



## AML and CTF Policy

Last updated: 29 March 2018

In common with many other countries, Estonia has passed legislation designed to prevent money laundering and to combat terrorism. This legislation, together with regulations, rules and industry guidance, forms the cornerstone of AML/CTF obligations for Estonian companies and outlines the offences and penalties for failing to comply.

Zantepay is committed to meet regulatory demands and adhere AML/CTF Policy to current legislation requirements. Zantepay may have additional policies and procedures designed to comply with legislation, regulations and any other policies.

### **DEFINITION OF MONEY LAUNDERING AND TERRORIST FINANCING**

**‘Money laundering’** means:

- 1) the conversion or transfer of property derived from criminal activity or property obtained instead of such property, knowing that such property is derived from criminal activity or from an act of participation in such activity, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in the commission of such an activity to evade the legal consequences of that person’s actions;
- 2) the acquisition, possession or use of property derived from criminal activity or property obtained instead of such property, knowing, at the time of receipt, that such property was derived from criminal activity or from an act of participation therein;
- 3) the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of, property derived from criminal activity or property obtained instead of such property, knowing that such property is derived from criminal activity or from an act of participation in such an activity.

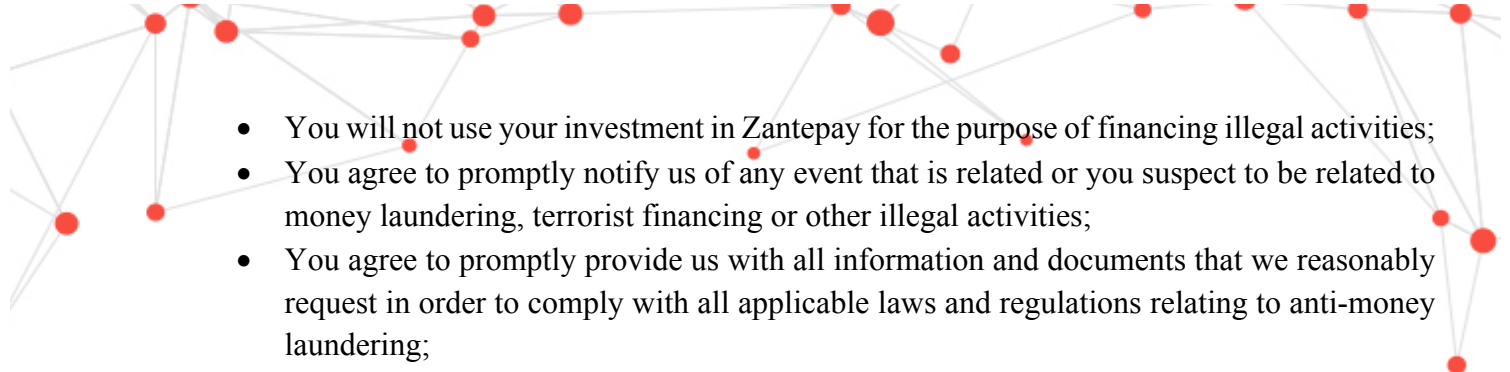
‘Terrorist financing’ means the financing and supporting of an act of terrorism and commissioning thereof within the meaning of § 237<sup>3</sup> of the Penal Code of Estonia.

### **OBJECTIVES OF THE POLICY:**

- To prevent Zantepay from being used for financial crime so as to comply with all applicable legal requirements; and,
- To ensure that the most appropriate action is taken by Zantepay to mitigate the risks associated with financial crime.

**By creating an account with Zantepay, or acting as a customer or supplier to Zantepay (hereinafter jointly referred to as the “customer”), you warrant and agree as follows:**

- You warrant that you comply with all applicable anti-money laundering laws and regulations, including but not limited to the AML/CTF laws and associated rules and regulations as amended from time to time;
- You warrant that the money you use to deposit your account has not been or will not be related to any money laundering or other illegal activities under applicable laws and regulations;

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- You will not use your investment in Zantepay for the purpose of financing illegal activities;
  - You agree to promptly notify us of any event that is related or you suspect to be related to money laundering, terrorist financing or other illegal activities;
  - You agree to promptly provide us with all information and documents that we reasonably request in order to comply with all applicable laws and regulations relating to anti-money laundering;
  - You acknowledge and agree that Zantepay will conduct initial simplified due diligence and verify your identity and may conduct enhanced due diligence if required by applicable laws and regulations.

## **REPORTING**

Zantepay is obliged to report to the Financial Intelligence Unit in the event of suspicion of money laundering or terrorist financing.

## **RISK ASSESSMENT**

Zantepay is committed to identify and assess any money laundering or terrorist financing risks as well as to mitigate these risks to an acceptable level. As part of the risk assessment, we monitor and review operations of customers.

## **CUSTOMER DUE DILIGENCE**

Zantepay takes steps to identify our customers and check whether they are who they say they are. We request and obtain the following:

For natural person:


- Full name; and
- Personal identification code; and
- Date and place of birth; and
- Place of residence or seat; and
- If the person is not the customer, the person's relationship to the customer.

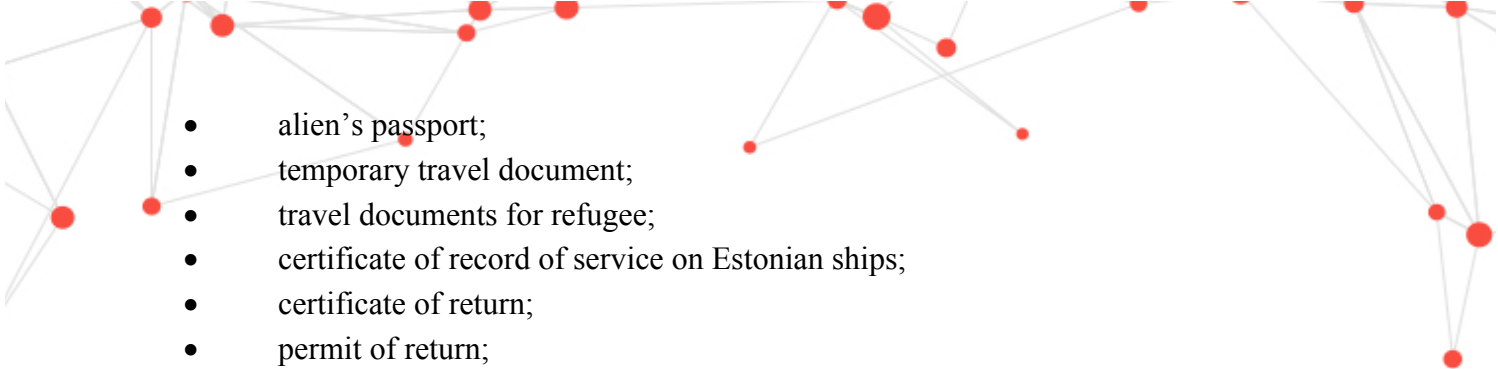
For legal person:

- Name or business name of the legal person; and
- registry code or registration number and the date of registration; and
- names of the director, members of the management board or other body replacing the management board, and their authorisation in representing the legal person; and
- details of the telecommunications of the legal person.

**In order to verify the abovementioned information Zantepay will require submitting the following documents:**

For natural person (one of the following documents – as applicable):

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- identity card;
  - Estonian passport;
  - diplomatic passport;
  - seafarer's discharge book;

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- alien's passport;
  - temporary travel document;
  - travel documents for refugee;
  - certificate of record of service on Estonian ships;
  - certificate of return;
  - permit of return;
  - valid travel document issued in a foreign country; or
  - driving licence that meets the requirements provided for in subsection 1 of § 4 of the Identity Documents Act of Estonia.

For legal entity:


- 1) registry card of the relevant register;
- 2) registration certificate of the relevant register, or
- 3) document equal to the document specified in clause 1 or 3 above.

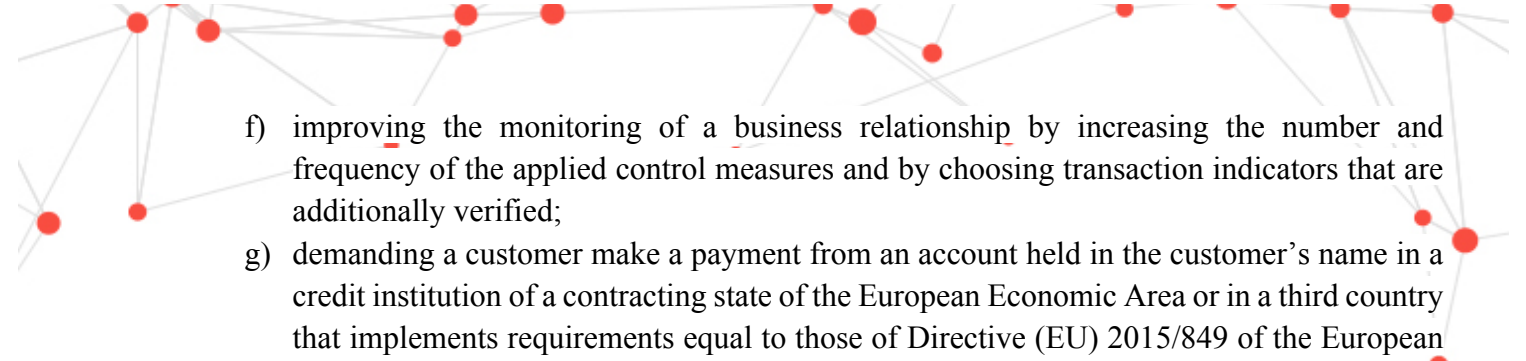
If we have any doubts about a customer's identity, Zantepay requests additional documents and/or terminates any deals with such customer.

In some situations, Zantepay may conduct Enhanced Customer Due Diligence. These situations are:

- a) upon identification of a person or verification of submitted information, there are doubts as to the truthfulness of the submitted data, authenticity of the documents or identification of the beneficial owner;
- b) the customer is a politically exposed person, except for a local politically exposed person, their family member or a close associate;
- c) the customer is from a high-risk third country or its place of residence or seat or the seat of the payment service provider of the payee is in a high-risk third country;
- d) the customer is from such country or territory or its place of residence or seat or the seat of the payment service provider of the payee is in a country or territory that, according to credible sources such as mutual evaluations, reports or published follow-up reports, has not established effective AML/CFT systems that are in accordance with the recommendations of the Financial Action Task Force, or that is considered a low tax rate territory;
- e) any other situation where there's a higher risk of money laundering as defined by applicable laws and regulations.

The enhanced due diligence measures for customers in high-risk third country include:

- a) gathering additional information about the customer and its beneficial owner;
  - b) gathering additional information on the planned substance of the business relationship;
  - c) gathering information on the origin of the funds and wealth of the customer and its beneficial owner;
  - d) gathering information on the underlying reasons of planned or executed transactions
  - e) receiving permission from the senior management of Zantepay to establish or continue a business relationship;
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- f) improving the monitoring of a business relationship by increasing the number and frequency of the applied control measures and by choosing transaction indicators that are additionally verified;
  - g) demanding a customer make a payment from an account held in the customer's name in a credit institution of a contracting state of the European Economic Area or in a third country that implements requirements equal to those of Directive (EU) 2015/849 of the European Parliament and of the Council.

The enhanced due diligence measures when we deal with a politically exposed person are:

- a) obtaining approval from the senior management of Zantepay to establish or continue a business relationship with the person and making sure that only senior management of Zantepay gives approval for a new business relationship;
- b) applying measures to establish the origin of the wealth of the person and the sources of the funds that are used in the business relationship or upon making occasional transactions;
- c) monitoring the business relationship in an enhanced manner.

Zantepay will send a questionnaire on funds origin to the customer if such customer wishes to make a transaction in the amount exceeding EUR10,000. You agree to fill in such questionnaire and provide supported documentation on funds origin in order to complete the transaction.

#### **MONITORING CUSTOMER ACTIVITY**

Zantepay conducts ongoing monitoring of customer activity in order to:

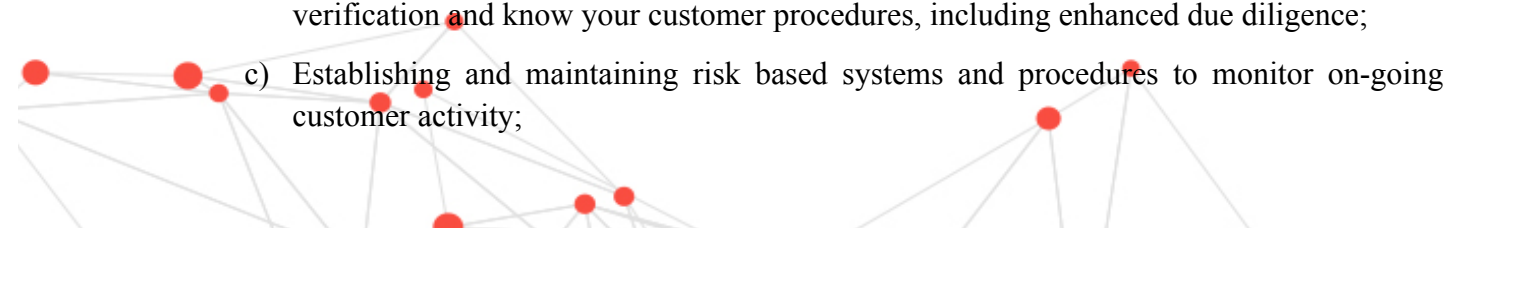
- a) identify any unusual activity, flagging up transactions/activities for further examination;
- b) check transactions made in a business relationship in order ensure that the transactions are in concert with the obliged entity's knowledge of the customer, its activities and risk profile;
- c) regularly update relevant documents, data or information gathered in the course of application of due diligence measures;
- d) identify the source and origin of the funds used in a transaction;
- e) pay more attention to high-risk transactions.

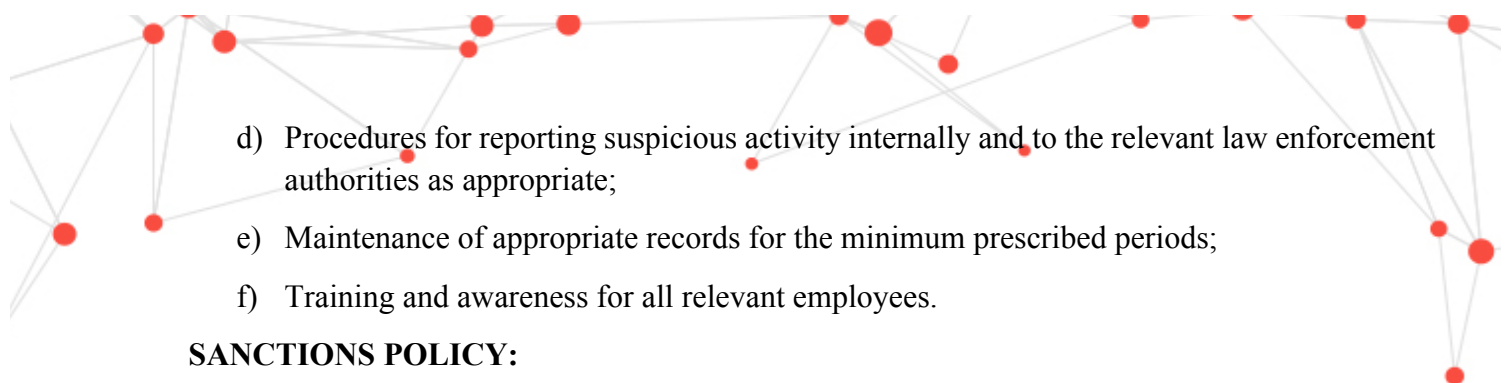
Zantepay's ongoing monitoring of customer activity comprises:

- a) "Real-time" monitoring of activities/transactions as they arise or are about to take place;
- b) "Post-event" monitoring within defined parameters.

#### **ANTI-MONEY LAUNDERING (AML) POLICY AND PRINCIPLES:**

We have set these minimum standards and principles:

- a) Establishing and maintaining a Risk Based Approach towards assessing and managing the money laundering and terrorist financing risks to the company;
  - b) Establishing and maintaining risk-based customer due diligence, identification, verification and know your customer procedures, including enhanced due diligence;
  - c) Establishing and maintaining risk based systems and procedures to monitor on-going customer activity;
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- d) Procedures for reporting suspicious activity internally and to the relevant law enforcement authorities as appropriate;
  - e) Maintenance of appropriate records for the minimum prescribed periods;
  - f) Training and awareness for all relevant employees.

#### **SANCTIONS POLICY:**

Zantepay is prohibited from transacting with individuals, companies and countries that are on prescribed Sanctions lists. Zantepay will therefore screen against United Nations, European Union, UK Treasury and US Office of Foreign Assets Control (OFAC) sanctions lists in all jurisdictions in which we operate.

#### **DATA RETENTION**

Zantepay will retain documents related to identification information which serve the basis for identification and verifications of persons, and the documents serving as the basis for the establishment of a business relationship as well as certain other documents and information as per AML laws and regulations no less than five years after termination of the business relationship.

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