**Swedish Investment Fund Association - Other comments**

* SIFA would like to stress the importance of a risk based approach when carrying out the customer due diligence.
* P. 207 specifies factors that may indicate higher risk. The first one is “the fund admits a wide, or unrestricted, range of investors;”. According to the UCITS-directive, UCITS means an undertaking: “ (a) with the sole object of collective investment in transferable securities or in other liquid financial assets referred to in Article 50(1) of capital raised from the public and which operate on the principle of risk-spreading;”. Hence, it is a prerequisite for at UCITS to have a wide, unrestricted range of investors. SIFA is of the opinion that this does not make UCITS subject to higher risk for being exposed to money laundering and terrorist financing. As stated in p. 201, “the medium- to long term nature of the investment can contribute to limiting the attractiveness of these products to money launderers. Institutional funds are exposed to similar risks, though these risks may be reduced where such funds are open only to a small number of investors.”. SIFA agrees with this statement. UCITS should not be subject to a higher risk due to the fact that they have a wide range of investors, since the medium- to long term nature of the product makes it less attractive to money launderers.
* SIFA finds the second measure below p. 210 regarding enhanced customer due diligence “taking additional steps to verify the documents obtained” to be difficult to carry out in practise. It is of course important to use documents that are authentic. However, taking additional steps to verify obtained documents such as ID etc., could be very time-consuming and resource-intensive for asset managers. SIFA proposes a measure stating that additional steps to verify documents should be taken when there is *suspicion* for a document not being authentic.