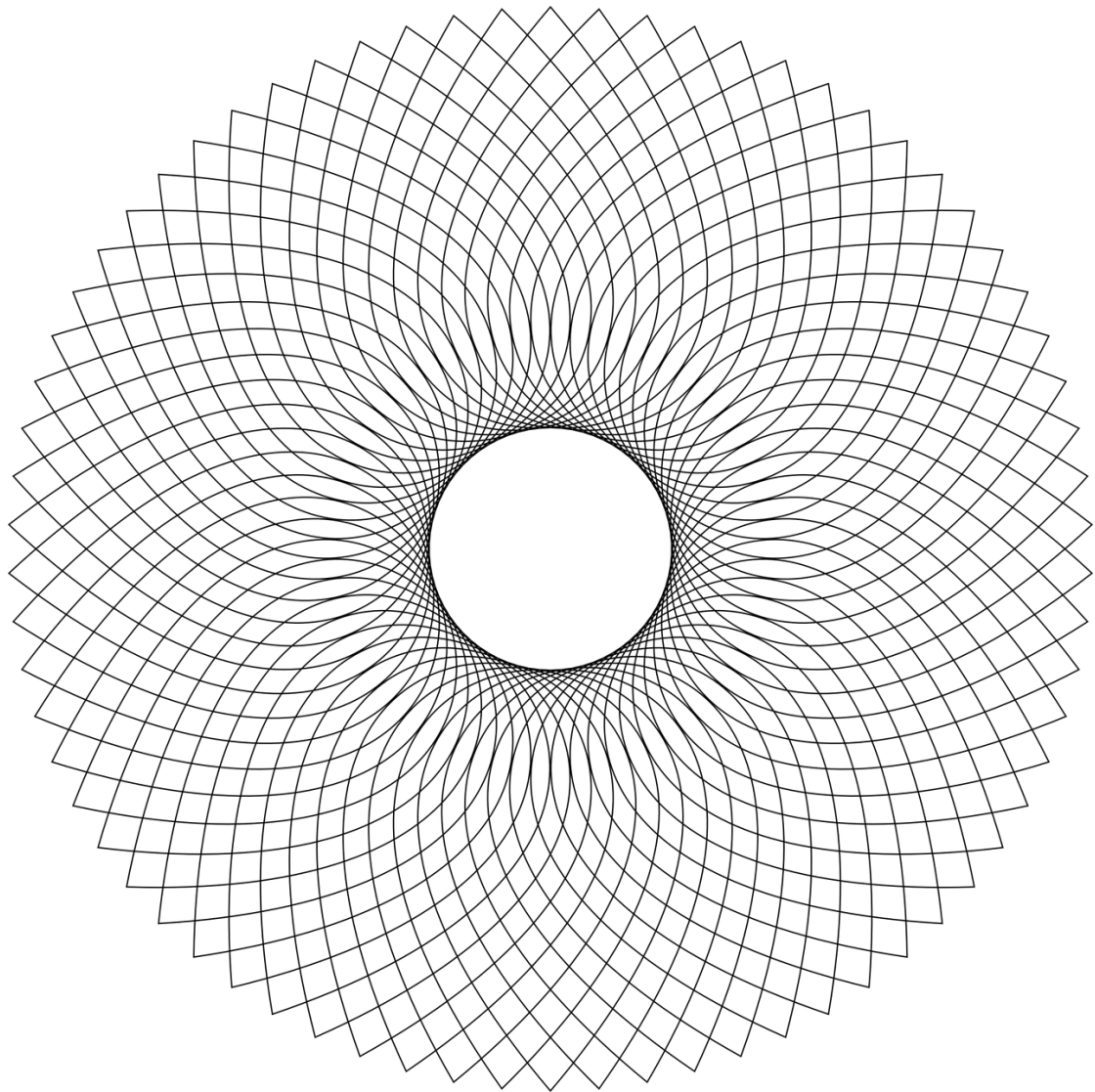


AML Compliance is more than a KYC/CDD Compliance



Now a day, organizations, businesses, individuals and any other legal arrangements must apply and be compliant with the Anti-Money Laundering guidelines, laws and regulations that apply in the country in which they operate and/or have been established.

The AML guidelines, principles and measures differ from country to country, depending on each country's/region's/continents financial legal framework and they are issued by the relevant public authorities of each country, i.e. the Accountancy Body, the Central Bank, the Companies' Registrar, etc. The authorities provide clear and comprehensive guidelines, directives, manuals and training for the public regarding the application of the AML law, which needs to be followed by all business/economic vehicles and remain compliant with its provisions.

Business/economic vehicles proceed with sound or sufficient Know Your Client (KYC) procedures, obtaining all necessary documents for the client identification, economic profile set-up and client acceptance risk assessment. In addition to that, it is important to note that additional approaches and procedures must be undertaken on a continuous basis for being 100% AML compliant. More specifically:

- Establishment of Client Continuation Risk Assessment procedures,
- Application of different procedures for high, medium and low risk clients,
- Change the risk approach to a client that its business details (business activity, customers/suppliers country of origin, business cycle, etc.) have changed,
- Perform due diligence for the client's customers and suppliers – Know Your Client's Customers (KYCC)/Client's Customers Due Diligence (CCDD)
- Train their staff to be in line and familiar with the requirements of the AML law,
- Assessment/examination of the funds in-flow and out-flow through business bank accounts (source of funds).

To this end, apart from the traditional Know Your Client (KYC) and Client Due Diligence (CDD) procedures, business/economic vehicles must establish and adopt procedures and actions covering the above areas.

Establishment of Client Continuation Risk Assessment procedures

Following the acceptance of a client, the business must assess the statutory information of the client (ultimate beneficial owners, directors, officers, contact details, etc.) on a continuous basis according to the pre-set period established in the AML manual (i.e. six months, yearly, etc.). Examine whether the information have changed and obtain relevant documentation about the changes and assess the level of the risk according to the current statutory information details, either changed or not.

Application of different procedures for high, medium and low risk clients

Different client acceptance and continuation procedures must be followed according to the risk classification/categorization of the client.

The risk assessment will reveal the level of the client risk and different due diligence procedures must be followed for each classification/categorization (high, medium and low). For high risk clients an enhanced due diligence approach must be followed and for medium and low risk clients a normal due diligence approach could be followed with some exceptions according to the specific characteristics of the client (i.e. industry of operations, clients' origin, etc.).

Change the risk approach if the business details have changed

Following a continuation risk assessment of a client, if the client's/business details have changed (beneficial owners, directors, business operations/activities, customers, suppliers, etc.) and the level of the risk has changed (i.e. from medium risk turned into high risk or from high risk turned into medium or low risk), the risk approach procedures must also be changed according to the current risk level and all relevant information and documentation must be obtained as required by the law and the AML manual.

Perform due diligence for the client's customers and suppliers – (KYCC)/(CCDD)

The traditional Know Your Client/Customer Due Diligence is not sufficient anymore. The client's customers and suppliers must be assessed in terms of the level of risk for conducting business with them. Their details (country of origin, operations, etc.) must be examined whether they entail any type of risk (i.e. UN, US and EU sanctions, high risk countries, FATF, etc.) and relevant steps must be followed for mitigating these risk or avoid making business with them, depending on the risk appetite of the business/economic vehicle.

Train the staff to be familiar with the requirements of the AML law

The professional staff that is engaged in the provision of financial services must be adequately trained in order to be familiar with the Anti-Money Laundering law and EU Directive requirements and be able to identify suspicious transactions, illegal acts and what is required for being AML compliant.

The staff must be trained with relevant AML seminars that are provided either internally or externally, by professional experts/specialists in the area of AML.

Funds in-flow and out-flow through business bank accounts examination

Business/economic vehicles must establish and adopt procedures and actions in order to scrutinize and assess the source of the funds in-flow and out-flow through the business bank

accounts for their legitimate purpose and whether they fall inside or outside their ordinary course of operations.

The receipts/payments amounting to an amount equal or greater than €10.000 in one single transaction or multiple receipts/payments relating to a single transaction must be assessed for their legitimacy and appropriate due diligence procedures must be performed where necessary.

A relevant question must be answered in each transaction that is coming in and out through business bank accounts, that is “From where the funds are coming from, for what reason and how they derived” and “Where the funds are going to and why”.

As a conclusion, in order to be AML Compliant, a business/economic vehicle must adopt, follow and be up to date with the AML provisions and requirements on a continuous basis.