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**GPETEC LTD ANTI-MONEY LAUNDERING POLICY**

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2019

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## A. INTRODUCTION

The issuance of tokens in Cyprus is currently unregulated. In effect, GPETEC's issuance of utility tokens in exchange of Ethereum, Bitcoin or Euro payment does not fall within the scope of any current regulatory regime. Whether the issuance of utility tokens will be the subject to any regulatory reform or affected by the transposition of the Fifth Anti-Money Laundering Directive into national legislation remains uncertain. Despite the above, GPETEC Ltd has chosen to implement systems and procedures that meet AML Legislation ensuring that the issuance of its tokens to the public will not facilitate any money laundering activity.

GPETEC and all related companies and persons used by GPETEC (hereinafter "GPETEC") in the exercise of GPETEC's professional activities shall adhere to the present Manual with respect to combatting and preventing money laundering and financing of terrorism.

## B. KEY TERMS

**AML Legislation:** means the Prevention and Suppression of Money Laundering and Terrorist Financing Law.

**Politically exposed persons (PEPs):** Means the natural persons who are or have been entrusted with prominent public functions within the Republic or in another country and their immediate family members or persons known to be close associates of such persons. The meaning 'politically exposed persons' includes the following natural persons who are or have been entrusted with prominent public functions' within the Republic or in a foreign country:

- heads of State, heads of government, ministers and deputy or assistant ministers members of parliaments
- members of supreme courts, of constitutional courts or of other high-level judicial bodies whose decisions are not subject to further appeal, except in exceptional circumstances
- members of courts of auditors or of the boards of central banks
- ambassadors and high-ranking officers in the armed forces
- members of the administrative, management or supervisory bodies of State-owned enterprises
- Where a person has ceased to be entrusted with a prominent public function for a period of at least one year, the Organisation shall not be obliged to consider such a person as politically exposed
- None of the categories set out above for PEPs shall be understood as covering middle ranking or more junior officials.

- Immediate family members include the following:
  - (i) the spouse or the person with which cohabit for at least one year
  - (ii) the children and their spouses or the persons with which cohabit for at least one year
  - (iii) the parents
  
- Persons known to be close associates include the following:
  - (i) any natural person who is known to have joint beneficial ownership of legal entities or legal arrangements, or any other close business relations, with a PEP
  - (ii) any natural person who has sole beneficial ownership of a legal entity or legal arrangement which is known to have been set up for the benefit de facto of a PEP.

### **C. POLICIES, CONTROLS AND PROCEDURES**

GPETEC is committed to establishing and maintaining policies, controls and procedures in order to manage and effectively mitigate risks in the most appropriate and proportionate manner. GPETEC shall implement the following policies with respect to AML procedures and ensure they are regularly reviewed:

1. Customer Due Diligence and Customer Acceptance Policies
2. Customer Identification Policies
3. Use of AML and Customer Identification Platforms
4. Risk Assessment Procedures
5. Updates and Ongoing Monitoring
6. Record keeping

All GPETEC employees must be sufficiently aware and abide by the procedures of this Manual.

#### **1. Customer Due Diligence and Customer Acceptance Policies**

Prior to accepting a potential client, GPETEC shall assess the acceptability of the client and the associated risk.

GPETEC shall adopt risk-assessment procedures so as to be in a position to identify and assess money laundering or terrorist financing risks that it may become exposed to.

- (i) Applicant's Refusal

GPETEC shall refuse dealing with clients having the following activities:

- Internet pharmacy
- Weapons and Arms
- Pornography
- Dealing or residing in UN sanctioned countries
- Persons on the sanctioned list of the EU/ UN

- Co-operation with shell banks

This list is not exhaustive and will be re-evaluated from time to time.

(ii) When to apply customer due diligence and identification procedures

- When establishing a business relationship: The verification of the identity of the customer is performed before the establishment of a business relationship or the carrying out of the transaction. Notwithstanding the above, the verification of the identity of the customer may be completed during the establishment of a business relationship if this is necessary not to interrupt the normal conduct of business and where there is little risk of money laundering or terrorist financing occurring.
- When carrying out occasional transactions, irrespectively of the amount.
- When there is a suspicion of money laundering or terrorist financing, regardless of the amount of the transaction.
- When there are doubts about the veracity or adequacy of previously customer identification data.

It shall be prohibited for GPETEC to enter into a business relationship with anonymous persons.

(iii) Risk based approach

GPETEC shall apply a risk-based approach system, examined with respect to the following characteristics:

a. Country/Geographic Risk

GPETEC shall not accept customers resident: -

- in countries subject to sanctions, embargoes or similar measures issued by the United Nations (UN) and the EU. Countries identified by credible sources as non co-operative with regards to AML/CFT laws, Directives and other measures.
- In countries identified by credible sources as being a location from which funds or support are provided to terrorist organizations.
- Countries identified by credible sources as having significant levels of corruption or other criminal activity

b. Client Risk

GPETEC should seek to determine whether a particular client poses a higher risk. A list of categories of customers whose activities may pose a **higher risk** include:

- Customers conducting their business relationship or transactions in unusual circumstances:

- frequent and unexplained transactions
  - frequent and unexplained movement of funds between entities in various geographical locations.
- Cash (and cash equivalent) intensive business e.g. remittance houses, currency exchange houses etc.) Businesses that while not normally cash intensive generate substantial amounts of cash. Where clients that are cash intensive businesses are themselves subject to and regulated for a full range of AML/CFT requirements consistent with the FATF Recommendations, this may mitigate the risks.
  - Charities and other 'not for profit' organisations which are not subject to monitoring or supervision (especially those operating on a cross-border' basis)
  - Customers that are PEP
  - Electronic Gambling
  - Customers that deal with pharmaceutical products
  - Customers that deal with online dating
  - Customers that have transactions with governments of 3rd world countries or with the UN, NATO and similar organisations.
  - Clients using financial intermediaries, financial institutions or lawyers that are resident in countries not subject to adequate AML/CFT laws and measures and that are not adequately supervised by competent authorities.
  - Clients having convictions for ML offences.

The category of **low risk** customers includes the following customers:

- Credit or financial institutions covered by the EU Directive.
- Credit or financial institutions which is situated in a country outside the European Economic Area, which:
  - in accordance with a decision of the Advisory Authority for Combating Money Laundering and Terrorist Financing, imposes requirements equivalent to those laid down by the EU Directive and
  - it is under supervision for compliance with those requirements.

- Listed companies whose securities are admitted to trading on a regulated market in a country of the European Economic Area or in a third country which is subject to disclosure requirements consistent with community legislation;
- Domestic public authorities of countries of the European Economic Area;
- A pension or similar scheme that provides retirement benefits to employees, where contributions are made by way of deduction from wages and the scheme rules do not permit the assignment of a member's interest under the scheme;

All customers which do not fall in the low or high-risk categories are considered as normal risk customers.

c. Interface Risk

GPETEC recognises the inherent risk of non-face to face communications with clients or prospective clients. In this respect, GPETEC shall endeavour to confirm the identify of the counterparties where necessary through video verification or other electronic means.

## **2. Customer Identification Policies**

(i) When the client is a natural person

GPETEC shall collect all necessary data to verify the client including: (i) full name; (ii) address; (iii) birth date; (iv) valid email address; (v) passport or national Identity card (vi) utility bill (such as water, electricity although not a mobile phone bill and must not be more than three months old)

For all Passports/National ID Cards provided the client must ensure the following:

- The document is valid and shows the issue and expiry date
- The photograph is clear and all features are visible
- The page showing signature is included
- The place of issue and passport number details are included and are clearly legible
- Nationality details are included

(ii) When the client is a legal person

GPETEC must identify and verify the identity of the entity itself (and its permanent address and business activities) and its officer/s and beneficial owner/s.

Such identification and verification shall be secured by means of:

- Certificate of incorporation
- Memorandum and articles of association
- Certificate of good standing or incumbency or similar document, a bank or professional reference
- A description of the principal activities of the client
- Current shareholder and director registers
- Full Customer Due Diligence documentation on each ultimate beneficial owner of more than 25% of the company's share capital. Where there are corporate shareholders, documentation confirming the identity of the ultimate individual beneficial owners must be provided.

GPETEC shall ensure that all documentation is obtained from a recognised or verifiable provider and GPETEC reserves the right to request additional information for KYC purposes in its absolute discretion.

### **3. Use of AML and Customer Identification Platforms**

GPETEC currently uses IDNow [www.idnow.io](http://www.idnow.io) to conduct additional identity verification. Each new customer's details shall be entered into the system and a report shall be generated for that customer. Where the report flags any issues with the documentation provided, GPETEC shall take additional steps to verify that the information provided by the customer is true and accurate.

GPETEC additionally uses SwiftDil [www.swiftdil.com](http://www.swiftdil.com) to conduct additional checks and monitor transactions on an ongoing basis.

GPETEC shall use any other and/or additional software and/or platforms as it may deem necessary in order to update and ensure its AML and KYC procedures are constantly updated and/or enhanced.

### **4. Risk Assessment Procedures**

GPETEC shall adopt risk-assessment procedures so as to be in a position to identify and assess the money laundering or funding of terrorism risks that it may become exposed to. Risk-assessment procedures will also enable GPETEC in determining whether it shall perform additional checks and due diligence.

### **5. Updates and Ongoing Monitoring**

#### **(i) Updates**

GPETEC shall ensure that the customer identification records remain completely updated with all relevant identification data and information. GPETEC shall examine and check, on a regular basis, the validity and adequacy of the customer identification data and information it maintains.

#### **(ii) Ongoing Monitoring**

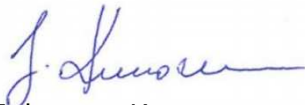


GPETEC shall scrutinize transactions to ensure that the transactions undertaken are consistent with GPETEC' knowledge of the Client and of his business and risk profile. GPETEC shall ensure that the documents, data and information on the Client that it holds are kept up to date on an ongoing basis.

## **6. Record Keeping**

GPETEC shall keep for a period of at least 5 years from the end of the period of the conclusion of the relationship:

- Records of the customer due diligence documentation required in respect of the client and the beneficial owner (as applicable);
- Records of the steps taken to obtain such documentation;
- The actual documentation obtained;
- Records of all transactions carried out by the Client.



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