



## | AML & KYC Policy

# AML & KYC Policy

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## INTRODUCTION

ICM Capital Limited (Saint Vincent) ("ICM Capital" or "the Company") aims to prohibit, detect and actively pursue the prevention of money laundering and terrorism financing activities and vows to comply with all related law, rules and regulations with full attention and no compromise with any of the abovementioned illegal activities.

The management of the Company is committed to Anti-Money Laundering ("AML"), Counter Terrorism Financing ("CFT") compliance in accordance with applicable laws and places extremely high importance on assisting in discovering any money laundering scheme and/or terrorism financing activities.

ICM Capital Limited (Saint Vincent) also requires its officers, employees, introducing brokers and affiliated companies to adhere to these standards in preventing the use company's products and services for the purposes of money laundering and terrorism financing activities.

## PURPOSE

The purpose of "AML, CFT & KYC Policy", ("the Policy"), is to provide guidance on the Anti-Money Laundering ("AML"), Counter Terrorism Financing ("CFT"), and Know your Client ("KYC") procedures which are followed by the Company in order to achieve full compliance with the relevant AML and CTF legislation.

This policy applies to all Company's officers, employees, introducing brokers, affiliated companies, and products and services offered by the Company. Any employee found not to be adhering to these policies and procedures will face severe disciplinary action.

## LEGAL FRAMEWORK

The Company is required to comply with the provisions of the applicable laws regarding the prevention of Money Laundering and Terrorist Financing. The main purpose of these Laws is to define and criminalize the laundering of proceeds generated from all serious criminal offences aiming at depriving criminals from the profits of their crimes.

In accordance with the AML and CTF Laws, the Company is obliged to set out policies and procedures for preventing money laundering and Terrorist Financing activities.

The AML and CFT procedures, which are implemented by the Company, are based on AML and CFT laws applicable in Saint Vincent, the recommendations of The Financial Action Task Force (FATF), in addition to other documents and information.

## DEFINITIONS

### 4.1- Money Laundering

Money laundering is the process of creating the appearance that large amounts of money obtained from serious crimes, such as drug trafficking or terrorist activity, originated from a legitimate source.

There are three steps involved in the process of laundering money: Placement, Layering and Integration.

#### 4.1.1- Placement

Placement refers to the act of introducing "dirty money" (money obtained through illegitimate, criminal means) into the financial system in some way.

#### 4.1.2- Layering

Layering is the act of concealing the source of that money by way of a series of complex transactions and bookkeeping gymnastics.

#### 4.1.3- Integration

Integration refers to the act of acquiring that money in purportedly legitimate means.

### 4.2- Terrorism Financing

Terrorist financing (proceeds for crime) is the process by which funds are provided for financing or financial support to individual terrorists or terrorist groups.

A terrorist, or terrorist group, is one that has a purpose or activity to facilitate or carry out any terrorist action, and can involve: individuals or groups.

### 4.3- AML/CTF

The term AML CTF refers to "Anti Money Laundering and Counter Terrorism Financing" or "Anti Money Laundering and Combating Terrorism Financing".

#### 4.3.1- Anti-Money Laundering

Anti-Money Laundering ("AML") refers to a set of procedures, laws or regulations designed to stop the practice of generating income through illegal actions.

#### 4.3.2- Counter Terrorism Financing

Counter Terrorism Financing ("CTF") refers to a set of procedures, laws or regulations designed to prevent financing or providing financial support to individual terrorists or terrorist groups.

### 4.4- Financial Action Task Force (FATF)

The Financial Action Task Force on Money Laundering ("FATF"), also known by its French name, Groupe d'action financière (GAFI), is an intergovernmental organization established in July 1989 by a Group of Seven (G-7) Summit in Paris, initially to examine and develop measures to combat money laundering.

In October 2001, the FATF expanded its mandate to incorporate efforts to combat terrorist financing, in addition to money laundering.

The objectives of the FATF are to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system.

Starting with its own members, the FATF monitors countries' progress in implementing the FATF Recommendations; reviews money laundering and terrorist financing techniques and counter-measures; and, promotes the adoption and implementation of the FATF Recommendations globally.

The Task Force was given the responsibility of examining money laundering techniques and trends, reviewing the action which had already been taken at a national or international level, and setting out the measures that still needed to be taken to combat money laundering.

In April 1990, less than one year after its creation, the FATF issued a report containing a set of Forty Recommendations, which were intended to provide a comprehensive plan of action needed to fight against money laundering.

In 2001, the development of standards in the fight against terrorist financing was added to the mission of the FATF.

In October 2001, the FATF issued the Eight Special Recommendations to deal with the issue of terrorist financing. The continued evolution of money laundering techniques led the FATF to revise the FATF standards comprehensively in June 2003.

In October 2004, the FATF published a Ninth Special Recommendations, further strengthening the agreed international standards for combating money laundering and terrorist financing - the 40+9 Recommendations.

In February 2012, the FATF completed a thorough review of its standards and published the revised FATF Recommendations. This revision is intended to strengthen global safeguards and further protect the integrity of the financial system by providing governments with stronger tools to take action against financial crime. They have been expanded to deal with new threats such as the financing of proliferation of weapons of mass destruction, and to be clearer on transparency and tougher on corruption. The 9 Special Recommendations on terrorist financing have been fully integrated with the measures against money laundering. This has resulted in a stronger and clearer set of standards.

## PROCEDURES

The provisions of the Laws adopted by the Company introduces procedures and processes that ensure compliance with the applicable Laws related to Money Laundering and Terrorism Financing activities.

### 5.1- Client Categorization and Identification Procedures

The Company has adopted all requirements of the applicable laws in relation to client categorization and identification and due diligence procedures as explained below:

#### 5.1.1- Client Categorization

Clients are categorised based on their risk profile into three main categories as explained below:

##### a- Low Risk Clients

The following types of clients are considered lower risk. It should be noted that the Company shall gather sufficient information to establish if the client qualifies to be classified as lower risk client:

i- Credit or financial institutions situated in a another country which imposes requirements higher or equivalent to those laid down by Company's regulators.

ii- Listed companies whose securities are admitted to trading on a regulated market of another countries which are subject to disclosure requirements consistent with Community legislation.

##### b- Normal Risk Clients

All clients who do not fall under either High Risk or Low risk category will be considered as Normal Risk Clients.

##### c- High Risk Clients

Clients with the following criteria are classified as High risk due to the following conditions:

i- Non face to face customers

ii- Client accounts in the name of a third person

iii- Politically exposed persons ("PEP") accounts

iv- Electronic gambling /gaming through the internet

v- Customers from countries which inadequately apply FATF's recommendations

vi- Clients that their nature entail a higher risk of money laundering and terrorist financing

vii- Any other Client determined by the Company itself to be classified as such

## 5.1.2- Client Identification (Due Diligence)

### a- Due Diligence Conditions

The Client Identification and Due diligence procedures are applied in the following conditions:

- i- Establishing a business relationship.
- ii- There is a suspicion of money laundering or terrorist financing, irrespective of the transaction amount.
- iii- There are doubts about the adequacy of previously obtained client identification data.
- iv- Failure or refusal by a client to submit the requisite data and information for the verification of his/her identity and the creation of his/her economic profile, without adequate justification.

### b- Due Diligence Timing

- i- Client identification and due diligence must take place before the establishment of a business relationship or the carrying out of a transaction.
- ii- The verification of the identity of the client may be completed during the establishment of a business relationship if this is necessary in order not to interrupt the normal conduct of business and where there is limited risk of money laundering or terrorist financing occurring. In such situation, these procedures needs to be completed as soon as possible.
- iii- Reviews of existing records must take place on a regular basis, thus ensuring that the documents, data or information held are up-to-date.
- iv- Client due diligence procedures shall be applied not only to all new clients but also at appropriate times to existing clients on a risk sensitive basis.
- v- When a client's account is opened, it should be closely monitored.
- vi- A review should be carried out, at least twice a year, and a note prepared summarizing the results of the review, which must be kept in customer's file.
- vii- At frequent intervals, the Company should compare the estimated against the actual turnover of the account.
- viii- Any serious deviation, should be investigated, not only for possible action by the Company in relation to the particular account concerned, but also to gauge the reliability of the person or entity who has introduced the customer.

## c- Due Diligence Procedures

The practice to which the Company adheres in order to comply with the requirements of the Law on the subject of the client identification is achieved on a risk-based approach and it is set out below:

### i- Normal Client Due Diligence Procedure

Normal Due Diligence procedure applies for normal risk clients and shall comprise the following:

- Identification of the client and verification of the client's identity on the basis of information obtained from a reliable and independent source.
- For legal persons, taking risk-based and adequate measures to understand the ownership and control structure of the client.
- Obtaining information on the purpose and intended nature of the business relationship.
- Conducting ongoing monitoring of the business relationship including scrutiny of transactions undertaken throughout the course of the relationship to ensure that the transactions being conducted are consistent with the data and information held by the firm in connection with the client.

### ii- Simplified Client Due Diligence Procedure

Simplified procedures may apply for low risk clients. These measures shall apply when there is no suspicion of money laundering, regardless of any derogation, exemption or threshold, and not whenever a business relationship is established.

### iii- Enhanced Client Due Diligence Procedure

The Company should apply enhanced client due diligence measures in situations which by nature can present high risk of money laundering or terrorist financing.

The Company shall take specific and adequate measures to compensate for the high risk, by applying one or more of the following measures:

- Ensure that the client's identity is established by additional documents, data or information.
- Apply supplementary measures to verify or certify the documents supplied.
- Ensure that the first payment of the operations is carried out through an account opened in the client's name with a credit institution which operates in a country of which imposes requirements higher or equivalent to those laid down by Company's regulators.



## d- Verification Procedure

The following verification procedure will be followed by the Company in order to verify the identity of the client during the establishment of the business relationship:

i- The Company will ensure that the construction of the economic profile, assessment of appropriateness and assessment of suitability shall be performed at all times prior the establishment of the business relationship.

ii- The clients are provided with a grace period of fifteen (15) days to provide the Company with their identification documents; During the 15 days' period the Company is required to ensure for the following:

- The cumulative amount of funds to be deposited will not exceed the amount of USD 2,000.
- The funds may come only from a bank account or through other means that are linked to a bank account in the name of the client.
- Notification / Reminder emails will be sent to the clients requesting to be provided with the client's identification documents.
- Closure of the account in cases where the verification procedure is not concluded following the completion of the period.
- The Company shall not withhold any clients' funds and no accounts shall be frozen unless there is a suspicion of money laundering.

## e- Other Due Diligence related matters

### i- Politically exposed persons

Politically Exposed Persons ("PEPs") are individuals who are or have been entrusted with prominent public functions in a foreign country and close associate is someone with a close relationship with the political exposed persons.

The Company should adopt the following additional due diligence measures to determine whether a prospective client is a politically exposed person:

- Special Approval from Senior Management prior to the establishment of a business relationship with the client.
- Take appropriate measures for the establishment of the origin of the client's assets and the source of funds that are related with the establishment of the business relationship or transaction.
- Conduct enhanced and continuous monitoring of the business relationship.

### ii- Anonymous or Numbered Accounts

The Company is prohibited from keeping anonymous or numbered accounts. Additionally, the Company shall pay special attention to any money laundering or terrorist financing threat that may arise from products or transactions that might favour anonymity and take measures to prevent their use for money laundering or terrorist financing purposes.

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- The funds may come only from a bank account or through other means that are linked to a bank account in the name of the client.
- Notification / Reminder emails will be sent to the clients requesting to be provided with the client's identification documents.
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## b- Legal Persons

A different identification procedure is followed for Legal Persons (corporate clients) interested in opening an account with the Company. These documentation requirements are presented below:

### i- Incorporation Documents

The form and name of corporate documents may vary depending on country of incorporation and/or legal form of the company. However the required government-issued Corporate Documents should include Corporation name, Date and Place of Incorporation, Registered Office Address, Directors and authorised signatories, Ownership/shareholding structure (Shareholders names and shareholding percentage), Corporate registered activities.

These documents may include but not limited to, Certificate of incorporation or Certificate of Registration, Certificate of Registered Office, Certificate of Directors and Secretary, Certificate of Registered Shareholders, Memorandum and articles of association,

### ii- Directors and Beneficial Owners Documents

Personal KYC and identification documents are required from:

- Legal Person's Directors
- Legal Person's Ultimate Beneficial Owners with 10% beneficial ownership or more.

These identification documents include Proof of Identity and Proof of Residence.

### iii- Board Resolution

A resolution of the board of directors of the legal person for the opening of the account and granting authority to those who will operate it.

## **5.3- Record Keeping Procedures**

The Company should keep the below listed documents and information for use in any investigation into, or analysis, of possible money laundering or terrorist financing by national authorities.

The retention of the documents/data, other than the original documents or their certified true copies that are kept in a hard copy form, may be in other forms, such as electronic form, provided that the Company is able to retrieve the relevant documents/data without undue delay and present them at any time, to the relevant authorities, after a request. A true translation is attached in the case that the documents/data are in a language other than English.

- a- The name and address of clients and copies or records of official identification documents (like passports, identity cards, or driving licenses).
- b- The name and address (or identification code) of counterparties.
- c- The form of instruction or authority.
- d- The account details from which any funds were paid.
- e- The form and destination of payment made by the business to the client.
- f- Business correspondence.
- g- For client due diligence, a copy of the references of the evidence is required, for a period of at least 5 years after the business relationship with the client has ended.
- h- For business relationship and transactions, the supporting evidence and records for a period of at least five years following the carrying out of the transactions or the end of the business relationship.

## **5.4- Suspicious Transactions Reporting**

A suspicious transaction is a transaction which is inconsistent with a client's known, legitimate business or personal activities or with the normal business of the specific account, or in general with the economic profile that the Company has created for the client.

The Company ensures maintaining adequate information at all time and knows enough about its clients' activities in order to recognize on time that a transaction or a series of transactions is/are unusual or suspicious.

### **5.4.1- Examples of Suspicious Transactions**

Examples of what might constitute suspicious transactions/activities related to money laundering and terrorist financing include but not limited to:

- a- Transactions with no discernible purpose or are unnecessarily complex.
- b- Use of foreign accounts of companies or group of companies with complicated ownership structure which is not justified based on the needs and economic profile of the customer.
- c- The transactions or the size of the transactions requested by the customer do not comply with his usual practice and business activity.
- d- Large volume of transactions and/or money deposited or credited into, an account when the nature of the customer's business activities would not appear to justify such activity.

- e- The business relationship involves only one transaction or it has a short duration.
- f- There is no visible justification for a customer using the services of a particular Financial Organisation.
- g- There are frequent transactions in the same financial instrument without obvious reason and in conditions that appear unusual.
- h- There are frequent small purchases of a particular financial instrument by a customer who settles in cash, and then the total number of the financial instrument is sold in one transaction with settlement in cash or with the proceeds being transferred, with the customer's instructions, in an account other than his usual account.
- i- Any transaction the nature, size or frequency appear to be unusual, e.g. cancellation of an order, particularly after the deposit of the consideration.
- J- Transactions which are not in line with the conditions prevailing in the market, in relation, particularly, with the size of the order and the frequency.
- k- The settlement of any transaction but mainly large transactions in cash and/or settlement of the transaction by a third person which is different than the customer which gave the order.
- l- Instructions of payment to a third person that does not seem to be related with the instructor.
- m- Transfer of funds to and from countries or geographical areas which do not apply or they apply inadequately FATF's recommendations on money laundering and terrorist financing.
- n- A customer is reluctant to provide complete information when establishes a business relationship about the nature and purpose of its business activities, anticipated account activity, prior relationships with Financial Organisations, names of its officers and directors, or information on its business location.
- o- The customer usually provides minimum or misleading information that is difficult or expensive for the Company to verify.
- p- A customer provides unusual or suspicious identification documents that cannot be readily verified.
- q- A customer that makes frequent or large transactions and has no record of past or present employment experience.
- r- A customer who has been introduced by a foreign Financial Organisation, or by a third person whose countries or geographical areas of origin do not apply or they apply inadequately FATF's recommendations on money laundering and terrorist financing.
- s- Shared address for individuals involved in cash transactions, particularly when the address is also a business location and/or does not seem to correspond to the stated occupation (e.g. student, unemployed, self-employed, etc).
- t- The stated occupation of the customer is not commensurate with the level or size of the executed transactions.

u- Use of general nominee documents in a way that restricts the control exercised by the company's board of directors.

## **5.4.2- Suspicious Transaction Reporting Procedure**

The procedure to report a client's suspicious transaction is as follows:

a- The reports of Company's employees from different departments are evaluated by the AML Compliance Officer.

b- If it is considered necessary, the Compliance Officer shall notify the relevant Money Laundering Authorities.

c- After the submission of a suspicious report the customers' accounts concerned as well as any other connected accounts are placed under the close monitoring of the Compliance Officer.

d- After submitting the suspicious report, the Company adheres to any instructions given by relevant Money Laundering Authorities and, in particular, as to whether or not to continue or suspend a particular transaction or to maintain the particular account active.

d- Transactions executed for the customer are compared and evaluated against the anticipated account's turnover, the usual turnover of the activities/operations of the customer and the data and information kept for the customer's economic profile.

e- Significant deviations are investigated and the findings are recorded in the respective customer's file.

f- Transactions that are not justified by the available information on the customer, are thoroughly examined so as to determine whether suspicions over money laundering or terrorist financing arise for the purposes of submitting an internal report to the compliance officer and then by the latter to relevant Money Laundering Authorities.

g- All necessary measures and actions must be taken based on the investigation findings, including any internal reporting of suspicious transactions/activities to the compliance officer.

## **5.5- AML Compliance Officer daily/monthly Procedures**

The procedure to be followed by the AML compliance officer on a daily/monthly basis is as follows:

i- Receiving a daily report from staff members about regarding any suspicion transactions

ii- Examine the reports submitted (if any)

iii- Proceed and inform the Senior Management and advice if any of the below actions to be taken:

- Stop the transaction, if this is in process.

- Inform the client for the reason of the transaction being cancelled.

- Collect the information of the transaction if this has already been executed.

- Report to the appropriate authorities of the transaction as this is required by Law.

## PERSONNEL EDUCATION AND TRAINING

The Company ensures that its employees are fully aware of their legal obligations according to the Law, in relation to the prevention of money laundering and terrorist financing by introducing a complete employee's education and training program.

The training program aims at educating employees on the latest developments in the prevention of money laundering and terrorist financing, including the practical methods and trends used for this purpose.

The training program ensures that Company's employees are fully aware that they can be personally liable for failure to report information or suspicion, regarding money laundering or terrorist financing. The timing and content of the training provided to the employees of the various departments is adjusted according to the needs of each department.

The frequency of the training can vary depending on to the amendments of legal and/or regulatory requirements, employees' duties as well as any other changes in the financial system.

The training program has a different structure for new employees, existing employees and for different departments of the Company according to the services that they provide.

On-going training is given at regular intervals to ensure that the employees are reminded of their duties and responsibilities and kept informed of any new developments.

Any personal information collected about the client such as name, address, date of birth and contact details will be maintained with ICM Capital Limited (Saint Vincent) strictly for business purposes. Other information such as client transactions, copies of passports and proof of addresses will remain confidential and shared only between our account services and compliance departments. ICM Capital Limited (Saint Vincent) may additionally inquire about the credit worthiness of the client, which will also remain confidential within our customer files. Such information may be maintained either physically or electronically with strict access procedures.

ICM Capital Limited (Saint Vincent) may share client information with internal departments or affiliate offices who conduct marketing, back-office and customer service functions to accomplish normal business operations. However, client information is required to be kept confidential as each employee within the ICM Capital Limited (Saint Vincent) has signed a Confidentiality Agreement in this regard.

Any questions or additional information regarding our privacy policy may be directed to our Customer Service Department at [support@icmcapital.com](mailto:support@icmcapital.com).

ICM Capital Limited, First Floor, First St. Vincent Bank Ltd., James Street, Kingstown, Saint Vincent and the Grenadines, is incorporated in Saint Vincent and the Grenadines and regulated by the Financial Services Authority of Saint Vincent and the Grenadines under Number: 23683 IBC 2016.

Card transactions are processed via ICM Capital Limited, Reg No. 11228822, a wholly owned subsidiary of ICM Group.

Regional restrictions: ICM Capital Limited (Saint Vincent) does not provide services to residents of Saint Vincent, the USA, UK, EU, Japan, Canada, Australia, and some other regions.