



ANTI-MONEY LAUNDERING MANUAL

PVP Markets Ltd.

Legal Registration Number 24994 IBC 2018

1 INTRODUCTION

PVP Markets Ltd (hereinafter the “**Company**”) is incorporated under the laws of Saint Vincent and the Grenadines with Registration 24994 having its registered office at First Floor, First St Vincent Bank LTD Building, James Street, Kingstown, Saint Vincent and the Grenadines. The Company is authorised as an International Business Company under the International Business Companies (Amendment and Consolidation) Act, Chapter 149 of the Revised Laws of Saint Vincent and Grenadines, 2009 (herein the “**Law**”).

This AML Manual is intended to provide assistance to the Company in meeting its obligations to make Suspicious Activity Reports (SAR) to the Financial Intelligence Unit (FIU). These obligations are imposed under section 126 of the Proceeds of Crime Act (POCA) No. 38 of 2013 and section 15 of the Anti-Terrorism Financing and Proliferation Act (ATFPA) No.14 Of 2015.

2 DEFINITIONS OF TERMS

“**AMLCO/AMLRO**”: this shall mean the Anti-Money Laundering Compliance officer/Anti-Money Laundering Reporting Officer.

“**Beneficial Owner**”: is defined as the natural person(s) who ultimately owns or controls the client and / or the natural person on whose behalf a transaction or activity is being conducted.

“**Client**”: means a natural or legal person accepted by the Company as its Client whom service will be provided by the Company under the Terms and conditions of the Client Agreement.

“**Company**”: means PVP Markets Ltd.

“**Money Laundering**”: shall mean the process by which criminals attempt to conceal the true origin and ownership of the proceeds of their criminal activities and /or to legalize the possession and the use of such proceeds.

“**Politically Exposed Person (PEP)**”: has the meaning specified in regulation 8(1) in the Anti-Money Laundering and Terrorist Financing Regulations 2014 and amended Regulation 2017.

“**Predicate offences**”: are defined as: a. Criminal offences punishable with terms of imprisonment exceeding one year, and/or terrorist financing offences and/or offences associated with the trafficking of narcotics.

“**Shell bank**”: means a credit institution, or an institution engaged in equivalent activities, incorporated in a jurisdiction in which it has no physical presence, involving meaningful mind and management, and which is unaffiliated with a regulated financial group.

“Suspicious transactions”: any transactions that bear some of the traits of possible attempts to launder money or finance terrorist activities.

“Terrorist financing”: has the meaning specified in the Anti-Terrorist Financing and Proliferation Act, 2015 and amended Act 2017

“Financial Intelligence Unit Saint Vincent and the Grenadines – SVG-FIU”: shall mean the national/centralized agency for the collection, analysis and dissemination of suspicious transaction reports.

3 PRINCIPALS OF COMPANY’S MANUAL

3.1 Scope

As part of our commitment to maintaining the highest ethical standards, and to adhering to all relevant regulations, it is the Company’s Manual to prohibit and actively prevent money laundering and terrorist financing. This commitment does not only refer the direct laundering of money, but any activity that facilitates money laundering as well as the funding of terrorist or criminal activities.

The Company is committed to prevent any money laundering activities through its services and as such comply with regulatory requirements such as:

- Identifying the Clients;
- Identifying, monitoring and reporting any kind of suspicious transactions;
- Maintaining transaction records for minimum seven (7) years after the termination of our contractual relationships with a Client.
- Training the staff to recognize suspicious transactions and to fulfil all reporting obligations;
- Depending on Client location, report any suspicious activities to authorities in several countries.

3.2 Legal Framework

Company’s Anti-Money Laundering Manual is underpinned and defined by the following Legislation:

- Financial Intelligence Unit Act, Cap 174 of the Revised Laws of 2009
- Exchange of Information Act, Cap 146 of the Revised Laws of 2009
- Mutual Assistance in Criminal Matters Act, Cap 177 of the Revised Laws of 2009

- Proceeds of Crime Act, 2013
- Anti-Money Laundering and Terrorist Financing Regulations, 2014
- Anti-Terrorist Financing and Proliferation Act 2015
- Anti-Money Laundering and Terrorist Financing (Amendment) Regulations 2017
- Anti-Money Laundering and Terrorist Financing Code 2017
- Anti-Terrorist Financing and Proliferation Amendment Act 2017
- Proceeds of Crime Amendment Act 2017

3.3 Offenses and penalties

According to Anti-Money Laundering and Terrorist Financing Regulations 2014 and amended Regulation 2017 anyone who contravenes the above regulations is guilty of an offence and is liable to fine and/or conviction. Penalties apply for failure to comply with the suspicious transaction/activity reporting obligations. Failure to report a suspicious transaction could lead to, on summary conviction, to a fine of \$500,000 and up to 5 years imprisonment, and on indictment, to a fine without limit and up to 10 years imprisonment. Failure to provide further information upon request by the FIU is an offence which could lead to, on summary conviction to a fine of \$50,000 and up to 2 years imprisonment.

3.3.1 Money Laundering Offences

- The conversion or transfer of property for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in the commission of such activity to evade the legal consequences of his action;
- The concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property;
- The acquisition, possession or use of property;
- The participation in, association to commit, attempts to commit and aiding, abetting, facilitating and counselling the commission of any of the actions mentioned in the foregoing points.

3.3.2 Tipping-Off

- The provision of information in relation to money laundering investigations to enable the person who benefited from the commission of predicate offences to keep the proceeds or control over the proceeds of such offences. Tipping-Off is an offence under section 129 of POCA and section 7 of the FIU Act.

It should be noted that:

- i) Money laundering shall be regarded as such even where the activities which generated the property to be laundered were carried out in the territory of another Member State or in that of a third country.
- ii) Knowledge, intent or purpose required as an element of the activities mentioned hereabove may be inferred from objective factual circumstances, which reduces the onus of proof for the commitment of such offences.

4 STAGES OF MONEY LAUNDERING

Money laundering has one purpose - to turn the proceeds of crime into cash or property that looks legitimate and can be used without suspicion. Here are some of the most common ways this is achieved.

There are usually two or three phases to the laundering:

- A) Placement
- B) Layering
- C) Integration

4.1 Placement

At the placement stage the cash is placed into the financial system or retail economy or is smuggled out of the country. The aims of the launderer are to remove the cash from the location of acquisition so as to avoid detection from the authorities and to transform it into other asset forms for example: travellers' cheques or postal orders.

4.2 Layering

Layering is the first attempt at concealment or disguise of the source of the ownership of the funds by creating complex layers of financial transactions designed to disguise the audit trail and provide anonymity.

4.3 Integration

At the integration stage the money is integrated into the legitimate economic and financial system and is assimilated with all other assets in the system. Integration of the "cleaned" money into the economy is accomplished by the launderer making it appear to have been legally earned.

5 MAIN FUNCTIONS AND THEIR RESPONSIBILITIES

5.1 The Responsibilities of the Board of Directors

The responsibilities of the Board of Directors in relation to the prevention of Money Laundering and Terrorist Financing shall include, inter alia, the following:

- 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 AMLCO/AMLRO;
- B) To appoint the AMLCO/AMLRO and, where is necessary, assistant AMLCOs/AMLROs and determine their duties and responsibilities, which are recorded in the risk management and procedures manual regarding money laundering and terrorist financing;
- C) To approve the AML Manual, which is communicated to all employees of the Company, that manage, monitor or control in any way the Clients' 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 AML Laws and Acts are followed, and assure that appropriate, effective and sufficient systems and controls shall be introduced for achieving the abovementioned requirements;
- E) To assure that the AMLCO/AMLRO and his assistance, 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, shall have complete and timely access to all data and information concerning Clients' identity, transaction 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 shall be aware of the person who has been assigned the duties of the AMLCO/AMLRO, as well as his assistants, to whom they report, 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 shall be passed without delay to the AMLCO/AMLRO, either directly or through his assistants, as applicable and to notify accordingly the AMLCO/AMLRO for its explicit prescription in the risk management and procedures manual regarding money laundering and terrorist financing;
- H) To ensure that the AMLCO/AMLRO shall have sufficient resources, including competent staff and technological equipment, for the effective discharge of his duties;

l) to assess the AMLCO/AMLRO's Report(s) and take all action as deemed appropriate under the circumstances to remedy any weaknesses and/or deficiencies identified in the abovementioned report(s).

5.2 Duties of the Anti-Money Laundering Compliance Officer/Reporting Officer (AMLCO/AMLRO)

Subject to subregulation (6) of the AML and TF Regulation 2014 and amended Regulation 2017, the Company shall appoint an individual approved by the supervisory authority as its AMLCO/AMLRO.

The principal functions of the AMLCO/AMLRO of the Company are to:

- a. Receive and consider internal money laundering and terrorist financing disclosures;
- b. Consider whether a suspicious activity report should be made to the Financial Intelligence Unit;
- c. Where he or she considers a suspicious activity report should be made, submit the report to the Financial Intelligence Unit.
- d. Oversee and monitor the Company's compliance with the Act, all legislation for the time being in force concerning money laundering and terrorist financing, the relevant Regulations and the Code.

The AMLCO/AMLRO shall:

- a. Be an employee of the Company or of a Company in the same group as the Company and shall be based in the State;
- b. Have the appropriate skills and experience and otherwise be fit and proper to act as the Company's AMLCO/AMLRO;
- c. Possess sufficient independence to perform his or her role objectively;
- d. Have sufficient seniority in the organisational structure of the Company to undertake his or her responsibilities effectively and, in particular, to ensure that his or her requests, where appropriate, are acted upon by the Company and its staff and his or her recommendations properly considered by the board;
- e. Report regularly, and directly, to the board and have regular contact with the board;
- f. Have sufficient resources, including time, to perform the functions of AMLCO/AMLRO effectively;
- g. Have unfettered access to all business lines, support departments and information necessary to perform the functions of AMLCO/AMLRO effectively;

- h. Have timely access to all records that are necessary or expedient for the purpose of performing his or her functions as AMLCO/AMLRO.

6 AMLCO/AMLRO REPORTS TO THE BOARD

The Report(s) of the AMLCO/AMLRO is (are) a significant tool for assessment of the Company's level of compliance with its obligations towards the relevant Laws, Acts and Codes.

The Report(s) refers to the AML and terrorist financing related issues of the reviewed year and should include, inter alia, the following:

- a. Information, measures and procedures implemented for the compliance with all Laws, Acts and Codes, novelisations and amendments. The Report should also take into consideration the suggestions and recommendations for any further improvements and procedures in case of any weakness identified with respect to amendment of the Laws, Acts and Codes.
- a. Analytical information about the inspections and reviews performed by the AMLCO/AMLRO in order to assess the level of Company's compliance with policies, procedures and controls applied to prevent money laundering and terrorist financing. Reporting of material weaknesses identified within those policies, procedures and controls. The Report(s) should present the seriousness of the risks that the Company could have face if the weaknesses were not properly and promptly identified and it should include the recommendations for the improvement of the situation.
- b. The number of the Internal Suspicion Reports, which were not reported to SVG-FIU with comparison to previous year.
- c. Number of the reports submitted to SVG-FIU with detailed information regarding the reason for suspicion.
- d. The Unit's feedback regarding reported suspicions.
- e. Information regarding Company's employee's communication with respect to AML.
- f. The suggestions for the improvements and measures taken or to be taken by the Company with respect to Client's cash deposits in case of any weaknesses identified.
- g. Information regarding the policies, procedures and controls of the Company with respect to high risk Clients (statistics of their number and country of residence) with which the Company has come into the business relation.
- h. Information regarding on-going monitoring of Company's policies and procedures related to prevention of money laundering and terrorist financing.
- i. Information regarding the professional trainings which the AMLCO/AMLRO has attended along with the education material of those trainings.

- j. Information regarding professional trainings and seminars prepared and performed by AMLCO/AMLRO for the Company's personnel.
- k. The assessment of the effectiveness of those trainings.
- l. The recommendations for professional training program for the following year.

7 RISK BASED APPROACH

A risk-based approach recognises that the money laundering or terrorist financing threat varies across Clients, countries, services and financial instruments. It allows the Board of Directors to differentiate between Clients of the Company in a way that matches the risk of their particular business and it promotes the prioritisation of effort and actions of the Company in response to the likelihood of money laundering or terrorist financing occurring through the use of services provided by the Company.

As per risk-based approach the AMLCO/AMLRO assesses and evaluates the risk the Company faces, for usage of the services provided for the purpose of money laundering or terrorist financing and applies procedures that focus on those Clients who fall outside the 'norm'.

Risk based approach adopted by the Company and described in this Manual, involves specific measures and procedures in accessing the most cost efficient and appropriate way to identify and manage the money laundering and terrorist financing risks faced by the Company.

Such measures include:

- A) Identifying and assessing the money laundering and terrorist financing risks emanating from particular types of Clients, financial instruments, services and geographical areas of operations of its Clients.
- B) Managing and mitigating the accessed risks by the application of appropriate and effective measures, procedures and controls.
- C) Continuous monitoring and improvements in the effective operation of policies, procedures and controls.

The AMLCO/AMLRO shall be responsible for development of policies, procedures and controls on a risk-based approach.

8 IDENTIFICATION OF RELEVANT RISKS

The Company shall be at all times in a position to demonstrate to the relevant authorities that the extent of measures, procedures and controls it applies are proportionate to the risk it faces for the use of Investment and Ancillary Services for the purpose of money laundering and terrorist financing.

8.1 Company Risks

The following, inter alia, are the sources of risks which the Company faces with respect to money laundering and terrorist financing:

A) Risk based on the Client's nature:

- Complexity of ownership structure of legal person,
- Companies with bearer shares,
- Companies incorporated in offshore centres,
- PEPs,
- Clients engaged in transactions which involve significant amount of cash,
- Clients from high risk countries or countries known for high level of corruption or organised crime or drugs trafficking
- Unwillingness of Client to provide information on Beneficiary Owners of legal person.

B) Risk based on Clients behaviour:

- Client transactions where there is no apparent legal financial/commercial rationale,
- Situations where the origin of wealth and/or source of funds cannot be easily verified,

C) Risk based on the Client's initial communication with the Company:

- Non-face-to-face Clients
- Clients introduced by a third person

D) Risk based on the Company's services and financial instruments:

- Services that allow payments to third person/party
- Large cash deposits or withdrawals
- Products of transactions which may favour anonymity.

8.2 Design and implementation of the measures and procedures to manage and mitigate risks

Taking into consideration the assessed risk, the Company determines the type and extent of measures it adopts, to manage and mitigate the identified risks cost effectively. These measures and procedures may, for example, include:

- A) adaptation of the Client due diligence procedures in respect of Clients in line with their assessed money laundering and terrorist financing risk;
- B) requiring the quality and extent of requisite identification data for each type of Client to be of a certain standard (e.g. documents from independent and reliable sources, third person information, documentary evidence);
- C) obtaining additional data and information from the Clients, where this is appropriate for the proper and complete understanding of their activities and source of wealth and for the effective management of any increased risk emanating from the particular business relationship or the occasional transaction; and
- D) On-going monitoring of high risk Clients' transactions and activities.

In this respect it is a responsibility of AMLCO/AMLRO to develop and constantly monitor and adjust the Company's policies regarding the Client Agreement, Clients' Due Diligence and Verification of Identity procedures respectively, as well as via random sampling exercise as regards existing Clients.

8.3 Dynamic Risk Management

Risk management is a continuous process, carried out on a dynamic basis. Risk assessment is not an isolated event of a limited duration. Clients' activities change as well as the services and financial instruments provided by the Company change. The same happens to the financial instruments and the transactions used for money laundering or terrorist financing. The measures, the procedures and controls are kept under regular review so that risks resulting from changes in the characteristics of existing Clients, new Clients, services and financial instruments are managed and countered effectively.

In this respect it is a duty of the AMLCO/AMLRO to undertake regular reviews of the characteristics of existing Clients, services and financial instruments and the measures designed to mitigate any risk resulting from the changes of those characteristics. These reviews should be fully recorded and documented, as applicable, and form a part of the Annual Money Laundering Report(s).

8.4 Relevant International Organisations

For the development and implementation of the appropriate measures on a risk-based approach and the implementation of Clients Due Diligence and Verification of Identity, the AMLCO/AMLRO and the Head of Back Office/Administration Department shall consult data, information and reports (e.g. Clients from the countries that inadequately apply Financial Action Task Force (hereinafter the "FATF") or country assessment report) that are published in relevant international organisations:

- FATF - www.fatf-gafi.org

- the Council of Europe Select Committee of Experts on the Evaluation of Anti-Money Laundering Measures (MONEYVAL) - www.coe.int/moneyval
- the EU Common Foreign & Security Policy (CFSP)- http://ec.europa.eu/external_relations/cfsp/sanctions/list/consol-list.htm
- the UN Security Council Sanctions Committees - www.un.org/sc/committees/
- the International Money Laundering Information Network (IMOLIN) - www.imolin.org
- the International Monetary Fund (IMF) – www.imf.org
- the Transparency International Corruption Perceptions Index – www.transparency.org

9 CRITERIA FOR ACCEPTING NEW CLIENTS

The Company follows the risk-based approach with respect to Client's acceptance prepared by the Compliance Department of the Company after the detailed assessment of all risks the Company faces, therefore there are procedures and controls to identify the category of Clients risk and concentrate on the one that can theoretically cause higher risk degree than the other.

9.1 Low Risk Clients

Individuals (other than High Net Worth) and entities whose identities and sources of wealth can be easily identified and transactions in whose accounts by and large conform to the known profile may be categorized as low risk. Examples of low risk customers may be salaried employees whose salary structures are well defined, individuals from the lower economic strata of the income level whose accounts show minimal balances and low turnover, Government Departments and Government owned companies, regulators and statutory bodies etc. In such instances, only the basic needs of verifying the identity and location of the customer can be met.

9.2 Normal Risk Clients

Customers that are likely to pose a higher than average risk to the bank may be categorized as medium or high risk depending on customer's background, nature and location of activity, country of origin, sources of funds and his client profile etc.; such as:

- a) Persons in business/industry or trading activity where the area of his residence or place of business has a scope or history of unlawful trading/business activity.

- b) Where the client profile of the person/s opening the account, according to the perception of the branch is uncertain and/or doubtful/dubious.

9.3 High Risk Clients

The Company should apply enhanced due diligence measures based on the risk assessment, thereby requiring intensive 'due diligence' for higher risk customers, especially those for whom the sources of funds are not clear. The examples of customers requiring higher due diligence may include:

- a) Non Resident Customers,
- b) High Net worth individuals
- c) Trusts, charities, NGOs and organizations receiving donations,
- d) Companies having close family shareholding or beneficial ownership
- e) Firms with 'sleeping partners'
- f) Politically Exposed Persons (PEPs) of foreign origin
- g) Non-face to face customers, and
- h) Those with dubious reputation as per public information available, etc.

The above list is indicative, and it is not exhaustive. The AMLCO/AMLRO examining the case, can classify a Client (new or existing) as high risk if there are any circumstances that would warrant so such as the industry in which the Client operates, reputational factors and other risk presented from a potential cooperation.

All Company's Clients are non-face-to-face Clients therefore they are classified as high risk and the enhanced due diligence and identification, and verification procedures are applied in accordance to the relevant Laws, Acts and Codes.

9.4 Procedures

The minimum requirements for new Clients' acceptance include:

- A) Natural Person
- Verification of the Client' identity: the Company requests the provision of a valid, coloured copy of Client's passport. In case the passport is unavailable the Company may accept the copy of National ID card.
 - Verification of Client's address of residence: the Company requires the provision of copy of the document confirming Clients permanent address of residence, issued within the last 6 months, such as: bank statement or a bank reference letter or utility bill stated on Client's name.
 - Personal and contact information of the Client.

- Information regarding the reason and nature of the establishing the business relation.
 - Economic profile of the Client and his background.
 - Information regarding Client's professional knowledge and experience
- B) Legal Person,
- Certificate of incorporation and certificate of good standing of the legal person.
 - Certificate of Directors and Secretary.
 - 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.
 - Certificate of registered office, including the full addresses of the registered office and the head offices.
 - 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,
 - 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.
 - Memorandum and Articles of Association.
 - The economic profile of the legal person.
 - Legal Entity Identification Number (LEI)
 - Contact details, such as the telephone numbers, fax numbers and e-mail address.
 - Identification documents of Directors, Shareholders and Beneficiary Owners.

9.5 Categories of Clients not accepted by the Company

The categories of the Clients who should not be accepted by the Company:

- A) Prospective Clients who require the anonymous account opening
- B) Prospective Clients who do not provide minimum required identification documentation

- C) Prospective Clients provides the documents which are identified as not legitimate
- D) Prospective Clients who already possess an account with the Company
- E) Residents or citizens of the country, which is not accepted by the Company based on the regulatory requirements or internal policies of the Company
- F) The Clients can be refused to be accepted by the Company in following situations:
 - Clients who fail or refuse to submit, the requisite data and information for the verification of their identity and the creation of their economic profile, without adequate justification
 - Clients who ask to open or maintain anonymous or numbered accounts or accounts in names other than the client's name stated in official identity documents
 - Client who ask to transfer its initial investment in cash
 - Account in names of companies whose shares are in bearer form
 - Shell Banks
 - Clients included in Sanctions List
 - Clients convicted for a prescribed offence (and not served their sentence)
 - trust accounts
 - Account in the name of a third person
 - Electronic gambling/gaming through the internet
 - Accounts or persons who are involved or related to, electronic gambling/gaming through the internet

10 CLIENTS DUE DILIGENCE

To ensure compliance with Anti-Money Laundering and Terrorist Financing legislation in force, it is essential to have appropriate and effective organisational procedures in place designed to address the key requirements and facilitate the smooth and at the same time, controlled flow of information and interaction between the various departments.

The Company has herein incorporated the following Client Identification process as an integral part of the Company's anti-money laundering compliance program.

10.1 Verification of Identify procedures

According to the Law the Company has an obligation for Client identification and due diligence procedures. The Company ensures that the Client identification records remain completely updated with all relevant identification data and information throughout the business relationship. The Company examines and checks, on a regular basis, the validity and adequacy of the Client identification data and information it maintains, especially those concerning high risk Clients.

The procedures and controls also determine the timeframe during which the regular review, examination and update of the Client identification is conducted. The outcome of the said review is recorded in a separate note/form which should be kept in the respective Client file.

Taking into consideration the level of risk, if at any time during the business relationship, the Company becomes aware that reliable or adequate data and information are missing from the identity and the economic profile of the Client, then it takes all necessary action, by applying the Client identification and due diligence procedures according to the Law and the present Directive, to collect the missing data and information, the soonest possible, so as to identify the Client and update and complete the Client's economic profile.

10.2 Failure or refusal to submit the information for verification of the client

Failure or refusal by a Client to submit, before the establishment of a business relationship or the execution of an occasional transaction, the requisite data and information for the verification of his identity and the creation of his 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 or the execution of the occasional transaction while at the same time the AMLCO/AMLRO considers whether it is justified under the circumstances to submit a report to SVG-FIU.

If, during the business relationship, a Client fails or refuses to submit, within a reasonable timeframe, the required verification data and information, the Company terminates the business relationship and closes all the accounts of the Client while at the same time examines whether it is justified under the circumstances to submit a report to SVG-FIU.

10.3 Economic Profile of the client

The ultimate responsibility for KYC obligations, both during the process of adoption and thereafter throughout the life cycle of the relationship, rests with the Compliance function. The Compliance function is responsible for monitoring developments in the field, identifying required action and informing and training all relevant personnel. The Compliance function is also responsible for the general over-viewing of the application of the prescribed procedures and the improvement / amendment of these procedures if the need arises.

It is never acceptable to use the same verification data or information for verifying the Client's identity and verifying his home address. A person's residential and business address is an essential part of his identity and, thus, a separate procedure for its verification

The data and information that are collected before the establishment of the business relationship, with the aim of constructing the Client's economic profile and, as a minimum, 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 Client's size of wealth and annual income and the clear description of the main business/professional activities/operations.
- D) The data and information that are used for the construction of the Client's legal person's economic profile include, inter alia:
 - 1. the name of the company,
 - 2. the country of its incorporation,
 - 3. the head offices address,
 - 4. the names and the identification information of the beneficial owners,
 - 5. directors and authorised signatories,
 - 6. financial information,
 - 7. ownership structure of the group that the company may be a part of (country of incorporation of the parent company,
 - 8. subsidiary companies and associate companies,
- E) main activities and financial information

The said data and information are recorded in a separate form designed for this purpose which is retained in the Client's file along with all other. The said form is updated regularly or whenever new information emerges that needs to be added to the economic profile of the Client or alters existing information that makes up the economic profile of the Client.

10.4 Simplified Due Diligence

The Company can classify Clients as low risk if:

- the Client has been entrusted with public functions;
- the Client's identity is publicly available, transparent and certain;

- the activities of the Client, as well as its accounting practices, are transparent;
- either the Client is accountable to a community institution or to the authorities of a member state, or appropriate check and balance procedures exist ensuring control of the Client's activity.

10.5 Enhanced Clients Due Diligence (High Risk Clients)

10.5.1 Non face-to-face Clients

Whenever a Client requests the establishment of a business relationship or an occasional transaction, the Company requests all information for Client identification as per Section 9.3. When a Client, especially a non-resident of the Republic, requests the establishment of a business relationship or an occasional transaction through the internet without presenting himself for a personal interview, the Company must follow the established Client identification and due diligence procedures, as applied for Clients with whom it comes in direct and personal contact and obtain exactly the same identification information and documents.

However, due to the difficulty in matching the Client with the collected identification data, the Company applies enhanced Client identification and due diligence measures, so as to effectively mitigate the risks associated with such business relationship or occasional transaction.

Practical procedures that are applied as implementing measures of the Law regarding non-face to face Clients of the Company are the following:

10.5.2 Accounts in names of companies whose shares are in bearer forms

The Company may accept a request for the establishment of a business relationship or for an occasional transaction from companies whose own shares or those of their parent companies (if any) have been issued in bearer form by applying, in addition to the procedures from section 9.3, all the following supplementary due diligence measures:

- Takes physical custody of the bearer share certificates while the business relationship is maintained or obtains a confirmation from a bank that it has under its own custody the bearer share certificates and, in case of transferring their ownership to another person, shall inform the Company accordingly.
- The account is closely monitored throughout its operation. At least once a year, a review of the accounts' transactions and turnover is carried out and a note is prepared summarising the results of the review which must be kept in the Client's file.
- If the opening of the account has been recommended by a third, at least once every year, the third person who has introduced the Client provides a written confirmation that the capital base and the shareholding structure of the company or that of its holding company (if any) has not been altered by the issue of new

bearer shares or the cancellation of existing ones. If the account has been opened directly by the company, then the written confirmation is provided by the company's directors.

- When there is a change to the beneficial owners, the Company examines whether to permit the continuance of the account's operation.

10.5.3 Trust Accounts

Without prejudice of the provisions of the Law, when the Company establishes a business relationship or carries out an occasional transaction with trusts, it must ascertain the legal substance, the name and the date of establishment of the trust and verify the identity of the trustor, trustee and beneficial owners, according to the Client's identification procedures prescribed in relevant Laws, Acts and Codes.

Furthermore, the Company ascertains the nature of activities and the purpose of establishment of the trust as well as the source and origin of funds requesting the relevant extracts from the trust deed and any other relevant information from the trustees. All relevant data and information should be recorded and kept in the Client's file.

10.5.4 Clients' Accounts in a name of third person

A Company may open "client accounts" (e.g. omnibus accounts) in the name of financial institutions from European Economic Area countries or a third country which, in accordance with a decision of the Advisory Authority for Combating Money Laundering and Terrorist Financing it has been determined that it applies procedures and measures for preventing money laundering and terrorist financing equivalent to the requirements of the international AML Laws and Regulations and Directives. In these cases, the Company ascertains the identity of the abovementioned financial institutions according to the Client identification procedures prescribed in the Law and the Directive.

In the case that the opening of a "client account" is requested by a third person acting as an auditor/accountant or an independent legal professional or a trust and company service provider situated in a country of the European Economic Area or a third country which, in accordance with a decision of the Advisory Authority for Combating Money Laundering and Terrorist Financing has been determined that it applies procedures and measures for preventing money laundering and terrorist financing equivalent to the requirements of the international AML Laws and Regulations and Directives, the Company may proceed with the opening of the account provided that the following conditions are met:

- The third person is subject to mandatory professional registration in accordance with the relevant laws of the country of operation.
- The third person is subject to regulation and supervision by an appropriate competent authority in the country of operation for anti-money laundering and terrorist financing purposes.

- The AMLCO/AMLRO has assessed the Client's identification and due diligence procedures implemented by the third person and has found them to be in line with the relevant Laws, Acts and Codes. A record of the assessment should be prepared and kept in a separate file maintained for each third person.
- The third person make available to the Company all the data and documents prescribed in section 9.3.

10.5.5 Politically Exposed Persons (PEPs)

The establishment of a business relationship or the execution of an occasional transaction with persons holding important public positions in a foreign country and with natural persons closely related to them, may expose a Company to enhanced risks, especially, if the potential Client seeking to establish a business relationship is a politically exposed person, a member of his immediate family or a close associate that is known to be associated with a politically exposed person.

The Company pays more attention when the said persons originate from a country which is widely known to face problems of bribery, corruption and financial irregularity and whose anti-money laundering laws and regulations are not equivalent with international standards.

In order to effectively manage such risks, the Company assesses the countries of origin of their Clients in order to identify the ones that are more vulnerable to corruption or maintain laws and regulations that do not meet the 40+9 requirements of the Financial Action Task Force, according to Section 10.5.7.

The meaning 'politically exposed persons' includes the following natural persons who are residing in the State or in a country other than the State, and have been entrusted with prominent public functions' in a foreign country:

- heads of state, heads of government, ministers and deputy or assistant ministers,
- members of parliaments,
- members of supreme courts, of constitutional courts or of other high-level judicial bodies whose decisions are not subject to further appeal, except in exceptional circumstances,
- members of courts of auditors or of the boards of central banks,
- ambassadors, charge d'affaires and high-ranking officers in the armed forces,
- members of the administrative, management or supervisory bodies of State-owned enterprises.

Without prejudice to the application, on a risk-sensitive basis, of enhanced Client due diligence measures, where a person has ceased to be entrusted with a prominent public function for a period of at least one year, the Company shall not be obliged to consider such a person as politically exposed.

'Immediate family members' includes the following:

- the spouse or the person with which they cohabited for at least one year,
- the children and their spouses or the persons with which they cohabited for at least one year,
- the parents.
- 'Persons known to be close associates' includes the following:
 - any natural person who is known to have joint beneficial ownership of legal entities or legal arrangements, or any other close business relations,
 - any natural person who has sole beneficial ownership of a legal entity or legal arrangement which is known to have been set up for the benefit de facto of the person.

The Company adopts the following additional due diligence measures when it establishes a business relationship or carry out an occasional transaction with a politically exposed person:

- A) Put in place appropriate risk management procedures to enable it to determine whether a prospective Client is a politically exposed person, including the acquisition and installation of a reliable commercial electronic database for politically exposed persons, seeking and obtaining information from the Client himself or from publicly available information.
- B) The decision for establishing a business relationship or the execution of an occasional transaction with a politically exposed person is taken by an executive director of the Company and the decision is then forwarded to the AMLCO/AMLRO. The approval of the PEP as a Company Client should be documented and kept in Client's file.
- C) The Company creates the economic profile of the Client by obtaining the information specified in Section 9.3. The details of the expected business and nature of activities of the Client forms the basis for the future monitoring of the account. The profile should be regularly reviewed and updated with new data and information. The Company is particularly cautious and most vigilant where its Clients are involved in businesses which appear to be most vulnerable to corruption such as trading in oil, arms, cigarettes and alcoholic drinks.
- D) 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 Client's personal file.

10.5.6 Electronic Gambling/Gaming through the internet

The Company may establish a business relationship or execute an occasional transaction in the names of persons who are involved in the abovementioned activities provided that these persons are licensed by a competent authority of a country of the European Economic Area or a third country which, in accordance with a decision of the Advisory Authority for Combating Money Laundering and Terrorist Financing it has been determined that it applies procedures equivalent to the requirements of the international AML Laws, Regulations and Directives. For this purpose, the Company requests and obtains, apart from the data and information required by the Law, copy of the licence that has been granted to the said persons by the competent supervisory/regulatory authority, the authenticity of which must be verified either directly with the supervisory/regulatory authority or from other independent and reliable sources.

Furthermore, the Company collects adequate information so as to understand the Clients' control structure and ensures that the said Clients apply adequate and appropriate systems and procedures for Client identification and due diligence for the prevention of money laundering and terrorist financing.

In the case that the Client is a person who offers services (e.g. payment providers, software houses, card acquirers) to the persons who are involved in electronic gambling/gaming through the internet, then the Company requests and obtains, adequate information so as to be satisfied that the services are offered only to licensed persons. Also, it obtains information necessary to completely understand the ownership structure and the group in which the Client belongs, as well as any other information that is deemed necessary so as to establish the Client's economic profile. Additionally, the Company obtains the signed agreement between its Client and the company that is duly licensed for electronic gambling/gaming activities through the internet.

The decision for the establishment of a business relationship is taken by an executive director of the Company and the decision is then forwarded to the AMLCO/AMLRO. Moreover, the account of the said Client is closely monitored and subject to regular review with a view of deciding whether to permit the continuance of its operation. Accordingly, a report is prepared and submitted for consideration and approval to the board of directors and filed in the Client's personal file.

10.5.7 Clients from countries which inadequately apply FATF's recommendations

The Financial Action Task Force's ("FATF") 40+9 Recommendations constitute the primary internationally recognised standards for the prevention and detection of money laundering and terrorist financing.

The Company applies the following:

- Exercises additional monitoring procedures and pays special attention to business relationships and transactions with persons, including companies and financial institutions, from countries which do not apply or apply inadequately the aforesaid recommendations.

- Transactions with persons from the said countries, for which there is no apparent economic or visible lawful purpose, are further examined for the establishment of their economic, business or investment background and purpose. If a Company cannot be fully satisfied as to the legitimacy of a transaction, then a suspicious transaction report is filed to SVG-FIU.

In order to implement the above, the AMLCO/AMLRO consults the country assessment reports prepared by:

- FATF (<http://www.fatf-gafi.org>),
- Moneyval Committee of the Council of Europe (www.coe.int/moneyval),
- International Monetary Fund (www.imf.org).

Based on the said reports, the AMLCO/AMLRO assesses the risk from business relationships with persons from various countries and decides of the countries that inadequately apply the FATF's recommendations. Based on the decision of the AMLCO/AMLRO, the Company applies enhanced due diligence measures for identifying and monitoring transactions of persons originating from countries with significant shortcomings in their legal and administrative systems for the prevention of money laundering and terrorist financing.

10.5.8 Joint Accounts

In the cases of joint accounts of two or more persons, the identity of all individuals that hold or have the right to manage the account, are verified according to the procedures set in section 9.4.A and 9.4.B.

10.5.9 Accounts of unions, societies, clubs, provident funds and charities.

In the case of accounts in the name of unions, societies, provident funds and charities, a Company ascertains their purpose of operation and verifies their legitimacy by requesting the articles and memorandum of association/procedure rules and registration documents with the competent governmental authorities (in case the law requires such registration). Furthermore, the Company obtains a list of board of directors/management committee of the abovementioned organisations and verifies the identity of all individuals that have been authorised to manage the account according to the procedures set in section 9.4.A and 9.4.B.

10.5.10 Accounts of unincorporated businesses, partnerships and other persons with no legal substance

In the case of unincorporated businesses, partnerships and other persons with no legal substance, the identity of the directors, partners, beneficial owners and other individuals who are authorised to manage the account is verified according to the procedures set in 9.4.A and 9.4.B. In addition, in the case of partnerships, the copy of the partnership's registration certificate is obtained.

The Company obtains documentary evidence of the head office address of the business, ascertains the nature and size of its activities and receives all the information required according to section 10.3 for the creation of the economic profile of the business.

10.5.11 Accounts of Legal persons

For Clients that are legal persons, it is established that the natural person appearing to act on their behalf, is appropriately authorised to do so and his identity is established and verified according to the procedures in section 9.4.A and 9.4.B.

Moreover, the Company ensures verification of the legal person's control and ownership structure as well as the identity of the natural persons who are the beneficial owners and exercise control over the legal person. In the cases that the ultimate control rests with the persons who have the power to manage the funds, accounts or investments of the legal person without requiring authorisation and who would be in a position to override the internal procedures of the legal person, the Company, verifies the identity of the natural persons who exercise ultimate control as described above even if those persons have no direct or indirect interest or an interest of less than 10% in the legal person's ordinary share capital or voting rights.

The Company requires the following information:

- the registered number,
- the registered corporate name and trading name used,
- the full addresses of the registered office and the head offices,
- the telephone numbers, fax numbers and e-mail address,
- the members of the board of directors,
- the individuals that are duly authorised to operate the account and to act on behalf of the legal person,
- the beneficial owners 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,
- the registered shareholders that act as nominees of the beneficial owners,
- the economic profile of the legal person.

For the verification of the identity of the legal person, the Company requests and obtains the true copies of the documents as per section 9.2.3.

Where deemed necessary for a better understanding of the activities, sources and uses of funds/assets of a legal person, the Company obtains copies of its latest audited financial statements (if available), and/or copies of its latest management accounts.

As an additional due diligence measure, on a risk-sensitive basis, the Company may carry out a search and obtain information from the records of Companies' Registry or from a corresponding authority in the company's (legal person's) country of incorporation and/or request information from other sources in order to establish that the applicant company (legal person) is not, nor is in the process of being dissolved or liquidated or struck off from the registry of Companies and that it continues to be registered as an operating company in the records of Companies' Registry or by an appropriate authority.

If at any later stage any changes occur in the structure or the ownership status or to any details of the legal person, or any suspicions arise emanating from changes in the nature of the transactions performed by the legal person via its account, all additional documentation and information for updating the economic profile of the legal person is collected.

In the case of a Client-legal person that requests the establishment of a business relationship or the execution of an occasional transaction and whose direct/immediate and principal shareholder is another legal person, the Company before establishing a business relationship verifies the ownership structure and the identity of the natural persons who are the beneficial owners and/or control the other legal person.

10.5.12 *Investment funds, mutual funds and firms providing investment or financial services*

The Company may establish and maintain business relationships with persons who carry out the above services and activities which are incorporated and/or operating in countries of the European Economic Area or a third country which according to a decision of the Advisory Authority for Combating Money Laundering Offences and Terrorist Financing it has been determined that applies requirements equivalent to those laid down in the international AML Laws, Regulations and Directives, provided that:

- the said persons possess the necessary license or authorisation from a competent supervisory/regulatory authority of the country of their incorporation and operation to provide the said services, and
- are subject to supervision for the prevention of money laundering and terrorist financing purposes.
- In the case of the establishment of a business with persons who carry out the above services and activities and which are incorporated and/or operating in a third country other than those mentioned above, the Company requests and obtains, in addition to the abovementioned, in previous points, documentation for the identification and verification of persons, including the beneficial owners, the following:
- a copy of the licence or authorisation granted to the said person from a competent supervisory/regulatory authority of its country of incorporation and operation,

whose authenticity should be verified either directly with the relevant supervisory/regulatory authority or from other independent and reliable sources,

- adequate documentation and sufficient information in order to fully understand the control structure and management of the business activities as well as the nature of the services and activities provided by the Client.

In the case of investment funds and mutual funds the Company, apart from identifying beneficial owners, obtains information regarding their objectives and control structure, including documentation and information for the verification of the identity of investment managers, investment advisors, administrators and custodians.

10.5.13 Nominees or agents of third persons

The Company takes reasonable measures to obtain adequate documents, data or information for the purpose of establishing and verifying the identity, according to the procedures set in the previous sections 9.4.A and 9.4.B:

- the nominee or the agent of the third person, and
- any third person on whose behalf the nominee or the agent is acting.

In addition, the Company obtains a copy of the authorisation agreement that has been concluded between the interested parties.

11 USA FATCA REPORTABLE CLIENTS

11.1 GENERAL

Foreign Account Tax Compliance Act (hereinafter the “FATCA”) was enacted by the US government as a result of the government’s efforts to combat tax evasion by U.S. persons holding investments in offshore accounts. Essentially, FATCA provides for an obligation of certain U.S. taxpayers holding financial assets outside the United States to report those assets to the Internal Revenue Service (hereinafter the “IRS”).

In addition, FATCA requires foreign financial institutions to report directly to the IRS certain information about financial accounts ultimately held by U.S. taxpayers. Non-compliance with FATCA provisions will result in the withholding of a 30% tax on any US-sourced income payment to non-compliant account holders or non-participating foreign financial institutions (“FFIs”) effective from 2017 onwards.

In the course of the implementation of FATCA, the US government has concluded Intergovernmental Agreements with a number of governments worldwide aiming to streamline compliance with new legislation. There are two types of IGAs, Model 1, under which FFIs in partner jurisdictions will be able to report information on U.S. account holders directly to their national tax authorities, who in turn will report to the IRS, and Model 2, under which FFIs will report information directly to the IRS rather than their local jurisdictions. Saint

Vincent and the Grenadines has concluded a Model 1 IGA with the USA on 30th June 2014 (hereinafter the "IGA").

Note: The Company will not accept US FATCA reportable persons.

12 ON-GOING MONITORING

12.1 General Procedures

The Company shall have a full understanding of normal and reasonable account activity of their Clients as well as of their economic profile and have the means of identifying transactions which fall outside the regular pattern of an account's activity or to identify complex or unusual transactions or transactions without obvious economic purpose or clear legitimate reason.

In order to identify the risk level of Company's Clients as to facilitate enhanced monitoring of accounts and transactions, detect of unusual or suspicious transactions that are inconsistent with the economic profile of the Client for the purposes of further investigation, the Company has established and maintains the following registries:

12.1.1 AML Monitory Registry

The registry is updated on the quarter basis and it includes the sample verifications of the Company's Clients concentrating on the Client's whose accounts fall under the particular 6 groups of characteristics:

- PEP
- Single deposits over USD 15,000
- Accumulated deposits over USD 100,000
- Accounts established over a year earlier
- Accounts with expired identification documents
- Account of legal person

For each group of Clients, the AMLCO/AMLRO collects and reviews the details regarding the personal information, geographical profile, KYC documentation, economic profile, assessment of appropriateness, financial activity of the account, Clients' declarations and corporate information in case of accounts of legal persons. The register includes also the AMLCO/AMLRO's findings and actions to be taken based on those findings.

12.1.2 PEPs Accounts Registry

The registry includes the accounts which were classified as PEP's as per procedure described in section 10.5.5. Those accounts are subject to AMLCO/AMLRO's review at least annually. The AMLCO/AMLRO reviews: the financial activity of the account and its economic profile and

whether the Client's file includes the relevant documentation of the approval of the Client by the director of the Company, and the results of the review by the AMLCO/AMLRO by the online scanning program. The AMLCO/AMLRO proceeds with the reverification of the Clients classification as PEP on an annual basis and based on this reverification he decides whether to allow its continuance of operation. A short report is prepared summarising the results of the review by the AMLCO/AMLRO and included in the AMLCO/AMLRO Report.

12.1.3 Registry of Economic Profile of the Clients

The registry is maintained in order to assure that information provided by the Clients with respect of their economic profile is adequate to the financial activity on their accounts. The AMLCO/AMLRO reviews the sample accounts on a quarterly basis and assesses whether the Clients inwards transactions do not exceed the estimated income declared by the Clients.

12.1.4 Identifying and Reporting Suspicious Activity to SVG-FIU

Suspicious activity may include identifying patterns of unusual size, volume, or type of transaction, geographic factors such as the choice of banks that are located very far away from the place of incorporation/operations, or any of the "red flags".

The AMLCO/AMLRO is responsible for such monitoring, which is done during the normal daily review of trades. Among the information that will be used to determine if a Suspicious Activity Report should be filed are exception reports that include transaction size, location, type, number, and nature of the activity.

A list of warnings that may signal possible money laundering or terrorist financing ("Red Flags") is attached in Appendix I. The list is not exhaustive, nor does it include all types of transactions that may be used. Nevertheless, it can assist the Company and its employees in recognising the main methods used for money laundering and terrorist financing.

Note: In the case of either knowledge or suspicion, a SAR (Appendix II) shall be filed with the FIU.

12.1.5 Impact on the Business Relationship/Transaction after Forming a suspicion

The law does not require a Reporting Entity who has filed a SAR to end or terminate their financial relationships with the reported individual or entity except in the two (2) following circumstances:

- where satisfactory evidence of identity has not been obtained; or
- where a designated person or entity attempts to enter into a transaction or continue the business

In all other cases Reporting Entities should be aware that the decision to continue the business relationship after filing a SAR should be based on commercial or risk containment reasons.

However, a decision to terminate the business relationship must also ensure that the customer is not alerted to the filing of the SAR which would constitute the offence of tipping off.

13 RECORD KEEPING

The Company shall keep records as specified in Section 10:

- In a form that enables them to be available on a timely basis, when lawfully required, to the supervisory authority, the Financial Intelligence Unit or Law enforcement authorities in the State; and
- For at least the minimum retention period.

The Company shall ensure that its records are kept in such manner that:

- Facilitates ongoing monitoring and their periodic updating;
- Ensures that they are readily accessible;
- Enables the supervisory authority, internal and external auditors and other competent authorities to assess the effectiveness of systems and controls that are maintained by the Company to prevent and detect money laundering and terrorist financing.

The Company shall ensure that the AMLCO/AMLRO and other appropriate employees have timely access to all customer identification information records, other customer due diligence information, transaction records and other relevant information and records necessary for them to perform their functions.

14 EMPLOYEES' OBLIGATIONS, EDUCATION AND TRAINING

14.1 Employees' Obligations

The Company's employees can be personally liable for failure to report information or suspicion, regarding money laundering or terrorist financing. The employees cooperate and report, without delay, according to section 12.1.4, 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.

14.2 Employees' Education and Training Program

The Company ensures that its employees are fully aware of their legal obligations according to the relevant AML Laws, Regulations and Codes, by introducing a complete employee's education and training program. The AMLCO/AMLRO provides the enhanced training to all

Company's employees with respect of prevention of money laundering and terrorist financing, which is concluded by the variation test, examining the knowledge of employees. The training is performed at least on annual basis, but it can vary depending on the amendments of legal and/or regulatory requirements, employees' duties as well as any other changes in the financial system of the Republic. 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.

APPENDIX I

1. *Red Flags pointing to Financing of Terrorism*

Behavioural Indicators:

- The parties to the transaction (owner, beneficiary,) are from countries known to support terrorist activities and organizations.
- Use of false corporations, including shell-companies.
- Inclusion of the individual or entity in the United Nations 1267 Sanctions
- Media reports that the account holder is linked to known terrorist organizations or is engaged in terrorist
- Beneficial owner of the account not properly
- Use of nominees, trusts, family members or third party
- Use of false
- Abuse of non-profit

Indicators linked to the financial transactions:

- The use of funds by the non-profit organization is not consistent with the purpose for which it was established.
- The transaction is not economically justified considering the account holder's business or profession.
- A series of complicated transfers of funds from one person to another as a means to hide the source and intended use of the funds.
- Transactions which are inconsistent with the account's normal activity.
- Deposits were structured to avoid detection.
- Multiple cash deposits and withdrawals with suspicious references.
- Frequent domestic and international ATM activity.
- No business rationale or economic justification for the transaction.
- Unusual cash activity in foreign bank accounts.
- Multiple cash deposits in small amounts in an account followed by a large wire transfer to another country.
- Use of multiple, foreign bank accounts.

2. *Red Flags pointing to Money Laundering*

- The client cannot provide satisfactory evidence of
- Difficult in verifying customer
- Difficulty of verifying source of Funds.
- Transactions in countries in which the parties are non-residents and their only purpose is a capital investment (they are not interested in living at the property they are buying).
- Frequent change of ownership of same property in unusually short time periods with no apparent business, economic or other legitimate reason and between related persons.
- Client wants to re-sell Property shortly after purchase at a significantly different purchase price, without corresponding changes in market values in the same area.
- Client wishes to form or purchase a company whose corporate objective is irrelevant to the client's normal profession or activities, without a reasonable explanation.
- The client sets up shell companies with nominee shareholders and/or directors.
- Client repeatedly changes Attorneys within a short period of time without any reasonable explanation.
- Client purchases property in names of other persons or uses different names on offers to purchase, closing documents and deposit receipts.
- Client deposits a large amount of cash to make payments which are outside of the client's profile.
- Client negotiates a purchase but wants to record a lower value on documents, paying the difference "under the table", (inadequate consideration).
- Client's documents such as identification, statement of income or employment details are provided by an intermediary who has no apparent reason to be involved, (the intermediary may be the real client).
- Client gives power of attorney to a non-relative to conduct large transactions (same as above).
- Transaction involves legal entities and there is no relationship seen between the transaction and the business activity of the buying company, or the company has no business activity.
- Client requests the firm to act as his agent in obtaining high sum bankers' drafts, cashiers' cheques and other cash equivalent or near cash monetary instruments

or in making wire transfers to and from other banks or financial institutions, (anonymity).

- Divergence from the type, volume or frequency of transactions expected in the course of the business relationship.

APPENDIX II

1. [SARS Cover Page](#)
2. [SARS Legal Entity Sheet](#)
3. [SARS Particulars of Subject Sheet](#)
4. [SARS Reason for Disclosure](#)
5. [Reason for Disclosure Additional Page](#)

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