agreement (or other authorisation documents).

For all persons acting on behalf of the customer, we need identification in the same way as persons as mentioned under Identification of the customer.

Beneficial owners

Company

The legislation also requires us to know who is behind the customer – what are called beneficial owners (BO). An BO is a person who owns and/or controls at least 25% of the business, either directly or indirectly. Note that if there are several ownership levels, the requirement will occur when there is more than 25% ownership/control in each stage, even if total ownership/control is 25% or less.

Ownership and control can arise because you

- own more than 25%
- have formal voting rights more than 25%
- have the right to appoint or dismiss more than 50% of the board members (or equivalent)
- have an agreement, it is stipulated in the articles of association or the like that you can exercise control in accordance with a, b or c
- otherwise exercise control.

Listed companies

However, if the customer is listed on the stock exchange in an EEA state, or in another country subject to a corresponding duty of disclosure, BO must not be identified. The same applies to majority-owned subsidiaries of listed companies.

Foundations

For foundations, the following persons are BO:

- Board members and general manager
- Persons who can appoint a majority of board members (also applies if you are a beneficial owner in another enterprise that has a similar right in the foundation)
- Persons who have donated basic capital to the foundation (also applies if you are a beneficial owner in another enterprise that has donated basic capital to the foundation)
- Persons who have been granted special rights pursuant to Section 9 of the Foundations Act, as well as persons who are expressly stated as a beneficiary of the foundation.

Other entity types

Special rules apply to foreign trusts, etc.

What do we need

In order to identify BO, we need sufficient information to unambiguously identify the person(s).

Normally, it will be sufficient with

- name,
- address and date of birth,
- national identity number (where applicable).
- We may also ask for proof of identity, in accordance with the requirements described in Customer Credentials.

Politically Exposed Persons (PEPs)

Why do we identify

If the customer himself, persons acting on behalf of the customer and/or being the beneficial owner is a politically exposed person (PEP), we are obliged to implement enhanced customer due diligence measures. The same applies if one of these is a close family member/close associate of a PEP. The PEP status is not time-limited, but we do not need to conduct enhanced customer due diligence measures when it has been more than one year since the position was terminated.

The vast majority of customers do not involve any politically exposed people. However, we are required by law to ask some control questions to all our customers.

Which positions are considered politically exposed?

What kind of positions do you mean to be a PEP? It is the country in which the person belongs that defines who is a PEP. For Norway, the following applies:

- Head of State, Head of Government, Minister/Minister, State Secretary
 - The King, the Prime Minister, all ministers and assistant ministers
- Member of the National Assembly
 - Members of the Storting, including deputies
- Member of the governing body of a political party
 - Executive board (or similar) of political parties represented in the Storting
- Member of a higher court who makes a decision that cannot be appealed only in exceptional cases
 - The Supreme Court
 - Employed judges in the Court of Appeal (not lay judges)
 - The European Court of Human Rights, the EFTA Court, the UN Court of Justice
- Member of administrative, managerial or controlling body of a state-owned enterprise
 - *State-owned* companies that carry out tasks that fall under public administration.
 - The board of directors and the managing director of state-owned enterprises
- Director, board member or other senior management person in an international organisation
 - Intergovernmental, politically agreed organisations (e.g. EFTA, NATO, UN). Nonprofit organizations are exempt
- Member of the Board of Directors of the Office of the Auditor General, Court of Auditors General or Central Bank
 - Members and deputy members of the Office of the Auditor General's College
 - The Board of Directors of Norges Bank
- Ambassador, chargé d'affaires or military officer of higher rank
 - Norwegian ambassador / chargé d'affaires at the Norwegian embassy (not consul)
 - Military officer of higher rank (General, Lieutenant General, Major General, Admiral, Vice Admiral and Rear Admiral). The Chief of Defence

If you are a related party to a PEP, or in a so-called legal community (e.g. you own a company together, or similar), or have a close business relationship, with a PEP, you will also be considered to be a PEP.

What do we ask for

We obtain a self-declaration, where it is requested to state whether someone as mentioned earlier is a PEP. If one or more PEPs are involved, we ask for information about this.

Enhanced customer due diligence measures to be carried out for PEP in the above roles are extra information that needs to be obtained:

- Name, date of birth and address
- PEP's position or public office, including geographical affiliation
- Approval from our AML compliance officer
- If applicable: carry out adequate measures to establish the origin of the assets

Close family members

Note that close family members are identified/viewed collectively under the Money Laundering Act. This means that if, for example, close family members own 25% each, they will still be BO even if they individually are not above the limit (the limit for being a beneficial owner is normally *above* 25%), Correspondingly, one will be PEP if a close family member is PEP.

Close family members are:

- Parents
- Spouse, registered partner, cohabitant
- Children
- The children's spouse, registered partner or cohabitant
- If the relationship is sufficiently close, but the persons are not covered by the Act's definition of "close family members", there may in specific cases be reason to consider other relationships in context (e.g. siblings).

The nature of the business

We will also collect information about the business being conducted. What we need to keep track of may vary, but typical circumstances we may ask for information about:

- How is the business organized?
- How is the business financed?
- Significant agreements
- Trading partners
 - What type of customers and suppliers are there
 - Where are the business partners located
- How are the payment flows in the company
 - Domestic/international
 - Banking, cash, crypto, etc.

Gathering information

It is a requirement that we ask our customer for information to clarify the above. Normally, we will ask for a self-declaration. For the person(s) we need to identify with additional documentation, we will ask for additional information and/or identification (e.g. BankID)

We also use tools to ensure the quality of the information we receive.

In some cases, we need to ask for additional information or documentation because, based on a specific assessment, we have clarified that it is necessary.

All follow-up under the Money Laundering Act is risk-based. This means that in some cases we can relax the requirements a little, while in other cases we will need to do more than what is described here.

If you don't provide the required information

We are obliged to obtain the necessary information and documentation to understand, and be sure that we have correct information about, who the customer is, who is acting on behalf of the customer and whether it is BO. We are also obliged to clarify the PEP status of all of these.

If you as a customer do not help us to meet the requirements we are subject to in the Money Laundering Act, we are not allowed to have you as a customer. The consequence of not cooperating may therefore be that we cannot take on the assignment, or must terminate it if the customer relationship has already been established.

Tools we use

When we request information from you, we may do so in several ways. As a general rule, we use a system called Penneo, which helps us with various registry searches, in addition to being able to obtain self-declarations and identification through the system. We can also obtain self-declarations and identification via e-mail or the signing solution Signant.

We also have access to do searches in various public registers, which we use when needed.

According to the Act on the Register of Beneficial Owners, many enterprises (including all private limited companies) are obliged to report beneficial owners to the register. Many customers ask why we cannot rely on that register for our mappings. Unfortunately, that law is not aligned with the Money Laundering Act, and the definitions of who are beneficial owners are not the same. This means that we cannot rely on receiving the necessary information based on the information in the register.

In its guidance to the Money Laundering Act, Finanstilsynet specifies that we must obtain information from our customer. Although we use various register lookups in our work in the area of money laundering, we are still obliged to request information and documentation from all our customers.

Suspicious transactions

According to the Money Laundering Act, there are also requirements to investigate so-called suspicious circumstances/transactions. Suspicious circumstances are circumstances that we cannot say with a high degree of certainty that are legal. A suspicious circumstance is thus not a suspicion of something criminal, but that we cannot say with certainty that it is not criminal. Such matters can range from areas such as tax evasion to money laundering and terrorist financing.

If circumstances or transactions arise that we are wondering about, we will typically ask for more information or better documentation. We will do what we can to clarify that the relationship/transaction is legitimate, and further investigations will then be terminated. If, contrary to expectations, we are not able to verify that it is legitimate, we have a duty to report the matter to The National Authority for Investigation and Prosecution of Economic and Environmental Crime (Økokrim). They will make an independent assessment of what should happen with the case next. Note that such reporting is not a criminal complaint, but must be considered to be a report to Økokrim. Økokrim decides whether the case should be investigated further by them or other public bodies (e.g. the Tax Administration). Suspicious circumstances can be transactions, actions, statements, or the like.

There is a strict duty of confidentiality regarding the investigation of suspicious circumstances. If we conduct such investigations, you will not know about it. You will not be informed of any such reporting.