



Seasif Holding Limited

**Prevention of Money Laundering and Terrorist  
Financing Manual**

**05 May 2025**

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## 1. DEFINITIONS

**Advisory Authority:** means an authority headed by the Attorney General or his representative, whose functions include the following (Sections 56-57 of the Law):

- inform the Council of Ministers of any measures taken and the general policy applied against money laundering and financing of terrorism offences;
- advise the Council of Ministers about additional measures which, in its opinion, are taken for the better implementation of the Law;
- promote the Republic internationally as a country, which complies with all the conventions, resolutions and decisions of international bodies in respect of combating laundering and financing of terrorism offences.
- designate the third countries outside the European Economic Area which impose procedures and take measures for preventing money laundering and financing of terrorism equivalent to those laid down by the EU Regulation. For this purpose, it applies the relevant decision of the European Commission according to Article 40(4) of the EU Regulation. Furthermore, it notifies the competent Supervisory Authorities who in turn notify the persons falling under their supervision of the said decision.

**AMLCO:** means the Anti-Money Laundering Compliance Officer of the Company.

**AML Law or Law:** means the Prevention and Suppression of Money Laundering Activities Law of 2007 - 2018; Law 188(I)/2007 (N. 188(I)/2007 N. 58(I)/2010 N. 80(I)/2012 N. 192(I)/2012 N. 101(I)/2013 N. 184(I)/2014 N. 18(I)/2016 N. 13(I)/2018 N. 158(I)/2018)

**Beneficial Owner:** means the natural person or persons who ultimately own or control a Client and / or the natural person on whose behalf a transaction or activity is being conducted and includes at least the following persons:

### **a. In case of legal entities:**

- (i) The natural person or persons who own or control a legal entity directly or indirectly over a sufficient percentage of shares or voting rights in the legal entity, inter alia, through bearer shares. This does not apply to legal entities owned or controlled by companies listed on a regulated market, which is subject to disclosure requirements under EU Laws or is subject to equivalent international standards which ensure adequate transparency of information on the beneficial owner: It is provided that:
  - Indication of direct ownership includes participation of twenty-five percent (25%) plus one (1) share or an ownership right over twenty-five percent (25%) to a customer owned by a natural person;
  - Indication of indirect ownership includes participation of twenty-five percent (25%) plus one (1) share or an ownership right over twenty-five percent (25%) to a customer owned by a legal entity, which is under the control of a physical person(s) or several legal entities which are under the control of the same physical person(s): It is further

provided that control by other means can be ascertained inter alia, on the basis of the criteria set out in Section 148(1)(b) of the Companies Law.

- (ii) The natural person who holds a senior executive position if, after all possible means have been exhausted and provided that there are no valid suspicions, no person is identified under the provisions of Subparagraph (i) of this Section, or if there is any doubt that the person identified is the beneficial owner: It is provided that a liable entity maintains a record to document the actions that it has undertaken in accordance with Subparagraphs (i) and (ii) of this Section.

**b. In case of trusts**, a natural person or persons being:

- (i) The Settlor,
- (ii) The Trustee,
- (iii) The Protector (if applicable),
- (iv) The beneficiary or persons for the interest of which the trust has been primarily set up,
- (v) Any other natural person who exercises ultimate control over the trust through direct or indirect ownership or other means; and

**In the case of foundations and similar legal entities or arrangements**, a natural person that holds a position equivalent or proportionate to a person referred to in subparagraph b. above.

**Board:** means the Company's Board of Directors.

**Branch:** means a place of business other than the head office, which is part of the Company, which has no legal personality, and which provides services for which the Company has been authorised.

**Business Relationship:** means a business, professional or commercial relationship between the Client and the Company which is connected with the professional activities of the Company and which is expected, at the time when the contact was established, to have an element of duration.

**Client:** means any legal or physical person aiming to establish or having an established business relationship or aiming to execute or who has executed an Occasional Transaction.

**Company:** means Seasif Holding Limited, a limited liability company incorporated in the Republic of Cyprus on the 12<sup>th</sup> of September 2008 with registration no. HE237927 and registered office at Themistokli Dervi 48, Athienitis Centennial Building Flat 101, 1016, Nicosia, Cyprus.

**Competent Authorities:** means the authorities defined in article 59 of the AML Law, as in force and/or as this may be amended from time to time or replaced.

**Directive or AML Directive:** means the Prevention of Money Laundering and Terrorist Financing Directive.

**European Economic Area or EEA:** means Member State of the European Union or other contracting state which is a party to the agreement for the European Economic Area signed in Porto on the 2<sup>nd</sup> of May 1992 and was adjusted by the Protocol signed in Brussels on the 17<sup>th</sup> of May 1993, as amended.

**EU Regulation:** means the EU Legislative Act titled "Regulation (EU) No. 2015/847" of the EU Parliament and of the EU Council, of 20<sup>th</sup> May 2015, regarding the information accompanying transfers of funds and repealing Regulation (EC) No 1781/2006".

**FATF:** means the Financial Action Task Force. The FATF is an inter-governmental body whose purpose is the development and promotion of national and international policies to combat money laundering and terrorist financing. The FATF is therefore a "policy-making body" created in 1989 that works to generate the necessary political will to bring about legislative and regulatory reforms in these areas. The FATF monitors members' progress in implementing necessary measures, reviews money laundering and terrorist financing techniques and counter-measures, and promotes the adoption and implementation of appropriate measures globally. In performing these activities, the FATF collaborates with other international bodies involved in combating money laundering and the financing of terrorism.

**Laundering Offences (or money laundering offences as known internationally):** means the offences defined in Section 2 of the Law, as follows:

Every person who (a) knows or (b) at the material time ought to have known that any kind of property constitutes proceeds from the commission of a Predicate Offence as this is defined in Section 2 of the Law, carries out the following activities:

- (i) converts or transfers or removes such property, for the purpose of concealing or disguising its illicit origin or of assisting in any way any person who is involved in the commission of the Predicate Offence to carry out any of the above actions or acts in any other way in order to evade the legal consequences of his actions;
- (ii) conceals or disguises the true nature, the source, location, disposition, movement of and rights in relation to, property or ownership of this property;
- (iii) acquires, possesses or uses such property;
- (iv) participates in, associates, co-operates, conspires to commit, or attempts to commit and aids and abets and provides counselling or advice for the commission of any of the offences referred to above;
- (v) provides information in relation to investigations that are carried out for Laundering Offences for the purpose of enabling the person who acquired a benefit from the commission of a Predicate Offence to retain the proceeds or the control of the proceeds from the commission of the said offence;
- (vi) commits an offence punishable by fourteen years' imprisonment or by a pecuniary penalty of up to Euro 500,000 or by both of these penalties in the case of (a) above,

and by five years' imprisonment or by a pecuniary penalty of up to Euro 50,000 or by both in the case of (b) above.

**Manual:** means this manual, i.e., the Company's Prevention of Money Laundering & Terrorist Financing Manual for the identification and on-going monitoring of risks and their management, including on-boarding procedures Manual, according to the Directive and approved by the Company's Board.

**MOKAS:** means the Unit for Combating Money Laundering, Office of the Attorney General of the Republic, 27 Katsoni Street, CY-1082 Nicosia / Tel.: 22 446 004 / 22 446 018/ Fax: 22 317 063/Email: mokas@mokas.law.gov.cy

**Occasional Transaction:** means any transaction carried out by the Client with the assistance of the Company, other than in the course of an established business relationship amounting to Euro 15,000 or more, whether the transaction is carried out in a single operation or several operations which appear to be linked.

**Politically Exposed Persons or PEPs:** means, whether domestic or international, a natural person who has or has been entrusted with prominent public function in the Republic or another country, an immediate family member of such natural person, or persons known to be close associates of such persons. It is provided that, for the purposes of Section 2 of the AML Law, "prominent public function" means any of the below public functions:

- a. head of a State, head of a government, minister and deputy or assistant ministers,
  - b. member of parliament or similar legal body,
  - c. board member of a political party,
  - d. member 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,
  - e. member of court of auditors or of the board of a central bank,
  - f. ambassador, chargés d'affaires and high-ranking officer in the armed forces,
  - g. member of the administrative, management or supervisory body of State-owned enterprises.
  - h. director, deputy director and member of a board or person that holds an equivalent position in an international organisation,
  - i. mayor.
- It is further provided that; the aforementioned public functions do not include a person holding an intermediate or low position of the bureaucratic hierarchy.
  - It is further provided that, "**immediate family member**" of a person who has or has been entrusted with prominent public function in the Republic or another country includes the following persons:

- his or her spouse or a person treated as a spouse;
- his or her child and a spouse of his or her child or a person treated a spouse of his or her child;
- his or her parent.
- It is further provided that, a “**person known to be close associate**” of a person who has or has been entrusted with prominent public function in the Republic or another country means a natural person that:
  - is known to have joint beneficial ownership of a legal entity or legal arrangement or is associated via a close business relationship with such a person;
  - is the sole beneficial owner of a legal entity or legal arrangement which is known to have been set up for a de facto benefit of such a person.

**Predicate Offence:** means the offences referred to in Section 5 of the AML Law, as follows:

- All illegal activities punishable with imprisonment exceeding one year, as a result of which proceeds have been derived which may constitute the subject of a money laundering offence.
- Financing of Terrorism offences as these are specified in Article 4 of the Financing of Terrorism (Ratification and other provisions) Laws of 2001 and 2005, as well as the collection of funds for the financing of persons or organisations associated with terrorism.
- Drug Trafficking offences, as these are specified in section 2 of the Law.

**Prescribed Offences:** means offences referred to, in Section 2 and Section 5 of the AML Law, namely: Laundering Offences and Predicate Offences.

**Republic:** means the Republic of Cyprus.

**Settlor:** means a person who transfers or in any other way provides, property to a trust.

**Shell Bank:** means a credit institution or an institution engaged in equivalent activities, which does not have a physical presence in any country.

**Subsidiary:** means a subsidiary company as defined in articles 2 and 148 of the Company Law, as well as having the meaning attributed to the term “subsidiary undertaking” by Articles 1 and 2 of Directive 83/349/EEC of the Council of 13<sup>th</sup> June 1983 based on Article 54 paragraph 3 point (f) of the treaty for consolidated accounts, and includes every subsidiary of a subsidiary undertaking of an ultimate parent undertaking.

**Terrorist Financing Offences:** means the offences defined in section 4 of the International Convention for Combating Terrorist Financing (Ratification and other provisions) Law No. 18(III/2005) as in force and/or as this may be amended from time to time or replaced.

**Treaties of the European Union:** are a set of international treaties between the European



Union (**EU**) member states which sets out the EU's constitutional basis. They establish the various EU institutions together with their remit, procedures and objectives. The EU can only act within the competences granted to it through these treaties and amendment to the treaties requires the agreement and ratification (according to their national procedures) of every single signatory.

## **2. INTRODUCTION**

The purpose of the Manual is to lay down Seasif Holding Limited's internal practice, measures, procedures and controls relevant to the prevention of Money Laundering and Terrorist Financing in accordance with all applicable laws. The Manual is developed and periodically updated by the AMLCO based on the general principles set up by the Company's Board in relation to the prevention of money laundering and terrorist financing. All amendments and/or changes of this Manual are subject to Board approval.

This Manual and any approved amendments and/or changes are communicated by the AMLCO to all the officers 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 herein. All said officers are aware of their own statutory obligations in this regard thus, each officer receives a copy of this Manual and signs that he/she has read and understood its contents and understands the responsibilities and procedures outlined in it. In addition to that, each officer follows any corrective measures the AMLCO or the Company's Board may suggest during on-site visits or other forms of evaluation or procedures and controls to prevent money laundering and terrorist financing.

Seasif Holding Limited is established to provide amongst other the following services:

1. Operations in fuels industry as logistics, management consultancy and supervision of storages and shipping activities.
2. Acts also as gold intermediary/trader. It invests and also acts as an agent.
3. Develops and supervises the business, the compliance and/or due diligence, the marketing and the investments of its subsidiaries.

### **2.1 Employee Liabilities**

Company employees and officials may be subject to, and personally liable if they assist in, are aware of, or suspect or have reasonable grounds to suspect a customer's illegal conduct. In summary the following applies:

**Assistance** - It is an offence to assist anyone whom you know or suspect to be laundering money generated by any serious crime. Providing assistance is punishable by either a fine and/or imprisonment.

**Tipping-off** - It is an offence for anyone to inform a person or third party where a suspicion has been reported or that an investigation of that person may be, or is being, carried out by the authorities. Tipping off is punishable by imprisonment.



**Reporting** - It is an offence for anyone who knows or suspects that a transaction is related to money laundering and does not report it. Negligence to report a suspicion is a punishable offence either by fine and/or imprisonment.

## **2.2 Money Laundering**

Money laundering involves taking criminal proceeds and disguising their illegal sources in order to use the funds to perform legal or illegal activities. Simply put, money laundering is the process of making dirty money look clean.

When such an activity generates substantial profits, the individual or group involved must find a way to use the funds without drawing attention to the underlying activity or persons involved in generating such profits. They achieve this goal by disguising the source of funds, changing the form or moving the money to a place where it is less likely to attract attention.

The United Nations 2000 Convention Against Transnational Organized Crime, also known as the "**Palermo Convention**," defines money laundering as:

- The conversion or transfer of property, knowing it is derived from an illegal activity, for the purpose of concealing or disguising its illicit origin or of assisting any person who is involved in the commission of the crime to evade the legal consequences of his or her actions.
- The concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property knowing that it is derived from an illegal activity.
- The acquisition, possession or use of property, knowing at the time of its receipt that it was derived from an illegal activity or from participation in a crime.

An important prerequisite in the definition of money laundering is "knowledge".

In fact, FATF's 40 Recommendations on Money Laundering and Terrorist Financing and the 4th European Union Directive on the Prevention of the Use of the Financial System for the Purpose of Money Laundering and Terrorist Financing (2015) state that the intent and knowledge required to prove the offense of money laundering includes the concept that such a mental state may be inferred from "objective factual circumstances".

In February, 2012 FATF modified its initial list of recommendations and notes into a new list of 40 recommendations, which include a new recommendation addressing ways to prevent, suppress and disrupt the proliferation of weapons of mass destruction.

Money laundering is a process by which there is an attempt to conceal the true origin and ownership of the proceeds of illegal activities. If successful, money can lose its illegal identity and appear legitimate.

Illegal property may take any form, including money, securities, tangible property and intangible property. Illegal proceeds can be generated for example through drug trafficking, illegal arms sales, smuggling, insider trading, embezzlement, bribery and internet fraud

schemes and any offence punishable in the Republic by a term imprisonment exceeding one (1) year.

Business organisations and individuals need to be alert to the risk of Clients', their counterparties' and others' laundering money in any of its possible forms as money laundering is not only about cash transactions which can be achieved through virtually every medium and financial institution or business. The Company or its Client does not have to be a party to money laundering for a reporting obligation to arise.

According to the definition of Money Laundering provided in Section 4(1) of the AML Law, any person who:

- knows (subjective factor); or
- ought to have known (objective factor);

that any kind of property constitutes proceeds from the commission of a Predicate Offence and carries out any of the following activities:

- (i) converts, transfers or removes such property, for the purpose of concealing or disguising its illicit origin or assists in any way any person who is involved in the commission of the Predicate Offence to carry out any of the above actions or acts in any other way in order to evade the legal consequences of his/her actions; and/or
- (ii) conceals or disguises the true nature, source, location, disposition, movement of and rights in relation to, property or ownership of this property; and/or
- (iii) acquires, possesses or uses such property; and/or
- (iv) participates in, associates, co-operates, conspires to commit, or attempts to commit and aids and abets and provides counselling or advice for the commission of any of the offences referred to above (aiding and abetting); and/or
- (v) provides information in relation to investigations that are carried out for laundering offences for the purpose of enabling the person who acquired a benefit from the commission of a Predicate Offence to retain the proceeds or the control of the proceeds from the commission of the said offence (tipping off);

Further to the above, for the purposes of Section 4(1) of the AML Law, Section 4(2) of the AML Law stipulates that:

- (a) it does not matter whether the Predicate Offence is subject to the jurisdiction of the Cyprus courts or not;
- (b) Laundering Offences may be committed by the offenders of a Predicate Offence as well;

- (c) the knowledge, intention or purpose which are required as elements of the offences referred to in Section 4(1) of the AML Law may be inferred from objective and factual circumstances;
- (d) prior or simultaneous conviction for a Predicate Offence from which income was originated, is not required;
- (e) proof of identification of the individual that committed the Predicate Offence from which income was originated, is not required.

Any person who while it knows (subjective factor) that any kind of property constitutes proceeds from the commission of a Predicate Offence, carries out any of the activities specified in this section of the Manual, may be punished with a maximum imprisonment term of fourteen (14) years and/or a fine of up to Euro 500,000. Any person who while it ought to have known (objective factor) that any kind of property constitutes proceeds from the commission of a Predicate Offence may be punished with a maximum imprisonment term of five (5) years and/or a fine of up to Euro 50,000.

### **2.2.1 Stages of Money Laundering**

- There is no specific method of laundering money. Despite the variety of methods employed, the laundering process is accomplished in three basic stages which may comprise transactions by the launderers that could alert a financial institution to illegal activity:
  - placement
  - layering
  - integration
- The three basic steps may occur as separate and distinct phases or may occur simultaneously or, more commonly, they may overlap. How the basic steps are used depends on the available laundering mechanisms and requirements of the illegal organisations.
- Certain points of vulnerability have been identified in the laundering process which the money launderer finds difficult to avoid and where his activities are, therefore, more susceptible to being recognised, specifically:
  - entry of cash into the financial system
  - cross-border flows of cash
  - transfers within and from the financial system.

## 2.2.2 Stages of the Process

### A. Placement

Placement is the process where cash or cash equivalents derived from illegal activity is infused into the financial system. When criminals are in physical possession of cash that can directly link them to predicate illegal conduct, they are at their most vulnerable. Such persons need to place the cash into the financial system, usually through the use of bank accounts, in order to commence the laundering process.

This is the first stage in the washing cycle. Money laundering is a "cash-intensive" business, generating vast amounts of cash from illegal activities (for example, street dealing of drugs where payment takes the form of cash in small denominations). The monies are placed into the financial system or retail economy or are smuggled out of the country. The aims of the launderers are to remove the cash from the location of acquisition so as to avoid detection from the authorities and to then transform it into other asset forms; for example: travellers' cheques, postal orders, etc.

Some placement methods are:

**Disguised deposits:** Launderers often divide large amounts of cash into a number of small transaction amounts, for example of less than Euro 10,000 by, for instance:

- making several deposits into a single or multiple account on successive days
- making deposits into a number of accounts (often opened by using false identities) at different branches of the same bank.
- using different banks and then consolidating the accounts.
- depositing cash into accounts of third parties such as lawyers, real estate agents, brokers and security firms.
- depositing cash with the assistance of corrupt bank staff who themselves manipulate the deposits to make them appear as if they are below the reporting threshold.

**Use of monetary instruments:** Launderers purchase monetary instruments, such as money orders, postal orders and travellers' cheques. In this way they convert cash into financial instruments for relatively small amounts, which are easily transportable, and then deposit them elsewhere.

**Inter-mingling:** Money launderers often attempt to conceal the origin of illegally derived cash by mixing it with legitimately generated cash. They do so by using services of lawful business enterprises. A cheaper but riskier alternative is to establish what is known as a "front company". This is a company that is incorporated on paper, but that does not own any physical assets and does not trade. The launderer opens an account in the name of the front company and deposits illegally derived cash into it, representing the money as the profits of the front company.

**Assets purchases:** Launderers may also use the cash proceeds from their illegal activities to buy assets like real estate, gold and precious metals, art, motor cars and antiques. These items may then be sold and converted back into cash.

**Use of casinos:** The extensive use of casinos both to place and integrate dirty money has emerged in recent years.

## **B. Layering**

Layering usually involves a complex system of transactions designed to hide the source and ownership of the funds. Once cash has been successfully placed into the financial system, launderers can engage in an infinite number of complex transactions and transfers designed to disguise the audit trail and thus the source of the property and provide anonymity. One of the primary objectives of the layering stage is to confuse any illegal investigation and place as much distance as possible between the source of the ill-gotten gains and their present status and appearance.

Typically, layers are created by moving monies in and out of offshore bank accounts of bearer share shell companies through electronic funds' transfers (**EFTs**). The fact that there are over 500,000 wire transfers - representing in excess US\$ 1 trillion - electronically circling the globe daily, most of which are legitimate, and there is not enough information disclosed on any single wire transfer to know how clean or dirty the money is, provides an excellent way for launderers to move their dirty money. Other forms used by launderers are complex dealings with stock, commodity and futures brokers. Given the sheer volume of daily transactions, and the high degree of anonymity available, the chances of transactions being traced are insignificant.

A number of different types of transactions may be used at this stage of the laundering process, known as layering, aiming to disguise the proceeds of crime. The main methods of layering are:

**Electronic (wire) transfers:** Dirty money, once placed in the system, is often transferred by electronic transfers (wire transfers) between accounts or between banks, whether domestic or offshore. Launderers might accumulate a number of small deposits to an account(s) and use a domestic electronic fund transfer to consolidate such accounts, followed by an international electronic fund transfer to move the monies offshore.

This type of electronic money transfer can be carried out quickly and over vast distances, involving a number of offshore jurisdictions. Funds moved in this fashion, often in purported payment for goods sold or services rendered (that do not exist in reality), on a number of occasions, ultimately become practically untraceable.

**Monetary instruments:** Once placed in the banking system, dirty money can be used to buy cashier cheques, drafts, travellers' cheques, letters of credit etc. These instruments may then be transported and transferred, either domestically or, more usually, offshore. Funds are first placed in the financial system onshore and are then moved offshore where the layering takes place. Once offshore the funds are often transferred between accounts held by front companies incorporated in offshore centres, where confidentiality provisions allow corporate service providers to act as nominees and/or for bearer shares to be issued in order to maintain anonymity in the outside world.

### **C. Integration**

Integration is the stage at which laundered funds are reintroduced into the legitimate economy, appearing to have originated from a legitimate source. Integration is the final stage of the process, whereby illegally derived property that has been placed and layered is returned (integrated) to 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. By this stage, it is exceedingly difficult to distinguish legal and illegal wealth.

Methods popular to money launderers at this stage of the game are:

**Loan arrangements:** The establishment of anonymous companies in countries where the right to secrecy is guaranteed. They are then able to grant themselves loans out of the laundered money in the course of a future legal transaction. Furthermore, to increase their profits, they will also claim tax relief on the loan repayments and charge themselves interest on the loan.

**Sham transactions:** Sending of false export-import invoices overvaluing goods allows the launderer to move money from one company and country to another with the invoices serving to verify the origin of the monies placed with financial institutions.

**Inheritance:** Funds held in one jurisdiction on behalf of the launderer may be transferred to another jurisdiction and be purported to represent a gift or inheritance.

**Redemption of life policy or similar investment:** This method involves the launderer in placing funds with an insurance company and sometime later encashing the property (or borrowing against it) so that a cheque from the insurance company has the appearance of emanating from a legitimate source.

#### **2.2.3 Money Laundering Methods**

The Money Laundering methods are numerous. The most common are the following:

- **Structuring ("smurfing"):** Smurfing is possibly the most commonly used money laundering method. It involves many individuals who deposit cash into bank accounts or buy bank drafts in amounts under Euro 10,000 to avoid the reporting threshold.
- **Money Services and Currency Exchanges:** Money services and currency exchanges provide a service that enables individuals to exchange foreign currency that can then be transported out of the country. Money can also be wired to accounts in other countries.
- **Asset Purchases with Bulk Cash:** Money launderers may purchase high value items such as cars, boats or luxury items such as jewellery and electronics. Money launderers will use these items but will distance themselves by having them registered or purchased in an associate's name.
- **Electronic Funds Transfer:** Also referred to as a telegraphic transfer or a wire transfer, this money laundering method consists of sending funds electronically from one city or country to another to avoid the need to physically transport the currency.



- **Postal Money Orders:** The purchase of money orders for cash allows money launderers to send these financial instruments out of the country and deposit into a foreign or offshore account.
- **Credit Cards:** Overpaying credit cards and keeping a high credit balance gives money launderers access to these funds to purchase high value items or to convert the credit balance into cheques.
- **Casinos:** Cash may be taken to a casino to purchase chips which can then be redeemed for a casino cheque.
- **Refining:** This money laundering method involves an exchange of small denomination bills for larger ones and can be carried out by an individual who converts such bills at a number of different banks in order not to raise suspicion. This serves to decrease the bulk of large quantities of cash.
- **Legitimate Business / Co-mingling of Funds:** Illegal groups or individuals may take over or invest in businesses that customarily handle a high cash transaction volume in order to mix the illicit proceeds with those of the legitimate business. They may also purchase businesses that commonly receive cash payments, including restaurants, bars, night clubs, hotels, currency exchange shops, and vending machine companies. They will then insert illegal funds as false revenue mixed with income that would not otherwise be sufficient to sustain a legitimate business.
- **Value Tampering:** Money launderers may look for property owners who agree to sell their property, on paper, at a price below its actual value and then accept the difference of the purchase price "under the table". In this way, the launderer can, for example, purchase a US\$ 2 million property for US\$ 1 million, while secretly passing the balance to the seller. After holding the property for a period of time, the launderer then sells it for its true value of US\$ 2 million.
- **Loan Back:** Using this method, it is provided to an associate with a sum of illegitimate money and the associate creates a paperwork for a loan or mortgage back to the illegal for the same amount, including all of the necessary documentation. This creates an illusion that the funds are legitimate. The scheme's legitimacy is further reinforced through regularly scheduled loan payments and providing another means to transfer money.

### 2.3 Terrorist Financing

Terrorist Financing means provision or raising of funds by any means, directly or indirectly, with the intent to use them or knowing that they are going to be used in whole or in part, to carry out an offense in the sense attributed to that term in Section 4 of the International Convention for the Suppression of Terrorism (Ratification and other Provisions) Law.

In relation to money laundering, the proceeds have as a source, by definition, predicate offences. In relation to Terrorist Financing Offences, the money collected for terrorist financing, may come from completely legitimate sources. Therefore, illegality in relation to money laundering is due to the sources of the money used, whereas illegality in relation to terrorist financing is due to the purpose the money collected is used.



Legal funds raising methods used by terrorist groups include:

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

Funds obtained from illegal sources are laundered by terrorist groups with the same methods used by illegal groups. These include:

- i. cash smuggling by couriers or bulk cash shipments,
- ii. structured deposits to or withdrawals from bank accounts,
- iii. purchases of financial instruments,
- iv. wire transfers by using "straw men",
- v. false identities,
- vi. front and shell companies, and
- vii. nominees from among their close family members, friends and associates.

### **3. THE RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

The Directors of Seasif Holding Limited are individuals of suitable professional experience, ethos and integrity, who have accepted responsibility for setting and achieving Company's strategic targets and goals. The Board is responsible for overseeing the operations of the Company and that these are within Company's strategic objectives and risk tolerance. The responsibilities of the Board in relation to the prevention of Money Laundering and Terrorist Financing include the following:

- (a) designating one member of the Board as the responsible person for the implementation of the legal framework related to the prevention and suppression of money laundering and terrorist financing in accordance with paragraph 5A of the Directive;
- (b) appointing temporarily an Alternate AMLCO, when the AMLCO is absent;
- (c) determining, recording and approving the general policy principles of the Company in relation to the prevention of Money Laundering and Terrorist Financing and communicate them to the AMLCO;
- (d) appointing a senior official that possesses skills, who acts as the AMLCO and, where is necessary, assistant AMLCOs and determining their duties and responsibilities, which are set forth in this Manual;
- (e) approving this Manual and any subsequent amendments hereto;
- (f) ensuring that all requirements of the Law and of the Directive are applied by the Company, and assuring that appropriate, effective and sufficient systems and controls are introduced for achieving the abovementioned requirements;
- (g) ensuring that the AMLCO and/or the alternate AMLCO and/or his assistants, if any, and any other persons who have 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 Clients' 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, as included below herein;
- (h) ensuring that all employees are aware of the identity of a person who has been assigned the duties of the AMLCO, as well as his assistants (if any), to whom they report, any information concerning transactions and activities for which they have knowledge or suspicion that they might be related to Money Laundering and Terrorist Financing;
- (i) establishing a clear and quick reporting chain based on which information regarding suspicious transactions is passed without delay to the AMLCO, either directly or through his assistants, if any, and notified accordingly to the AMLCO for its explicit prescription in the Manual;

- (j) ensuring that the AMLCO or the alternate AMLCO and/or his assistants and the Head of Department of the Subsidiary has sufficient resources, including competent staff and technological equipment, for the effective discharge of their duties;
- (k) implementing adequate and appropriate systems and processes to detect, prevent and deter money laundering arising from serious tax offences; and
- (l) ensuring that the Company's officials do not knowingly aid or abet Clients in committing tax offences.

The Board of Directors meets at least once a year to determine, record and approve the general policy principles of the Company in relation to the prevention of Money Laundering and Terrorist Financing and communicates them to the AMLCO.

All members of the Board of Directors dedicate sufficient time to perform their functions in the Company. Each member of the Board of Directors acts with honesty, integrity and independence of mind to effectively assess and challenge the decisions of the Senior Management where necessary and to effectively oversee and monitor the decision-making of the management.

The Board further is entrusted, in general, with the following duties:

- ensuring that the Company complies with its obligations under the Law;
- assessment and periodic review of the effectiveness of the policies, arrangements and procedures put in place to comply with the obligations under the Law, and taking appropriate measures to address any deficiencies;
- approval and periodic review of strategies and policies for managing, monitoring and mitigating the risks that the Company is facing or might be exposed to, taking into account the business environment in which the Company operates;
- ensuring that adequate resources are allocated in order to manage all material risks;
- supervision and implementation of corporate governance arrangements that ensure effective and prudent management, as well as addressing issues which include but are not limited to the segregation of duties and prevention of conflicts of interest;
- approval and supervision of the implementation of strategic objectives, risk and internal governance which includes, inter alia, responsibility for monitoring internal control mechanisms of the Company to enable prevention of activities outside the scope and strategy of the Company and prevention of any unlawful transactions, identification of risks, and ensuring timely and adequate flow of information;
- ensuring integrity of accounting and financial reporting systems, including financial and operational controls;
- supervision of the process of disclosure and communications between the Company and Clients and between the Company and external parties (external audit and other providers of outsourced services and regulatory bodies);

- providing effective oversight management;
- assessment of decisions of the senior management and effective monitoring of the management decision making; and
- selecting service providers for outsourced services (IT, external audit, bookkeeping, etc.).

### 3.1 Duties of the AML Director

In accordance with Article 58D of the AML Law, Seasif Holding Limited designates a member of the board of directors (the “**AML Director**”), who is responsible for the implementation of the provisions of the AML Law and of the directives and/or regulations issued pursuant thereto including any relevant acts of the European Union.

Pursuant to Article 5A of the AML Directive, the AML Director may either be an executive or a non executive member.

The AML Director may perform additional duties, where appropriate, taking into account the nature and size of the activities of the Company. To this end, the Company may decide from time to time to assign both the role of the AML Director and the AMLCO to the same person, provided that the performance of multiple functions by the same person:

- is justified by the nature, size and complexity of the business of the Company at a given time; and
- does not and is not likely to prevent this person from discharging any particular functions soundly, honestly and professionally.

The AML Director is responsible for the following:

- a) determining, recording and approving the general policy principles of the Company in relation to the prevention of Money Laundering and Terrorist Financing and communicating them to the AMLCO (if AMLCO’s role is performed by a different person);
- b) ensuring that all requirements of the Law, especially Article’s 58 and of the Directive are applied by the Company, and assuring that appropriate, effective and sufficient systems and controls are introduced for achieving the abovementioned requirements;
- c) ensuring that the AMLCO (if AMLCO’s role is performed by a different person) and/or the alternate AMLCO and/or his assistants, if any, and any other persons who have 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 Clients’ 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;

- d) ensuring that all employees are aware of the identity of a person who has been assigned the duties of the AMLCO, as well as his assistants (if any), to whom they report, any information concerning transactions and activities for which they have knowledge or suspicion that they might be related to Money Laundering and Terrorist Financing;
- e) implementing adequate and appropriate systems and processes to detect, prevent and deter money laundering arising from serious tax offences;
- f) ensuring that the Company's officials do not knowingly aid or abet Clients in committing tax offences;
- g) ensuring that the AMLCO (if AMLCO's role is performed by a different person) is replaced by a suitable person with the required experience and knowledge during temporary absence.

### **3.2 DUTIES OF THE ANTI-MONEY LAUNDERING AND COMPLIANCE OFFICER**

The AMLCO is appointed by the Board of Directors and belongs hierarchically to the higher ranks of the Company's management and organisational structure so as to command the necessary authority. Furthermore, the AMLCO leads the Company's Money Laundering Compliance procedures and processes and report to the Board. The AMLCO has the resources, expertise as well as access to all relevant information necessary to perform his duties adequately and efficiently.

Where it is deemed necessary, due to the volume and/or the geographic spread of the services/activities, assistants of the AMLCO are appointed, by geographical areas or otherwise for the purpose of assisting the AMLCO and passing internal suspicion reports to him.

The AMLCO is independent and has the necessary authority, resources, expertise and access to all relevant information.

In performing his role, the AMLCO takes into account the nature, scale and complexity of the Company's business, and the nature and range of Services and activities undertaken in the course of that business.

The duties of the AMLCO includes, inter alia, the following:

- (a) designing, based on the general policy principles of the internal practices of Seasif Holding Limited, measures, procedures and controls relevant to the prevention of Money Laundering and Terrorist Financing, and describing and explicitly allocating tasks and responsibilities between all departments involved in the abovementioned;
- (b) preparation of this Manual. The Manual shall include, inter alia, information referred to in paragraphs 5(a), 5(g), 7, 9(1) and Parts IV, V, VI and VII of the Regulatory Authorities AML Directive DI144-2007-08 of 2012, Directive DI144-2007-08(A) of 2016 and Directive DI144-2007-08(B) of 2016; and reviewing and updating the Manual as

may be required from time to time, where such updates are communicated to the Board for its approval;

- (c) monitoring and assessing the correct and effective implementation of the practices, measures, procedures and controls mentioned under point (a) above and in general the implementation of the Manual. In this respect, the AMLCO applies appropriate monitoring mechanisms (e.g. on-site visits to different departments of the Company) which will provide him with all the necessary information for assessing the level of compliance of the departments and employees of the Company with the procedures and controls which are in force. In the event that the AMLCO identifies shortcomings and/or weaknesses in the application of the required practices, measures, procedures and controls, the AMLCO shall give appropriate guidance for corrective measures and where he deems necessary, he shall inform the Board;
- (d) receiving information from the Company's employees which is considered to be knowledge or suspicion of money laundering or terrorist financing activities or might be related with such activities. Such information is received in a form of a written report (hereinafter the "**Internal Suspicion Report**");
- (e) evaluation and examination of information received as per point (d) above, with the informer's superiors. The evaluation of the information of point (d) above is done in a form of a written report (hereinafter the "**Internal Evaluation Report**");
- (f) if following the evaluation described in point (e) above, the AMLCO decides to notify MOKAS, then he completes a report (Suspicious Transactions Report/Suspicious Activities Report ("**STR/SAR**") via an online-application of the UNIT and submit it through the goAML Professional Edition (**PE**) system (<https://reports.mokas.law.gov.cy/live/home>) the soonest possible, assuming that the Company has already registered with the relevant reporting system of the Unit. Seasif Holding Limited will introduce a system that allows the production of such report in hard copy at any time;

MOKAS will no longer provide interim or closing feedback on each STR/SAR submitted. The feedback policy of MOKAS is as follows:

- Each electronically submitted STR/SAR will receive automatic acknowledgement of receipt, along with a corresponding reference number.
- As soon as an investigator is assigned to the STR/SAR by MOKAS, the Company is informed accordingly.
- In exceptional cases and when deemed necessary by MOKAS or if requested by the Company, feedback on specific cases, interim and/or final, will be provided.
- If administrative orders for postponement of transactions or for the monitoring of bank accounts is considered necessary, the Company will be informed accordingly.
- Periodically, MOKAS will issue and distribute to the Company a report which will consist of sanitized cases, trends, indicators and statistics.



- Further to the above, the AMLCO is responsible for monitoring this procedure and take appropriate actions.
- (g) if following the evaluation described in point (e) above, the AMLCO decides not to notify MOKAS then he fully explains the reasons for such a decision on the AMLCO's Internal Compliance Monitoring Program;
- (h) acting as a first point of contact with MOKAS, upon commencement of and during an investigation as a result of filing a report with MOKAS according to point (f) above;
- (i) ensuring the preparation and maintenance of the list of Clients categorised following a risk-based approach, which contains, among others, the names of Clients, their numbers and the dates of the commencement of the business relationships. Moreover, the AMLCO ensures the updating of the said list with all new or existing Clients, in light of any additional information obtained;
- (j) detecting, recording, and evaluating, at least on an annual basis, all risks connected to existing and new Clients, new financial instruments and/or services and updating and amending the systems and procedures applied by Seasif Holding Limited for the effective management of the aforesaid risks;
- (k) evaluating systems and procedures applied by a third person on whom the Company may rely for Client identification and due diligence purposes, and verifying that the third person on whom the Company intends to rely on with respect to the implementation of the identification procedures and customer due diligence measures, such as these are defined in paragraphs (a), (b) and (c) of subsection (1) of Article 61 of the AML Law, is a "responsible entity" as defined in Article 2A of the AML Law; giving his written approval for a cooperation with such third person;
- (l) ensuring that the branches and subsidiaries of Seasif Holding Limited, if any, that operate in countries outside the EEA, have taken all necessary measures for achieving full compliance with the provisions of this Manual, in relation to Client identification, due diligence and record keeping procedures;
- (m) providing advice and guidance to the employees of Seasif Holding Limited on subjects related to Money Laundering and Terrorist Financing;
- (n) acquiring knowledge and skills required for the improvement of the appropriate procedures for recognising, preventing and obstructing any transactions and activities that are suspected to be associated with Money Laundering or Terrorist Financing;
- (o) determining whether the Company's departments and employees need further training and education for the purpose of preventing Money Laundering and Terrorist Financing and organising appropriate training sessions/seminars;
- (p) responding to all requests and queries from the MOKAS and the Regulatory Authorities, providing all requested information and fully cooperating with the MOKAS and the Regulatory Authorities;



- (q) maintaining a registry which includes all reports evidencing the accomplishment of AMLCO duties;
- (r) maintaining records of third-party information, on which the Company is relying with respect to the execution of the procedures for the identification and due diligence measures in respect of its clients in accordance with Article 67 of the AML Law, as defines in paragraph 25 of the Regulatory Authorities AML Directive;
- (s) preparation and maintenance of the list of Clients included in the Panama Papers;
- (t) liaising with all relevant business and support areas within the Company;
- (u) monitoring and assessing the level of compliance risk that the Company faces, taking into account the services provided;
- (v) monitoring the adequacy and effectiveness of the measures and procedures of Seasif Holding Limited;
- (w) keeping records of training programs completed, registering the dates of the programs, participants and attendance records, as well as the contents and scope of the training programs;
- (x) ensuring that the executive directors or other hierarchically higher officers do not exercise inappropriate influence over the way in which a third parties and other employees carry out the provision of the Services;
- (y) developing, designing and re-designing appropriate procedures of Seasif Holding Limited, so as to prevent and resolve potential conflicts of interest, ensuring that all the procedures regarding the Company's conflict of interest policy are in place, as well as establishing and maintaining "Chinese walls" procedures between the various organizational units of the Company. Regular checks will be performed to ensure the latter;
- (z) deciding whether to allow or not a transaction of a Client, after being informed by members of the staff of a potential conflict of interest situation;
- (aa) disclosing to Clients or potential Clients the general nature and any potentially present conflicts of interest;
- (bb) with respect to the establishment of a branch and/or a fully owned Subsidiary of Seasif Holding Limited, the AMLCO ensures that:
  - The Company is fully and unconditionally responsible for the services provided by the employees of such Branch/Subsidiary of the Company.
  - The Branch/Subsidiary discloses to prospective Clients its capacity (i.e. being the Branch/Subsidiary of the Company). Such disclosure is undertaken prior to the commencement of the provision of services to Client.

- The Branch/Subsidiary provides, on behalf of the Company, only those services approved by the relevant supervisory authorities.
  - The Branch/Subsidiary prior to the publication and distribution to Clients or prospective Clients of any promotional material with respect to the services to be provided, provides this material to the Company for review and approval. The Company provides to the Branch/Subsidiary all relevant marketing literature and documentation relating to its services or products.
  - The Branch/Subsidiary:
    - undertakes the relevant AML Assessment(s),
    - maintains proper records of all transactions and any other necessary/relevant information/documentation.
  - The Branch/Subsidiary pays considerate attention to avoid instances that may create any conflicts of interest situations.
  - The Branch/Subsidiary maintains strict confidentiality in respect of the identity of the Client and of Client's requests and, generally, the nature of the Services provided to the Client, in accordance with the provisions of this Manual.
- (cc) ensuring that the process for the termination of Clients, including signing the Client termination notice, is followed;
- (dd) ensuring that all relevant information is included in the Company's outsourcing agreements; and
- (ee) ensuring that the performance of multiple functions by the Company's relevant persons does not and is not likely to prevent those persons from discharging any particular function soundly, honestly, and professionally.

The AMLCO, by minimum and inter alia, maintains the registers of:

- staff trainings;
- periodic operations' reviews;
- reports and recommendations submitted to the Company's Board;
- money laundering inquiries from the MOKAS; and
- money laundering reports and disclosures to the MOKAS.

### **3.4 Alternate AMLCO**

In case the AMLCO is absent, Seasif Holding Limited appoints one of the executive or non-executive directors as an alternative AMLCO, who replaces the AMLCO temporarily and

perform AMLCO's duties, as defined in the AML Directive, the AML Law and this Manual (the "**Alternate AMLCO**").

The Alternate AMLCO is appointed, provided that he or she fulfils the conditions of being appointed a compliance officer.

The Company may, as well, outsource the function of the Alternate AMLCO only if a natural person is appointed.

The Company communicates immediately to the Commission, the names, the positions, as well as, the contact details of the persons it appoints as Alternate AMLCOs.

### **3.5 Risk Based Approach**

Seasif Holding Limited applies appropriate measures and procedures, by adopting a risk-based approach, so as to focus its efforts on those areas where the risk of money laundering and terrorist financing appears to be comparatively higher.

Further, the AMLCO monitors and evaluates, on an on-going basis, the effectiveness of the relevant measures and procedures.

The adopted risk-based approach that is followed by Seasif Holding Limited, and described in the Manual, has the following general characteristics:

- (a) recognises that the money laundering or terrorist financing threat varies across Clients, countries, services and financial instruments;
- (b) allows the Board to differentiate between Clients of the Company in a way that matches the risk of their particular businesses;
- (c) allows the Board to apply its own approach in the formulation of policies, procedures and controls in response to the Company's particular circumstances and characteristics; and
- (d) helps to produce a more cost-effective system.

The risk-based approach adopted by the Company, and described in the Manual, involves specific measures and procedures in assessing the most cost effective and appropriate way to identify and manage money laundering and terrorist financing risks faced by the Company.

Such measures include:

- (a) identifying and assessing money laundering and terrorist financing risks relating to particular Clients or types of Clients, financial instruments, services, and geographical areas of operation of its Clients;
- (b) managing and mitigating the assessed 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 relating to the prevention of money laundering and terrorist

financing.

The application of appropriate measures and the nature and extent of the procedures on a risk-based approach depends on different factors.

Such factors include the following:

- (a) the scale and complexity of the services offered;
- (b) geographical spread of the services and Clients;
- (c) the nature (e.g. non face-to-face) and economic profile of Clients as well as of services offered;
- (d) the volume and size of transactions;
- (e) the degree of risk associated with each area of services;
- (f) the country of origin and destination of Clients' funds;
- (g) deviations from the anticipated value of transactions (a factor that is taken in mind when Company prepares and follows the monitoring program);
- (h) the nature of business transactions.

The AMLCO is responsible for the development and implementation of policies, procedures and controls on a risk-based approach.

### **3.6 Identification of Risks**

The risk-based approach adopted by Seasif Holding Limited involves the identification, recording and evaluation of the risks that have to be managed when providing Services.

The Company is, at all times, in a position to demonstrate to external counterparties that the extent of measures and control procedures it applies are proportionate to the risk it faces when providing Services, for the purpose of money laundering and terrorist financing.

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

- (a) Risks based on the Client's nature:
  - i. complexity of ownership structure of legal persons
  - ii. companies with bearer shares
  - iii. companies incorporated in offshore centres
  - iv. PEPs
  - v. Clients from high risk countries or countries known for high level of corruption or

organised crime or drug trafficking

vi. Clients engaged in transactions which involves significant amounts of cash

(b) Risks based on the Client's behaviour:

- i. Client's transactions where there is no apparent legal financial/commercial rationale
- ii. situations where the origin of wealth and/or source of funds cannot be easily verified
- iii. unwillingness of a Client to provide information on the Beneficial Owners of a legal person.

(c) Risks based on the Client's initial communication with the Company:

- i. non face-to-face Clients
- ii. Clients introduced or verified by a third person.

(d) Risks emanating from the type of services provided:

- i. services that allow payments to third persons/parties
- ii. large cash deposits or withdrawals
- iii. products or transactions which may favour anonymity.

### **3.7 Design and Implementation of Measures and Procedures to Manage and Mitigate the Risks**

Taking into consideration the assessed risks, Seasif Holding Limited determines the type and extent of measures it will adopt in order to manage and mitigate the identified risks in a cost-effective manner. These measures and procedures include:

- (a) adoption of a Client Due Diligence Procedure;
- (b) requiring the quality and extent of required 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;
- (d) ongoing monitoring of high-risk Clients' transactions and activities, as and when applicable.

In this respect, it is the duty of the AMLCO to develop and constantly monitor and adjust the Company's policies and procedures with respect to the Client Acceptance Policy and Client Due

Diligence and Identification Procedures of Sections 7 and 8 of the Manual, respectively, as well as via a random sampling exercise as regards existing Clients.

### **3.8 Dynamic Risk Management**

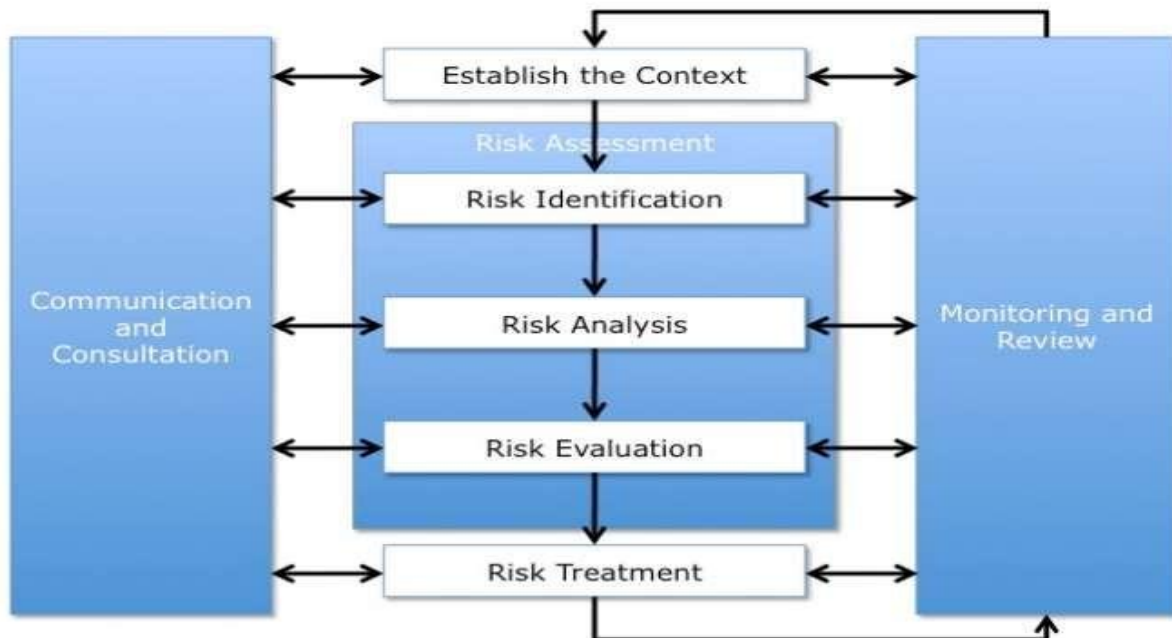
Risk management is a continuous process, carried out on a dynamic basis. Risk assessment is not an isolated event of a limited duration. Clients' activities change as well as the services provided by the Company change.

In this respect, it is the duty of the AMLCO to undertake regular reviews of the profile and transactions of existing Clients and services provided to them.

According to International Organization for Standardization ("**ISO**") risk is the chance of something happening that will have an impact on the firm's objectives.

Risk Management is the culture, processes and structures that are directed towards realizing potential opportunities whilst managing adverse effects. Risk management is a continual process that involves the following key steps:

- Communicate and consult
- Establish the context
- Identify risks
- Analyze risks
- Evaluate risks
- Treat risks
- Monitor and review



Although this process is conducted across the entire organization on an annual basis, risk management is not solely an annual process. It should be occurring at all times and in relation to all business activities. Therefore, everyone has a responsibility to continually apply this process when making business decisions and when conducting day-to-day management.

### **Communicate and Consult**

External stakeholders must be informed about the organization's risk management approach and the effectiveness of company's risk management approach. By assuring the stakeholders that the company uses appropriate risk management practices, will influence their perception about the company.

Stakeholder analysis is a way of determining who among stakeholders can have the most positive or negative influence on an effort, who is likely to be most affected by the effort, and how you should work with stakeholders with different levels of interest and influence.

The **first step** in Stakeholder Analysis is to identify who the stakeholders are.

The stakeholders of the Company currently dealing are:

1. Commercial Banks: These are the major stakeholders on the Company with about a great share of Company's transactions.



2. Central Banks: The key ones are the U.S. central bank, the European Central bank, the Bank of England and the Bank of Japan. Although their share in the total of transactions is small, they play an important role and significantly influence the evolution of all exchange rates.
3. Institutional Investors: They are mostly pension funds, huge funds or insurance companies. These financial institutions have important resources and their share in the total of transactions is growing fast.
4. Multinational Corporations: Company has counterparties all around the world that are dealing with the services offered by the Company and their relationship plays a great role in the good standing of the Company.
5. Individuals: More and more individuals are interested in the Services that the Company offers. Therefore, individual investors are the key stakeholders of a broker company.
6. Government: A government is the system by which a state or community is controlled. There are many important reasons to establish and maintain good working relationships with governmental authorities at different levels and to keep them informed of the project's activities and anticipated impacts. Local government can also partner with private companies in many respects, for example, in providing services, communicating information to the local population, or integrating local development plans with operational needs of the Company.
7. Employees: Local communities tend to be viewed as those "outside" the company gates. In reality, however, a good part of the Company's work-face may be part of these communities or reside among them. Whether implicitly or explicitly, employees communicate messages about the Company outside the world and help to create perceptions as well as pass along information.

The **second step** is to map out the stakeholders and classify them by their power over Seasif Holding Limited, by their interest in Seasif Holding Limited's work.



Low to high influence over the effort runs along a line from the bottom to the top of the grid, and low to high interest in the effort runs along a line from left to right. Both influence and interest can be either positive or negative, depending on the perspectives of the stakeholders in question. The lines describing them are continuous, meaning that people can have any degree of interest from none to as high as possible, including any of the points in between. The purpose of this kind of diagram is to help firms understand what kind of influence each stakeholder has on them and/or the process and potential success of the effort.

The last step is to understand the Company's main stakeholders since the Company needs to know how they are likely to react to a Company's project/development. The Company summarizes the understanding it has gained on the stakeholder map, so that it can easily see which stakeholders are expected to be blocked and which are likely to be advocates and supporters on a Company's development.

## **Establish the context**

### The external context

The company is in the position to understand the extent to which the external environment will impact its ability to achieve its objectives. It also involves understanding its strengths, weaknesses, opportunities and threats.

### The internal context

This is aimed at understanding organizational elements such as culture, structure, capabilities, goals, objectives and strategies and the way they interact.

### **Identify Risks**

This step involves the identification of risks. This is a key step, as the companies that are fully aware of the risks involved, have a better understanding of the risk, which assists when considering current controls and identifying further treatment actions.

**A risk that is not identified at this stage will not be included in further analysis.**

The risks facing the Company and its operations can result from factors both external and internal to the organization and will sometimes be a mixture of both. They can be categorized further into risk-types such as strategic, financial, operational, hazard etc. The figure below can aid risk identification discussions. It can serve as a starting point towards developing a consistent framework, based on which stakeholders from different areas within the organization shape the risk culture of the firm. Events such as a rise in interest rates, the introduction of new regulations, new or improved products, changing customer tastes and changes in weather patterns are all examples of external drivers of risk.

Risk drivers can also be internal to the organization, for example, issues of recruitment and retention, sickness absence rates amongst employees, failures of information and data storage, adequacy of financial controls, security of buildings, focus on research and development.



## Analyze Risks

This stage involves the identification of controls that are currently in place to manage the risk, as well as the assessment and the effectiveness of current controls. Also, this step involves the identification of the likelihood of the risk occurring and the identification of the potential consequence or impact that would result if the risk was to occur.

Probability impact matrix is one of the commonly used qualitative methods for risk assessment. The matrix gives a quick, clear view of the priority that a company needs to give to each risk. The company can then decide what resources will allocate to managing that particular risk.

Catastrophic	Low	Medium	High	High	V. High	Extreme
Critical	Low	Medium	Medium	High	High	V. High
Major	Low	Low	Medium	Medium	High	High
High	Low	Low	Low	Medium	Medium	High
Medium	Low	Low	Low	Low	Medium	Medium
Low	Low	Low	Low	Low	Low	Low
<b>Impact / Likelihood</b>	Rare	Unlikely	Occasional	Frequent	Likely	Almost certain

## Evaluate Risks

The purpose of risk evaluation is to assist in making decisions, based on the outcomes of risk analysis, about which risks need treatment and the priority for treatment implementation.

## Treat Risks

Risk treatment involves examining possible treatment options to determine the most appropriate action for managing a risk. Possible risk treatment options include:

- Avoid the risk: decide not to start or continue with the activity that gives rise to the risk
- Change the likelihood: undertake actions aimed at reducing the cause of the risk
- Change the consequence: undertake actions aimed at reducing the impact of the risk
- Share/transfer the risk: transfer ownership and liability to a third party
- Retain the risk: accept the impact of the risk

## Monitor and Review

This step is an integral part of the risk management process involving regular checking. In this step, the Company should ensure that controls are effective and efficient. The results of this step will be fed back into the context and other functions so that new risks can be identified, changes to existing risks discovered, and the execution status of the framework recorded for improvement.

### 3.9 Relevant International Organisations

For the development and implementation of appropriate measures and procedures on a risk based approach, and for the implementation of Client Identification and Due Diligence Procedures, the AMLCO consults data, information and reports (e.g. Clients from countries which inadequately apply Financial Action Task Force's ("**FATF**") country assessment reports) that are published by the following relevant international organisations:

- FATF - [www.fatf-gafi.org](http://www.fatf-gafi.org)
- The Council of Europe Select Committee of Experts on the Evaluation of Anti-Money Laundering Measures (hereinafter "**MONEYVAL**") - [www.coe.int/moneyval](http://www.coe.int/moneyval)
- The EU Common Foreign & Security Policy (**CFSP**)- [eeas.europa.eu/cfsp/](http://eeas.europa.eu/cfsp/)
- The UN Security Council Sanctions Committees - [www.un.org/sc/committees](http://www.un.org/sc/committees)
- The International Money Laundering Information Network (**IMOLIN**) - [www.imolin.org](http://www.imolin.org)
- The International Monetary Fund (**IMF**) – [www.imf.org](http://www.imf.org).
- The Joint Committee European Supervisory Authorities-<https://esasjoint-committee.europa.eu/>
- The Foreign Ministry on International sanctions of the UN Security Council and the restrictive measures by the Council of the European Union - [http://www.mfa.gov.cy/mfa/mfa2016.nsf/mfa35\\_en/mfa35\\_en?OpenDocument](http://www.mfa.gov.cy/mfa/mfa2016.nsf/mfa35_en/mfa35_en?OpenDocument)
- The EU Sanctions Map - <https://www.sanctionsmap.eu/#/main>.

#### **4. CLIENTS' ACCEPTANCE POLICY**

The Client Acceptance Policy (hereinafter referred to as the "**CAP**"), following the principles and guidelines described in this Manual, defines the criteria for accepting new Clients and defines Clients' categorisation criteria which are followed by the Company and especially by the employees which are involved in the Client acceptance process.

The General Principles of the CAP are the following:

- (a) Seasif Holding Limited classifies Clients into various risk categories and based on the risk perception decide on the acceptance criteria for each category of a Client;
- (b) where a Client is a prospective Client, such Client is only be accepted after due diligence and identification measures and procedures have been conducted, according to the principles and procedures set in this Manual;
- (c) all documents and data described in this Manual are collected before the establishment of a business relationship with a new Client;
- (d) by way of derogation from point (c) above and according to this Manual, the verification of the identity of a new Client may be completed during the establishment of the business relationship; in such exceptional cases the Client acceptance process will be divided into two stages namely, the (i) conditional acceptance; and (ii) acceptance,
- (e) every prospective Client is approved by the Management.

##### **4.1 Unconditional Acceptance**

For a new Client to be conditionally accepted, the Head of Department of the Subsidiary ensures that a Client file is opened and delivered to the AMLCO for review. Such file includes at least:

1. The original paper of the Terms of Business signed by the Client;
2. A copy of the Client Economic Profile Form signed by the Client;
3. An up-to-date chart of the Client's company structure, if applicable;
4. World-Check print and internet search prints including information supporting the economic profile created for the Beneficial Owner(s);
5. In case of a Trust - a copy of a trustee's declaration stating the names of present beneficiaries of the trust.

If the AMLCO decides that the business of a prospective Client is acceptable and the documentation provided is complete, then it may accept the Client, in accordance with this Manual.



## **4.2 Conditional Acceptance**

Any Client that is conditionally accepted, pending the receipt of missing documentation, is monitored for a follow up. There is a standard 60 days rule to ensure pending items have been received and the Company decides to terminate the business relationship with such conditionally accepted Client, if such rule is not met.

## **4.3 Criteria for Accepting New Clients (based on their respective risk)**

The subsequent sections describe the criteria for accepting new Clients based on their risk categorisation.

### **4.4 Low Risk Clients**

The Company accepts Clients who are categorised as low risk Clients, as long as the aforementioned general principles are followed. Moreover, the Company follows the Simplified Client Identification and Due Diligence Procedures for low risk Clients, according to this Manual.

### **4.5 Normal Risk Clients**

The Company accepts Clients who are categorised as normal risk Clients, as long as the aforementioned general principles of this Manual are followed.

### **4.6 High Risk Clients**

The Company accepts Clients who are categorised as high-risk Clients as long as the aforementioned general principles of this Manual are followed. Moreover, the Company applies the Enhanced Client Identification and Due Diligence measures for high risk Clients, according to this Manual, and the due diligence and identification procedures applicable to specific types of high-risk Clients mentioned as the Manual.

### **4.7 Not Acceptable Clients**

The following list predetermines the types of Clients who are not acceptable for establishing a business relationship or for an execution of an Occasional Transaction with the Company:

- Clients who fail or refuse to submit the documents and information required for the verification of their identity and/or the creation of their economic profile, without adequate justification;
- Shell Banks;
- Non-face to face Clients from a country subject to strict sanctions by the EU;
- Clients included in sanctions lists (i.e. EU, UN, OFAC, local lists);
- Clients convicted for a Prescribed Offence (and not served their sentence);
- Clients involved in manufacturing or distribution of arms and military equipment (excluding sporting guns);



- Clients from a political regime not recognized by the United Nations;
- Clients dealing with adult entertainment;
- Clients dealing with core investment services and/or Virtual Currency (e.g. Bitcoin) while not being regulated by EU countries or third equivalent countries.

#### **4.8 Client Categorisation Criteria**

This Section defines the criteria for the categorisation of Clients based on their risk. The AMLCO is responsible for categorising Clients in one of the following three (3) categories based on the criteria set forth below:

##### **4.8.1 Low-Risk Clients**

Seasif Holding Limited may apply simplified due diligence procedure to the following types of Clients, provided that there is a low-risk of or no suspicion for money laundering and terrorist financing:

- credit or financial institution covered by the EU Regulation;
- credit or financial institution carrying out one or more of the financial business activities as these are defined by the law and which is situated in a country outside the EEA, which:
  - in accordance with a decision of the advisory authority, imposes requirements equivalent to those laid down by the EU Regulation, and
  - it is under supervision for compliance with those requirements;
- listed companies whose securities are admitted to trading on a Regulated Market in a country of the EEA or in a third country which is subject to disclosure requirements consistent with EU legislation; and
- domestic public authorities of countries of the EEA.

Seasif Holding Limited may apply simplified due diligence also to those Clients that the Company classifies as low risk in accordance with Article 63 of the AML Law, provided that there is a low-risk of or no suspicion for money laundering and terrorist financing.

It is provided that, in cases mentioned above, Seasif Holding Limited has to gather sufficient information to confirm that the Client qualifies as a low-risk Client. In this respect, the AMLCO is responsible to gather the said information. The said information is duly documented and filed, according to the recording keeping procedures.

##### **4.8.2 Normal-Risk Clients**

The following types of Clients can be classified as normal-risk Clients with respect to the Money Laundering and Terrorist Financing:

- any Client who does not fall under the 'low-risk Clients' or 'high-risk Clients' categories.

Seasif Holding Limited's business model assumes that, as a rule, at least one Company's representative will directly meet prospective Clients to assist them in establishing a business relationship with the Company.

During a meeting with a prospective Client, a Company's representative obtains original identification documentation (passport and/or ID) from such Client and shall make and certify true copies thereof, once Client's identity is established.

Certified true originals of Clients' passports and IDs are stored in the Company's registered office in files created for such respective Clients.

Clients that are physically present for identification purposes can be classified as normal-risk Clients with respect to the Money Laundering and Terrorist Financing risk, unless any other risk mentioned in the section below arises.

#### **4.8.3 High Risk Clients**

The following types of Clients will be classified as high-risk Clients with respect to the Money Laundering and Terrorist Financing:

- clients who were not physically present for identification purposes (non-face-to-face Clients);
- Clients whose shares or shares of their parent companies (if any) have been issued in a bearer form;
- Trust(s);
- PEPs;
- Clients who are involved in electronic gambling/gaming activities through the Internet;
- Clients from countries which inadequately apply FATF's recommendations;
- Clients included in the leaked documents of Mossack Fonseca (Panama Papers);
- Clients convicted for a Prescribed Offence (and who have already served their sentence);
- Other Clients whose nature entail a higher risk of money laundering or terrorist financing;
- Other Clients determined by the Company itself to be classified as such.

#### **4.9 Further measures undertaken by the Head of Department of the Subsidiary and/or AMLCO, where deemed necessary**

##### **Measure 1: Seek Further Information**

Procedure: Seek further information from the Client or from third party sources to undertake one or more of the following:

- clarify or update Client information;
- clarify or update Beneficial Owner information;
- obtain further Client information or Beneficial Owner information;
- clarify or update information contained in the financial statement(s), including where appropriate, taking reasonable measures to identify the source of wealth and source of funds for the Client and each Beneficial Owner;
- clarify the nature of the Client's business.

### **Measure 2: More Detailed Analysis**

Procedure: Undertake more detailed analysis of Client's information and Beneficial Owner information,

Source of wealth is essentially means by which wealth was accumulated by the Client. Such information can be established when examining Client's:

- employment or former employment,
- business activities,
- family history,
- existing investments, savings and other assets,

The Management must be satisfied that the source of wealth is legitimate and that the level of wealth declared by the Client is consistent with Client's background.

Clients may be naturally reticent about their affairs and make general statements about their wealth which lack sufficient detail to satisfy the due diligence requirements. It is important to look beneath such statements and obtain sufficient documentary evidence to verify the source of wealth. Internet search could also prove a very powerful tool in establishing source of wealth with publicly available information such as:

- reports of audit firms or credit institutions or big financial networks like Bloomberg;
- public information on high-profile clients in the press;
- financial statements, marketing brochures and annual reports on businesses;
- independent searches made by companies providing due diligence consultancy services;
- references from banks where the Client is keeping his funds.

When seeking or examining available information regarding the source of wealth of a Client, the following are taken into account:

## Bank account

This is simply a location, not a true source of wealth. The original source of money is established and is consistent with the Client's profile.

## Earnings

Current and past employment may explain savings, ownership of assets or be a source for ongoing investments. Where appropriate, Client's employment is verified, for example by a letter from an employer or with a pay slip. A senior professional's name may feature in corporate materials, company accounts, in professional registers or appear in the public domain (i.e. in the phonebook or in press cuttings).

## Commissions, dividends and royalties

A Client with business interests can be expected to receive dividends and/or royalty payments. The Company ensures that the source and size of such payments are in line with known business interests of the Client in question. Particular care is exercised when payments are received from "sensitive jurisdictions", in connection with government contracts or oil or defence industry suppliers. In case of substantial or one-off payments, copies of contracts, commission or royalty statements are requested.

## Property

Property might include not only real estate, but also portable wealth such as cars, boats, antiques or jewellery. Ownership of such property is consistent with the Client's profile. If funds arise from the sale of property, the manner in which the property was acquired is established in the first place. Documentary proof of the sale might consist of a copy of a deed of sale or a solicitor's letter.

## Inheritance

The size and the timing of the inheritance are consistent with the client's family background. Documentary evidence could include a solicitor's letter, extract of the will, copy death certificate, or a copy of press announcement for local clients.

## Investments

Ownership of investments such as securities, bonds or fund units is consistent with the Client's profile. Where funds arise from the sale of such investments, the source can be verified with copy of a sale contract or by transaction advice confirming the settlement of a sale executed directly by a broker or investment manager. It will be also necessary to establish the source of funds used to purchase such investments where the amounts are inconsistent with other factors known about the Client or where such investments have only been held for a short time.

## Pensions

The existence of a pension, whether yielding a lump sum or regular payment can be verified by a copy of a statement from the employer or the pension provider.

### Private income, trusts and settlements

The client may be the beneficiary of a trust, divorce settlement or may receive an allowance from a spouse, parent or other relative. This must be consistent with the Client's background and may be verified by taking a copy of a relevant letter from a solicitor, banker or accountant. It may in some instances be necessary to verify the source of funds used to create the wealth from which the benefit is drawn.

### Gifts

Where a sudden appearance of funds is attributable to a gift, this is consistent with the Client's profile, particularly family history. Circumstances of obtaining a gift is fully documented and it is clear that the ownership of properly rests with the Client and does not remain under the control of a third party. It will be necessary to establish a source of funds used to purchase the gift where the value of a gift or relationship with the donor is inconsistent with other factors known about the Client.

### Prizes

Documentary proof will be required where money is said to originate as proceeds from gambling (i.e. lottery ticket prize, casino or horse racing winnings). Special care is taken where the prize was won abroad or if winnings are declared on more than one occasion.

### Loans and debts

Where funds constitute a loan payment, the identity of a creditor is established, and the loan agreement reviewed. The loan agreement is checked, in particular, to ensure that its terms and conditions are not unusual. It is also established what assets have been pledged as a collateral and the origin of those assets confirmed. Special care is taken where the collateral is cash held in another jurisdiction (a "back to back" loan). Where a loan payment constitutes a repayment of a debt, the source of the originally loaned money is verified.

### **Measure 3: Analysis and Monitoring of Economic Profile of the Client**

Procedure: Undertake a more detailed analysis and monitoring of the Client's economic profile. This may include:

- the purpose, reason for, or nature of establishment of the business relationship in relation to the services and products provided by the Company;
- the expected nature of the business relationship and recommendations requested in relation to the services and products provided by the Company, including future recommendations.

#### 4.10 Acceptable Certification Standards

According to the Seasif Holding Limited's Client-acceptance policies and related compliance procedures, Clients provide the Company with either original documents or notarised/certified true copies of the originals.

- i. Certification standards: Copies of documents are certified as Certified True Copies (as described under item (ii) below) of the originals in case of documents issued in the EU or other EEA Countries. For documents issued in Non-EU countries such certified copies are also be apostilled or legalized. Alternatively, the Client can present original documents to the Company's authorised personnel. The Company will certify them as true copies of the originals and return the originals to the Client.
- ii. Certified True Copy: means that the person certifying the copy of the document has seen the original document at the time of certification and is in a position to certify that the copy is a "True and Complete" copy of the original document. The Company recognises such certifications when made by independent, official and reputable sources (the "Certifying Party"). Such independent, official and reputable sources include, and inter alia, the Client's bank operating in the EU or an Equivalent or Approved Country, the Client's legal counsel, being a member of the Bar (membership number required) or public accountant, being a member of a professional body (membership number required), notary public, police officer or an officer of a similar public authority. The Company requires that the certification process includes the Certifying Party's full name, capacity/position, signature, date and official seal on the documents being certified.
- iii. Apostilled Copies: Apostilled means apostilled in accordance with the provisions of the Hague Convention.
- iv. Legalized Copies: The legalization of documents in Cyprus is conducted by lawyers acting as public notaries. One way of legalizing a document is to place an apostille on the document or to legalize it with the local embassy or consulate of the country in Cyprus.
- v. Approved Countries: are countries which as per the common understanding between EU member states on third countries equivalence under the EU Anti-Money Laundering Directive have equivalent AML/CFT systems/procedures to the EU. Such list of countries is published by the Regulatory Authorities' respective Circulars, as these are in force and/or as these may be amended from time to time.

In accordance with relevant provisions of the Regulatory Authorities' AML/CTF directive regarding language of documents collected during the Client identification and due diligence process, all documents provided by a prospective Client, is either in Greek or in English. Any documents (for example IDs) in a language other than Greek or English will need to be translated in one of the two languages. Furthermore, if these are issued by a Non-EU country they will also need to be apostilled or legalized.

#### **IMPORTANT NOTES**



- AMLCO reserves the right at any time to request additional documents and/or information from the Client if so, required by the due diligence and prevention of money laundering and terrorist financing procedures and/or other legal requirements.
- If at any later stage any changes occur in the ownership structure and/or in any details of the Client, the CLIENT is obliged to inform the Company in writing and provide new information and/or supporting documentation, in accordance with applicable due diligence requirements.
- If in any applicable jurisdiction any of the required documentation do not exist in the form required by the Company, the AMLCO may accept a similar (equivalent) document, serving ALWAYS the needs of the due diligence and prevention on money laundering and terrorist financing procedures and/or other legal requirements.
- Whenever necessary, the Company will request: (i) an official legal opinion and/or written statement from a court, judicial officer and/or legal expert as to the legality (and/or illegality) of an action, condition and/or intent, (ii) further clarification from the Client on any matter and/or issue required, (iii) a written official advice from someone with special knowledge, or an expert, and/or (iv) a formal statement provided by the Client explaining the reason(s) a decision was made according to the laws and/or rules and/or regulations, with regards to any matter that needs additional and/or further explanation and/or clarification(s).

The AMLCO is responsible for the implementation of the provisions mentioned in this Clients' Acceptance Policy.

This Clients' Acceptance Policy will be reviewed and amended annually and/or as and when considered necessary by the AMLCO and approved by the Board of Directors.

#### **4.11 During the Client Approval Process**

Seasif Holding Limited approves or rejects a prospective Client.

The Head of Department of the Subsidiary is responsible towards Seasif Holding Limited to seek information from outside sources, to reinforce the opinion of the Company on a new Client, if this shall be deemed necessary according to the AMLCO.

Specifically, during the Client approval process, the Head of Department of the Subsidiary has the duty to examine the possibility that the prospective Client is involved in illegal activities.

In rejecting a Client, the Head of Department of the Subsidiary pays particular attention to, inter alia, the following factors:

- (a) the amount of capital that the Client wishes to invest is larger than expected based on his/her income;
- (b) the sources of an investment capital are unclear;
- (c) the distance separating the reported residence and work addresses is significant;

(d) the Client:

- avoids giving clear information regarding his professional activities,
- avoids personal contact and meetings,
- provides information which is either difficult or impossible to verify, and/or
- lives/works from a country considered to be a "tax haven".

The presence of the above-mentioned factors does not define the Client as a suspect case, but if he/she is a new Client, and has approached Seasif Holding Limited without sufficient references, then the Company acts with particular care in examining the application.

## **5. CLIENT DUE DILIGENCE AND IDENTIFICATION PROCEDURES**

### **4.12 Cases for the application of Client Identification and Due Diligence Procedures**

Seasif Holding Limited duly applies Client identification procedures and Client due diligence measures in the following cases:

- (a) when establishing a business relationship;
- (b) when carrying out Occasional Transactions amounting to or exceeding the amount of Euro 15,000, whether the transaction is carried out as a single operation or as several operations which are linked or appear to be linked;
- (c) when there is a suspicion of money laundering or terrorist financing, regardless of the amount of the transaction; and
- (d) when there are doubts if previously provided Client identification data is true or adequate.

In all four (4) cases mentioned above, it is the duty of the AMLCO to apply relevant Client Due Diligence Identification Procedures described in Section 8 of this Manual.

Furthermore, the AMLCO is responsible for the preparation of and updating of check-lists of documentation and data required to be collected from potential Clients. Such check-lists comply with relevant requirements of law.

### **4.13 Ways of application of Client Identification and Due Diligence Procedures**

Client identification procedures and Client due diligence measures comprise of:

- (a) identifying the Client and verifying his identity on the basis of documents, data and information obtained from a reliable and independent source; with respect to Clients being legal persons, trusts and similar legal arrangements, taking adequate measures to understand the ownership and control structure of the Client

- (b) identifying the Beneficial Owner and verifying his identity on the basis of documents, data and information obtained from a reliable and independent source;
- (c) obtaining information on the purpose and intended nature of a business relationship;
- (d) conducting on-going monitoring of a business relationship, including all transactions executed in the course of such relationship, in order to ensure that such transactions are consistent with information in the possession of the Company and with Client's business and risk profile, including his source of funds, as well as;
- (e) ensuring that the Company holds all required documents and information concerning its Clients and their beneficial owners and that such documents and information is kept up-to-date;
- (f) screening Clients and their beneficial owners in online databases to identify if they are:
  - (i) subject to international sanctions, (ii) Politically Exposed Persons (PEPs), (iii) convicted or suspected criminals, or (iii) for some other reason, a reputational risk to the business of the Company.

Seasif Holding Limited applies all Client due diligence measures and identification procedures mentioned above. In each case the Company determines the extent of the application of such measures and procedures, depending on the risk relating to the type of Client, business relationship, service offered or a transaction executed.

#### **4.14 Transactions that Favour Anonymity**

In the case of Clients' transactions executed via phone, fax, Internet or other electronic means, where the authorised signatory is not physically present and the authenticity of his signature cannot be verified, the Company applies reliable methods, procedures and control mechanisms so as to ensure that it deals with the authorised signatory.

#### **4.15 Failure or Refusal to Submit Information for the Verification of Clients' Identity**

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 necessary for the verification of his identity and the creation of his economic profile, without adequate justification, may lead to a suspicion that the Client is involved in money laundering or financing of terrorist activities. In such event, the Company shall not proceed with the establishment of the business relationship or the execution of an Occasional Transaction and the AMLCO shall consider whether it is justified to submit a report to the MOKAS.

If, during the business relationship, a Client fails or refuses to submit, within a reasonable timeframe, the required verification data and information, the Company and the AMLCO shall consider terminating such business relationship, taking also into account the specific circumstances of the Client in question and the risks faced by the Company on possible money laundering and/or terrorist financing. At the same time the AMLCO shall examine whether it is justified under the circumstances to submit a report to the MOKAS.

#### **4.16 Time of Application of the Client Identification and Due Diligence Procedures**

With respect to the timing of the application of the Client Identification and Due Diligence Procedures, the AMLCO applies the following rules:

- (a) The verification of the identity of the Client and the Beneficial Owner are performed before the establishment of a business relationship or execution of an Occasional Transaction.
- (b) Without prejudice of what is stated in this point, by way of derogation from point 1. above, for cases that fall under the supervision of the Regulatory Authorities the verification of the identity of the Client and the Beneficial Owner may be completed during the establishment of a business relationship if this is necessary not to interrupt the normal conduct of business and where there is little risk of money laundering or terrorist financing occurring and the process of verification is completed as soon as practicable after the initial contact.
- (c) In the event that Seasif Holding Limited is not in a position to comply with points (1) to (6) of Section 7.2 of this Manual, it is not execute any transaction through Client's bank account, establish a business relationship or carry out an Occasional Transaction with such Client and is consider making a report to the MOKAS.
- (d) Identification procedures and Client due diligence requirements is applied not only to all new Clients but also to existing Clients, as appropriate, depending on the level of risk of such Clients being involved in money laundering or terrorist financing.

#### **4.17 Construction of an Economic Profile and General Client Identification and Due Diligence Principles**

1. The construction of the Client's economic profile needs to follow the principles set forth below:
  - (a) In the cases of legal persons, the Company obtains adequate data and information so as to understand the ownership and control structure of the Client. Irrespective of a type of a Client (e.g. natural or legal person, sole trader or partnership), the Company obtains sufficient information regarding business activities of such Client and expected types and volumes of transactions. However, it is noted that no single form of identification can be fully guaranteed as genuine or representing correct identity and, consequently, the identification process will generally need to be cumulative;
  - (b) the verification of Clients' identity is be based on documents and information issued by or obtained from independent and reliable sources;
  - (c) the Client's and/or Beneficial Owner(s)' business or 's residential addresses are established;
  - (d) the Company will never use the same verification data or information for verifying the Client's identity and verifying its home address;

- (e) the documents and information that are collected before the establishment of the business relationship, for the purposes of preparing of the Client's economic profile are as a minimum indicate the following:
- purpose for requesting the establishment of a business relationship;
  - anticipated Client bank account turnover, nature, volume and value of transactions, expected origin of funds to be credited to the Client's bank account and expected recipients of outgoing transfers/payments;
  - value of Client's wealth and amount of annual income and a description of main business/professional activities/operations;
- (f) information that is used for the preparation of economic profile of a Client being a legal person includes, inter alia, the following:
- the name of the legal or natural person;
  - the country of its incorporation/registration;
  - the head offices address;
  - the names and the identification information of the Beneficial Owner(s);
  - the names and the identification information of the directors;
  - the names and the identification information of the authorised signatories;
  - financial information;
  - the ownership structure of the group that the Client being a legal person may be a part of (country of incorporation of the parent entity, Subsidiary companies and associate companies, their main activities and financial information).
- The above-mentioned information is recorded on a separate form designed for this purpose which shall be kept in the Client's file together with all other documents as well as all internal records of meetings with such Client.
- (g) identical data and information with the abovementioned is obtained in the case of a Client being a natural person, and in general, the same procedures with the above mentioned are followed.
- (h) Client transactions sent for an execution, are compared with the anticipated turnover of the Client's bank account, usual activities/operations of the Client and information included in Client's economic profile. Significant deviations are investigated, and findings are recorded in the respective Client's file. Transactions that are not justified by the available information concerning the Client, are thoroughly examined in order to determine whether there are any

suspicious of money laundering or terrorist financing and an internal report to the AMLCO and then by the latter to the MOKAS.

2. Seasif Holding Limited applies all Client due diligence measures and identification procedures mentioned above. In each case the Company determines the extent of the application of such measures and procedures, depending on the risk relating to the type of Client, business relationship, service offered or a transaction executed.
3. For the purposes of the provisions relating to identification procedures and Client due diligence requirements, proof of identity is satisfactory if:
  - (a) based on such proof, it is reasonably possible to establish that the Client is the person he claims to be; and
  - (b) the person who examines such proof of identity is satisfied, based on procedures followed under the Law, that the Client is actually the person he claims to be.

The preparation of the Client's economic profile according to the provisions above is undertaken by the AMLCO. All documents and information obtained for the preparation of the economic profile are filed and/or fully documented.

#### **4.18 Further Obligations for Client Identification and Due Diligence Procedures**

1. In addition to the principles described in Section 7 above, Seasif Holding Limited, and specifically the AMLCO:
  - (a) ensures that throughout the business relationship all Client identification records remain updated;
  - (b) examines and checks, on a regular basis, the validity and adequacy of already maintained Client identification data, especially with respect to high risk Clients.

The outcome of the said review is recorded in a separate note which is kept in the respective Client file.

2. If at any time during the business relationship, the Company becomes aware that the identity and/or the economic profile of the Client do not contain reliable or adequate information, then the Company takes all necessary actions in order to collect the missing information, as soon as possible, so as to identify the Client and update and complete the Client's economic profile.
3. In addition to the obligations of points (1) and (2) above, the Company checks the adequacy of the documents and information concerning Client's identity and economic profile, whenever one of the following events occurs:
  - (a) an important transaction takes place which appears to be unusual and/or significant compared to the normal pattern of transactions and the economic profile of the Client;
  - (b) material changes in Client's legal status and/or situation, such as:



- (i) change of directors/secretary;
- (ii) change of registered shareholders and/or Beneficial Owners;
- (iii) change of registered office;
- (iv) change of trustees;
- (v) change of corporate name and/or trading name;
- (vi) change of the principal trading partners and/or undertaking of major new business activities;
- (vii) change in the authorised signatories for the Client bank account.

#### **4.19 Simplified Client Identification and Due Diligence Procedures**

With respect to the provisions of the Law and the Directive for simplified Client Identification and Due Diligence Procedures, the following applies:

1. Seasif Holding Limited may not apply the measures described in Section 7.2, Section 7.5 and Sections 7.6 and 7.7 of the Manual for a Client who may be categorised as a low risk Client.
2. For simplified Client Identification and Due Diligence Procedures, the Company may not verify the identification of the Client or the Beneficial Owner, neither collect information regarding the purpose and the intended nature of the business relationship or perform verification of the identity of the Client and the Beneficial Owner after the establishment of the business relationship or the execution of an Occasional Transaction;
3. In addition to the above, Seasif Holding Limited exercises continuous monitoring of the business relationships or report to the MOKAS any suspicious transaction or any attempt to carry out a suspicious transaction
4. The Company collects sufficient information, so as to decide whether the Client can be exempted, as per provisions of point (1). When assessing the abovementioned, the Company pays special attention to activities and transaction of such Clients which may be regarded as particularly likely, by its nature, to be used for money laundering or terrorist financing purposes.
5. With respect to public authorities or public bodies of the EEA countries, they must fulfil all the following criteria in order to be categorized as low risk:
  - (a) the Client has been entrusted with public functions pursuant to the Treaties of the European Union or EU secondary legislation;
  - (b) the Client's identity is publicly available, transparent and certain;
  - (c) the activities of the Client, as well as its accounting practices, are transparent;

- (d) either the Client is accountable to a EU institution or to the authorities of an EU member state, or appropriate check and balance procedures exist ensuring control of the Client's activities.

## **4.20 Enhanced Client Identification and Due Diligence (High Risk Clients)**

### **4.20.1 General Provisions**

The AMLCO applies enhanced due diligence measures, in addition to the measures referred to in Sections 7.2, 7.5, 7.6 and 7.7, with respect to the Clients categorised as high-risk Clients.

These measures include the following:

- (a) where the Client has not been physically present for identification purposes, Seasif Holding Limited applies one or more of the following measures:
- i. take supplementary measures to verify or certify the documents supplied, or require confirmatory certification by a credit or financial institution;
  - ii. ensure that the first payment of the operations is carried out through an account opened in the Client's name with a credit institution which operates in a country within the EEA.
- (b) with respect to transactions or business relationships with PEPs, the Company:
- i. has appropriate risk-based procedures to determine whether the Client (or the Beneficial Owner) is a PEP;
  - ii. takes adequate measures to establish the source of wealth and source of funds that are involved in the business relationship or transaction;
  - iii. conducts enhanced on-going monitoring of the business relationship.

Below are described due diligence and identification procedures with respect to high risk Clients.

### **4.20.2 Non face-to-face Clients**

The AMLCO applies the following rules with respect to non-face-to-face Clients:

Whenever a customer requests the establishment of a business relationship or an execution of an Occasional Transaction, a personal interview is recommended during which all information required for Client's identification are obtained. In situations where a Client, especially a non-resident of the Republic, requests the establishment of a business relationship or an execution of an Occasional Transaction by mail, telephone, or through the Internet, without presenting himself for a personal interview, the Company follows the Client's identification and due diligence procedures, as applied for customers with whom it comes in direct and personal contact and obtain the same identification information and documents, as required by the Law and the Directive, depending on the type of the Client. The said

identification information and documents are kept by the Company in its records and are provided in:

- i. original, or
- ii. as a certified true copy of the original, where the certification is made by the Company, in cases where it establishes Client's identity itself, once the original is presented thereto, or
- iii. as a certified true copy of the original, where the certification is made by third parties, in cases where they establish the Client's identity, or
- iv. as a certified true copy of the original, where the certification is made by a competent authority or person that, pursuant to the relevant provision of the laws of their country, is responsible to certify the authenticity of documentation or information.

#### **4.20.3 Clients' entities directly or indirectly belonging to companies whose shares are in bearer form**

The AMLCO applies the following rules with respect to Clients, in which structure there are entities whose shares are issued in bearer form:

1. Seasif Holding Limited may accept a request for the establishment of a business relationship or to execute an Occasional Transaction from companies whose shares or shares those of their parent companies (if any) have been issued in bearer form by applying, in addition to procedures of Section 7.10, the following supplementary due diligence measures:
  - (a) the Company takes physical custody of the bearer share certificates while the business relationship is maintained or obtain a confirmation from a bank operating in the Republic or a country of the EEA that it has under its own custody such bearer share certificates and, in case of transferring their ownership to another person, it shall inform the Company accordingly;
  - (b) the Client is closely monitored throughout the business relationship. At least once a year, a review of Clients' transactions is carried out and a note is prepared summarising the results of such review, which are kept in the Client's file;
  - (c) if the Client has been recommended by a third person, as defined in paragraph 25 of the AML Directive, at least once every year, the third person who has introduced the Client provides a written confirmation that the share capital and the shareholding structure of the Client 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.
  - (d) when there is a change to the Beneficial Owner(s), the Company examines whether or not to permit the continuance of the business relationship.

#### **4.20.4 Trusts**

The AMLCO applies the following rules with respect to trusts:

1. When Seasif Holding Limited establishes a business relationship or carries out an Occasional Transaction with a trustee or Client entities belonging directly or indirectly to a trust fund, it establishes the legal substance, the name and the date of the establishment of the trust and verify the identity of the Settlor, trustee(s), protector(s) (if any) and beneficiary(ies), according to the Client identification procedures prescribed in this Manual and AML Directive.
2. Furthermore, the Company establishes the nature of activities and the purpose of establishment of the trust as well as the source of funds, requesting the relevant extracts from the trust deed and any other relevant information from the trustee(s). All relevant data and information are recorded and kept in the Client's file.

#### **4.20.5 PEP clients**

The AMLCO applies the following rules with respect to PEP clients:

1. The establishment of a business relationship or the execution of an Occasional Transaction with a PEP (including members of his immediate family or close associates) as interpreted in Article 2(1) of the Law, may expose the Company to enhanced risks.

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 irregularities and whose anti-money laundering laws and regulations are not equivalent with international standards.

Seasif Holding Limited establishes appropriate risk management procedures to establish whether the Client is a politically exposed person. Such procedures may include, depending on the degree of risk, search in a reliable electronic database allowing to verify if a given person is a politically exposed person, receiving information from the Client himself and/or search of publicly available information. In case of legal entities, the procedures aim at verifying whether the Beneficial Owners, authorized signatories and authorized persons acting on behalf of the above, are politically exposed persons.

Decision to enter into a business relationship or conduct an individual Occasional Transaction with a politically exposed person is taken by the Company's Management.

Seasif Holding Limited creates the Client's economic profile by asking for the details and information that he/she has been referred to in paragraph 21 of the AML Directive. Information on the expected height and nature of its work are regularly reviewed and updated with any new features and information. The Company is particularly careful and diligent when its Clients are involved in jobs in industries vulnerable to corruption, such as oil, tobacco and alcohol industry.

2. In order to effectively manage such risks, the Company assesses the countries of origin of its 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 FATF.

With respect to corruption, a useful source of information is the Transparency International Corruption Perceptions Index which can be found on the website of Transparency International at [www.transparency.org](http://www.transparency.org).

With regard to the issue of adequacy of application of the 40+9 recommendations of the FATF, the Company retrieves information from the country assessment reports prepared by the FATF or other regional bodies operating in accordance with FATF's principles or the International Monetary Fund.

3. Without prejudice to the relevant provisions of the Manual, the Company adopts the following additional due diligence measures when it establishes a business relationship or carry out an Occasional Transaction with a PEP:
  - (a) before establishment of a business relationship or execution of an Occasional Transaction with a PEP, the Company obtains adequate documentation to establish not only the identity of the said person but also to assess his business reputation (e.g. reference letters from third parties);
  - (b) the Client is subject to annual review in order to determine whether to allow its continuance of operation. A short report is prepared and is submitted for consideration and approval to the Board and filed in the Client's file.

#### **4.20.6 Clients from countries which inadequately apply FATF's recommendations**

1. The FATF 40+9 Recommendations provide internationally recognised standards for combating money laundering and terrorist financing.
2. Seasif Holding Limited applies the following with respect to Clients from countries which inadequately apply FATF's 40+9 Recommendations:
  - (a) exercise additional monitoring procedures and pay 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;
  - (b) 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 administrative background and purpose. If the Company cannot be fully satisfied as to the legitimacy of a transaction, then a suspicious transaction report is filed to the MOKAS.
  - (c) with the aim of implementing the above, the Head of the Department and the AMLCO consults the country assessment reports prepared by the FATF (<http://www.fatf-gafi.org>), the other regional bodies that have been established to monitor the compliance with principal international standards to counter money laundering and the financing of terrorism, and the International Monetary

Fund ([www.imf.org](http://www.imf.org)). Based on the said reports, the AMLCO assesses the risk related to transactions and business relationships with persons from various countries and decides on the countries that inadequately apply the FATF's recommendations. According to the aforesaid decision of the AMLCO, the Company applies, when deemed necessary, enhanced due diligence measures for identifying and monitoring transactions of persons originating from countries with significant shortcomings and strategic deficiencies in their legal and administrative systems for the prevention of Money Laundering and Terrorist Financing.

#### **4.20.7 Clients included in the leaked documents of Mossack Fonseca (Panama Papers)**

1. Concerning the leaked documents of Mossack Fonseca, which refers to persons who may be involved in tax evasion, corruption and/or money laundering activities (colloquially known as the "**Panama Papers**") the Company categorises the clients mentioned there as High-Risk with respect to the Money Laundering and Terrorist Financing risk which the Company faces.

Before the establishment of a business relationship or execution of an Occasional Transaction, the Company checks whether the potential Clients are mentioned in the Panama Papers and/or whether:

- (a) they maintain or maintained any relationship with the company Mossack Fonseca, either directly or with any third person acting for or representing Mossack Fonseca;
- (b) they maintain or maintained any business relationship with customers introduced or managed by Mossack Fonseca or by any third person acting for or representing Mossack Fonseca.

If the potential Client (or the Beneficial Owner) is mentioned in the Panama Papers and/or point a and/or b above applies, then the decision to establish a business relationship or to execute an Occasional Transaction with the Client is undertaken by the Management of Seasif Holding Limited. The same applies to the continuation of a business relationship with an existing Client.

2. Following the above, and in cases where Seasif Holding Limited is willing to accept Clients to which this Section of the Manual applies, then the Company does the verification of the identity of such Clients and their Beneficial Owners before the establishment of a business relationship or the execution of an Occasional Transaction.
3. With respect to transactions or business relationships with Clients subject to this Section of the Manual, the AMLCO:
  - (a) applies enhanced due diligence measures for identifying and monitoring such Clients, as prescribed in this Manual;
  - (b) collects adequate information so as to understand the Clients' profiles;



- (c) takes additional measures to verify or certify the documents supplied, or require confirmatory certification by a credit or financial institution to which the EU Regulation applies;
  - (d) ensures that the first payment of the Services provided by the Company is carried out through an account opened in the Client's name with a credit institution which operates in a country within the EEA;
  - (e) takes adequate measures to establish the source of wealth and source of funds that are involved in the business relationship or an Occasional Transaction;
  - (f) conducts enhanced on-going monitoring of the business relationship;
  - (g) obtains adequate documentation to ascertain not only the identity of the said person but also to assess his business reputation (e.g. reference letters from third parties);
  - (h) seeks and obtains information from the Client himself or from publicly available information (incl. the reliable commercial electronic database used by the Company);
  - (i) creates an economic profile of the Client by obtaining the information specified in this Manual. The details of the expected business and nature of activities of the Client forms the basis for the future monitoring of the Client's transactions. The profile is regularly reviewed and updated with new data and information;
  - (j) reviews on an annual basis of Clients' transactions in order to determine whether to allow their continuance of operation. A short report is prepared summarising the results of the review by the AMLCO. The report is submitted for consideration and approval to the Board and filed in the Client's file;
4. Transactions with persons subject to this Section of the Manual, 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 the Company cannot be fully satisfied as to the legitimacy of a transaction, then a suspicious transaction report is filed to the MOKAS.

#### **4.21 Client Identification and Due Diligence Procedures (Specific Cases)**

The AMLCO ensures that the appropriate documents and information with respect to the following cases are duly obtained, as applicable and appropriate:

##### **4.21.1 Natural persons not residing in the Republic**

1. The Company obtains the information described in Section 8.2 to establish the true identity of natural persons not residing in the Republic.
2. Furthermore, passports are always requested from Clients not residing in the Republic and, if available, official national identity cards issued by the competent authorities of their country of origin are obtained. Certified true copies of the pages containing the

relevant information from the said documents are also obtained and kept in Client's files.

In addition, if in doubt as to the genuineness of any document (passport, national identity card or documentary evidence of address), the Company seeks verification of identity with an embassy or the consulate of the issuing country or a reputable credit or financial institution situated in the Client's country of residence.

3. In addition to prevention Money Laundering and Terrorist Financing, the abovementioned information is also essential for implementing financial sanctions imposed against various persons by the United Nations and the European Union. In this respect, passport's number, its issue date and issuing country as well as the Client's date of birth always appear on the documents obtained, so that the Company would be in the position to verify precisely whether a Client is included in the relevant list of persons subject to financial sanctions which are published by the United Nations or the European Union based on a United Nations Security Council's Resolution and Regulation or a Common Position of the European Union's Council, respectively.

#### **4.21.2 Joint ownership**

In the cases of joint ownership of two or more persons, the identity of all individuals that hold or manage the Client (other than a natural person) are verified according to the procedures set in Section 8.2 above.

#### **4.21.3 Clients belonging to holding structures including entities such as unions, societies, clubs, provident funds and charities**

In the case of a Client entity belonging to a holding structure including entity types such as unions, societies, provident funds and charities, Seasif Holding Limited establishes the purpose of their operations and verify 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, Seasif Holding Limited obtains a list of the members of board of directors/management board of the abovementioned organisations and verifies the identity of all individuals that have been authorised to manage the Client (other than a natural person) according to the procedures set in Section 8.2.

#### **4.21.4 Clients belonging to holding structures including unincorporated businesses, partnerships and other persons with no legal substance**

1. In the case of a Client (other than a natural person) belonging to a holding structure including entities such as unincorporated businesses, partnerships and other persons with no legal personality, the identity of the directors, partners, Beneficial Owners and other individuals who are authorised to manage the Client (other than a natural person) are verified according to the procedures set in Section 8.2.

In addition, in the case of partnerships, the original or a certified true copy of the partnership's registration certificate is obtained.

2. The Company obtains documentary evidence of the head office address of the business, establish the nature and the size of its activities and receive all information required according to Section 7.6 for the creation of the economic profile of the business.
3. The Company requests, in cases where it exists, a formal partnership agreement and also obtains mandate from the partnership authorising the establishment of the business relationship.

#### **4.21.5 Other Legal Entities**

1. For Clients that are legal persons, the Company establishes that the natural persons appearing to act on their behalf, are appropriately authorised to do so and their identity is established and verified according to the procedures set in Sections 7.10.1 and 7.10.2.
2. The Company takes all necessary measures for the full establishment of the legal person's control and ownership structure as well as for the verification of the identity of the natural persons who are the Beneficial Owners and exercise control over the legal person according to the procedures set in Sections 7.10.1 and 7.10.2.
3. The verification of the identity of a legal person that requests the establishment of a business relationship or the execution of an Occasional Transaction, includes establishment of the following:
  - (a) a number in the applicable register,
  - (b) a registered corporate name and trading name(s) used,
  - (c) full addresses of the registered office and head offices,
  - (d) telephone numbers, fax numbers and e-mail address,
  - (e) full names of the members of the board of directors,
  - (f) full names of the individuals that are duly authorised to manage such legal person and to act on behalf of it,
  - (g) full names of the Beneficial Owners of private companies and public companies that are not listed on a Regulated Market of an EEA country or a third country with equivalent disclosure and transparency requirements,
  - (h) full names of the registered shareholders that act as nominees of the Beneficial Owners,
  - (i) the economic profile of a legal person, in accordance with the provisions of Section 8.6.
4. For the verification of the identity of the legal person, the Company requests and obtains, among others, originals or certified true copies of the following documents:

- (a) certificate of incorporation and certificate of good standing (where available) of the legal person,
  - (b) certificate of registered office,
  - (c) certificate of directors and secretary,
  - (d) certificate of registered shareholders in the case of private companies and public companies that are not listed in a Regulated Market of an EEA country or a third country with equivalent disclosure and transparency requirements
  - (e) memorandum and articles of association of the legal person, and
  - (g) in the cases where the registered shareholders act as nominees of the Beneficial Owners, a copy of the trust deed/nominee 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.
5. 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.
6. For legal persons incorporated outside the Republic, the Company requests and obtains documents similar to the above.
7. As an additional due diligence measure, on a risk-sensitive basis, the Company carries out (when deemed necessary) a search and obtain information from the records of the Registrar of Companies and Official Receiver of the Republic (for domestic companies) or from a corresponding authority in the company's (legal person's) country of incorporation (for foreign companies) and/or request information from other sources in order to establish that the Client (legal person) is not in the process of being dissolved or liquidated or struck off from the Registrar of Companies and Official Receiver and that it continues to be registered as an operating company in the records of the Registrar of Companies and Official Receiver of the Republic or by an appropriate authority outside the Republic.
- 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 resulting from changes in the nature of transactions performed by the legal person, then further enquiries are made in order to establish consequences of such changes to the documentation and information held by the Company for the legal person and additional documentation and information necessary for updating the economic profile of the legal person are collected.
9. Apart from verifying the identity of the Beneficial Owners, the Company identifies the persons who have the ultimate control over the legal person's business and assets. 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 such ultimate control as described above, even if those persons have no direct or indirect interest or an interest of less than 25% in the legal person's ordinary share capital or voting rights.

10. In cases where the Beneficial Owner of a legal person, requesting the establishment of a business relationship or the execution of an Occasional Transaction, is a trust arrangement in the Republic or abroad, the Company implements the following procedure:
  - (a) the Company ascertains the legal substance, the name and the date of trust arrangement and verify the identity of the Settlor, trustee and beneficiaries, according to the procedures set in Sections 8.9.4, and
  - (b) furthermore, the Company establishes 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 are recorded and kept in the Client's file.

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

1. Seasif Holding Limited may establish and maintain business relationships or execute Occasional Transactions with persons who carry out the above services and activities, which are incorporated and/or operating in countries of the EEA or a third country which according to a relevant decision of the Advisory Authority, applies requirements equivalent to those set forth in the EU Regulation provided that the said persons:
  - (a) possess a necessary licence or authorisation from a competent supervisory/regulatory authority of the country of their incorporation and operation to provide the said services, and
  - (b) are subject to supervision for the prevention of Money Laundering and Terrorist Financing purposes.
2. In case of establishment of a business relationship or execution of an Occasional Transaction with persons who provide the above services and which are incorporated and/or operating in a third country other than those mentioned in point (1) above, Seasif Holding Limited requests and obtains, in addition to the documentation and the information required by the Manual for the identification and verification of persons, including the Beneficial Owners, the following:
  - (a) 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, the authenticity of which is verified either directly with the relevant supervisory/regulatory authority or with other independent and reliable sources, and

- (b) 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 services provided by the Client.
- 3. In 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 necessary for the verification of the identity of investment managers, investment advisors, administrators and custodians.

#### **4.21.7 Nominees or agents of third persons**

- 1. Seasif Holding Limited takes reasonable measures to obtain adequate documents and/or information for the purpose of establishing and verifying the identity, according to the procedures set forth in Section 8.2 of the Manual, of:
  - (a) the nominee or the agent of a third person, and
  - (b) any third person on whose behalf the nominee or the agent is acting.
- 2. In addition, the Company obtains a copy of the authorisation agreement that has been concluded between the interested parties.

#### **4.21.8 Reliance on Third Persons for Client Identification and Due Diligence Purposes**

- 1. Seasif Holding Limited may rely on third persons for the implementation of points (a), (b) and (c) of Client identification procedures and due diligence measures of Section 8.2 of the Manual, provided that:
  - (a) the third person makes immediately available all documents, as certified true copies of the originals or in a form otherwise acceptable by current Regulatory Authorities practices, that were collected in the course of applying Client identification and due diligence procedures;
  - (b) the Company applies the appropriate due diligence measures to a third person with respect to his professional registration and procedures and measures applicable to the third person with respect to the prevention of Money Laundering and Terrorist Financing, according to the provisions of the Directive;
  - (c) the ultimate responsibility for meeting the requirements for Client identification and due diligence remains with the Company.
- 2. For the purposes of this Section of the Manual, third person means credit institutions or financial institutions or auditors or accountants or tax consultants or independent legal professionals or persons providing to third party trust and company services included in paragraphs (e) and (f) of the definition of the term "Other Business Activities" under the EU Regulation and which are active in the Republic or in another country of the EEA, which:
  - (a) are subject to mandatory professional registration, recognised by law; and



- (b) are subject to supervision regarding their compliance with the requirements of the EU Regulation.
3. Further to point 2 above, third person for the purposes of this Section of the Manual may also be any other person who is engaged in financial business (as defined in Section 2 of the Law), or auditors or accountants or tax consultants or independent legal professionals or persons providing to third parties trust and company services as included in the definition of the term "Other Business Activities" and who operate in countries outside the EEA and which according to a relevant decision of the Advisory Authority, have been determined that they impose equivalent procedures and measures for the prevention of Money Laundering and Terrorist Financing to those set forth by the EU Regulation.

The abovementioned third persons have to fulfil the requirements set forth in point 2(a) above and be subject to supervision, as regards their compliance with the legislation of the country where they operate.

4. The Company requests from the third party to make immediately available data, information and documents obtained as a result of the application of the procedures establishing identity and clients' due diligence measures in accordance with points of Section 8.2 of the Manual.
5. By way of derogation from point 4 above, the identification data and information obtained for the Client and Beneficial Owner are forwarded immediately from the following third parties to the Company following its request, taking into consideration the degree of risk associated with a particular type of a Client, Business Relationship or Occasional Transaction:
- (a) credit institutions or financial organisations that fall under the scope of the EU Regulation and are active in the Republic or in another country of the EEA.
  - (b) any third party conducting financial activities (as per the definition) operating outside the EEA which are in accordance with a decision taken by the Advisory Authority determined that it applies requirements equivalent to those laid down in the European Union Directive.

The abovementioned third persons have to fulfil the requirements set out in point 2(a) above and are subject to supervision as regards their compliance with the legislation of the country where they operate.

6. Seasif Holding Limited may rely on third persons only at the beginning of establishing a business relationship or execution of an Occasional Transaction for the purpose of verifying the identity of its Clients. According to the degree of risk, any additional documents and information for the purpose of updating Client's economic profile or for the purpose of examining unusual transactions executed by the Client (other than a natural person) are obtained from natural persons (directors, Beneficial Owners) who control and manage the activities of the Client and have the ultimate responsibility for decision making process with respect to the management of Client's assets.

7. Further to point 3 above, in case where the third person mentioned in the subparagraph (1) is an auditor or an accountant or a tax consultant or an independent legal professional or a trust and company services provider from a country which is a member of the EEA or a third country that the Advisory Authority has determined to be applying procedures and measures for the prevention of Money Laundering and Terrorist Financing equivalent to those set forth in the EU Regulation, then the Company, before accepting the Client identification data verified by the said third person, applies the following additional measures/procedures:
- (a) the AMLCO or an appointed person assesses and evaluates systems and procedures applied by such third person for the prevention of Money Laundering and Terrorist Financing;
  - (b) as a result of the assessment of point (a) above, the AMLCO are to be satisfied that such third person implements Client identification and due diligence systems and procedures, which are in line with the requirements of the Law and the Directive;
  - (c) the AMLCO maintains a separate file for every such third person, where it stores an assessment report mentioned in point (a) and other relevant information (for example identification details, records of meetings, evidence of the documents and information mentioned in point b above);
  - (d) commencement of a cooperation with such third person and acceptance of Client identification data verified by such third person is subject to approval by the AMLCO.

**NOTE:** For the purposes of this Section of the Manual, the terms “**financial institution**” and “**persons engaged in financial business activities**” do not include currency exchange offices and money transmission or remittance offices.

The AMLCO is responsible for the implementation of the provisions mentioned in this Section of the Manual.

## 6. ON-GOING MONITORING PROCESS

Following an approval of a Client and for the entire duration of the business relationship, the Head of Department of the Subsidiary is monitoring Client’s activities in order to establish if any of the following suspicious activities take place:

- (a) values of Client’s transactions are much larger than the original targets, without an obvious increase of Client’s income;
- (b) Client’s transactions do not match the set objectives or the market practice;
- (c) frequency of transactions of a given Client is far higher than the one anticipated by initial objectives or that could be explained by the market practice;

- (d) a Client attempts to settle the outstanding transactions in cash.

The Head of Department of the Subsidiary is obliged to report to the AMLCO cases of Clients who potentially:

- (a) have uncertain creditworthiness;
- (b) are involved in illegal or criminal activities.

All the above procedures and measures are internal and confidential and, in no case, be revealed to the Clients.

Seasif Holding Limited's employees need to have a full understanding of normal and reasonable transactions of its Clients as well as know their economic profiles. They are also acquainted with the means of identifying transactions which fall outside a regular pattern or are complex or unusual or do not have an obvious economic purpose or clear legitimate reason. Without such knowledge, the Company will not be able to discharge its legal obligation to identify and report suspicious transactions to the MOKAS.

The constant monitoring of Clients' transactions is an inevitable element of effective control of a risk of Money Laundering and Terrorist Financing.

To this end, the AMLCO is responsible for maintaining as well as developing an on-going monitoring procedure of Clients' transactions.

The procedures for and intensity of monitoring Clients' transactions depends on level of risk associated with a given type of Client and include the following:

- (a) identification of:
- all high-risk Clients, if applicable; Seasif Holding Limited is able to produce a detailed list of high-risk Clients, so as to facilitate enhanced monitoring of transactions, as deemed necessary;
  - transactions which, as of their nature, may be associated with money laundering or terrorist financing;
  - unusual or suspicious transactions that are inconsistent with an economic profile of a given Client, for the purposes of their further investigation;
  - in case of any unusual or suspicious transactions, the Head of the Department or any other person who identified such unusual or suspicious transactions is responsible to communicate with the AMLCO.
- (b) further to point (a) above, an investigation of an unusual or a suspicious transaction is carried out by the AMLCO. The results of such investigation are recorded in a separate memo and kept in the file of the Client concerned;
- (c) establishment of a source of funds credited to the Clients bank account(s);

- (d) on-going monitoring of a business relationship in order to determine whether there are reasonable grounds to suspect that Client's proceeds derive from serious tax offences;
- (e) use of appropriate IT systems;
- (f) periodical monitoring of Client's bank account(s) movement.

## **7. REPORTING OF SUSPICIOUS TRANSACTIONS/ACTIVITIES TO THE MOKAS**

### **7.1 Reporting of Suspicious Transactions to the MOKAS**

In cases where, Seasif Holding Limited knows or suspects, that a Client attempts to execute a transaction, which is related to money laundering or terrorist financing, it reports it, through the AMLCO, to the MOKAS.

### **7.2 Suspicious Transactions**

1. A list of types of suspicious transactions, which may be used for Money Laundering and Terrorist Financing, is almost unlimited. A suspicious transaction will often be one which is inconsistent with a Client's known, legitimate business or personal activities or with the normal business or in general with the economic profile that Seasif Holding Limited has created for the Client. The Company ensures that it maintains adequate information and knows enough about its Clients' activities in order to recognise on time that a transaction or a series of transactions is unusual or suspicious.
2. Examples of what might constitute a suspicious transaction/activity related to Money Laundering and Terrorist Financing are listed below in this Section. The list is not exhaustive, which means that it does not include all types of transactions that may be used. Nevertheless, it can assist the Company and its employees in recognising main methods used for Money Laundering and Terrorist Financing. The identification by Seasif Holding Limited of any of the transactions mentioned in the said list prompts further investigation and constitutes a valid cause for seeking additional information and/or explanations as to the source of funds, nature and economic/business purpose of the transaction, and circumstances of a particular activity.
3. In order to identify suspicious transactions, the AMLCO performs the following activities:
  - monitor on a continuous basis any changes in Client's financial status, business activities, types of transactions, etc.
  - monitor on a continuous basis, if any Client engages in any of practices described in the list containing examples of what might constitute suspicious transactions/activities related to Money Laundering and Terrorist Financing (Section 9 of this Manual).

Furthermore, the AMLCO:

- investigates information received from Seasif Holding Limited's employees on transactions which are suspected to be used for the purposes of money laundering or terrorist financing. Such information is reported on the Internal Suspicion Report form and archived by the AMLCO;
- checks information received from Seasif Holding Limited's employees with other available information, discuss the case with a reporting employee and, where this is deemed necessary, with reporting employee's supervisors. Information contained in an Internal Suspicion Report submitted to the AMLCO is evaluated on an Internal Evaluation Report, which is also filed in a relevant file;
- if, as a result of the evaluation described above, the AMLCO decides to disclose this information to the MOKAS, then he prepares a written report, which he submits to the MOKAS;
- if as a result of evaluation described above, the AMLCO decides not to disclose relevant information to the MOKAS, then he fully explains his reasons for his decision in an Internal Evaluation Report.

### **7.3 AMLCO's Report to the MOKAS**

All reports of the AMLCO are prepared online using a web-application of the MOKAS and submitted to it, through the goAML reporting system.

After the submission of a suspicion report, the Company may subsequently wish to terminate its business relationship with a Client concerned. In such case, the Company exercises particular caution, according to Section 48 of the Law, not to alert the Client concerned that a suspicion report has been submitted to the MOKAS. Close liaison with the MOKAS is, therefore, maintained in an effort to avoid any frustration to investigations conducted.

After the submission of a suspicion report, the Company adheres to any instructions given by the MOKAS and, in particular, to instructions as to whether or not to proceed with or suspend an execution of a particular transaction.

According to Section 26(2)(c) of the Law, the MOKAS may instruct the Company to refrain from executing or to delay an execution of a particular Client's transaction without such action constituting a violation of any contractual or other obligations of the Company or its employees.

Furthermore, after the submission of a suspicion report, the Client concerned as well as any other associated entities are placed under the close monitoring of the AMLCO.

### **7.4 Submission of Information to the MOKAS**

Seasif Holding Limited ensures that, in case of an investigation of a suspicious transaction by the MOKAS, the AMLCO will be able to provide without a delay the following information, as applicable:

- (a) identity of Client's account;
- (b) identity of persons managing the Client (other than a natural person);

- (c) volume and value transactions of the Client;
- (d) associated legal entities;
- (e) in relation to specific transactions:
  - source of funds;
  - form in which the funds were placed on or withdrawn from the Client's bank account(s), for example cash, cheques, wire transfers;
  - destination of the funds; and
  - form of instructions and authorizations that have been given.

### **7.5 Examples of Suspicious Transactions:**

- Transactions with no obvious purpose or which are unnecessarily complex.
- Use of foreign accounts of companies or use of companies with complicated ownership structure which is not justified based on the needs and economic profile of the Client.
- Value of volume of transactions requested by the Client do not correspond with Client's usual practice and business activities.
- A business relationship involves only one transaction or it has a short duration.
- There are frequent transactions in the same financial instrument without obvious reason and under conditions that appear unusual.
- There are frequent transactions for small amounts and then the total amount is transferred out, upon Client's instructions to an account other than Client's usual account.
- Any transaction which appear to be unusual, e.g. cancellation of an order.
- Transactions, which are not in line with conditions prevailing on the market.
- Settlement of any transaction (but mainly large transactions) in cash.
- Settlement of a transaction by a third person which is different than the Client which ordered its' execution.
- Instructions of payment to a third person that does not seem to be related business wise with the instructor.
- Transfer of funds to and from countries or geographical areas which do not apply or inadequately apply FATF's recommendations on Money Laundering and Terrorist Financing.
- When establishing a business relationship, a prospective Client is reluctant to provide



complete information about the nature and purpose of its business activities, anticipated account activity, prior relationships with financial organizations, names of its officers and directors or information on its business location.

- A Client usually provides minimum or misleading information that is difficult or expensive to verify.
- A Client provides unusual or suspicious identification documents that cannot be easily verified.
- A Client's home/business telephone is disconnected.
- A Client makes frequent or large volume transactions and has no record of past or present adequate employment or other source of funds.
- Difficulties or delays with the submission of financial statements or other identification documents (in case of a Corporate Client).
- A Client who has been introduced by a foreign financial organization or by a third person, whose country or geographical areas of origin do not apply or inadequately apply FATF's recommendations on Money Laundering and Terrorist Financing.
- 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.).
- Financial transactions from non-profit or charitable organizations for which there appears to be no logical economic purpose or in case of which there appears to be no link between the stated activity of the organization and other parties to a transaction.
- Unexplained inconsistencies arising during the process of identifying and verifying a Client (e.g. previous or current country of residence, country where the passport was issued, countries visited according to the passport, documents presented to confirm the name, address and date of birth, etc.).
- Complex trust or nominee network.
- 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.
- Use of general nominee documents in a way that restricts the control exercised by the company's board of directors.
- Unusually large cash deposits made by an individual or a company, whose ostensible business activities would normally be generated by cheques or other instruments;
- Clients who deposit cash by means of numerous transactions, so that the total of each deposit is unremarkable, but the total of all is significant;

- Clients transferring large sums of money to or from overseas locations with instructions for payment in cash.
- Clients who wish to maintain a number of trustees or clients' accounts which do not appear consistent with their type of business, including transactions which involve nominee names;
- Clients have numerous accounts and transfer small amounts to each of them, but the total value of such transfers would be large;
- A bank account shows virtually no normal personal banking or business-related activities, but is used to receive or pay large sums which have no obvious purpose or relationship to the account holder and/or his business (e.g. a substantial increase in turnover on an account);
- Values of payments from an account and amounts with an account was credited by cash on the same or previous day match;
- Paying in large third-party cheques endorsed in favour of the Client;
- Large cash withdrawals from a previously dormant/inactive account, or from an account which has just received an unexpected large credit from abroad;
- Clients who together and simultaneously use separate tellers to conduct large cash transactions or foreign exchange transactions;
- Companies' representatives avoiding personal contact with the Company;
- Substantial increases in deposits of cash or negotiable instruments by a professional firm or company, using Clients' accounts or an in-house company or trust accounts, especially if the deposits are promptly transferred to/from other Clients' or trust accounts;
- Clients who decline to provide information that in normal circumstances would make the Client eligible for credit or for other banking services;
- Large number of individuals making payments into the same account without an adequate explanation;
- Client introduced by an overseas branch or affiliate based in country where production of drugs or drug trafficking may be prevalent;
- Use of letters of credit and other methods of trade finance to move money between countries, where such trade is not consistent with the Client's usual business;
- Clients who make regular and large payments, including wire transactions, that cannot be clearly identified as bona fide transactions to, or receive regular and large payments from countries, which are commonly associated with the production, processing or promoting drugs;

- Frequent requests for travellers' cheques, foreign currency drafts or other negotiable instruments to be issued;
- Frequent payment of travellers' cheques, foreign currency drafts particularly, if originating from overseas;
- Numerous wire transfers received to an account, when each transfer is below the reporting requirement in the remitting country.
- Changes in employee performance and behaviour, e.g. lavish life styles;
- Any dealing with an agent where the identity of the ultimate beneficiary or counterparty is undisclosed, contrary to normal procedure for the type of business concerned.

## **8. RECORD-KEEPING PROCEDURES**

In accordance with section 68 of the Law, an organisation in order to be able to demonstrate its compliance with the AML Law, keeps evidence and records of due diligence checks made and information held on customers and transactions. These records may be crucial in any investigation by the MOKAS or the Supervisory Authority. Orderly kept records will enable an organisation to defend itself against any suspicion of involvement in Money Laundering or Terrorist Financing, or against charges of failure to comply with the applicable regulations.

Each Subsidiary of Seasif Holding Limited maintains records of:

- (a) clients' identification documents and information obtained during the Client identification and due diligence procedures; and
- (b) details of all relevant records with respect to the provision of Services to Clients.

The documents/data mentioned above are kept for a period of at least five (5) years following the execution of a particular transaction or the termination of a given business relationship.

Documents/data mentioned in points (a) and (b) above, which may be relevant to an on-going investigation(s), are kept by the Company until the MOKAS confirms that an investigation has been completed and a case has been closed.

### **8.1 Format of Records**

Each Subsidiary of Seasif Holding Limited retains documents/data mentioned in the section above (other than the documents that are required to be kept as originals or their certified true copies and are kept as hard copies) in other forms, such as electronic form, provided that the Subsidiary is able to retrieve a relevant document/data without undue delay and present them at any time to the Regulatory Authorities or to the MOKAS, after a relevant request.

In case Seasif Holding Limited will establish a documents/data retention policy, the AMLCO ensures that the said policy takes into consideration requirements of the Law and the Directive.

## **8.2 Certification and language of documents**

1. The documents/data obtained, are in their original form or in a certified true copy form. In case documents/data are certified as true copies by a different person than the Company itself or by the third person mentioned in Section 7.11, the documents/data are to be apostilled or notarised.
2. A true translation is attached in case documents mentioned in point (1) above are in a language other than Greek or English.

Each time the Company proceeds with the acceptance of a new Client, the Subsidiary is responsible for ensuring compliance with the provisions of points 1 and 2 above.

## **8.3 Beneficial Ownership Registers**

The maintaining of Beneficial Ownership Registers is set up granting access, under certain conditions, to the public. EU companies have the obligation to have available the information as to their Beneficial Owners and record it accordingly in the relevant register.

The registers to be set up are:

- a. The Companies' Register kept with the Registrar of companies. This register will be open to the public and relevant information, as identified in the Law will be available.
- b. The Express Trusts and Similar Legal Arrangements Register kept with CySEC. This register will NOT be opened to the public but it may be accessible to those of the public who can prove their legitimate interest so that the relevant information is disclosed to them.
- c. The Register of legal bodies, other than those registered with the Registrar of Companies, such as, clubs, foundations, federations and unions. This register will be kept with the General Commissioner. This register will be open to the public and relevant information, as identified in the Law, will be available.

## **9. EMPLOYEES' OBLIGATIONS, EDUCATION AND TRAINING**

### **9.1 Employees' Obligations**

1. Seasif Holding Limited's employees are personally liable for failure to report information or suspicion of money laundering or terrorist financing to the AMLCO;
2. employees cooperate and report, without a delay, anything that comes to their attention in relation to transactions for which there is a slight suspicion that they are related to money laundering or terrorist financing to the AMLCO;

3. according to the Law, Company's employees fulfil their legal obligation to report their suspicions regarding Money Laundering and Terrorist Financing, after their compliance with point (b) above.

## **9.2 Education and Training**

### **9.2.1 Employees' Education and Training Policy**

1. Seasif Holding Limited ensures that its employees are fully aware of their legal obligations according to the Law and the Directive, by introducing a complete employees' education and training program;
2. Timing and content of training provided to the employees of various departments is determined according to the needs of the Company. The frequency of such trainings can vary depending on frequency and scope of amendments to the legal and/or regulatory requirements, employees' duties, as well as any other changes to the financial system of the Republic;
3. Training program aims at educating the Company's employees on the latest developments in the prevention of Money Laundering and Terrorist Financing, including the practical methods and trends used for this purpose;
4. Training program will follow a different structure for new and existing employees and for employees of different departments of the Company, depending on services that they provide. On-going training is given at regular intervals so as to ensure that employees are reminded of their duties and responsibilities and kept informed of any new developments.

### **9.2.2 AMLCO Education and Training Program**

The Senior Management of Seasif Holding Limited is responsible for the AMLCO of the Company to attend external training. Based on his/her training, the AMLCO will then provide training to the employees of the Company, as mentioned in section above.

The main purpose of the AMLCO training is to ensure that relevant employee becomes aware of:

- relevant provisions of the Law and the Directive;
- the Company's Anti-Money Laundering Policy;
- statutory obligations of the Company to report suspicious transactions;
- employees own personal obligation to refrain from activity that would result in money laundering;
- importance of the Clients' due diligence and identification measures for money laundering prevention purposes



THE WORLD OF  
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