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DIRECTIVE DI144-2007-08(A) OF 2016 OF THE CYPRUS SECURITIES AND EXCHANGE
 COMMISSION FOR THE PREVENTION OF MONEY LAUNDERING AND TERRORIST
 FINANCING

(Amending Directive DI144-2007-08 of 2012 of the Cyprus Securities and Exchange
 Commission for the Prevention of Money Laundering and Terrorist Financing)

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| Short title | 1. This Directive shall be cited as Directive DI144-2007-08(A) of 2016 for the Prevention of Money Laundering and Terrorist Financing, which amends Directive DI144-2007-08 of 2012 for the Prevention of Money Laundering and Terrorist Financing. |
| R.A.D. 480/2012 | |
| Amendment of point 1 of the Fourth Appendix of Directive DI 144-2007-08 of 2012 | <p>2. Point 1 of the Fourth Appendix of Directive DI144-2007-08 of 2012 shall be deleted and replaced by the new point 1 as follows:</p> <p>«1. Non face to face customers</p> <p>(a) Whenever a customer requests the establishment of a business relationship or an occasional transaction, a personal interview is recommended during which all information for customer identification should be obtained. In situations where a customer, especially a non-resident of the Republic, requests the establishment of a business relationship or an occasional transaction by mail, telephone or through the internet without presenting himself for a personal interview, the Financial Organisation shall follow the established customer identification and due diligence procedures, as applied for customers with whom it comes in direct and personal contact and obtain the same exact identification information and documents as required by the Law and this Directive, depending on the type of the customer. The said identification information and documents kept by the Financial Organization in its records shall take the following form:</p> <ol style="list-style-type: none"> i. Original, or ii. True copy of the original, where the certification is made by the Financial Organization in cases where it establishes the customer's identity itself, once the original is presented thereto, or iii. True copy of the original, where the certification is made by third parties, in cases where they establish the customer's identity, pursuant to Article 67 of the Law and the provisions of paragraph 25 of this Directive, or iv. True copy of the original, where the certification is made by a competent authority or person that, pursuant to the relevant provisions of the laws of their country, is responsible to certify the authenticity of documents or information, in cases where they establish the customer's identity themselves, or v. Copy of the original, provided that at least one of the procedures referred to in paragraph (b) below is followed. |

(b) Further to the measure provided for in Article 64(1)(a)(ii) of the Law, practical procedures, which may be adopted for the implementation of the measure of Article 64(1)(a)(i) of the Law with regard to customers with whom the Financial Organization does not come to immediate and personal contact, are as follows:

- i. The first payment of the operations is carried out through an account opened in the customer's name with a credit institution operating and licensed in a third country, which, according to the Advisory Authority's decision, imposes requirements on combating money laundering equivalent to those of the EU Directive.
- ii. A direct confirmation of the establishment of a business relationship is obtained through direct personal contact, as well as, the true name, address and passport/identity card number of the customer, from a credit institution or a financial institution with which the customer cooperates, operating in a Member State or in a Third Country, which, according to the Advisory Authority's decision, imposes requirements on combating money laundering equivalent to those of the EU Directive (or a true copy of the confirmation).
- iii. Telephone contact with the customer at his home or office, on a telephone number which has been verified from independent and reliable sources. During the telephone contact, the Financial Organization shall confirm additional aspects of the identity information submitted by the customer during the procedure of opening his account.
- iv. Communication via video call with the customer, provided the video recording and screen shot safeguards apply to the communication. It is provided that a customer, whose identity was verified hereunder cannot deposit an amount over €2.000 per annum, irrespective of the number of accounts that he keeps with the Financial Organization, unless an additional measure of paragraph (b) of the present or of article 64(1)(a)(ii) of the Law is taken in order to verify his identity. During the internet communication, the Financial Organization shall confirm additional aspects of the identity details submitted by the customer when opening his account.

It is provided that the Financial Organization shall apply appropriate measures and procedures in order to:

1. confirm and monitor both the amount of the customer's deposit and the risk for money laundering or terrorist financing and take additional measures to verify the customer's identity depending on the degree of the risk;
 2. ensure the normal conduct of business is not interrupted where the amount of the deposit exceeds the amount of €2.000 per annum;
 3. warn the customer appropriately and in due time for the above procedure in order to obtain the customer's express consent prior to its commencement.
- v. Communication with the customer through at an address that the Financial Organization has previously verified from independent and reliable sources, in the form of a registered letter (For example, such communication may take the form of a direct mailing of account opening documentation to him, which the customer shall return to the

Financial Organization or the Financial Organisation may send security codes required by the customer to access the accounts opened through the internet).

- vi. Performing an electronic verification:
1. Electronic identity verification is carried out either directly by the Financial Organization or through a third party. Both the Financial Organization and the said third parties cumulatively satisfy the following conditions:
 - i. the electronic databases kept by the third party or to which the third party or the Financial Organization has access are registered to and/or approved by the Data Protection Commissioner in order to safeguard personal data (or the corresponding competent authority in the country the said databases are kept).
 - ii. electronic databases provide access to information referred to both present and past situations showing that the person really exists and providing both positive information (at least the customer's full name, address and date of birth) and negative information (e.g. committing of offences such as identity theft, inclusion in deceased persons records, inclusion in sanctions and restrictive measures' list by the Council of the European Union and the UN Security Council).
 - iii. electronic databases include a wide range of sources with information from different time periods with real-time update and trigger alerts when important data alter.
 - iv. transparent procedures have been established allowing the Financial Organization to know which information was searched, the result of such search and its significance in relation to the level of assurance as to the customer's identity verification.
 - v. procedures have been established allowing the Financial Organization to record and save the information used and the result in relation to identity verification.
 2. The Financial Organization evaluates the results of electronic verification in order the conditions of Article 61(3) of the Law to be satisfied. The Financial Organization establishes mechanisms for the carrying out of quality controls in order to assess the quality of the information on which it intends to rely.
 3. Information must come from two or more sources. The electronic verification procedure shall at least satisfy the following correlation standard:
 - i. identification of the customer's full name and current address from one source, and
 - ii. identification of the customer's full name and either his current address or date of birth from a second source.
 4. For purposes of carrying out the electronic verification, the Financial Organization shall establish procedures in order to satisfy the completeness, validity and reliability of the

information to which it has access. It is provided that the verification procedure shall include a search of both positive and negative information.

(c) The requirements of Article 64(1)(a) of the Law and of this Directive shall also apply to companies or other legal persons requesting to establish a business relationship or an occasional transaction by mail, telephone or through the internet. The Financial Organization shall take additional measures to ensure that the companies or other legal persons operate from the address of their main offices and carry out legitimate activities in all respects».

Amendment of point 5 of the Fourth Appendix of Directive D1144-2007-08 of 2012

3. Point 5 of the Fourth Appendix of Directive D1144-2007-08 of 2012 shall be amended as follows:

(a) By replacing on the first line of the first paragraph the phrase «persons holding important public positions in a foreign country and with natural persons closely related to them» with the phrase «politically exposed persons as interpreted in Article 2(1) of the Law».

(b) By deleting the first part of the third paragraph «According to the meaning of Article 2 of the Law, politically exposed persons are the natural persons who are residing in another member state of the European Union or a third country and who are or have been entrusted with prominent public functions and immediate family members, or persons known to be close associates, of such persons».

Entry into force

4. This Directive shall enter into force upon its publication in the Official Gazette of the Republic.