

FCMC signs the administrative agreement with SEB in Latvia

20.12.2019

Financial and capital markets commission (further – FCMC) and AS SEB banka (further – the Bank) has signed the administrative agreement, regarding an inspection of the Bank carried out by the FCMC in 2017, by that both FCMC and the Bank agrees on the common required actions to be taken for further improvements in anti-money laundering and terrorism financing prevention area.

FCMC initiated an onsite inspection related to regulatory requirements regarding the prevention of money laundering and terrorism and proliferation financing in 2017. During the inspection it was concluded that the further improvements of internal control systems were needed identifying that the main discrepancies are related to the fact that on certain limited occasions it was not fully ensured that the documentation proving the client's economic activity had being acquired in a sufficient scope and quality to ascertain that the client's transactions cannot be viewed as suspicious, as well as on certain limited occasions the client's beneficial owner was not sufficiently proved or documented.

The Bank independently and on its own initiative has developed the action plan to deliver on improvements identified by FCMC to mitigate the gaps in the AML area, besides majority on the improvements are already implemented.

Furthermore, in 2019 FCMC concluded the targeted inspection identifying the shortcomings in complying with Sanction Law, Regulation Nr. 269/2014 and Regulation Nr. 2018/1072 – in the case on one customer the Bank has not delivered all required actions to secure the correct and relevant information entry in the banks system, initiating and maintaining the cooperation with the customer. It has also not secured the sufficient control to safeguard the correctness of information entered in the system that lead to unblocking of funds for this certain customer, as a result the financial resources of the customer concerned were not frozen to a limited extent One of the reasons for this standalone infringement was that the Bank was performing its clients, their owners and beneficiaries screening against European Union , Office of Foreign Assets Control (OFAC) of the US Department of the Treasury and other sanction lists, including the Bank's internal lists, but did not use external lists of persons related to sanctioned persons that allows screening of sanctioned persons owned entities and could prevent similar cases.

FCMC has applied the administrative fee in amount of 672 684 EUR for shortcomings in AML area and in amount of 1 121 140 EUR for infringements of international sanctions.

Setting the amount of administrative fee, FCMC has taken into consideration that the money laundering and terrorism financing risk level that characterizes the Bank's clients base and financial services is low. The Bank has delivered on the majority of action defined in self-initiated plan at the moment of signing the administrative agreement, e.g. conducted two external audits, improved the internal documentation, improved the IT systems to monitor customer transactions.

Further information:

Communications Division of the FCMC

phone: +371 67774808; +371 67774807

e-mail: dace.jansone@fktk.lv