

# AML POLICY

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# ANTI-MONEY LAUNDERING AND KNOW YOUR CLIENT POLICY

## PURPOSE

The purpose of this policy is to provide guidance on the Anti-Money Laundering and Know your Client Policy which is followed by the Company in order to achieve full compliance with the relevant anti-money laundering legislation.

The Policy should be read prior to proceeding to open an account.

## LEGAL FRAMEWORK

The main purpose of Anti-Money Laundering legislation is to define and criminalize the laundering of proceeds generated from all serious criminal offences aiming at depriving criminals from the profits of their crimes.

In accordance with current legislation, Eurotrader is obliged to set out policies and procedures for preventing money laundering activities. The procedures, which are implemented by the Company, are the following:

- a.** Identification and due diligence procedures of clients.
- b.** Record keeping procedures in relation to clients' identity and their transactions.
- c.** Internal reporting procedures to a competent person (e.g. Anti-Money Laundering Compliance Officer) appointed to receive and consider information that give rise to knowledge or suspicion that a client is engaged in money laundering activities.
- d.** Appropriate procedures of internal control, risk management, with the purpose of preventing money laundering activities.
- e.** The detailed examination of every transaction that due to its nature is considered vulnerable to money laundering, and especially for complicated or unusually large transactions and transactions that are taken place without an obvious financial or legal purpose.
- f.** Measures for making employees aware of the above-mentioned procedures to prevent money laundering and of the legislation relating to money laundering.
- g.** Provision of regular training to their employees in the recognition and handling of transactions suspected to be associated with money laundering.

## POLICY

Anti-Money Laundering policies have been adopted by the Company, which introduces procedures and processes that ensure compliance with current legislation.

# 1. CLIENT IDENTIFICATION AND DUE DILIGENCE PROCEDURES

The Company has adopted all requirements of current legislation in relation to client identification and due diligence procedures. The client categorization, identification and due diligence are as follows:

## **a. Client Categorization:**

- low risk,
- normal risk,
- high risk

Clients with the following criteria are classified as High risk due to the following conditions:

- i. Non- face to face customers
- ii. Accounts in the names of companies whose shares are in bearer form
- iii. Trusts Accounts
- iv. 'Client accounts' in the name of a third person
- v. 'Politically exposed persons' accounts
- vi. Electronic gambling /gaming through the internet
- vi. Customers from countries which inadequately apply FATF's recommendations
- vii. Cross-frontier correspondent banking relationships with credit institutions – Clients from third countries
- ix. Any other Clients that their nature entail a higher risk of money laundering and terrorist financing
- x. Any other Client determined by the Company itself to be classified as such.

## **b. Due diligence procedures are applied in the following cases:**

- When establishing a business relationship.
- When carrying out one-off transactions amounting to USD \$20,000.00 (twenty thousand dollars) or more, whether the transaction is carried out in a single operation or in several operations which appear to be linked.
- When there is a suspicion of money laundering or terrorist financing, irrespective of the amount of the transaction.
- When there are doubts about the veracity or adequacy of previously obtained client identification data.

Failure or refusal by a client to submit the requisite data and information for the verification of his/her identity and the creation of his/her economic profile, without adequate justification, constitutes elements that may lead to the creation of a suspicion that the client is involved in money laundering or terrorist financing activities. In such an event, the Company does not proceed with the establishment of the business relationship and considers the necessity whether the anti-money laundering officer is required to report to the relevant authorities.

When the account is opened, it should be closely monitored. At least twice a year, a review

should be carried out and a note prepared summarizing the results of the review, which must be kept in customer's file. At frequent intervals, the Company should compare the estimated against the actual turnover of the account. Any serious deviation, should be investigated, not only for possible action by the Company in relation to the particular account concerned, but also to gauge the reliability of the lawyer or the accountant/auditor who has introduced the customer.

The practice to which the Company adheres to in order to comply with the requirements of the current legislation on the subject of the client identification is achieved on a risk-based approach and it is set out below:

#### Client Due Diligence Procedure

Client Due Diligence procedure shall comprise the following:

- i.** Identification and verification of the client's identity based on information obtained from a reliable and independent source.
- ii.** Identification of the beneficial owner and taking risk-based and adequate measures to verify his/her identity on the basis of documents, data or information issued by or received from a reliable and independent source. With regards to legal persons, trusts and similar legal entities, taking risk-based and adequate measures to understand the ownership and control structure of the client.
- iii.** Obtaining information on the purpose and intended nature of the business relationship.
- iv.** Conducting ongoing monitoring of the business relationship including scrutiny of transactions undertaken throughout the course of the relationship to ensure that the transactions being conducted are consistent with the data and information held by the firm in connection with the client.

#### Timing of identification

Client and beneficial owner identification must occur before the establishment of a business relationship, given that the Company prohibits any client's transaction or trade before the necessary documentation and information is provided.

By way of derogation, the client's and beneficial owner's identity verification may be completed during the establishment of a business relationship if this is necessary in order not to interrupt the normal conduct of business and where there is limited risk of money laundering or terrorist financing occurring. In such situation, these procedures shall be completed as soon as practicable after the initial contact.

With reference to the verification of the identity of the client the Company takes into account the fact that when commencing the establishment of a business relationship with a client whose identity has not been yet verified, the risk of money laundering referred to the previous paragraph may be assessed as low when, as a minimum, the following, among others, are taken into consideration:

- If the verification of the customer/beneficial owner's identity has not been completed, the cumulative amount of deposited funds of a customer/beneficial owner should not exceed \$2,000.00, irrespective of the number of accounts the client/beneficial owner holds with the company. The amount of \$2,000.00 does not automatically categorise the client as a low risk client. The company should assess each client's risk as per the designated procedure. The company accepts deposits only from a bank account (or through other means that are

linked to a bank account e.g. credit card), that is in the name of the customer with whom establishes a business relationship.

- The cumulative time in which the verification of the identity of a customer/beneficial owner is completed, must not exceed 15 days from initial contact.

- It is noted that the initial contact takes place the moment that the client either accepts the terms and conditions or makes his first deposit, whichever comes first.

- Within the timeframe of 15 days from initial contact, the company takes all reasonable measures to ensure that the percentage of customers that have not complied with the request to submit verification documents, is considerably low (e.g. the company issues requests/reminders to the customer/beneficial owner informing them of their obligation to submit the requested documents for the verification of their identity).

- Where the verification of the customer/beneficial owner's identity has not been completed during the designated timeframe of 15 days, the commencement of a business relationship must be terminated on the date of the deadline's expiry and all deposited funds must be returned to the customer/beneficial owner, in the same bank account from which they originated. The procedure for returning the funds must occur immediately, regardless of whether the customer has requested the return of their funds or not.

The returned funds (deposits) include any profits the customer has gained during their transactions and deducting any losses incurred.

- Within the timeframe of 15 days from initial contact, the customer/beneficial owner must undergo at least one Enhanced Due Diligence measure in accordance with current legislation.

- No funds are withheld and no accounts are frozen, save for those cases of suspicion of money laundering, where the company is under obligation to immediately report its suspicion to the relevant authorities.

#### Renewal of client identification

Reviews of existing records must take place on a regular basis, thus ensuring that the documents, data or information held are kept up-to-date. Client due diligence procedures shall be applied not only to all new clients but also at appropriate times to existing clients on a risk sensitive basis.

### **c. Simplified Client Due Diligence**

Simplified procedures may apply for lower risk clients. More detailed client due diligence measures for lower risk clients shall apply when there is no suspicion of money laundering, regardless of any derogation, exemption or threshold, and not whenever a business relationship is established.

The following types of clients are considered lower risk:

- Credit or financial institutions situated in a country which imposes requirements under supervision for compliance with those requirements.
- Listed of companies whose securities are admitted to trading on a regulated market from countries which are subject to disclosure requirements consistent with Community legislation.

It should be noted that the Company shall gather sufficient information to establish if the client qualifies to be classified as lower risk client.

### **c. Enhanced Client Due Diligence**

The Company should apply enhanced client due diligence measures in situations which by nature can present high risk of money laundering or terrorist financing.

More specifically, where the client has not been physically presented for identification purposes, the Company shall take specific and adequate measures to compensate for the high risk, by applying one or more of the following measures:

- Ensuring that the client's identity is established by additional documents, data or information.
- Supplementary measures to verify or certify the documents supplied, or requiring confirmatory certification by a credit or financial institution.
- Ensuring that the first payment of the operations is carried out through an account opened in the client's name.

Politically exposed persons are individuals who are or have been entrusted with prominent public functions in a foreign country and close associate is someone with a close relationship with the political exposed persons. The Company should adopt the following additional due diligence measures to determine whether a prospective client is a politically exposed person:

- Approval from Senior Management prior to the establishment of a business relationship with the client.
- Take appropriate measures for the establishment of the origin of the client's assets and the source of funds that are related with the establishment of the business relationship or transaction.
- Conduct enhanced and continuous monitoring of the business relationship.

### **d. Anonymous or Numbered Accounts**

The Company is prohibited from keeping anonymous or numbered accounts. Additionally, the Company shall pay special attention to any money laundering or terrorist financing threat that may arise from products or transactions that might favour anonymity and take measures to prevent their use for money laundering or terrorist financing purposes.

### **e. Due Diligence Performance by Third Parties**

The Company is permitted to rely on third parties to meet the requirements for client due diligence. However, the ultimate responsibility for meeting those requirements shall remain with the Company which relies on the third party.

### **f. Record keeping procedures**

The Company should keep the following documents and information for use in any investigation into, or analysis, of possible money laundering or terrorist financing by national authorities:

- The name and address of clients and copies or records of official identification documents (like passports, identity cards, or driving licenses).
- The name and address (or identification code) of counterparties.
- The form of instruction or authority.
- The account details from which any funds were paid.
- The form and destination of payment made by the business to the client.
- Business correspondence.

For client due diligence, a copy of the references of the evidence is required, for a period of at

least 5 years after the business relationship with the client has ended.

For business relationship and transactions, the supporting evidence and records for a period of at least five years following the carrying out of the transactions or the end of the business relationship.

The retention of the documents/data, other than the original documents or their certified true copies that are kept in a hard copy form, may be in other forms, such as electronic form, provided that the Company is able to retrieve the relevant documents/data without undue delay and present them at any time, to the relevant authorities, after a request. A true translation is attached in the case that the documents/data are in a language other than English.

### **g. Compliance officer reports**

The employees' reports are evaluated by the Compliance Officer and if it is considered necessary the Compliance Officer notify the relevant authorities. After the submission of a suspicious report the customers' accounts concerned as well as any other connected accounts are placed under the close monitoring of the Compliance Officer.

After submitting the suspicious report, the Financial Organisation adheres to any instructions given by the relevant authority and, in particular, as to whether or not to continue or suspend a particular transaction or to maintain the particular account active. According to current legislation, the authorities may instruct the Financial Organisation to refrain from executing or delay the execution of a customer's transaction without such action constituting a violation of any contractual or other obligation of the Financial Organisation and its employees. Furthermore, after the submission of a suspicious report the customers' accounts concerned as well as any other connected accounts are placed under the close monitoring of the compliance officer.

Transactions executed for the customer are compared and evaluated against the anticipated account's turnover, the usual turnover of the activities/operations of the customer and the data and information kept for the customer's economic profile. Significant deviations are investigated and the findings are recorded in the respective customer's file. Transactions that are not justified by the available information on the customer, are thoroughly examined to determine whether suspicions over money laundering or terrorist financing arise for the purposes of submitting an internal report to the compliance officer and then to the relevant authorities.

All necessary measures and actions must be taken based on the investigation findings, including any internal reporting of suspicious transactions/activities to the compliance officer.

### **d. Suspicious Transactions**

The definitions of a suspicious transaction as well as the types of suspicious transactions which may be used for money laundering and terrorist financing are almost unlimited. A suspicious transaction will often be one which is inconsistent with a customer's known, legitimate business or personal activities or with the normal business of the specific account, or in general with the economic profile that the Financial Organisation has created for the customer. The Financial Organisation ensures that maintains adequate information and knows enough about its customers' activities to recognise on time that a transaction or a series of

transactions is unusual or suspicious.

A list containing examples of what might constitute suspicious transactions/activities related to money laundering and terrorist financing are:

## **1.1 MONEY LAUNDERING**

1. Transactions with no discernible purpose or are unnecessarily complex.
2. Use of foreign accounts of companies or group of companies with complicated ownership structure which is not justified based on the needs and economic profile of the customer.
3. The transactions or the size of the transactions requested by the customer do not comply with his usual practice and business activity.
4. Large volume of transactions and/or money deposited or credited into, an account when the nature of the customer's business activities would not appear to justify such activity.
5. The business relationship involves only one transaction or it has a short duration.
6. There is no visible justification for a customer using the services of a particular Financial Organisation. For example, the customer is situated far away from the particular Financial Organisation and in a place where he could be provided services by another Financial Organisation.
7. There are frequent transactions in the same financial instrument without obvious reason and in conditions that appear unusual (churning).
8. There are frequent small purchases of a particular financial instrument by a customer who settles in cash, and then the total number of the financial instrument is sold in one transaction with settlement in cash or with the proceeds being transferred, with the customer's instructions, in an account other than his usual account.
9. Any transaction the nature, size or frequency appear to be unusual, e.g. cancellation of an order, particularly after the deposit of the consideration.
10. Transactions which are not in line with the conditions prevailing in the market, in relation, particularly, with the size of the order and the frequency.
11. The settlement of any transaction but mainly large transactions, in cash.
12. Settlement of the transaction by a third person which is different than the customer which gave the order.
13. Instructions of payment to a third person that does not seem to be related with the instructor.
14. Transfer of funds to and from countries or geographical areas which do not apply or they apply inadequately FATF's recommendations on money laundering and terrorist financing.
15. A customer is reluctant to provide complete information when establishes a business relationship about the nature and purpose of its business activities, anticipated account activity, prior relationships with Financial Organisations, names of its officers and directors, or information on its business location. The customer usually provides minimum or misleading information that is difficult or expensive for the Financial Organisation to verify.
16. A customer provides unusual or suspicious identification documents that cannot be readily verified.
17. A customer's home/business telephone is disconnected.
18. A customer that makes frequent or large transactions and has no record of past or present

employment experience.

19. Difficulties or delays on the submission of the financial statements or other identification documents, of a customer/legal person.
20. A customer who has been introduced by a foreign Financial Organisation, or by a third person whose countries or geographical areas of origin do not apply or they apply inadequately FATF's recommendations on money laundering and terrorist financing.
21. Shared address for individuals involved in cash transactions, particularly when the address is also a business location and/or does not seem to correspond to the stated occupation (e.g. student, unemployed, self-employed, etc).
22. The stated occupation of the customer is not commensurate with the level or size of the executed transactions.
23. Financial transactions from non-profit or charitable organisations for which there appears to be no logical economic purpose or in which there appears to be no link between the stated activity of the organisation and the other parties in the transaction.
24. Unexplained inconsistencies arising during the process of identifying and verifying the customer (e.g. previous or current country of residence, country of issue of the passport, countries visited according to the passport, documents furnished to confirm name, address and date of birth etc).
25. Complex trust or nominee network.
26. Transactions or company structures established or working with an unneeded commercial way. e.g. companies with bearer shares or bearer financial instruments or use of a postal box.
27. Use of general nominee documents in a way that restricts the control exercised by the company's board of directors.
28. Changes in the lifestyle of employees of the Financial Organisation, e.g. luxurious way of life or avoiding being out of office due to holidays.
29. Changes the performance and the behaviour of the employees of the Financial Organisation.

## **1.2 TERRORIST FINANCING**

### **1. Sources and methods**

The funding of terrorist organisations is made from both legal and illegal revenue generating activities. Criminal activities generating such proceeds include kidnappings (requiring ransom), extortion (demanding "protection" money), smuggling, thefts, robbery and narcotics trafficking. Legal fund-raising methods used by terrorist groups include:

- i.** collection of membership dues and/or subscriptions,
- ii.** sale of books and other publications,
- iii.** cultural and social events,
- iv.** donations,
- v.** community solicitations and fund-raising appeals.

Funds obtained from illegal sources are laundered by terrorist groups by the same methods used by criminal groups. These include cash smuggling by couriers or bulk cash shipments, structured deposits to or withdrawals from bank accounts, purchases of financial instruments,

wire transfers by using "straw men", false identities, front and shell companies as well as

nominees from among their close family members, friends and associates.

## 2. Non-profit organisations

Non-profit and charitable organisations are also used by terrorist groups as a means of raising funds and/or serving as cover for transferring funds in support of terrorist acts. The potential misuse of non-profit and charitable organisations can be made in the following ways:

- i.** Establishing a non-profit organisation with a specific charitable purpose but which actually exists only to channel funds to a terrorist organisation.
- ii.** A non-profit organisation with a legitimate humanitarian or charitable purpose is infiltrated by terrorists who divert funds collected for an ostensibly legitimate charitable purpose for the support of a terrorist group.
- iii.** The non-profit organisation serves as an intermediary or cover for the movement of funds on an international basis.
- iv.** The non-profit organisation provides administrative support to the terrorist movement. Unusual characteristics of non-profit organisations indicating that they may be used for an unlawful purpose are the following:
  - a)** Inconsistencies between the apparent sources and amount of funds raised or moved.
  - b)** A mismatch between the type and size of financial transactions and the stated purpose and activity of the non-profit organisation.
  - c)** A sudden increase in the frequency and amounts of financial transactions for the account of a non-profit organisation.
  - d)** Large and unexplained cash transactions by non-profit organisations.
  - e)** The absence of contributions from donors located within the country of origin of the non-profit organisation.

## 2. CLIENT ACCOUNT OPENING PROCEDURES

Upon the initial client meeting the necessary due diligence procedures, as described above, are applied to ensure all Know Your Client (KYC) policies are adhered to, all documents necessary for proceeding with KYC procedure are provided and the Company may accept the client and proceed to the account opening. Subsequently the client completes the account opening forms indicating all required information. The responsible administrator collects all initial information of the client and forwards it directly to Senior Management and to the Anti-Money Laundering Compliance Officer for examination, review and approval. Following the approval, the administrator records all necessary information into the Company's software systems and communicates it to the related departments.

The minimum data of information that are collected before the establishment of the business relationship, with the aim of constructing the customer's economic profile should include the following:

- a)** the purpose and the reason for requesting the establishment of a business relationship
- b)** the anticipated account turnover, the nature of the transactions, the expected origin of incoming funds to be credited in the account and the expected destination of outgoing transfers/payments
- c)** the customer's size of wealth and annual income and the clear description of the main business/professional activities/operations

The identification documents required for implementing efficiently the KYC procedures are as follows:

## **2.1 KYC DOCUMENTATION FOR NATURAL PERSONS**

Prior to accepting new clients and allowing them to trade with the Company, the following documents shall be obtained for the verification of clients' identity:

### **Applicable to:**

- Natural persons

### **Requirements:**

1. Certified copy of Passport/Driver's Licence or other form of identity with photograph included;
2. A recent certified proof of home address in the person's name.  
All documents/certificates must not be more than 6 months old
3. Bank account details for settlement purposes;
4. Filled out Front Office Questionnaire; (Appropriateness test)
5. Approval by two members of the Company's Executive Committee;
6. Letter and Terms of Business or other signed agreement, namely: The Terms and Conditions

## **2.2 KYC DOCUMENTATION FOR LEGAL PERSONS**

A different identification procedure is followed for corporate clients interested in opening an account with the Company. The documentation for identification and documentation purposes that needs to be obtained by the corporate clients is presented below:

### **Applicable to:**

- Private companies, partnerships, joint-ventures

### **Requirements:**

1. Certificate of incorporation and Certificate of Good Standing of the legal person;
2. Certificate of Registered Office
3. Certificate of Directors and Secretary
4. Certificate of Registered Shareholders in the case of private companies and public companies that are not listed in a regulated market of a European Economic Area country or a third country with equivalent disclosure and transparency requirements
5. Memorandum and articles of association of the legal person
6. A resolution of the board of directors of the legal person for the opening of the account and granting authority to those who will operate it
7. In the cases where the registered shareholders act as nominees of the beneficial owners, a copy of the trust deed/agreement concluded between the nominee shareholder and the beneficial owner, by virtue of which the registration of the shares on the nominee shareholder's name on behalf of the beneficial owner has been agreed
8. Documents and data for the verification of the identity of the persons, in accordance with points 10 and 11 hereto, that are authorised by the legal person to operate the account, as well as the registered shareholders
9. Copies of its latest audited financial statements (if available), and/or copies of its latest management accounts.

10. Personal information on one Director (different verification documentation required for identity and proof of address):
  - Copy of his/her Passport (with photograph and signature specimen included).
  - 1 recent copy of confirmation of address in the person's name.

All documents/certificates must be not more than 6 months old
11. Personal information on Ultimate Beneficial Owners with 10% beneficial ownership or more (different verification documentation required for identity and proof of address):
  - Certified copy of his/her Passport (with photograph and signature specimen included).
  - 1 recent copy of confirmation of address in the person's name.

All documents/certificates must be not more than 6 months old
12. Letter and Terms of Business or other signed agreement, namely The Terms and Conditions

## 2.3 KYC DOCUMENTATION FOR PRIVATE COMPANIES

The due diligence documentation that is required for private companies is indicated below:

### **Applicable to:**

Unregulated private companies irrespective of jurisdiction;  
 Public companies not listed on stock exchanges;  
 Unregulated limited liability partnerships

### **Non-applicable to:**

Private companies with bearer shares in issue

### **Requirements:**

1. Copy of Certificate of Incorporation, or Certificate of Registration of the Partnership and any Change of Name Certificates;
2. Copy of Certificate of Registered Office
3. Copy of Certificate of Shareholders / Limited Partners;
  - In case the Shareholders/ Limited Partners are other legal entities the following additional documentation is required:
    - A legal structure chart showing all intermediate entities up to the Ultimate Beneficial Owners;
    - Full legalization documents of the ultimate legal entity which exercises actual control or, in the case of many ultimate legal entity shareholders, of those legal entities that exercise such control. The legalization documents of intermediary holding companies are not required. The term "legalisation documents" includes (i) Certificate of Incorporation, (ii) Certificate of Registered Office, (iii) Register of Shareholders, (iv) Register of Directors, (v) Memorandum & Articles, whereas the term "control" applies to direct and indirect ownership of over 50%;
    - Additional to requirement #8 below, a UBO resolution from the above ultimate legal entity exercising control.
  - In cases the Shareholders/ Limited Partners are Nominees, additionally the below are required either the Nominee agreement OR a UBO resolution from such Nominee shareholder(s).
4. Copy of Certificate of Directors/ General Partners;
5. Personal information on one Director/ General Partner (different verification documentation required for identity and proof of address):
  - Copy of his/her Passport (with photograph and signature specimen included).

- 1 recent copy of confirmation of address in the person's name.  
All documents/certificates must be not more than 6 months old
- 6. Copy of the Memorandum & Articles of Association or Limited Partnership Agreement
- 7. Latest Audited Financial Statements (prepared and signed by Auditors)
- 8. Resolution signed by a Director (whose personal details are disclosed to us) naming the Ultimate Beneficial Owners with 10% or more and % of their beneficial ownership in the Company
- 9. WorldCheck Search
- 10. Personal information on Ultimate Beneficial Owners with 10% beneficial ownership or more (different verification documentation required for identity and proof of address):
  - Certified copy of his/her Passport (with photograph and signature specimen included).
  - 1 recent copy of confirmation of address in the person's name.  
All documents/certificates must be not more than 6 months old
- 11. Copy of the list of authorised Signatories with signature specimens (Authorised by a Director/ General Partner whose name and position can be seen in the documents provided to us). Authorised signatories for trading and back office purposes should also be included.
- 12. If applicable, a Certified copy of a Power of Attorney for the person(s) who will be opening the account (in case this person isn't a Director).
- 13. Personal information of Attorney/s (different verification documentation required for identity and proof of address):
  - Copy of his/her Passport (with photograph and signature specimen included).
  - 1 recent copy of confirmation of address in the person's name.  
All documents/certificates must be not more than 6 months old
- 14. Bank account details of the account through which cash settlement of trades will be taking place.
- 15. Front Office Questionnaire
- 16. Letter confirming that they are trading as Principals.
- 17. Letter and Terms of Business or other signed agreement, namely: The Terms and Conditions

## **2.4 KYC DOCUMENTATION FOR PRIVATE COMPANIES WITH BEARER SHARES**

The due diligence documentation that is required for private companies with bearer shares is indicated below:

### **Applicable:**

- Private companies with bearer shares in issue
- Private companies with the capacity to issue bearer shares as per their M&As

### **Requirements:**

1. Apostilled copy of Certificate of Incorporation and any Change of Name Certificates;
2. Apostilled copy of Certificate of Registered Office;
3. Apostilled copy of Certificate of Shareholders;
  - In case the Shareholders are other legal entities the following additional documentation is required:
    - A legal structure chart showing all intermediate entities up to the Ultimate Beneficial

Owners;

- Full legalization documents of the ultimate legal entity which exercises actual control or, in the case of many ultimate legal entity shareholders, of those legal entities that exercise such control. The legalization documents of intermediary holding companies are not required. The term "legalisation documents" includes (i) Certificate of Incorporation, (ii) Certificate of Registered Office, (iii) Register of Shareholders, (iv) Register of Directors, (v) Memorandum & Articles, whereas the term "control" applies to direct and indirect ownership of over 50%;

- Additional to requirement #10 below, a UBO resolution from the above ultimate legal entity exercising control.

- In cases the Shareholders are Nominees, additionally the below are required either the Nominee agreement OR a UBO resolution from such Nominee shareholder(s).

4. Apostilled copy of Certificate of Directors;

5. Personal information on one Director:

- Copy of his/her Passport (with photograph and signature specimen included);
- 1 recent copy of confirmation of address in the person's name.

All documents/certificates must be not more than 6 months old

6. Apostilled copy of the Memorandum & Articles of Association;

7. A written confirmation by the company's directors once every year that the shareholding structure has not been altered by the issue of new bearer shares or the cancellation of existing ones;

8. Bearer shares declarations depending on whether the Client/ CP has bearer shares already in issue or has registered shares in issue but has capacity as per its M&As to issue bearer shares;

9. Latest Audited Financial Statements (prepared and signed by Auditors);

10. Resolution signed by a Director (whose personal details are disclosed to us) naming the Ultimate Beneficial Owners with 10% or more and % of their beneficial ownership in the Company;

11. Personal information on Ultimate Beneficial Owners with 10% beneficial ownership or more:

- Certified copy of his/her Passport (with photograph and signature specimen included);
- 1 recent copy of confirmation of address in the person's name;

All documents/certificates must be not more than 6 months old

12. Apostilled copy of the list of authorised Signatories with signature specimens (Authorised by a Director/ General Partner whose name and position can be seen in the documents provided to us). Authorised signatories for trading and back office purposes should also be included;

13. If applicable, a Certified copy of a Power of Attorney for the person(s) who will be opening the account (in case this person isn't a Director);

14. Personal information of Attorney/s:

- Copy of his/her Passport (with photograph and signature specimen included).
- 1 recent copy of confirmation of address in the person's name.

All documents/certificates must be not more than 6 months old

15. Bank account details of the account through which cash settlement of trades will be taking place;

16. Front Office Questionnaire;
17. In cases of a Client / CP acting on behalf of underlying clients the Best Practice Questionnaire is required;
18. Letter and Terms of Business or other signed agreement, namely: The Terms and Conditions

## **2.5 KYC DOCUMENTATION FOR FUNDS FROM NON-APPROVED COUNTRIES**

The due diligence documentation that is required for funds from non-approved countries is indicated below:

### **Applicable:**

- Open or closed-end Investment Funds; Occupational Pension Schemes; Exchange Traded Funds (ETFs); Mutual Funds; Unit Trusts; Hedge Funds; Investment Trusts; SICAVs; SICAFs from non-Approved countries (the "Funds");
- Subsidiaries / trading vehicles of the above

### **A. If the administrator and manager of the Fund are not regulated or situated in an approved country:**

#### **Requirements:**

1. Proof of regulated status from the non-approved country regulator
2. Latest available version of Prospectus/ Offering Memorandum/ Placement Memorandum as applicable;
3. Certified copy of Certificate of Incorporation, or Certificate of Registration of the Partnership and any Change of Name Certificates;
4. Certified copy of Certificate of Registered Office (not applicable if this is provided through a recent Prospectus or M&As)
5. Certified copy of Certificate of Directors / General Partners
6. Personal information on one Director / General Partner (different verification documentation required for identity and proof of address):
  - Certified copy of his/her Passport (with photograph and signature specimen included).
  - 1 recent confirmation of address in the person's name certified as true copy.

All documents/certificates must be not more than 6 months old.
7. Certified Copy of the Memorandum & Articles of Association or Partnership Agreement as applicable
8. Latest Audited Financial Statements (prepared and signed by Auditors)
9. Letter provided by the Administrator of the Fund stating that he undertakes all necessary AML/KYC procedures in relation to the Funds clients.
10. Certified List of Signatories with signature specimens (Authorised by a Director/ General Partner whose name and position can be seen in the documents provided to us). Authorised signatories for trading and back office purposes should also be included.
11. If applicable, a Certified copy of a Power of Attorney for the person(s) who will be opening the account (in case this person isn't a Director).
12. If applicable, personal information of Attorney/s (different verification documentation required for identity and proof of address):
  - Copy of his/her Passport (with photograph and signature specimen included)
  - 1 recent copy of confirmation of address in the person's name

All documents/certificates must be not more than 6 months old

13. Bank account details of the account through which cash settlement of trades will be taking place
14. Letter and Terms of Business or other signed agreement, namely: \_\_\_\_\_

## **B. If the manager and administrator of the fund are regulated and situated within an Approved country**

### **Requirements:**

1. Proof of regulated/ registered status;
2. List of authorised Signatories (duly authorised);
3. Latest available version of Prospectus/ Offering Memorandum/ Placement Memorandum as applicable;
4. Latest Audited Financial Statements (approved and signed by Auditors);
5. Letter and Terms of Business or other signed agreement, namely: The Terms and Conditions
6. Name of Administrator and Manager of the Fund

## **2.6 KYC DOCUMENTATION FOR REGULATED FUNDS FROM EU OR APPROVED COUNTRIES**

The due diligence documentation that is required for regulated funds from approved countries is indicated below:

### **Applicable to:**

- Open or closed-end Investment Funds; Occupational Pension Schemes; Exchange Traded Funds (ETFs); Mutual Funds; Unit Trusts; Hedge Funds; Investment Trusts; SICAVs; SICAFs registered/ regulated Approved countries (the “funds”);
- Subsidiaries / trading vehicles of the above

### **Requirements:**

1. Proof of regulated/ registered status;
2. List of authorised Signatories (duly authorised);
3. Latest available version of Prospectus/ Offering Memorandum/ Placement Memorandum as applicable;
4. Latest Audited Financial Statements (approved and signed by Auditors);
5. Letter and Terms of Business or other signed agreement, namely: \_\_\_\_\_
6. Name of Administrator and Manager of the Fund

## **2.7 KYC DOCUMENTATION FOR REGULATED FINANCIAL INSTITUTIONS FROM APPROVED COUNTRIES**

The due diligence documentation that is required for regulated financial institutions from approved countries is indicated below:

### **Applicable to:**

- Banks, Credit, Investment, Insurance, Custody or Fund Management Institutions as well as Broker-Dealers from Approved countries;
- Subsidiaries or branches of the above entities

### **Requirements:**

1. Proof of regulated status;
2. List of authorised Signatories (duly authorised);
3. Latest Audited Financial Statements (approved and signed by Auditors);
4. Letter and Terms of Business or other signed agreement, namely: The Terms and Conditions

### **2.8 KYC DOCUMENTATION FOR REGULATED FINANCIAL INSTITUTIONS FROM NON-APPROVED COUNTRIES**

The due diligence documentation that is required for regulated financial institutions from non-approved countries is indicated below:

#### **Applicable to:**

- Banks, Credit, Investment, Insurance, Custody or Fund Management Institutions as well as Broker-Dealers from non-Approved countries;
- Subsidiaries or branches of the above entities

#### **Non-applicable to:**

- Credit, Investment, Insurance, Custody or Fund Management Institutions where a customised list applies

### **Requirements:**

1. Certified copy of Certificate of Incorporation, or Certificate of Registration of the Partnership and any Change of Name Certificates
2. Certified copy of Certificate of Registered Office
3. Certified copy of Certificate of Shareholders/ Limited Partners
  - In case the Shareholders/ Limited Partners are other legal entities the following additional documentation is required:
    - A legal structure chart showing all intermediate entities up to the Ultimate Beneficial Owners;
    - Full legalization documents of the ultimate legal entity which exercises actual control or, in the case of many ultimate legal entity shareholders, of those legal entities that exercise such control. The legalization documents of intermediary holding companies are not required. The term "legalisation documents" includes (i) Certificate of Incorporation, (ii) Certificate of Registered Office, (iii) Register of Shareholders, (iv) Register of Directors, (v) Memorandum & Articles, whereas the term "control" applies to direct and indirect ownership of over 50%;
    - Additional to requirement #8 below, a UBO resolution from the above ultimate legal entity exercising control.
  - In cases the Shareholders/ Limited Partners are Nominees, additionally the below are required either the Nominee agreement OR a UBO resolution from such Nominee shareholder(s).
4. Certified copy of Certificate of Directors/ General Partners
5. Personal information on one Director/ General Partner:
  - Certified copy of his/her Passport (with photograph and signature specimen included).
  - 1 recent confirmation of address in the person's name certified as true copy.

All documents/certificates must be not more than 6 months old
6. Certified Copy of the Memorandum & Articles of Association or Limited Partnership Agreement

7. Latest Audited Financial Statements (prepared and signed by Auditors)
8. Resolution signed by a Director (whose personal details are disclosed to us) naming the Ultimate Beneficial Owners with 10% or more and % of their beneficial ownership in the Company
9. Personal information on Ultimate Beneficial Owners with 10% beneficial ownership or more:
  - Certified copy of his/her Passport (with photograph and signature specimen included).
  - 1 recent confirmation of address in the person's name (preferably a utility bill) certified as true copy.

All documents/certificates must not be more than 6 months old
10. Certified List of Signatories with signature specimens (Authorised by a Director/ General Partner whose name and position can be seen in the documents provided to us). Authorised signatories for trading and back office purposes should also be included.
11. If applicable, a Certified copy of a Power of Attorney for the person(s) who will be opening the account (in case this person isn't a Director).
12. Personal information of Attorney/s:
  - Copy of his/her Passport (with photograph and signature specimen included).
  - 1 recent copy of confirmation of address in the person's name.

All documents/certificates must be not more than 6 months old
13. Bank account details of the account through which cash settlement of trades will be taking place.
14. Front Office Questionnaire
15. In cases of clients/ CPs acting on behalf of underlying clients the Best Practice Questionnaire is required.
16. Letter and Terms of Business or other signed agreement, namely: The Terms and Conditions

## **2.9 KYC DOCUMENTATION FOR PUBLIC COMPANIES LISTED ON APPROVED COUNTRIES' REGULATED STOCK MARKETS**

The due diligence documentation that is required for Public Companies listed on approved countries is indicated below:

### **Applicable to:**

- Public companies having their securities listed on Regulated Stock Markets in Approved countries;
- Subsidiaries of the above

### **Requirements:**

1. Proof of listed status;
2. List of authorised Signatories (duly authorised);
3. Latest Audited Financial Statements (approved and signed by Auditors);
4. In cases of clients/ CPs acting on behalf of underlying clients the Best Practice Questionnaire is required.
5. Letter and Terms of Business or other signed agreement, namely: The Terms and Conditions

## **2.10 KYC DOCUMENTATION FOR TRUSTS**

The due diligence documentation that is required for trusts is indicated below:

### **Applicable to:**

- Bare Trusts, Discretionary Trusts, Private Trusts, Public (Charitable) Trusts, Purpose Trusts

### **Non-applicable to:**

- Unit Trusts (i.e. Investment Trusts / Mutual funds) which are regulated (see Funds)
- Occupational Pension Schemes established as trusts which are regulated (see Funds)

### **Requirements:**

1. Apostilled copy of the Trust Deed in order to identify the Trust structure;
2. KYC of the Beneficiaries
3. KYC of the Trustees
4. KYC of the Settlers
5. Apostilled copy of the list of authorised Signatories with signature specimens (Authorised by a Trustee/ Director of the Trustee whose name and position can be seen in the documents provided to us). Authorised signatories for trading and back office purposes should also be included.
6. If applicable, a Certified copy of a Power of Attorney for the person(s) who will be opening the account (in case this person isn't a Director).
7. Personal information of Attorney/s:
  - Copy of his/her Passport (with photograph and signature specimen included).
  - 1 recent copy of confirmation of address in the person's name.

All documents/certificates must be not more than 6 months old
8. Bank account details of the account through which cash settlement of trades will be taking place.
9. Front Office Questionnaire
10. In cases of a Client/ CP acting on behalf of underlying clients the Best Practice Questionnaire is required.
11. Letter and Terms of Business or other signed agreement, namely: The Terms and Conditions

### **NOTES:**

**i. Fund Manager:** KYC on a Fund is not complete without client identification (KYC) of the Fund Manager. The justification for this is that although Company's client / CP is the Fund the control rests with the Fund Manager therefore client identification will be incomplete without the identification of the Fund Manager

**ii. Subsidiaries / Trading vehicles:** In case our client/ CP is a subsidiary/ trading vehicle of a Fund then a proof of such a relationship is required by means of a Shareholders' Register or Audited Financial Statements or Prospectus.

**iii. Audited Financial Statements:** In situations where our client/ CP may not provide their own distinct set of Audited Financial Statements, and providing that our client/ CP is a subsidiary of a parent company, the Consolidated Financial Statements of the parent company can be provided instead.

**iv. Corporate Directors:** In cases of Corporate Directors or General Partners (i.e. where the Director/ GP is another legal entity), Proof of Directors of the Corporate Director and copy of the Identity Documents of at least one of the natural Persons who are Directors of the Corporate Director need to be provided instead.

**v. Umbrella funds / sub-funds / segregated portfolio companies:** Where a fund operates a number of sub-funds or segregated portfolios (either through share classes, separately incorporated entities or fund allocations) these can be represented as direct sub-accounts of the parent fund and no additional KYC checks are required for the sub-funds or segregated portfolios (except for authorized signatories if different).

**vi. Occupational Pension Funds:** In cases of Occupational Pension Funds we perform KYC on both the employer and the Pension Fund. In such cases the client identification requirements and risk profile of the Pension Fund is the same as the one applicable to the employer.

**vii. Funds at the Pre-investor or Start-up phase:** We do not initiate a relationship with a fund which is in the pre-investor or start-up phase. In such cases, interim client identification procedures can commence at the pre-investor or start-up phase, however KYC 'Approved' status will only be granted once the final executed copy of the Prospectus/ Offering Memorandum/ Placement Memorandum is submitted.

**viii. Certified (True) Copy** means that the person certifying the copy of the document has had sight of the original document at certification and is in a position to certify that the copy is a True and Complete copy of the original document. The Company recognizes such certifications when made by independent reputable sources. Such sources indicatively include the Client's Bank operating in an Approved Country, the Client's Legal Counsel, a Solicitor / Lawyer or Public Accountant regulated by a professional body (membership number required), Notary Public, the Police or similar authority. The Company requires that the certification process includes the Authenticator stating his name, capacity / position, signature, date and Official Seal on the documents being certified.

**ix. Proof of address:** Proof of address can be demonstrated through any of the following documents: Utility Bill, Bank Statement, Credit Card Statement, Voting Card, Telephone Directory, Tenancy Agreement or other similar 3rd party documentation.

**x. Apostilled copies:** Documents should be apostilled in accordance with the provisions of The Hague Convention.

**xi. UBO resolution signatories:** The UBO resolution needs to be signed by either:  
A Director of the Company provided he is not also a UBO or  
An independent solicitor, auditor, Regulated Financial Institution from an Approved country

**xii. Certification standards:** Copies of documents should be certified as true copies if the Client/ CP is from an Approved country and Apostilled if the Client/ CP is from any other jurisdiction.

**xiii. Approved Countries** are the countries considered as having AML/CFT systems in place. These countries include Argentina, Australia, Brazil, Canada, Hong Kong, Japan, Mexico, New Zealand, Russian Federation, Singapore, Switzerland, South Africa and the United States.

**xiii. Non Approved Countries** include all other countries that do not belong in the list mentioned above.

As was already mentioned in Section 1 – Timing of identification, the verification of the identity of the client, may take place during the establishment of the business relationship when, as a minimum, the following, among others, when the below will be taken into consideration:

- a)** If the verification of the customer/beneficial owner's identity has not been completed, the cumulative amount of deposited funds of a customer/beneficial owner should not exceed \$2,000.00, irrespective of the number of accounts the client/beneficial owner holds with the regulated entity. The amount of \$2,000.00 does not automatically categorise the client as a low risk client. The regulated entity should assess each client's risk as per the designated procedure.
- b)** The regulated entity accepts deposits only from a bank account (or through other means that are linked to a bank account e.g. credit card), that is in the name of the customer with whom establishes a business relationship.
- c)** The cumulative time in which the verification of the identity of a customer/beneficial owner is completed, must not exceed 15 days from initial contact.
- d)** It is noted that the initial contact takes place the moment that the client either accepts the terms and conditions or makes his first deposit, whichever comes first.
- e)** Within the timeframe of 15 days from initial contact, the regulated entity takes all reasonable measures to ensure that the percentage of customers that have not complied with the request to submit verification documents, is considerably low (e.g. the regulated entity issues requests/reminders to the customer/beneficial owner informing them of their obligation to submit the requested documents for the verification of their identity).
- f)** Where the verification of the customer/beneficial owner's identity has not been completed during the designated timeframe of 15 days, the commencement of a business relationship must be terminated on the date of the deadline's expiry and all deposited funds must be returned to the customer/beneficial owner, in the same bank account from which they originated. The procedure for returning the funds must occur immediately, regardless of whether the customer has requested the return of their funds or not. The returned funds (deposits) include any profits the customer has gained during their transactions and deducting any losses incurred.
- g)** Within the timeframe of 15 days from initial contact, the customer/beneficial owner must undergo at least one Enhanced Due Diligence measure in accordance with current legislation.
- h)** No funds are withheld and no accounts are frozen, save for those cases of suspicion of money laundering, where the regulated entity is under obligation to immediately report their suspicion to the relevant authorities of the suspicious transaction incident in the designated procedure.

With regards to the requirements for request of Certified (True) copies, by way of derogation, a copy (and not a certified true copy) of the original identification documents is accepted provided that at least one of the below criteria is met:

- (a)** In addition to the measures under current legislation, practical procedures that can be applied as implementing measures regarding non face to face customers of the Company are the following:
  - i.** Ensure that the first payment of the operations is carried out through an account opened in the customer's name with a credit institution which operates within an approved country that the Advisory Authority for Combating Money Laundering and Terrorist Financing has determined to be applying procedures and measures for the prevention of money laundering and terrorist financing.

**ii.** Obtain direct confirmation for the establishment of a business relationship via the direct personal contact, regarding the prospective customer's true name, address and passport / identity card number from a credit institution or financial institutions that the client collaborates with, that operates in a country that the Advisory Authority for Combating Money Laundering and Terrorist Financing has determined to be applying procedures and measures for the prevention of money laundering and terrorist financing (or a certified true copy of the confirmation).

**iii.** Contact the customers via telephone at their residence or office, before the establishment of a business relationship or the occasional transaction, on a telephone number which has been verified from a reliable and independent source. During the telephone correspondence, the Company shall verify other information submitted by the customers during the account opening procedure.

**iv.** Contact the customers via video call, provided that the safeguards of video recording and screen shot of the conversation are ensured. It is provided that in case where the verification of the customers / beneficial owners' identity has been completed based on the provisions of the respective paragraph, the cumulative amount of deposited funds of customers / beneficial owners should not exceed \$2,000.00, irrespective of the number of accounts the customers / beneficial owners hold with the Company, in case where no additional measures within the current legislation, have been taken.

**v.** Contact the customer via email at an email address which has been verified from a reliable and independent source, through registered mail (for example, the correspondence may include documents required for the account opening, which the customers must return to the Company or a password that the customers require to access their online account).

**iv.** Verify the customers' identity via electronic means as those are being described within the current legislation.

A true translation shall be attached in the case that the documents mentioned above are in a language other than Greek or English.

### **3. BOARD OF DIRECTORS OBLIGATIONS**

The Board of Directors' obligations in relation to this policy have been set as follows:

**a.** To determine, record and approve the general policy principles of the Company in relation to the prevention of money laundering and terrorist financing and communicate them to the Compliance Officer.

**b.** To appoint a compliance officer and, where is necessary, assistant compliance officers and determine their duties and responsibilities.

**c.** To approve this policy which is communicated to all employees of the Company that manage, monitor or control in any way the customers' transactions and have the responsibility for the application of the practices, measures, procedures and controls that have been determined.

**d.** To ensure that all requirements of the Law are applied, and that appropriate, effective and sufficient systems and controls are introduced for achieving the abovementioned requirement.

- e.** To assure that the compliance officer and his assistants (if any) and any other person who has been assigned with the duty of implementing the procedures for the prevention of money laundering and terrorist financing, have complete and timely access to all data and information concerning customers' identity, transactions' documents and other relevant files and information maintained by the Company so as to be fully facilitated in the effective execution of their duties.
- f.** To ensure that all employees are aware of the person who has been assigned with the duties of the compliance officer, as well as his assistants, to whom they report, any information concerning transactions and activities for which they have knowledge or suspicion that might be related to money laundering and terrorist financing.
- g.** To establish a clear and quick reporting chain based on which information regarding suspicious transactions is passed without delay to the compliance officer, either directly or through his assistant.
- h.** To ensure that the compliance officer has sufficient resources, including competent staff and technological equipment, for the effective discharge of his duties.
- i.** To assess and approve the Annual Report of the compliance officer and to take all action as deemed appropriate under the circumstances to remedy any weaknesses and/or deficiencies identified in the Annual Report.

## 4. INTERNAL AUDITOR'S OBLIGATIONS

The Internal Auditor's obligations in relation to this policy have been set as follows:

- a.** To review and evaluate, at least on an annual basis, the appropriateness, effectiveness and adequacy of the policy, practices, measures, procedures and control mechanisms applied for the prevention of money laundering and terrorist financing.
- b.** To submit the findings and observations, in a written report form, to the board of directors which decides the necessary measures that need to be taken to ensure the rectification of any weaknesses and/or deficiencies which have been detected. The minutes of the abovementioned decision of the board of directors and the internal auditor's report are submitted to the Commission within 20 days from the date of the meeting.

## 5. ANTI-MONEY LAUNDERING COMPLIANCE OFFICER'S OBLIGATIONS

The Anti-Money Laundering Compliance Officer's obligations have been set as follows:

- a.** To design the internal practice, measures, procedures and controls relevant to the prevention on money laundering and terrorist financing and to describe and allocate the appropriateness and the limits of responsibility of each department that is involved.
- b.** To develop and establish the customers' acceptance policy and to submit it to the board of directors for consideration and approval.
- c.** To prepare the policy regarding anti-money laundering and terrorist financing.
- d.** To monitor and assess the correct and effective implementation of the policy.
- e.** To receive information from the employees which is considered to be knowledge or suspicion of money laundering or terrorist financing activities or might be related with such activities. The information is received through "Internal Suspicion Report".

- f.** To evaluate and examine the information received as per point (e). The evaluation of the information is being done on a report, referred as "Internal Evaluation Report".
- g.** To notify MOKAS for the suspicion through "Compliance Officer's Report to the Unit for Combating Money Laundering".
- h.** To provide guidance to the employees on subjects related to money laundering and terrorist financing.
- i.** Determines the Company's departments and employees that need further training and education for the purpose of preventing money laundering and terrorist financing and organises appropriate training sessions/seminars. The training program aims at educating employees on the latest developments in the prevention of money laundering and terrorist financing, including the practical methods and trends used for this purpose.
- The Financial Organisation's employees can be personally liable for failure to report information or suspicion, regarding money laundering or terrorist financing. In this respect, the employees cooperate and report, without delay, anything that comes to their attention in relation to transactions for which there is a slight suspicion that are related to money laundering or terrorist financing.
  - The Financial Organisation's employees fulfil their legal obligation to report their suspicions regarding money laundering and terrorist financing education and training program. Furthermore, it ensures that its employees are fully aware of their legal obligations according to the current legislation, by introducing a complete employee's education and training program.
  - The timing and content of the training provided to the employees of the various departments is adjusted according to the needs of each Financial Organisation. The frequency of the training can vary depending on to the amendments of legal requirements, employees' duties as well as any other changes in the financial system.
  - The training program aims at educating employees on the latest developments in the prevention of money laundering and terrorist financing, including the practical methods and trends used for this purpose. The training program has a different structure for new employees, existing employees and for different departments of the Financial Organisation according to the services that they provide. On-going training is given at regular intervals so as to ensure that the employees are reminded of their duties and responsibilities and kept informed of any new developments.
- j.** To prepare a Monthly prevention statement for the prevention of money laundering and terrorist financing.
- k.** To prepare the Compliance Officer's Annual Report
- l.** To maintain a registry which includes the reports of points (e), (f) and (g), and relevant statistical information (department that submitted the internal report, date of submission to the compliance officer, date of assessment, date of reporting, the evaluation reports of point (d) and all the documents that verify the accomplishment of his duties specified in the present subparagraph.

The procedure to be followed by the anti-money laundering compliance officer on a daily/ monthly basis is as follows:

- Receives a daily report from members of staff for any suspicion for money laundering transactions
- Examine the reports submitted, if any
- Proceed and inform the Senior Management and advice as to the action to be taken which

could:

- Stop the transaction, if this is in process
- Inform the client for the reason of the transaction being cancelled
- Collect the information of the transaction if this has already been executed (in this case the client shall not be notified)
- Report to the appropriate authorities of the transaction

In addition, the anti-money laundering compliance officer prepares an Annual Report for assessing the Company's compliance with legal requirements which is submitted for approval to the board of directors, within two months from the end of each calendar year. The Annual Report, after its approval by the board of directors, is submitted to the Commission together with the minutes of the meeting, during which the Annual Report has been discussed and approved. It is provided that the said minutes include the measures decided for the correction of any weaknesses and/or deficiencies identified in the Annual Report and the implementation timeframe of these measures. These minutes and the Annual Report are submitted to the Commission within twenty days from the date of the relevant meeting, and not later than three months from the end of the calendar year.

The details of the expected business and nature of activities of the customer forms the basis for the future monitoring of the account. The profile should be regularly reviewed and updated with new data and information.

The account is subject to annual review in order to determine whether to allow its continuance of operation. A short report is prepared summarising the results of the review by the person who is in charge of monitoring the account. The report is submitted for consideration and approval to the board of directors and filed in the customer's personal file.

## **6. EMPLOYEES' EDUCATION AND TRAINING PROGRAM**

The Compliance Officer ensures by introducing a complete employee's education and training program that all employees are fully aware of their legal obligations according to:

- The systems and procedures in accordance to this Manual,
- The Prevention and Suppression of Money Laundering Activities.
- The Directive(s) issued by the relevant authorities according to section 59 (4) of the current legislation (e.g. The Prevention of Money Laundering and Terrorist Financing Directive),
- The current legislation on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing.
- The timing and content of the training provided to the employees of the various departments is adjusted according to the needs of the Company. The frequency of the training can vary depending on amendments the current legislation requirements, employees' duties as well as any other changes in the financial system of the Republic. The training programs aim at educating employees on the latest developments in the prevention of money laundering and terrorist financing, including the practical methods and trends used for this purpose.

# 1. APPENDIX A: INTERNAL SUSPICION REPORT FOR MONEY LAUNDERING AND TERRORIST FINANCING

## INFORMER'S DETAILS

Name: \_\_\_\_\_ Tel: \_\_\_\_\_  
Department: \_\_\_\_\_ Fax: \_\_\_\_\_  
Position: \_\_\_\_\_

## CUSTOMER'S DETAILS

Name: \_\_\_\_\_  
Address: \_\_\_\_\_

Date of Birth: \_\_\_\_\_

Tel: \_\_\_\_\_ Occupation: \_\_\_\_\_

Fax: \_\_\_\_\_

Details of Employer: \_\_\_\_\_

Passport No: \_\_\_\_\_ Nationality: \_\_\_\_\_

ID card No: \_\_\_\_\_

Other ID Details: \_\_\_\_\_

## INFORMATION/SUSPICION

Brief description of activities /transaction: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Reason(s) for suspicion: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Informer's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Date Received: \_\_\_\_\_ Time Received: \_\_\_\_\_ Ref: \_\_\_\_\_

Reported to MOKAS: YES/NO Date Reported: \_\_\_\_\_ Ref: \_\_\_\_\_

FOR COMPLIANCE OFFICER'S USE

## 2. APPENDIX B: INTERNAL EVALUATION REPORT FOR MONEY LAUNDERING AND TERRORIST FINANCING

Reference: \_\_\_\_\_

Customer's Details: \_\_\_\_\_

Informer: \_\_\_\_\_ Department: \_\_\_\_\_

INQUIRIES UNDERTAKEN (Brief Description)

ATTACHED DOCUMENTS

COMPLIANCE OFFICER'S DECISION

FILE NUMBER:

COMPLIANCE OFFICER'S SIGNATURE:

DATE: \_\_\_\_\_

### **3. APPENDIX C: COMPLIANCE OFFICER'S REPORT TO THE UNIT FOR COMBATING MONEY LAUNDERING ("MOKAS")**

#### **I. GENERAL INFORMATION**

Financial Organization's Name:

Address where customer's account is kept:

Date when a business relationship established or occasional transaction was carried out

Type of account(s) and number(s)

#### **II. DETAILS OF NATURAL PERSON(S) AND/OR LEGAL ENTITY(IES) INVOLVED IN THE SUSPICIOUS TRANSACTION(S)**

##### **3.1. NATURAL PERSONS**

Beneficial owner(s) of the account(s)

Authorized signatory(ies) of the account(s)

Name(s):

Residential address(es):

Business address(es):

Occupation and Employer:

Date and place of birth:

Nationality and passport number:

### 3.2 LEGAL ENTITIES

Legal entity's name, country and date of incorporation:

Business address:

Main activities:

	Name	Nationality and passport number	Date of birth	Residential address	Occupation and employer's details
Registered Shareholder(s)	1. 2. 3.				
Beneficial Owner(s) (if different from above)	1. 2. 3.				
Directors	1. 2. 3.				
Authorised signatory(ies) of the account(s)	1. 2. 3.				

## **DETAILS OF SUSPICIOUS ACTIVITIES**

Details of suspicious activities should be given

1.

2.

1. Knowledge/suspicion of money laundering or terrorist financing (please explain, as fully as possible the knowledge or suspicion connected with money laundering or terrorist financing)

2. Other information - Other services provided to the customer(s)

Compliance Officer's Signature

Date

NB: The above report should be accompanied by photocopies of the following:

1. For natural persons: The relevant pages of customer's passport or ID card evidencing identity.
2. For legal entities: Certificates of incorporation, directors and shareholders.
3. All documents relating to the suspicious transaction(s)

## **4. APPENDIX D: EXAMPLES OF SUSPICIOUS TRANSACTIONS/ ACTIVITIES RELATED TO MONEY LAUNDERING AND TERRORIST FINANCING.**

### **4.1 MONEY LAUNDERING**

1. Transactions with no discernible purpose or are unnecessarily complex.
2. Use of foreign accounts of companies or group of companies with complicated ownership structure which is not justified based on the needs and economic profile of the customer.
3. The transactions or the size of the transactions requested by the customer do not comply with his usual practice and business activity.
4. Large volume of transactions and/or money deposited or credited into, an account when the nature of the customer's business activities would not appear to justify such activity.
5. The business relationship involves only one transaction or it has a short duration.
6. There is no visible justification for a customer using the services of a particular Company. For example, the customer is situated far away from the particular Company and in a place where he could be provided services by another Company.
7. There are frequent transactions in the same financial instrument without obvious reason and in conditions that appear unusual (churning).
8. There are frequent small purchases of a particular financial instrument by a customer who settles in cash, and then the total number of the financial instrument is sold in one transaction with settlement in cash or with the proceeds being transferred, with the customer's instructions, in an account other than his usual account.
9. Any transaction the nature, size or frequency appear to be unusual, e.g. cancellation of an order, particularly after the deposit of the consideration.
10. Transactions which are not in line with the conditions prevailing in the market, in relation, particularly, with the size of the order and the frequency.
11. The settlement of any transaction but mainly large transactions, in cash.
12. Settlement of the transaction by a third person which is different than the customer which gave the order.
13. Instructions of payment to a third person that does not seem to be related with the instructor.
14. Transfer of funds to and from countries or geographical areas which do not apply or they apply inadequately FATF's recommendations on money laundering and terrorist financing.
15. A customer is reluctant to provide complete information when establishes a business relationship about the nature and purpose of its business activities, anticipated account activity, prior relationships with the Company, names of its officers and directors, or information on its business location. The customer usually provides minimum or misleading information that is difficult or expensive for the Company to verify.
16. A customer provides unusual or suspicious identification documents that cannot be readily verified.
17. A customer's home/business telephone is disconnected.
18. A customer that makes frequent or large transactions and has no record of past or present

employment experience.

19. Difficulties or delays on the submission of the financial statements or other identification documents, of a customer/legal person.
20. A customer who has been introduced by a foreign Company, or by a third person whose countries or geographical areas of origin do not apply or they apply inadequately FATF's recommendations on money laundering and terrorist financing.
21. Shared address for individuals involved in cash transactions, particularly when the address is also a business location and/or does not seem to correspond to the stated occupation (e.g. student, unemployed, self-employed, etc).
22. The stated occupation of the customer is not commensurate with the level or size of the executed transactions.
23. Financial transactions from non-profit or charitable organisations for which there appears to be no logical economic purpose or in which there appears to be no link between the stated activity of the organisation and the other parties in the transaction.
24. Unexplained inconsistencies arising during the process of identifying and verifying the customer (e.g. previous or current country of residence, country of issue of the passport, countries visited according to the passport, documents furnished to confirm name, address and date of birth etc).
25. Complex trust or nominee network.
26. Transactions or company structures established or working with an unneeded commercial way.  
a.g. companies with bearer shares or bearer financial instruments or use of a postal box.
27. Use of general nominee documents in a way that restricts the control exercised by the company's board of directors.
28. Changes in the lifestyle of employees of the Company, e.g. luxurious way of life or avoiding being out of office due to holidays.
29. Changes the performance and the behaviour of the employees of the Company.

## **4.2 TERRORIST FINANCING**

### **1. Sources and methods**

The funding of terrorist organisations is made from both legal and illegal revenue generating activities. Criminal activities generating such proceeds include kidnappings (requiring ransom), extortion (demanding "protection" money), smuggling, thefts, robbery and narcotics trafficking. Legal fund-raising methods used by terrorist groups include:

- a.** collection of membership dues and/or subscriptions,
- b.** sale of books and other publications,
- c.** cultural and social events,
- d.** donations,
- e.** community solicitations and fund-raising appeals.

Funds obtained from illegal sources are laundered by terrorist groups by the same methods used by criminal groups. These include cash smuggling by couriers or bulk cash shipments, structured deposits to or withdrawals from bank accounts, purchases of financial instruments, wire transfers by using "straw men", false identities, front and shell companies as well as nominees from among their close family members, friends and associates.

## **2. Non-profit organisations**

Non-profit and charitable organisations are also used by terrorist groups as a means of raising funds and/or serving as cover for transferring funds in support of terrorist acts. The potential misuse of non-profit and charitable organisations can be made in the following ways:

- a.** Establishing a non-profit organisation with a specific charitable purpose but which actually exists only to channel funds to a terrorist organisation.
- b.** A non-profit organisation with a legitimate humanitarian or charitable purpose is infiltrated by terrorists who divert funds collected for an ostensibly legitimate charitable purpose for the support of a terrorist group.
- c.** The non-profit organisation serves as an intermediary or cover for the movement of funds on an international basis.
- d.** The non-profit organisation provides administrative support to the terrorist movement.

Unusual characteristics of non-profit organisations indicating that they may be used for an unlawful purpose are the following:

- a.** Inconsistencies between the apparent sources and amount of funds raised or moved.
- b.** A mismatch between the type and size of financial transactions and the stated purpose and activity of the non-profit organisation.
- c.** A sudden increase in the frequency and amounts of financial transactions for the account of a non-profit organisation.
- d.** Large and unexplained cash transactions by non-profit organisations.
- e.** The absence of contributions from donors located within the country of origin of the non-profit organisation.