



# **SWIFT Usership Validation Process**

## **Summary Description**

This document provides a summary of SWIFT's Usership validation or "Know Your Customer" process ("SWIFT KYC") that has been put in place for the admission of new SWIFT Users.

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## Governing principles of admission as a SWIFT User

SWIFT [By-laws](#) and [Corporate Rules](#) govern the conditions for admission as a SWIFT User and as a SWIFT shareholder as well as the continued compliance with the eligibility criteria. Other contractual documents may complement these texts.

SWIFT KYC and documentation are updated from time to time to respond to demands from the SWIFT community, to align with relevant market needs and changes, or to comply with applicable laws and regulations. In line with the co-operative nature of the Company, SWIFT KYC is the result of community consultation, resolutions of the Board of Directors and endorsement by the General Meeting of shareholders.

Whilst SWIFT does not hold or transfer funds or manage accounts on behalf of customers, it enables its global community of users to communicate securely, exchanging standardised financial messages in a reliable way, thereby facilitating global and local financial flows, and supporting trade and commerce all around the world. SWIFT is not regulated and is therefore not subject to KYC requirements applicable to regulated entities. Nevertheless, SWIFT recognises the need for instituting an appropriate level of due diligence with regard to SWIFT Users.

The guiding principles of SWIFT KYC are neutrality, objectivity and transparency, in line with the SWIFT User conditions for admission. They are applicable at the time of admission and later as part of ongoing compliance assessments.

## Compliance with eligibility criteria by SWIFT User

Prior to becoming a SWIFT User and accessing SWIFT services and products, an organisation must comply with the conditions for admission as detailed in the [Corporate Rules](#) and be accepted in one of the SWIFT User categories.

As part of the validation process, SWIFT reviews the application and documents submitted by the (applicant) SWIFT User and checks them against the SWIFT User categories' eligibility criteria and local rules and regulations applicable in the applicant's country.

The process is conducted on a risk-based approach taking into account:

- i) the SWIFT User category (e.g. financial institutions versus non-financial institutions or supervised institutions versus non-supervised institutions),
- ii) the country risk (e.g. FATF versus non-FATF countries),
- iii) the affiliation to other SWIFT Users, (e.g. SWIFT Users that are part of the same corporate group structure),
- iv) the intended use of SWIFT services and products (e.g. the use by the (applicant) SWIFT User of the SWIFT financial messaging services for necessary and legitimate business purposes),
- v) the applicable sanctions regulations,
- vi) the credit worthiness of the applicant SWIFT User, and



- vii) other patterns (these may, for example, arise in connection with reputational or security concerns)

Subject to the applicable risk-based approach, SWIFT requests the applicant to make available to SWIFT, at a minimum, [a non-exhaustive set of documents](#) (in local language and English translation).

SWIFT validates the information against the SWIFT eligibility criteria and the conditions for admission. In this scope, it may consult local authorities, regulators, the National Member Group or other SWIFT users, and may consult both external due diligence sources as well as the SWIFT KYC Registry<sup>1</sup>. Validation may also include a best effort assessment of the (applicant) SWIFT User's compliance with applicable law, such as company laws or financial regulation.

Insufficient evidence regarding the applicant's compliance with the eligibility criteria and conditions for admission, and absence of documents as requested during the admission process is a ground for SWIFT (i) not to commence or continue the admission process or (ii) deny the application.

As a matter of fact, SWIFT also reserves the right to reject an application or to suspend or terminate a SWIFT user in the event that, or, if according to the reasonable interpretation of SWIFT, any of the following occurs:

1. the access to, or use of, SWIFT services and products by that applicant or SWIFT user has adversely affected, or may adversely affect, the security, reliability and/or resiliency of its operations or, more generally, SWIFT's reputation, brand or goodwill; or
2. the applicant or SWIFT user
  - (i) demonstrates a conduct which is not in line with generally accepted business conduct principles,
  - (ii) is subject to regulations impacting its SWIFT user status,
  - (iii) does not comply with applicable laws or regulations,
  - (iv) its business, regulatory and/or geographical profile does not conform to the expected use of SWIFT services and products under the SWIFT user category that it applies for or is registered in, or
  - (v) displays a behaviour not to have an apparent need or continuing need for SWIFT services or products; or
3. such applicant or SWIFT user, or one of its affiliates, has been refused admission as a SWIFT user in the past twelve (12) months

Finally, SWIFT reserves the right to inform authorities or other persons concerned if it believes, based on reasonable grounds, that an application to become a SWIFT user is fraudulent.

## Responsibility for the approval and admission process

The Board of Directors is responsible for the approval and admission process of (applicant) SWIFT Users. In accordance with article 27 of the Company [By-laws](#), it has delegated these powers to SWIFT management. On a regular basis and by means of a written report, SWIFT management

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<sup>1</sup> SWIFT KYC Registry is a secure, shared platform to exchange standardised Know Your Customer data. More information is available [here](#)



informs the Board of Directors of new SWIFT Users, resignations of SWIFT Users, and changes to the status of SWIFT Users in the event of corporate restructuring.

As required by Belgian law, changes at the level of the SWIFT shareholding are subject to approval by the Board of Directors.

## **Customer responsibility for the KYC process**

SWIFT's KYC should not be considered by SWIFT Users as a substitute for their own 'Know-Your-Customer' validation processes, including those processes that are mandated by applicable law or regulation.

The definitions of SWIFT user categories, the local admission criteria and in general, the acceptance by SWIFT of a SWIFT user are not a substitute for the other SWIFT users' duty to conduct their proper due diligence. Likewise, SWIFT services and products entitlements cannot supersede applicable laws and regulations. Each SWIFT User is therefore expected to perform due diligence, to apply Know-your-customer principles to their counterparties and to comply with good industry and security practices when conducting business using SWIFT services and products.

SWIFT is a messaging service provider and has no involvement in or control over the underlying financial transactions that are the subject of messages transmitted by its customers. The responsibility for ensuring that such financial transactions comply with applicable laws and regulations and are otherwise legitimate rests with the SWIFT users involved and the competent national and international authorities. For these reasons, SWIFT cannot be considered to have a role in, or to purport to mediate, disputes between SWIFT users.

Therefore, unless a SWIFT User is in breach of its contractual arrangements with SWIFT, SWIFT Users should address inappropriate business conduct of other SWIFT Users to the other SWIFT User directly and/or to the relevant law enforcement or regulatory bodies or authorities.

SWIFT Users should consider using suitable tools (e.g. Relationship Management Application – RMA) made available by SWIFT to support their decision mechanism for accepting messages and underlying transactions from counterparties.