

# ANTI MONEY LAUNDERING AND KNOW-YOUR-CLIENT POLICY

Anzo Capital is a well-capitalized firm regulated by Financial Services Commission (FSC), FSC licence no. 000331/281.

## 1.1. GENERAL

The Company shall keep with the following policies and procedures designed to detect any risk of failure by the firm to comply with its obligations under the Law, as well as the associated risks, and shall always maintain adequate measures and procedures designed to minimize such risk and to enable FSC to exercise its powers effectively under the Law.

The Company shall fill the position of the Compliance Officer by appointing qualified and experienced individual with sufficiently good repute (i.e. integrity, morals and credibility). Specifically, the Compliance Officer should have the relevant academic degrees, or professional qualification and relevant and experience and have very good knowledge of the English languages.

## 1.2. BASIC PRINCIPLES

The Company should ensure that the compliance function establishes a monitoring program that covers all relevant areas of the investment services and activities and ancillary services in order to ensure that compliance risk is comprehensively monitored.

While ensuring the comprehensive scope of the compliance function, the Company should ensure that the compliance function takes a risk-based approach in order to allocate the function's resources efficiently. Risk assessment should be used to determine the focus of the monitoring and advisory activities of the compliance function. The assessment should be performed regularly to ensure that the focus and the scope of compliance monitoring and advisory activities remain valid.

The compliance function shall be independent and shall be responsible for:

- (a) monitoring and assessing the adequacy and effectiveness of the measures and procedures put in place
- (b) the actions taken to address any deficiencies in the Company's compliance with its obligations under the Law
- (c) advising and assisting the relevant persons responsible for carrying out the investment services and activities to comply with the Company's obligations under the Law
- (d) providing support and assistance to all departments/units/functions of the Company
- (e) establishing and maintaining adequate Chinese Walls procedures

In order to enable the compliance function to discharge its responsibilities properly and independently, the Company shall ensure that the following conditions are satisfied, including through the Organizational Structure of the Company:

- (a) the compliance function shall have the necessary authority, resources, expertise and access to all relevant information
- (b) the compliance function shall perform its tasks and responsibilities on an ongoing, permanent, basis. To this end, the Company should provide adequate stand-in arrangements for the responsibilities of the Compliance Officer which apply when the Compliance Officer is absent. These arrangements should be in writing
- (c) a Compliance Officer shall be appointed and shall be responsible for the compliance function and for any reporting
- (d) the Compliance Officer is replaced by Senior Management only
- (e) the relevant persons involved in the compliance function shall not be involved in the performance of services or activities they monitor
- (f) the method of determining the remuneration of the relevant persons involved in the compliance function shall not compromise their objectivity and must not be likely to do so
- (g) measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate activities where such involvement may impair the proper management of conflicts of interest

## 1.3. ANNUAL REPORT OF THE COMPLIANCE OFFICER

The Company should ensure that regular written compliance reports are sent to the Senior Management. The content of those compliance reports should contain a description of the implementation and effectiveness of the company's compliance program. Reports should be prepared at least annually.

The Annual Report of the Compliance Officer is a significant tool for assessing the Company's level of compliance with its obligation laid down in the Law, its Directives and Circulars issued thereof.

The Compliance Officer's Annual Report shall be prepared and be submitted to the Board for approval.

The Annual Report of the Compliance Officer shall deal with issues relating to the overall compliance of the Company during the year under review and should address, inter alia, the following matters:

- (a) implementation of the compliance program and outcome of the review of the policies and procedures as well as the outcome of on-site inspections or reviews including breaches and deficiencies in the Company's organisation and compliance processes that have been discovered
- (b) information for the appropriate remedial measures taken and/or procedures introduced for compliance with the aforementioned breaches and deficiencies in the Company's organisation and compliance processes that have been discovered
- (c) relevant changes in regulation as well as the applicable standards and guidelines set out by FSC on these provisions over the year under review and the measures taken and to be taken to ensure compliance with the changed requirements
- (d) future relevant regulatory changes which are likely to have a significant impact on the business
- (e) other significant compliance issues that have occurred during the year under review
- (f) major correspondence with FSC and other competent authorities

## 1.4. PREVENTION & RESOLUTION OF CONFLICTS OF INTEREST

### 1.4.1. General

The Company shall take all reasonable steps to identify conflicts of interest situations between the Company and its employees/relevant persons, the Company and its Clients or between its Clients during the course of the provision of investment and ancillary services.

It is the duty of the Compliance Officer to abide by the following principles and act in such a way by continuously developing, designing and re-designing the appropriate procedures of the Company, so as to prevent and resolve potential conflicts of interest.

### 1.4.2. General Principles

The Company's conflicts of interest policy, in general shall have to:

- (a) identify with reference to the investment and ancillary services carried out by the Company, the circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more Clients
- (b) specify procedures to be followed and measures to be adopted in order to manage such conflicts

The Company shall ensure that the procedures and measures taken are designed to ensure that relevant persons engaged in different business activities involving a conflict of interest carry on those activities at a level of *independence appropriate to the size and activities of the Company and to the materiality of the risk of damage to the interests of Clients*.

The procedures to be followed and measures to be adopted shall be necessary and appropriate for the Company to ensure the requisite degree of independence:

- (a) effective procedures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more Clients
- (b) the separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, Clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the Company
- (c) the removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities
- (d) measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out the provision of investment and ancillary services
- (e) measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate activities where such involvement may impair the proper management of conflicts of interest.

### 1.4.3. Services or Activities Giving Rise to Detrimental Conflict of Interest

For the purposes of identifying the types of conflict of interest that arise in the course of providing investment and ancillary services or a combination thereof and whose existence may damage the interests of a Client, the Company shall need to take into account, by way of minimum criteria, the question of whether the Company or a relevant person, or a person directly or indirectly linked by control to the Company, is in any of the following situations, whether as a result of providing investment or ancillary services or investment activities or otherwise:

- (a) the Company or that person is likely to make a financial gain, or avoid a financial loss, at the expense of a Client
- (b) the Company or that person has an interest in the outcome of a service provided to a Client or of a transaction carried out on behalf of a Client, which is distinct from the Client's interest in that outcome
- (c) the Company or that person has a financial or other incentive to favor the interest of another Client or group of Clients over the interests of a Client
- (d) the Company or that person carries on the same business as the Client
- (e) the Company or that person receives or will receive from a person other than the Client an inducement in relation to a service provided to the Client, in the form of monies, goods or services, other than the standard commission or fee for that service

### 1.4.4. Forbidden Transaction Practices

In order to prevent potential conflicts of interest between the Company, its members and the Clients of the Company, the following transaction practices shall be forbidden.

All the employees must be aware of the following forbidden transaction practices, and it shall be their responsibility to inform the Compliance Officer immediately in case any of these appear:

- (a) the provision to the Client of investment and ancillary services with the purpose of influencing the price of financial instruments for the benefit of the Company or related persons, particularly with respect to transactions that the Company or related persons are about to effect before or after the provision of the said investment and ancillary services
- (b) the use of Client transaction information by the Company for own benefit or the announcement to third persons of such information
- (c) the preferential treatment of Company members of staff at the expense of its Clients, during the provision of the investment and ancillary services to a Client
- (d) the effect of transactions by members of the Company's staff and directors for their own account, or for the account of persons related to them, on the basis of confidential information which they acquire during course of their employment with the Company

### 1.4.5. Procedures & Controls

1. All certified officers of the Company shall become aware of this policy and the Compliance Officer shall ensure that the relevant employees have the ability and knowledge to identify such cases of conflict of interests.

2. The Compliance Officer, at least once a year, will verify that all employees (including newcomers) are aware of the above.

3. The certified officer of the Company, when faced with a possible conflict of interest situation as indicated in the above, will immediately contact the Compliance Officer and notify him of the fact.
4. Given the nature of the conflict of interest situation, the Compliance Officer shall decide whether to allow the transaction by notifying the Client, or not allow the transaction all together.

*Disclosure: before the Company provides any services, where there is a potential conflict of interest present, the Company shall need to disclose to the Client or potential Client the general nature and any conflicts of interest potentially present.*

This shall be made in a durable medium and include sufficient detail, taking into account the nature and profile of the Client, to enable the Client to make an informed decision with respect to the investment or ancillary service in the context of which the conflict of interest arises. The Compliance Officer shall have the responsibility to make/oversee such communication. Following such communication, the consent of the Client shall need to be obtained and recorded before proceeding with the provision of the service.

*Records: The Compliance Officer shall have the responsibility to keep and regularly update a record of the kinds of investment service or activity carried out by the Company in which a conflict of interest entailing a material risk of damage to the interests of one or more Clients has arisen or, in the case of an ongoing service or activity may arise, including any actions taken, as well as any consents given.*

5. Chinese Walls: The Company shall also have in place Chinese Walls procedures: No communicating of information and data between the various business units of the Company and especially, whether the Company's officers and employees have access to data in the possession of business units to which such access is not permitted.

In particular, the necessary Chinese Walls shall be erected between the various organizational units of the Company, so as to prevent the flow of confidential information in a way that adversely affects the interest of the Clients.

In this respect, Chinese Walls will need to exist between the Brokerage Department and the Dealing on Own Account Department.

In this respect, the following procedures and measures should be followed: Internal Operations Manual of April.

Organizational units that may give rise to conflicts of interests will be located separately (i.e. physical separation of organizational units). In particular, such separations will exist between the Brokerage Department and the Dealing on Own Account Department, so as to prevent the flow of information from one to the other, especially in cases where big orders arise in either unit which may materially impact the prices of the financial instruments and so as to ensure any reports on financial instruments which may effect their price are not made known to members of staff before being announced to the public.

- (a) no person shall replace another person in his/her duties without the prior consent and approval of the Compliance Officer. Such a consent will be given by the Compliance Officer after all issues of possible conflict of interest have been reviewed.
- (b) the Compliance Officer shall ensure that the executive directors or other hierarchical officers do not exercise inappropriate influence over the way in which a relevant person carries out the provision of investment and ancillary services. This shall be verified by frequent personal interviews with all Heads of Departments

The Compliance Officer shall be responsible for maintaining such Chinese Walls, by means of regular checks and will be monitored by the Company's Internal Auditor.

#### 1.4.6. Additional Measures

1. The Compliance Officer will ensure by means of regular checks and inspections that the abovementioned procedures and controls are being followed.
2. Furthermore, the Internal Auditor shall be responsible for monitoring and supervising all the procedures and controls regarding the Company's conflict of interest policy, at least once a year.

#### 1.4.7. Personal Transactions

##### 1.4.7.1. Policy/Guidelines

The Company shall have, implement and maintain adequate arrangements aimed at preventing the following activities in the case of any relevant person who is involved in activities that may give rise to a conflict of interest, or who has access to inside information within the meaning of the Insider Dealing and Market Manipulation (Market Abuse) law or to other confidential information relating to Clients or transactions with or for Clients by virtue of an activity carried out by him on behalf of the Company:

- (a) entering into a personal transaction which meets at least one of the following criteria:
  - that person is prohibited from entering into it under the abovementioned law
  - it involves the misuse or improper disclosure of that confidential information
  - it conflicts or is likely to conflict with an obligation of the Company under the Law
- (b) advising or procuring, other than in the proper course of his employment or contract for services, any other person to enter into a transaction in financial instruments which, if a personal transaction of the relevant person, would be covered by point (a) above or by the fact that the Company shall not misuse information relating to pending Client orders, and takes all reasonable steps to prevent the misuse of such information by any of its relevant persons
- (c) Any information or opinion to any other person if the relevant person knows, or reasonably ought to know, that as a result of that disclosure that other person will or is likely to take either of the following steps:
  - to enter into a transaction in financial instruments which, if a personal transaction of the relevant person, would be covered by point (a) above or by the fact that the Company shall not misuse information relating to pending Client orders, and takes all reasonable steps to prevent the misuse of such information by any of its relevant persons
  - to advise or procure another person to enter into such a transaction

In this respect, it is the duty of the Compliance Officer to make certain that:

- (a) each relevant person covered by points (a), (b) and (c) above shall be aware of the restrictions on personal transactions, and of the measures established by the Company in connection with personal transactions and disclosure, according to points (a), (b) and (c) above
- (b) the Company shall be informed promptly of any personal transaction entered into by a relevant person, either by notification of that transaction or by other procedures enabling the Company to identify such transactions. In the case of outsourcing arrangements, the Company shall ensure that the firm to which the activity is outsourced maintains a record of personal transactions entered into by any relevant person and provides that information to the Company promptly on request
- (c) a record shall be kept of the personal transaction notified to the Company or identified by it, including any authorization or prohibition in connection with such a transaction.

1.4.7.1. Procedures & Controls

The Company's personnel having access, because of their position and access in the Company to trading information of Clients of which may influence the prices of financial instruments, subject to the policy of the Company on Personal Transactions, as per Section 10.4.7.1, as this is maintained and may be amended, by the Compliance Officer:

- (a) must inform the Company of their investment accounts
- (b) are prohibited from keeping accounts in other financial services firms without the Company's authorization and are prohibited from performing own account transactions without the permission of the Company
- (c) are obliged to authorize the Company to directly take delivery from the financial services company where they keep such accounts, of updates concerning the transactions performed.

Reports for compliance with these provisions shall be submitted to the General Manager and monitored by the Company's Internal Auditor.

## 1.5. PROCEDURES FOR THE PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING

The procedures described below outline important Company's policies and procedures regarding the prevention of money laundering and terrorist financing. A more comprehensive description of the Company's policies and procedures regarding the prevention of money laundering and terrorist financing are included in the Company's AML Manual.

1.5.1. Definition of Money Laundering

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

Under a broad definition, the laundering process is accomplished in three stages:

- (a) Placement – the physical disposal of cash proceeds derived from criminal activity
- (b) Layering – separating the illicit proceeds from their source by creating complex layers of financial transactions designed to disguise the audit trail and provide anonymity
- (c) Integration – the provision of apparent legitimacy to wealth derived from crime. If the layering process is succeeded, integration schemes place the laundered proceeds back into the economy in such a way that they re-enter the financial system appearing as normal business funds

The Company shall have in place a Money Laundering Compliance Officer, who shall be responsible for the Company's Money Laundering Compliance Procedures

1.5.2. The Responsibilities of the Board of Directors

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

- (a) to determine, record and approve the general policy principles of the Company in relation to the prevention of money laundering and terrorist financing and communicate them to the Compliance Officer
- (b) to appoint the Compliance Officer and, where is necessary, assistant Compliance Officers and determine their duties and responsibilities, which are recorded in the risk management and procedures manual regarding money laundering and terrorist financing
- (c) to approve the AML procedure, which is communicated to all employees of the Company, that manage, monitor or control in any way the Clients' transactions and have the responsibility for the application of the practices, measures, procedures and controls that have been determined
- (d) to ensure that all requirements of the Law of the FSC are applied, and assure that appropriate, effective and sufficient systems and controls shall be introduced for achieving the above mentioned requirements
- (e) to assure that the Compliance Officer and his assistance, if any, and any other person who has been assigned with the duty of implementing the procedures for the prevention of money laundering and terrorist financing, shall have complete and timely access to all data and information concerning Clients' identity, transaction documents and other relevant files and information maintained by the Company so as to be fully facilitated in the effective execution of their duties
- (f) to ensure that all employees shall be aware of the person who has been assigned the duties of the Compliance Officer, as well as his assistants, to whom they report any information concerning transactions and activities for which they have knowledge or suspicion that might be related to money laundering and terrorist financing
- (g) to establish a clear and quick reporting chain based on which information regarding suspicious transactions shall be passed without delay to the Compliance Officer, either directly or through his assistants, as applicable and to notify accordingly the Compliance Officer for its explicit prescription in the risk management and procedures manual regarding money laundering and terrorist financing
- (h) to ensure that the Compliance Officer shall have sufficient resources, including competent staff and technological equipment, for the effective discharge of his duties
- (i) to assess and approve the Compliance Officer's Annual Report and take all action as deemed appropriate under the circumstances to remedy any weaknesses and/or deficiencies identified in the above mentioned report.

1.5.3. During the Client Approval Process

The Compliance Officer followed by the General Manager, shall need to approve or reject a Client account application, whereas the final decision is made by the General Manager.

The Compliance Officer shall be responsible for the Company to seek information from outside sources, to reinforce the opinion of the Company with respect to a new Client, if this shall be deemed necessary according to the Compliance Officer. Specifically, during the Client account approval process, the Compliance Officer shall have the duty to examine the possibility that the prospective Client is involved in illegal or criminal activities. To that purpose, all the procedures prescribed in the FSC Directive on money laundering shall be applied.

In rejecting a Client application, the Compliance Officer shall pay particular attention for the presence, indicatively and among others, the following qualifying factors:

- (a) the amount of capital that the Client wishes to invest is larger than expected with respect of his/her income
- (b) the sources of the investment capital are unclear
- (c) the distance separating the reported residence and work addresses is large
- (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
  - holds accounts in many financial services companies
  - lives/works from a country considered to be a tax haven

The presence of the above does not define the Client as a suspect case, but if he/she is a new, unknown, and has approached the Company without sufficient references, then the Company shall have to act with particular care in examining the application.

1.5.4. Following the Client Approval Process

Following the approval of a Client account application and for the duration of the account operation, the Administration/Back Office Department and the Company's investment services officers shall have to be monitoring the Client's account for the following qualifying indicators of suspicious Clients:

- (a) the level of investment activity of the Client is far larger than the original targets, without there being a corresponding obvious increase in the Client's sources of income
- (b) the Client's transactions do not match the set investment objectives or market practice
- (c) the Client's frequency of transactions is far higher than the one anticipated by the investment plan or market practice
- (d) the Client attempts to settle the outstanding transactions in cash.

The officers of the two departments shall bear the obligation to report to the General Manager of the Company (as applicable) or the Compliance Officer, the cases of Clients who potentially:

- (a) display uncertain creditworthiness
- (b) are involved in illegal or criminal activities

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

1.5.5. Annual Report of the Money Laundering Compliance Officer

The Compliance Officer shall be assigned the duty to prepare the Annual Money Laundering Compliance Officer Report, in the manner prescribed below.

The Compliance Officer's Annual Report shall be prepared and submitted to the Board for approval within two months from the end of each calendar year (i.e. the latest, by the end of February). The Board, having studied the content of the Annual Report, shall take any necessary measures to correct any weaknesses or omissions identified in the Annual Report.

Following the Board's approval of the Annual Report, a copy of the Annual Report should be submitted to the FSC together with the Board's meeting minutes, within twenty (20) days from the end of the meeting, and no later than three months from the end of each calendar year (i.e. the latest, by the end of March), if necessary.

The Annual Report deals with issues relating to money laundering and terrorist financing during the year under review, including, as a minimum, the following:

- (a) information on the inspections and reviews performed by the Compliance Officer, reporting the material deficiencies and weaknesses identified in the policy, practices, measures, procedures and controls that the Company applies for the prevention of money laundering and terrorist financing. In this regard, the report shall outline the seriousness of the deficiencies and weaknesses, the risk implications and the actions taken and/or recommendations made for rectifying the situation
- (b) the number of Internal Suspicion Reports submitted by Company personnel to the Compliance Officer, possible comments/ observations thereon
- (c) the number of reports submitted by the Compliance to the Unit with information/details on the main reasons for suspicion and highlights of any particular trends
- (d) information, details or observations regarding the communication with the employees on money laundering and terrorist financing preventive issues
- (e) summary figures, on an annualised basis, of Clients' total cash deposit in USD and other currencies in excess of the set limit of 10,000 USD (together with comparative figures for the previous year) as reported in the monthly prevention statement. Any comments on material changes observed compared with the previous year shall also be reported
- (f) information on the policy, measures, practices, procedures and controls applied by the Company in relation to high risk Clients as well as the number and country of origin of high risk Clients with whom a business relationship has been established or an occasional transaction has been executed



- (g) information on the systems and procedures applied by the Company for the ongoing monitoring of Client accounts and transactions
- (h) information on the training courses/seminars attended by the Compliance Officer and any other educational material received
- (i) information on training/education and any educational material provided to staff during the year, reporting, the number of courses/seminars organised, their duration, the number and the position of the employees attending, the names and qualifications of the instructors, and specifying whether the courses/seminars were developed in-house or by an external organisation or consultants
- (j) results of the assessment of the adequacy and effectiveness of staff training
- (k) information on the recommended next year's training program
- (l) information on the structure and staffing of the department of the Compliance Officer as well as recommendations and time frame for their implementation, for any additional staff and technical resources which may be needed for reinforcing the measures and procedures against money laundering and terrorist financing

**1.5.6. Monthly Prevention Statement**

The Compliance Officer shall prepare on a monthly basis, a Monthly Prevention Statement Regarding the Prevention of Money Laundering and Terrorist Financing" which includes: (a) details for the total cash deposits accepted by the Company, even if there is no Clients' money held/kept or no cash transactions are conducted over 10,000,00 USD or no reports on money laundering or terrorist financing are submitted, (b) the Internal Suspicions Reports.

The completion of the relevant form provides the opportunity to the Company initially to evaluate and, subsequently, to reinforce its systems of control and monitoring of its operations, for the purpose of early identification of transactions in cash which may be unusual and/or carry enhanced risk of being involved in money laundering and terrorist financing operations.

**1.5.7. Education & Training**

The COMPLIANCE OFFICER shall have the duty to provide adequate training to all the Company's personnel in the recognition and handing of suspicious transactions. The education program shall be continuous and shall have the purpose:

- (a) to update the personnel on any changes in the provisos of the relevant laws relating to Money Laundering issues and all relevant guidance notes issued by the FSC
- (b) to review procedures followed by the Company's personnel and to encourage their cooperation with the Compliance Officer
- (c) to inform and train newly-hired personnel.

The Compliance shall have to keep records of the training programs offered, registering the date of the programs, the participants & attendance records, as well as the contents and scope of the training programs.

**1.5.8. Registers**

The Compliance Officer shall maintain the following registers:

- (a) staff training records
- (b) periodic operations review records
- (c) reports and recommendations submitted to the Company's Board
- (d) reports submitted to the FSC, if necessary

**1.5.9. Suspicious Transactions**

Although it is difficult to define a suspicious transaction, as the types of transactions which may be used by money launderers are almost unlimited, a suspicious transaction shall often be one which is inconsistent with a Client's known, legitimate business or personal activities or with the normal business for that type of account. It is, therefore, imperative that Company officials know enough about their Clients' business in order to recognize that a transaction or a series of transactions is unusual.

The following are examples of suspicious Clients that shall have to be reported to the Compliance Officer:

- (a) A Client (natural person) for which the verification of identity has proven to be particularly difficult and who appears to be cautious in providing details with respect to his identity
- (b) A Client (legal entity) for which difficulties or delays in the submission of the relevant documentation are encountered
- (c) A Client, referred from an overseas bank or from an existing Client, whereby both prospective Client and referring bank or existing Client are residents of countries of lax jurisdictions.

**1.5.9.1. Examples of Suspicious Transactions**

**1. Money laundering using cash transactions**

- (a) unusually large cash deposits made by an individual or company whose ostensible business activities would normally be generated by cheques or other instruments
- (b) substantial increases in cash deposits of any individual or business without apparent cause, especially if such deposits are subsequently transferred within a short period out of the account and/or to a destination not normally associated with the Client
- (c) Clients who deposit cash by means of numerous credit slips so that the total of each deposit is unremarkable, but the total of all the credits is significant
- (d) frequent exchange of cash into other currencies
- (e) Clients transferring large sums of money to or from overseas locations with instructions for payment in cash

**2. Money laundering using bank accounts**

- (a) Clients who wish to maintain a number of trustee or Clients' accounts which do not appear consistent with their type of business, including transactions which involve nominee names
- (b) Clients who have numerous accounts and pay in amounts of cash to each of them in circumstances in which the total of credits would be a large amount
- (c) any individual or company whose account shows virtually no normal personal banking or business related activities, but is used

- to receive or disburse 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)
- (d) reluctance to provide normal information when opening an account, providing minimal or fictitious information or, when applying to open an account, providing information that is difficult or expensive for the Company to verify
- (e) Clients who appear to have accounts with several banks within the same locality, especially when the Company is aware of a regular consolidation process from such accounts prior to a request for onward transmission of the funds
- (f) matching of payments out with credits paid in by cash on the same or previous day
- (g) paying in large third party cheques endorsed in favour of the Client
- (h) large cash withdrawals from a previously dormant/inactive account, or from an account which has just received an unexpected large credit from abroad
- (i) Clients who together, and simultaneously, use separate tellers to conduct large cash transactions or foreign exchange transactions
- (j) Companies' representatives avoiding personal contact with the Company
- (k) 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
- (l) Clients who decline to provide information that in normal circumstances would make the Client eligible for credit or for other banking services that would be regarded as valuable
- (m) large number of individuals making payments into the same account without an adequate explanation

3. Money laundering involving international activity

- (a) Client introduced by an overseas branch or affiliate based in countries where production of drugs or drug trafficking may be prevalent
- (b) 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
- (c) 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 marketing of drugs
- (d) building up of large balances, not consistent with the known turnover of the Client's business, and subsequent transfer to account(s) held overseas
- (e) unexplained electronic funds transferred by Clients on an in and out basis or without passing through an account
- (f) frequent requests for traveller's cheques, foreign currency drafts or other negotiable instruments to be issued
- (g) frequent paying in of travellers' cheques, foreign currency drafts particularly if originating from overseas
- (h) numerous wire transfers received in an account when each transfer is below the reporting requirement in the remitting country

4. Money laundering involving employees and agents

- (a) changes in employee characteristics, e.g. lavish life styles
- (b) any dealing with an agent where the identity of the ultimate beneficiary or counter party is undisclosed, contrary to normal procedure for the type of business concerned