CONTROL SYSTEMS

FOR

PREVENTION OF MONEY LAUNDERING AND FINANCING OF TERRORISM

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This guide aims to:

- the implementation of measures to detect, prevent and combat against money laundering
- set the legal requirements with the correct guidance provided by the Pancyprian Bar Association.
- To state what you, as Employees of Rikkos Mappourides & Associates, are obliged to do
- Provide realistic examples / situations and find possible ways to resolve them

DEFINITIONS

"**Directive**" = Directives issued from time to time by the Pancyprian Bar Association to its members concerning the prevention and combating of money laundering

"**Company**" = Rikkos Mappourides and Associates L.L.C.

"**Lawyers**" = Any person employed by the Company as a lawyer or associate

"**Manual**" = This manual / guide is used only for internal purposes of the Company

"**Compliance Officer**" = Compliance Officer to prevent and combat money laundering. He is a senior executive, who, according to the law, means a member of staff of the Company or employee with sufficient knowledge of the exposure of the liable entity to the risk of money laundering and financing of terrorism, which is at the highest level in the decision-making hierarchy exposed to risk.

"**Law**" = The Law on the Prevention and Suppression of Money Laundering Activities of the Law of 2007, Law 188 (I) / 2007, as may be amended from time to time

"**MOKAS**" = The Unit for Combating Money Laundering

PREAMBLE

All Company Lawyers, as well as the other staff, must be aware of the relevant laws on Combating and Preventing Money Laundering. Persons who are not aware of the provisions of the relevant Laws and Senior Executives who do not follow the necessary procedures are exposed to the risk of criminal prosecution. Non-compliance with the relevant laws may result in imprisonment of up to 14 years and / or a serious fine.

The current legislation in Cyprus that deals exclusively with money laundering is "On the Prevention and Combating of Money Laundering Law 2007" (188 (i) / 2007) as amended. This Law entered into force on 08/01/2008, modifying and consolidating the previous Laws of 1996-2004.

Lawyers and legal entities in Cyprus (as defined in the Advocates Law, Chapter 2, are exempted from the "Regulating Businesses Providing Administrative Services and Related Issues Law of 2012" (196 (I) / 2012), but are regulated for the issue of money laundering by the Pancyprian Bar Association, acting as a Supervisory Authority, issuing pertinent Instructions from time to time. All members of the above Association have a legal obligation to implement the appropriate measures such as the Law and the Cyprus Bar Association designated for the prevention of money laundering and financing terrorism set out in Part VIII of the Act and the Guidelines.

The Law Firm of RIKKOS MAPPOURIDIS AND ASSOCIATES L.L.C., in order to fully comply with its obligations as defined under the Law, as amended, as well as, the respective Directives issued periodically by the Pancyprian Bar Association, adopts and establishes the procedures to be followed for identifying, avoiding, preventing, combating and reporting suspicious transactions by existing and / or new customers of the Company.

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For the aforementioned purposes, the Company has appointed Mrs. Daphne Mappouridou as Compliance Officer. Any suspicions regarding money laundering transactions should be communicated to her **IMMEDIATELY**.

According to Article 69 of the Law, the Compliance Officer is a senior executive who possesses competence, knowledge and expertise in financial or other activities, and which must be internally referred to by employees engaged in financial or other activities (hereinafter "Employees ") So as to recommend that the legal obligation in order to disclose information to be fulfilled. In particular, a report should be made to the Compliance Officer for any information or other matter that is perceived by Employees and which, in the opinion of the Employee, proves or suspects that a person, whether it is a client or associate in any way with a client or with the Company, is involved in money laundering or financing of terrorism.

By completing the relevant form attached to Appendix A, the employee is deemed to have fully met his obligations under the Law.

For any clarification regarding what is mentioned in this control system, you can contact the Compliance Officer.

DEFINITION FOR MONEY LAUNDERING

Money laundering today is a global phenomenon. According to MOKAS and the provisions of the Law, money laundering has been defined as the process through which criminals attempt to conceal the true origin and ownership of their proceeds from their illegal activities. If the concealment of origin and ownership succeeds, it is possible for these individuals to retain control of these revenues and ultimately to provide legal cover for the source of their funds. That is, the 'dirty-illegal funds appear at the end as' pure' - legitimate.

Criminals, to achieve their purpose, i.e money laundering, they use a large number of professionals who, unknowingly, help them in achieving their goal. Most often they choose professionals such as accountants, lawyers, brokers, who help them in achieving their goal.

The process of legalizing these revenues is achieved in the three-step sequence which can be subdivided into more than one act and can take place at different times:

- **PLACEMENT**:

  This is the natural disposal of the initial income generated by illegal activity. However, in cases of more serious offenses and not only drug-related offenses, the offender wishes to place the proceeds in the form of cash into the economic system of a country. For this reason, the Company does not accept payment of more than € 10,000 in cash and for amounts over €5,000 up to € 10,000, the Company requests from the client to provide proof of the origin of the cash.

- **CONVERSION**:

  At this stage, many offenders can be identified, since this is the stage at which unlawful revenue is split from the original source, by the creation of various complex financial transactions, the sole purpose of which is to conceal the presumptions auditing trail and provide anonymity.
  One has to keep in mind that such transactions are often channeled through virtual companies or companies with authorized shareholders and / or mandated directors.

- **INTEGRATION**:

  It is the apparent legitimacy of the wealth that has been produced illegally. If after the conversion, the layer creation process has succeeded, then with various plans, money laundering income returns to the economy in such a way that it is re-introduced into the financial system and presented as legal capital venture.

IT IS SIGNIFICANT TO KNOW THAT THE EFFECT OF THIS LEGAL INCOME NORMS IS VERY POSSIBLE TO RECOGNIZE IN THE FOLLOWING WAYS:

- entering cash into the financial system
- cross-border capital flow
- transfers within and out of the financial system

EXAMPLES OF INCOME FROM ILLEGAL ACTIVITIES

Indicatively, such examples can be considered as follows:

- Illicit sale of weapons
- Trafficking
- Drug trafficking
- Electronic blackmail
- Exploitation of Confidential Information
- Bribery
- Scam

New methods of collecting revenue are continually being discovered. Examples of the **most common methods of collecting revenue from illegal transactions** include the following:

- Luxury goods were bought and then sold on the free market to be legalized.
- Financial services customers can buy investment in crime. Investments can be redeemed immediately afterwards, resulting in money laundering.
- There are still reports of cases where criminals pay excessive taxes in order to get a genuine Revenue check in return.

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- Accountants, lawyers, or other counselors in such areas can be used to legitimize revenue from illegal activities. A client may ask to deposit money into the client's account to prove that he has the funds for a proposed business deal. The return of the funds is then called as the agreement (which has never been) and therefore collapses. The money launderer then has a "clean" check from an accountant or lawyer who is considered as a reliable source.
- Business cash can be used for laundering. Restaurants, taxi companies, business imports / exports and antique dealers, as well as other cash companies, are popular for this kind of income from illegal activities. In addition, casinos and betting shops can be used because gambling has the "ability" to hide the true source of income.
- "Internet revenues" - with the increased use of the internet, this is an additional way of money laundering. E-cash can be used to buy things over the internet.

Examples of those activities which are likely to be important for lawyers and legal firms:

- provision of services relating to intangible or non-marketable securities
- advice and services on capital structures, industrial strategy, mergers or acquisitions
- portfolio management of a company
- Providing secure custody services
- carrying out any other investment work; and
- providing any form of service to clients including auditing, accounting / bookkeeping and tax advice.

VULNERABILITY OF LAWYERS IN THE MONEY LAUNDERING

Money laundering perpetrators or terrorism financiers usually appear to be reputable people and their business activities are often difficult to distinguish from legitimate clients. As a legitimate client, money laundering or terrorist financiers will need legal services and a whole range of legal advice. Some areas of a lawyer's work may be more vulnerable than others to the involvement of money laundering perpetrators, but it would be dangerous to regard an area as unaccountable.

LEGAL ASPECTS

1. LEGISLATION

In order to prevent the use of the financial system and the use of a large number of professionals and services, legislation has been put in place which provides for the establishment of Supervisory Authorities and the procedures to be followed by professionals.

2. DIRECTIVES 2014/42 / EU AND (EU) 2015/849 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

(https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:JOL_2015_141_R_0003&from=ES)

These Directives of the European Parliament and of the Council of 3 April 2014 and 20 May 2015 mention the obligations of Member States to combat money laundering. With regards to these guidelines, a large number of professions and services can be used by illegal ones.

3. DOMESTIC LAW: Anti-Money Laundering and Combating Money Laundering Activities

The Law on the Prevention and Suppression of Money Laundering Activities Law 2007 (Law 188 (I) / 2007) as amended (and which replaced the 1996 Complaint, Investigation and Prohibition of Revenues from Certain Criminal Acts, N61 (I) / 96 as amended) identifies as a criminal offense the legalization of proceeds from the commission of serious criminal offenses or acts relating to the financing of terrorism. It further provides that any such revenue may be confiscated.

- **Defined Offenses**

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According to Article 3 of the Law, it applies in relation to offenses which are referred to as defined offenses and which consist of:

A. money laundering offenses.
B. generating offenses.

A. Money Laundering Offenses (Article 4 of the Law).

Any person who while:

A. knows or
B. he ought to have known that any form of property is the proceeds of the commission of a perpetrator of an offense (whether or not the generating offense is subject to the jurisdiction of the Cypriot Courts) and proceeds with the actions described below, commits an offense punishable by imprisonment for fourteen years or a fine of up to five hundred thousand euros (€ 500000), or both, in the case of (a) above, and by imprisonment for five years or a fine of up to fifty thousand euros (€ 50000) or both of these penalties in case (b) above.

Actions that constitute the offense:

i. The conversion, transfer or removal of property which is revenue from the commission of offenses in order to conceal or disguise its illicit origin or to provide any assistance to a person who is involved in the commission of the generating offense in order to commit any of the above actions or activities or otherwise acts to avoid the legal consequences of his actions and activities.
ii. Hiding or concealing the true nature, source, location, disposal, movement, rights in relation to property or ownership thereof.
iii. The acquisition, possession or use of such property.
iv. Participation, partnership, co-operation, conspiracy to commit or attempt to commit and provide contribution and assistance, guidance or counseling to commit any of the offenses

referred to in (i) to (iv) above, provides information on investigations which are made for money laundering in order to enable a person who has benefited from the commission of a generating event to retain revenue or control the proceeds of the commission of the offense in question.

The knowledge, intention or purpose required as elements of offenses can be deduced from objective real circumstances.

B. Generating Offenses (Article 5 of the Law)

i. Criminal offenses punishable by imprisonment of more than one year, as a result of which revenue has been generated, which may be the subject of an offense of money laundering as defined in Article 4.
ii. The offenses related to financing of terrorism as defined in Article 4 of the International Convention for the Suppression of the Financing of Terrorism (Ratifying and Other Provisions) Laws of 2001 and 2005, and the collection of funds for the financing of persons or organizations associated with terrorism.
iii. Drug Trafficking Offenses.

For the purposes of money laundering offenses, it is irrelevant whether or not the generating event is subject to the proceedings of the Cyprus Courts. (That is, the generating offense may have been committed outside Cyprus).

In addition, the Law requires all persons carrying out financial or other activities to establish and maintain specific policies, systems and procedures, first, to facilitate the recognition and reporting of suspicious transactions, and second, to ensure by strictly applying the " KNOW YOUR CLIENT "and the implementation of adequate file keeping systems to help identify and or disclose data if a client is being investigated for the commission of such offenses.

Law Offices / Companies, such as RIKKOS MAPPOURIDIS AND ASSOCIATES L.L.C. may offer financial services and / or other activities to customers that fall within the scope of the Law and

the Directives and therefore have an obligation, through the application of the provisions of the Law and the Directives, to ensure that they will be able to assist in the control if a customer is being investigated.

IMPORTANT PROCEDURES TO BE FOLLOWED AND TO BE TREATED FOR THE PREVENTION OF ILLEGAL MONEY LAUNDERING AND THE FIGHT AGAINST TERRORISM

The following procedures are important to be followed and observed **by everyone** in the Company:

- CUSTOMER DETERMINATION PROCEDURES PROCEDURE FOR THE DETERMINATION OF THE CLIENT'S IDENTIFICATION
- File keeping procedures with respect to customer identity and transactions
- Internal reporting procedures to the Compliance Officer for suspicions that a customer may be directly or indirectly involved in Illicit Money Laundering
- INTERNAL AUDIT AND COMMUNICATION PROCEDURES
- Employee information on the above measures and on the Money Laundering Legislation
- Employee training to identify suspicious transactions.

CUSTOMER DEFINITION

"Customer" means the person seeking to enter into a business relationship or to conduct an individual transaction with the office. For example:

- a person asking for advice in his or her name,
- In the case of a person requesting the registration of an investment in the name of a third person, the person providing the funds is the client rather than the registered holder,
- If an intermediary recommends a third party to the office so that the third party can get advice from us, it is the third one that counts as our client,
- When a client acts or appears to act for a principal or entity, the identity of the principal or entity that the customer claims to represent, should be verified.

CUSTOMER IDENTIFICATION

One of the most basic requirements of the Law is that of the identity of the client, which must always be verified and identified.

Pursuant to Article 60 of the Law, we must identify the prospective customer where the law states that it is required. A law firm includes persons conducting financial or other activities, and therefore, identity and customer due diligence procedures should be applied in the cases listed below:

1. when entering into business relationships
2. when conducting individual transactions amounting to an amount of more than or equal to € 15,000, regardless of whether the transaction is carried out in one transaction or more transactions which there appears to be a relationship
3. where there is a suspicion of money laundering or financing of terrorism, irrespective of the amount of the transaction
4. where there are doubts as to the accuracy or appropriateness of the documents, data or information gathered previously for the identification of an existing customer

the entire verification and identification process will not be followed, in case where the customer does not fall within the scope of the Law, which does not require verification,

The Office has the "**CLIENTS QUESTIONNAIRE FOR INDIVIDUALS**" that should be given to the customer to fill in their details, which also requires them to attach various necessary documents **BEFORE** accepting any requested service or transaction. The **CLIENTS QUESTIONNAIRE FOR INDIVIDUALS** can be obtained from our Office, or you can find it as an attachment here.

In the event that the customer refuses to provide the above, we SHOULD ABSTAIN from the provision of the requested service or the execution of the transaction and we should consider seriously referring to the MOKA. (Article 59 of the Law).

DETERMINATION OF IDENTITY BY THIRD PARTIES

In April 2016 the Central Bank of Cyprus issued an amendment to the Directive according to which, inter alia, credit institutions are required to arrange a meeting with clients with whom they enter into a business relationship after the recommendation of third parties within three months of the date of commencement of the business relationship. That is, if a new customer is recommended by a third party, such as our Office, a **WRITTEN** confirmation must be requested that the identity of the customer has been verified and identified by the person who recommends it and that the relevant identification data which possesses this person.

All the necessary procedures will then be carried out in order to make direct contact with the customer in order to confirm the information.

Please, if this is the case, ask the third party to complete both his / her own details and customer details and sign the relevant customer questionnaire.

Simpler identification and due diligence process

Persons conducting financial or other activities may apply simplified due diligence and identification procedures in the following cases, provided that the risk of money laundering or financing of terrorism is low and there is no suspicion of money laundering or financing of terrorism:

- a credit institution or a financial institution falling within the scope of the EU Directive,
- a credit institution or a financial institution which carries out one or more of the financial activities as defined in Article 2 of the Law and located in a country outside the European Economic Area which:
- (i) in accordance with a decision of the Advisory Committee for the Prevention of Money Laundering and Financing of Terrorism, it imposes requirements equivalent to those of the EU Directive; and
- (ii) is under the supervision of compliance with these requirements,
- a listed companies or the entities of which are admitted to trading on a regulated market in a country of the European Economic Area or in a third country subject to disclosure requirements consistent with Community law,
- Public Authorities of the countries of the European Economic Area.

By the amendment of Law of 2018, the specific categories of clients referred to in Article 63 as cases where applicable simplified due diligence measures have been abolished. The amended Article 63 introduces a provision that the accountable entity should assess and apply simplified customer due diligence measures, provided that it proves and confirms that the business relationship or transaction is at a lower risk.
Annex II of the Law refers to a list of indicative factors that can prove the existence of lower risk. However, the above cases remain as examples of low-risk organizations that the compliance officer and other members of the liable Company, that is our law office, should assess to the extent of their responsibilities.

Similarly, Article 64 extends the requirements where there is an obligation to adopt increased due diligence measures.

RIKKOS MAPPOURIDES & ASSOCIATES L.L.C.

CUSTOMER IDENTIFICATION PROCEDURES IN CASES OF INCREASED DUE DILIGENCE MEASURES

Individuals

The following information must be obtained:

- Name and all other names used
- Date of birth
- Occupation/employment
- The exact current address (including postal code) - it is important to verify the current permanent address.

Customers resident in Cyprus

Proof of identity must be verified by reference to the Identity Card or Passport bearing the customer's photograph. A copy of this document should be kept only if it is deemed necessary and kept in a way that does not violate his or her personal data. If you do not have personal contact with the customer, you should ask that a certified copy of this document be sent to the office either by a trusted professional consultant or partner or the document to be certified.

In order to verify the address, the client must be asked to produce a stamped rental agreement or an account, electricity, bank account status. IN ANY EVENT A TELEPHONE BILL SHALL NOT BE ACCEPTED FOR VERIFYING THE PERMANENT CUSTOMER DIRECTORY.

Customers not resident in Cyprus

In this case the same documents must be requested as above but additionally in the event that no personal contact with the client is made, a **REFERENCE LETTER FROM A RELATED FINANCIAL INSTITUTION WHICH OPERATES IN THE COUNTRY OF ORIGIN OF THE CUSTOMER MUST BE REQUESTED.**

Both the confirmation of identity and the verification of the personal details of the prospective client can also be made through a linked law firm or a trusted professional consultant or partner in the country of the prospective client. You will need to obtain a copy of the passport certified either by a trusted professional consultant or partner or certified by apostille or by our consulate in the country of the prospective client.

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In order to verify the address, the customer must be required to present an account, electricity, bank account status. IN ANY EVENT A TELEPHONE BILL SHALL NOT BE ACCEPTED FOR VERIFYING THE PERMANENT CUSTOMER DIRECTORY.

In addition, making the **first** payment in the context of a business relationship or individual transactions would be good to be carried through a client's account **held in a CREDIT FOUNDATION operating in a Member State of the European Union.**

Companies

Companies are the most common vehicle used by offenders for money laundering because of the difficulty of identifying the real reason for setting them up, the extent and nature of their activities, and confirming the actual shareholders / owners.

The purpose of identification is to identify the UBO - ULTIMATE BENEFICIAL OWNER and other natural persons who benefit from the affiliation of registered shareholders in order to identify and determine that the entity exists for the service legitimate purposes and that the owners controlling it can be identified. The beneficial owner is now the natural person who has the ultimate ownership or final control of the legal person or a person who owns 25% + one share of the ownership.

> ***Before entering into any business relationship with the company,*** *we need to conduct an investigation at the Office of the Registrar of Companies* ***or the corresponding Competent authority of the country of origin to verify that this company is not in the process of liquidation or winding up or deleting it from the relevant registry.***

DOMESTIC COMPANIES

- ***The issue of domestic companies is easily solved by the fact that the survey of the Registrar of Companies is now simple and provides the possibility to receive up-to-date information. Certificates submitted or issued when collecting Company data should be renewed every three months or whenever the Company makes a change. We require among other things:***
- ***original or certified copy of the company's certificate of incorporation***
- ***the founding document and statutes***
- ***Recent Shareholder Certificate***
- ***Recent Certificate of Directors and Secretary***
- ***a registered office certificate***
- ***Last deposited annual balance sheet.***

Company and other legal entity incorporated in the Republic must acquire and maintain sufficient, accurate and up-to-date information in relation to the beneficial owner.
This information shall be kept in a central registry of beneficial owners held at the Office in an area in which controlled access is available.
In the exercise of their responsibilities, they may have access to the registry:

a) Without any restriction
   - The competent supervisory authorities
   - The Unit (MOKAS)
   - The Customs Department
   - The Department of Taxation
   - The police
   - Cyprus Bar Association as the regulatory authority

b) In the context of customer due diligence measures?
   - The Trusted Entities

c) Persons or organizations demonstrating a legitimate interest shall have access to the name, month and year of birth, to the nationality and residence of the beneficial owner, as well as to the nature and extent of the rights he holds.

A legitimate interest means solely the interest of a person related to the combat against money laundering or financing of terrorism.

Foreign Companies

The same is required for Domestic Companies, including authorization, if required, for direct access to the registry of the Competent Authority in which they are registered. HOWEVER, *we should request a letter of recommendation from a trusted financial institution operating in the country where the company is active and to confirm the address of the registered office and the contact details of the directors so that documents and notifications can be served or sent.*

If Beneficial Owners cannot be verified and identified, we should not engage in any business relationship.

Third party trusts / proxies

Article 61B provides for the creation of a central registry of beneficial owners of a trust in cases where the Trust generates a tax liability in the Republic of Cyprus. The registry should include sufficient, accurate and up-to-date information on the beneficial owners, including the identity:

- the trustee
- the trustees or the administrator

- the guardian
- of a certain class of the beneficiaries; and
- any other natural person exercises effective control over the trust.

Access to the registry within the scope of their competences will have:

- the competent supervisory authorities
- the unit (MOKAS)
- the Customs Department
- The Department of Taxation
- The police

Access to the registry of the beneficial owners will have the obligated entities in the context of due diligence measures. Specific provisions for the establishment and operation of the registry will be laid down in relevant Regulations.

In any case, it must be ensured that the identity of both the proxy holder and the authorized representative has been verified and that we hold all the information relating to the beneficiaries, the trustees / the guardians, the employers etc.

Associations, Clubs, Organizations and Charities

We have to examine the purposes of their operation as set out in the Articles of Association or founding document and to confirm their legality by requesting a certified memorandum or a Articles of Association and a registration certificate from the competent State authority. We also need to verify the identity of the signatories or the members of the Board of Directors in accordance with the process of verifying the identity of individuals. Confirmation of their compliance with the Law on Organizations 104 (I)/2017 can be made through the registry maintained by the District Officer. For the purpose of bringing any Judicial Proceedings in favor of or against an Organization, the latest annual balance sheet to be filed with the Registry should also be identified.

Local Authorities, Legal Entities of Public Law and other public bodies.

A copy of a decision by its Board of Directors, which assigns any work, and authorizes each transaction with the L.L.C., must be produced, specifying the person who will execute the transaction.

Clients registry

The Compliance Officer should at all times keep a complete customer record available to Competent Conformity Control Officers whenever they so request. The list containing the registry should include information such as customer name, risk category, year of commencement of cooperation, country of origin of the customer and its activities, accompanied by a signed declaration by the Compliance Officer that it includes all without exception, customers of the supervised organization.

Politically exposed persons (PEPs)

"Politically exposed persons" means natural persons who reside in another Member State of the European Union or in third countries and which have or have been assigned to significant public office and their immediate close relatives or persons known to be close associates of persons of them. The definition of the politically exposed person is broadened and now includes certain categories of persons who are considered to have or have held a major public function. They are:

a) Head of State, Head of Government, Minister, Deputy Minister and Secretary of State;
b) a member of a parliament or similar legislative body;
c) a member of a political parties executive body;
d) a member of a supreme court, constitutional court or other high-level judicial body whose decisions are not subject to further appeal other than exceptional circumstances;
e) member of a central bank's supervisory board and board of directors;
f) Ambassador, Honorable and High Commissioner of the Armed Forces and Security Forces;
g) A member of administrative, supervisory or other managerial body of a state enterprise;
h) a director, deputy director and a member of board of directors or a person holding an equivalent position in an international organization;
i) mayor

Furthermore, the twelve-month period after the termination and / or termination of that person's term as PEP is defined as the minimum period during which the obligated entity is required to take it as a risk assessment period.

It should be noted that even after the end of the twelve months following the cessation or termination of the term of office of the person who was a PEP, the risk faced by the person should continue to be valued on the basis of the criteria and redefined. This person may continue to be at high risk even after he has ceased to be a PEP if he continues to be at high risk due to his / her position and / or other criteria.

→Initially, the client should be questioned whether he or she is a politically exposed person and ask for relevant information to be included in the CLIENTS QUESTIONNAIRE FOR INDIVIDUALS.

Any client, whether existing or new, or a beneficiary belongs to this category as well as his / her family, should be required, in accordance with Article 64 of the Law, to provide all the necessary documents as in the case of the natural person and in addition:

- Checks are made by obtaining relevant information from the customer either by seeking information in publicly available documents to determine whether the customer is a politically exposed person (PEP),
- The consent of the partners or persons who are in higher positions in the organizations to which PEP is belonging must be required as well as the consent of the Director of L.L.C. in order to have a professional relationship with the Office,
- Continuous increased follow-up of the business relations should be carried out,
- The source of wealth and the source of money for clients and genuine beneficiaries who are politically exposed should be determined.

RISK ASSESSMENT

Every client should be evaluated by the office and / or any staff member to determine the existence of a potential risk of money laundering and / or financing of terrorism. This assessment should also be done for the purposes of managing and limiting any such risks that may be identified. Article 58a introduces the obligation to adopt the Risk Based Approach in order to take appropriate measures, depending on the risk to be met, with a view to reducing the risk.

Each liable entity, depending on its nature and size, has an obligation to take appropriate measures to identify and assess the risks of money laundering and financing of terrorism, taking into account risk factors, including those related to their clients, countries or geographical areas, products, services, transactions or channels of banking services.

These measures should be proportionate to the nature and size of the liable entity

To achieve the above, you should always:

a) collect information related to identity and business relationship,
b) prepare and record a first risk assessment for the client,
c) to determine,(using the initial risk assessment), any certification of the identity of the customer and the extent and degree to which such certification should be sought,
d) Periodically, and not later than 18 months after each previous update, renew all information held with respect to the client and adjust the risk assessment accordingly when extending the business relationship.

EVALUATION CRITERIA REGARDING A PERSON'S INVOLVEMENT ON TERRORISM ISSUES

The assessment of the potential risk of involvement of the client and / or the beneficial owner in illegal activities and money laundering and / or financing of terrorism can be made on the basis of three criteria:

a) ***The risk of customer involvement***
b) ***The risk arising from the subject / service in which it is involved***
c) ***The risk arising from the country of origin or destination of the customer, the goods or the service provided.***

The factors to be taken into account in assessing the potential risk associated with these categories are the refusal to accept new commitments on the behalf of customers or to provide information on the type of transactions they carry out. When a customer fails to provide the necessary information, then the company's mechanisms are automatically activated, in particular, the internal risk assessment process. In cases where the customer cannot be identified, such as being identified by telephone, other means of direct communication, email or fax, staff should take and record all measures to verify the identity of the individual.

The results of the risk assessment will indicate the level and extent of the due diligence measures to be applied. Where a customer or transaction is rated as "low risk" then the due diligence measures that should be applied may be simpler, as opposed to "greater risk" where the measures will be strengthened.

The risk assessment is carried out by the Associate who is handling the case and communicated to the Compliance Officer.

EMERGENCY MEASURES FOR HIGH-RISK HOLDERS

High-risk customers are those persons who are not keeping direct / personal contact with the Associate, customers with accounts under the form of unified securities, trusts, in the name of a third party, politically exposed persons, gambling companies or computer games, or persons for whom there are information that they have been convicted of imprisonment. Such measures should include direct and personal verification of the customer's name / address / signature / telephone number and that the client's bank account has been opened in a country of the European Economic Area. The Company will also monitor customer accounts continuously and supervise their transactions to ensure that they are carried out in an appropriate manner.

Accounts and transactions are monitored in relation to specific types of transactions and economic disclosure, as well as by regular comparison of the movement of the account with the expected transaction as declared at the conclusion of the business relationship. Particular attention shall be paid to any transaction or activity which by its nature or that relating to the person or the status of the trader can be linked to money laundering or financing of terrorism. Such transactions include, in particular, complex or abnormally large transactions and all unusual types of transactions that are carried out without an apparent economic or clear legitimate reason. Continuous oversight of the business relationship with a thorough examination of the transactions and activities of the above persons throughout the business relationship in order, for the liable persons to establish that the transactions or activities are in line with the knowledge we have for the client and the beneficial owner, their professional activities and the characteristics of the estimated risk and, where appropriate, the origin of the funds, in accordance with criteria which may be determined by the competent authorities. The liable persons also ensure the keeping of up-to-date documents, data or information.

On the basis of the implementation of customer due diligence measures, we should proceed with an assessment of the information we receive with reference to the following factors / risks and the appropriate external databases. The goal is to determine the level of risk associated with that particular customer and to consider whether it is appropriate and desirable to collect additional information.

RECORD KEEPING

While adhering to the privacy policy of protection for data provisions of natural persons, we have complied with the need to maintain a record, both in electronic form and in paper form, with data relating to the verification of each of the clients' identity and transaction data which can be used as evidence in a possible investigation. This file contains copies of the evidence or such information as sufficient evidence of the customer's identity, for example, any relevant form completed by the customer and any document he presents. It will also keep a record of its activities, documents, contracts or transactions. For example, instructions and details of all acts performed for or on behalf of that person.

Existing records should be inspected by the Compliance Officer at intervals not separated from each other for more than 18 months to ensure that documents, data or information collected are up to date.

The above items must be kept for a period of at least FIVE years from the date on which our business relationship with the customer was completed or the day the transaction was completed.

The record must be in such a form that third parties can assess compliance with the principles and procedures regarding money laundering.

The file will be continuously updated in case of new customer transactions or change of their data.

Article 68 provides for the following records to be kept under the above conditions:

- A copy of the documents and information required to comply with customer due diligence requirements.
- The relevant evidence and records of transactions that are necessary to identify transactions
- Relevant documents of correspondence with customers and other persons with whom a business relationship is maintained.

SUSPICIOUS TRANSACTIONS

Should any information or suspicion of a transaction or activity, including money laundering or financing of terrorism, come to your knowledge, you should immediately report to the Compliance Officer with the attached Form below.

The internal reference to the Compliance Officer meets the obligation of report imposed pursuant to section 27 of the Law.

The Compliance Officer should then, in turn, disclose, after an investigation, to the extent possible, the information provided to him, to MOKAS.

EXAMPLES OF SIGNIFICANT TRANSACTIONS

New customers

- A customer for whom his identification is particularly difficult and he is cautious about giving details of his identity.
- A customer with a legal personality who is experiencing difficulties or delays in submitting copies of his financial statements or other documents.
- Customer for whom there is no obvious reason to use our services. For example, a customer who cannot give enough explanation of why he came to us.

- A client referred by a foreign bank or by another customer where both the client and the introducing organization are originating from countries where drug production and trafficking conditions are widely present.

Unusual transactions

- The customer cannot provide sufficient explanations or provide credible documentation regarding his activities.
- Instructions for payment to a third party who has no apparent relationship with the originator.
- Large Cash Offer

ANNUAL REPORT

The Compliance Officer is required to prepare a report on a yearly basis and send it for approval to the Board of Directors of the L.L.C. within 2 months of the end of each calendar year (ie by the end of February at the latest).

The Annual Report is an important tool for assessing the degree of compliance of the Supervised with the Law and the Directive.

The Annual Report's objective is to inform the Board of Directors of the effectiveness and appropriateness of the policy procedures that are being implemented and of the measures to be taken to improve or correct any weaknesses.

Reference is made to the audits carried out by the Compliance Officer to determine the degree of compliance of the supervised with the practices, measures and procedures implemented to prevent money laundering and financing of terrorism in cases related to, for example, customer acceptance, financial portrayal content, verification of the identity and (enhanced) due diligence measures, manual, record keeping, education and training staff.

COMPLIANCE OFFICERS – TRAINING

Compliance Officers, as mentioned above, are trained and attended at least once a year in relation to the issue of money laundering so that they are always aware of any changes to laws, guidelines, regulations etc. as well as to new tactics that may be used by those who do money laundering.

RIKKOS MAPPOURIDES & ASSOCIATES L.L.C.

TRAINING OF COMPANY EMPLOYEES

Employees of RIKOS MAPPOURIDIS AND ASSOCIATES L.L.C are subject to ongoing training and information to ensure that they are aware of any changes to the Law, the Directive, the Regulation, etc. and in particular in relation to the following:

1. The obligations and responsibilities of the Compliance Officer
2. The Money Laundering Law
3. The potential impact on the Company, its staff and its clients if anyone violates the legal framework governing the prevention of Money Laundering
4. Procedures, internal policies, systems and controls for preventing money laundering and any changes that may be made.
5. New trends, techniques used and risks to the Company in terms of money laundering.
6. Types of activities that may be considered as suspicious and may, therefore, justify the preparation of an internal report of suspicious activity.
7. The company's arrangements for creating an internal reference for a suspicious transaction and,
8. The requirements of customer identification and continuous due diligence of business relationships and transaction control, including the recognition of cases where they have to look for and how they should access the information needed to judge whether a transaction / activity is suspicious in the circumstances.

The Compliance Officer prepares an annual training program for all staff, taking into account the level of awareness and knowledge of each staff member, as well as assessing the risk of money laundering by clients or associates with the L.L.C.

Such training is carried out in office hours, it is mandatory and all staff will undergo the intended training without exception. Finally, all the relevant details of anti-money laundering training will be recorded and kept in the TRAINING REPORT ON MONEY LAUNDERING AND FINANCING OF TERRORISM.

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INSTITUTIONAL CLAIM REPORT FOR MONEY LAUNDERING

INFORMER DETAILS

Name:..... Telephone:.....

Title / Duties:.....

CUSTOMER INFORMATION

Name:.....

Address:.....

..... Date of Birth:.....

Telephone:..... Profession:.....

Fax:.....

Employer details:.....

Passport Number:..... Nationality:.....

Identity Card Number:.....

Other Identity Elements:.....

INFORMATION/SUSPICION

Short description of the event/transaction:.....

.....

.....

Grounds of
suspicion:.....

.....

Informer signing Date

....

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FOR THE USE OF THE COMPLIANCE OFFICER

Date of Receipt..... Time of Receipt:..... Ref.....

Information of MOKAS: Yes/No..... Information Date:..... Ref.....

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Anti-bribery management systems: Requirements with guidance for use

What is bribery? Offering, promising, giving, accepting or soliciting of an undue advantage of any value (which could be financial or non-financial), directly or indirectly.

In the context of Prohibition of Money Laundering, the Company's employees and associates shall NOT use their relationship with the Company to hide or attempt to hide the sources of illegally obtained funds. Rikkos Mappoudires and Associates LLC adopts a "zero tolerance" attitude towards corruption, bribery, money laundering, fraud, and any other unethical behavior. The Company adheres to the principle of integrity and fair trade. Accordingly, the Company shall establish, document, implement, maintain and continually review where necessary any suspicious transactions.

Requirements for organisations:

1) Undertake a bribery risk assessment regularly in order to:

a) identify the bribery risks the organization might reasonably anticipate

b) analyse, assess and prioritize the identified bribery risks

c) evaluate the suitability and effectiveness of the organisation's existing controls to mitigate the assessed bribery risks.

2) The organization shall establish criteria for evaluating its level of bribery risk, which shall take into account the organisation's policies and objectives and any possible conflict of interests between any member of its personnel and clients or the organization.

3) The bribery risk assessment shall be reviewed on a regular basis so that changes and new information can be properly assessed based on timing and frequency defined by the organization, in the event of a significant change to the structure of the organization.

4) The organization shall retain documented information that demonstrates that the bribery risk assessment has been conducted and used to design or improve the anti-bribery management system.

Requirements for the leader of the organisation:

1) Approving the organization's anti-bribery policy

2) Ensuring that the organization's strategy and anti-bribery policy are aligned

3) At planned intervals, receiving and reviewing information about the content and operation of the organization's anti-bribery management system

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4) Requiring the appropriate resources needed for effective operation of the antibribery management system

5) Exercising reasonable oversight over the implementation of the organization's anti-bribery management system

6) Ensuring that the anti-bribery management system, including policy and objectives, is established, implemented, maintained and reviewed to adequately address the organization's bribery risks

7) Ensuring the integration of the anti-bribery management system requirements into the organization's processes

8) Deploying adequate and appropriate resources for the effective operation of the anti-bribery management system

9) Communicating internally and externally regarding the anti-bribery policy

10) Communicating internally the importance of effective anti-bribery management and of conforming to the anti-bribery management system requirements

11) Ensuring that the anti-bribery management system is appropriately designed to achieve its objectives

12) Directing and supporting personnel to contribute to the effectiveness of the anti-bribery management system

13) Promoting an appropriate anti-bribery culture within the organization

14) Promoting continual improvement

15) Supporting other relevant management roles to demonstrate their leadership in preventing and detecting bribery as it applies to their areas of responsibility

16) Encouraging the use of reporting procedures for suspected and actual bribery

17) Ensuring that no personnel will suffer retaliation, discrimination or disciplinary action for reports made in good faith, or on the basis of a reasonable belief of violation

Employment Process

In relation to all of its personnel, the organization shall implement procedures such that:

1) Conditions of employment require personnel to comply with the anti-bribery policy and antibribery management system, and give the organization the right to discipline personnel in the event of non-compliance

2) Within a reasonable period of their employment commencing, personnel receive a copy of, or are provided with access to, the anti-bribery policy and training in relation to that policy

3) The organization has procedures which enable it to take appropriate disciplinary action against personnel who violate the anti-bribery policy or anti-bribery management system

4) Personnel will not suffer retaliation, discrimination or disciplinary action for refusing to participate in, or turning down, any activity in respect of which they have reasonably judged there to be a more than low risk of bribery that has not been mitigated by the organization

The organization shall provide adequate and appropriate anti-bribery awareness and training to personnel. Such training shall address the following issues, as appropriate, taking into account the results of the bribery risk assessment. The training shall take place on a regular basis and as appropriate to their roles.

For the avoidance of doubt, it is not acceptable for the Company's employees, directors, business partners, contractors, consultants, advisers, or anyone on their behalf to:

1) give, promise to give, or offer, a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;

2) give or accept a gift or hospitality during any commercial negotiations or tender process, if this could be perceived as intended or likely to influence the outcome;

3) accept a payment, gift or hospitality from a third party that you know or suspect is offered with the expectation that it will provide a business advantage for them or anyone else in return;

4) accept hospitality from a third party that is unduly lavish or extravagant under the circumstances.

5) offer or accept a gift to or from government officials or representatives, or politicians or political parties, without the prior approval of your manager

6) threaten or retaliate against another individual who has refused to commit a bribery offence or who has raised concerns under this policy;

7) engage in any other activity that might lead to a breach of this policy.

WHAT IS NOT ACCEPTED:

Facilitation Payments or Kickbacks Facilitation payments: also known as "back-handers" or "grease payments", are typically small, unofficial payments made to secure or expedite a routine or necessary action. The Company and its employees, directors, business partners, contractors, consultants and advisers, will not make, and will not accept, facilitation payments, or "kickbacks" of any kind. The Company may not receive or pay fees or commissions (money or in kind) unless these are disclosed and made clear to the client.

Gifts: Any gift which puts the recipient under an obligation to the donor, or which is likely to make the recipient favour the donor in the hope of further gifts, must not be accepted. Only gifts which are considered normal by donor and recipient and which are of a type that might be provided by any regular business contact may be accepted. All Rikkos Mappourides & Associates LLC employees are required to notify the Compliance Officer in writing of any gift/entertainment given to or received from a client or any other person valued between 150 euro and 500 euro.

Breaches of this policy Any employees, director, business partner, contractor, consultant or adviser who breaches this policy will face disciplinary action, which **could result in dismissal or termination of contracts and relationships for misconduct or gross misconduct.**

WHAT IS ACCEPTED

The Company permits the giving and receiving of small gift items (e.g. promotional items, chocolates, flowers), or appropriate and hosted entertainment and hospitality (e.g. at events, lunch, dinner) for the purpose of promoting good business relations, marking special occasions and maintaining a good image and reputation. This may, however, not happen for securing any personal advantage. As a general rule, 'small gifts' would mean gifts having an equivalent value below EUR 50 whereas 'appropriate entertainment/hospitality' would mean having an equivalent value of not more than EUR 150 per occasion; both to be assessed in the context of prevailing customs and prices in the given situation.

The requirements for recordkeeping are as follows:

a) All transactions must be recorded in an accurate, complete and timely manner. It is prohibited to conceal, falsify or manipulate with the financial records, as well as to fabricate, provide or disclose false financial reports.

b) All documents including vouchers and approvals must be kept properly to ensure the completeness and accuracy of the books materials.

Rikkos Mapppourides & Associates LLC encourages openness and transparency. In case of detecting any bribery, corruption or money laundry act or even if there is only suspicion, the Company's representatives are expected to immediately present the incidence or suspicion to the Compliance Officer.