

CIRCULAR 41

The present English translation is an unofficial translation and is for informational purposes. The official Greek language version is the only official version of this text.

SUBJECT: Indicative typology of suspicious transactions/money laundering or terrorist financing.

According to paragraphs 13 and 14 in article 4 of Law 3691/2008 and in the context of decision 1/506/8.4.2009 of the Board of Directors of the Hellenic Capital Market Commission with subject “*Prevention of the use of the financial system for the purpose of money laundering and financing of terrorism*” a suspicious transaction is deemed to be any transaction or activity from we sufficient indications or suspicions are derived of probable attempt or perpetration of criminal acts provided for by article 2 of Law 3691/2008 or for the implication of persons concluding transactions or the beneficial owners in criminal activities, on the basis of the assessment of the characteristics of the transaction (type of the transaction, financial instrument, frequency, complexity, amount of the transaction, use of cash) and the person (profession, financial status, transacting or business behavior, reputation, past, transparency level of the legal person-customer, other important characteristics). An unusual transaction is deemed to be any transaction or activity which is not in conformity with the transacting, business or professional behavior or the person concluding the transaction or the beneficial owner or with their financial status or without any obvious purpose or motive of business or personal nature.

Companies ought to examine with particular care any suspicious or unusual transaction or activity. In all cases Companies examine business relationships or transactions with customers from countries characterized as non-co-operative by Financial Action Task Force (‘FATF’).

A. Here are some indicative examples of transactions, activities or behaviors that may be linked to the intent of money laundering and must activate the procedures provided for by law and regulations.

I. Indications of certain transactions/activities, that must be considered as unusual of suspicious for legalizing proceeds of criminal acts, can relate to the identity of the customer or the transfers in his bank account:

- Unjustified delay or refusal of the customer, or his assignee, to provide all documents necessary for the opening of investing account or his reluctance to provide complete information regarding the nature of his business activities.

- Rumors or news regarding the client or related persons that link him to criminal or punishable activities. Companies must immediately denounce if there are publications in the press regarding criminal activities of their client.
- Opening of an investment account in the name of a customer who is a natural person having a residence or employment address, or a legal entity with headquarters that are not located in the area served by the Company or its specific branch.
- In demand of the Company the customer denies or fails to certify the legal source of his funds or his portfolio, or the documents that he provides are false or misleading.
- A customer who has business relations or comes from or is based or has a bank account in not co-operative countries or in countries that do not comply or comply insufficiently with the FATF Recommendations.
- A customer who has business relations or comes from or is based or has a bank account in countries with drug production or distribution.
- The customer provides information which is difficult to be verified by the Company.
- Movements of large amounts in accounts kept in the name of offshore companies
- Activation of investment accounts which were dormant for a long period.
- Considerable and sudden increase of transactions compared to the customer's investment profile.
- Unusual nervousness in a person's behaviour during the conducting of a transaction.
- The customer does not show reasonable interest for the dangers or the financial terms of transaction.
- The customer refuses to have personal contact with the Company.
- The customer gives instructions to transfer amounts to investment or banking accounts of other customers with which he is not connected by professional bonds and they are not relatives. (Transaction suspicious for terrorist financing).
- The customer who is a legal entity gives instructions to transfer amounts to banking accounts of branches or affiliated companies in other countries. (Transaction suspicious for terrorist financing).

- Repetitive identical transactions for amounts just below the minimum limit over which the customer's identification is required.

- Frequent changes of the customer's address when this is not justifiable by his professional activities.

- Cases where the living standards and the appearance of customers change all the time.

- The customer's cooperation with a large amount of investment services firms.

- Frequent portfolio transfers from and to other investment firms.

- The customer's investment account is credited through deposits from many bank branches of one or more banks.

- The customer's name is not included in the description of the amounts deposited at the Company's bank account which are credited to his investment account.

- The customer's bank account is credited through deposits from a large number of persons on behalf of the same customer without satisfactory explanation.

- The customer's investment account bears authorisation of handling in persons that however do not appear to have any relation with the customer (either familial or professional).

- Transfers in joint banking account of the customer in which the rest of the holders of the account do not appear to have any relation with the customer (either familial or professional).

- Joint investment account of persons that does not appear to be any relation between them (either familial or professional).

- The telephone of the customer's home or business is deactivated.

- When there is suspicion or ascertainment that the customer has established fictitious businesses.

- The execution of complicated or unusual transactions without an obvious financial or clear legal reason.

- Deposits of large amounts in cash or cheques in Company's cash desk or/and withdrawal of large amounts in cash or cheques from Company's cash desk.
- The customer gives instructions to transfer amounts to his banking account after a recent deposit in his investment account, without a transaction being previously conducted.
- During the identification and verification of customer's identity there is lack of affinity between the documents that customer presented, resulting questions about the validity of some of the documents (e.g. differences are observed between the documents in home address, postal address, telephone of communication, profession, place and date of birth, father's name, Tax reference number, etc).
- Customers that insist on dealing always with the same employee even for routine transactions or which stop dealing with the Company in period of absence of specific employee.

II. Indications from an employee's behavior could be suspicious that they are connected to the intention of money laundering and should activate the procedure of the relative provision.

1. The employee lives an expensive life which cannot be justified by his salary.
2. The employee omits to comply with the usual policies, procedures and methods.
3. The employee is unwilling to take a leave.
4. Changes in the performance or in the way of behaviour of the employee.

The indicative marks of suspicious or unusual transactions, activities or behaviors that mentioned under I and II above do not necessarily constitute acts of money laundering, but are however indications that Companies will be supposed to proceed in further investigation activating the procedure of the relative provision.

In every case the Companies should exercise increased cautiousness in the documentation of the investigation and the evaluation of the nature and the legitimacy of all the suspicious and unusual transactions.

B. COUNTRIES AND ORGANISATIONS THAT ARE MEMBERS OF FATF

Argentina
Australia
Austria
Belgium

Luxembourg
Mexico
Netherlands
New Zealand

Brazil
Canada
China
Denmark
Finland
France
Germany
Greece
Hong Kong
Iceland
Ireland
Italy
Japan

Norway
Portugal
Russian Federation
Singapore
South Africa
Spain
Sweden
Switzerland
Turkey
United Kingdom
United States

European Commission (EC)
Gulf Co-operation Council (GCC)

C. LIST OF THIRD COUNTRIES WITH LAWFUL FRAME EQUIVALENT TO THE DIRECTIVE 2005/60/EC.

We publish the list of countries and regions of particular jurisdiction which are considered as having equivalent AML/CFT systems to the EU regulatory framework.

- Argentina
- Australia
- Brazil
- Canada
- Hong Kong
- Japan
- Mexico
- New Zealand
- Russian Federation
- Singapore
- Switzerland
- South Africa
- USA
- French overseas territories (Mayotte, New Caledonia, French Polynesia, Saint Pierre and Miquelon)
- Dutch overseas territories (Netherlands Antilles and Aruba)

While classifying your customers coming from the above mentioned countries in risk categories, you may consider these countries having the same risk as the EU Member States.

The above list is included in the Common Understanding of 11-12/6/2008 between Member States for the Prevention of Money Laundering and Terrorist Financing,

which has been established according to the provisions of article 41 of the 2005/60/EC Directive.

This list is not binding and is subject to continuous revisions in the light of developments and new elements that might result from public evaluation reports (for both the countries included in the list and for other countries) adopted by competent International Organisations (Financial Action Task Force - FATF, IMF, World Bank) according to the revised FATF Recommendations and Methodology.

D. TRANSACTIONS WITH NOT CO-OPERATIVE COUNTRIES

According to the relevant decision of the plenary session of the Financial Action Task Force (F.A.T.F.), which took place in Vancouver of Canada from the 9th to the 13th of October 2006, non co-operative countries do not exist. As FATF mentioned, this does not mean, that a country which constitutes a serious threat for the international effort against money laundering and terrorist financing, cannot be considered as non co-operative.

E. TRANSACTIONS WITH COUNTRIES THAT DO NOT COPLY OR COMPLY INSUFFICIENTLY WITH THE FATF RECOMMENDATIONS

Countries USBEKISTAN, IRAN, PAKISTAN, TURKMENISTAN, SAO TOME AND PRINCIPE as well as the NORTHERN PART OF CYPRUS that is found under Turkish possession, do not comply sufficiently with the FATF Recommendations.

Companies examine with particular care any transaction and they apply additional measures of continuous monitoring of business relationships and transactions with customers, natural persons or legal entities, including credit and financial institutions, that come from not co-operative countries or countries that do not comply or comply insufficiently with the FATF Recommendations.

Transactions with customers, natural persons or legal entities, from these countries, should be examined with particular care and, if after the examination of the transaction there is a suspicion regarding the legal source of funds, a report should be submitted to Anti-Money Laundering and Anti-Terrorism Financing Commission. The results of the examination should be registered and kept in a special record for a period of at least five years, together with the attached relevant documents.

For the determination of risk that a country presents for money laundering and terrorist financing and her relevant evaluation, Companies take into consideration the following elements:

- FATF statements regarding countries or regions that do not comply sufficiently with the FATF Recommendations,
- Mutual Evaluations Reports issued by FATF, regional bodies that have been established and operate according to FATF standards (e.g. Moneyval), International Monetary Fund and World Bank,
- list of countries or regions, that according to the Common Understanding of the Committee on the Prevention of Money Laundering and Terrorist

Financing which assists the European Commission, are considered to have equivalent to the EU regulatory framework,

- countries that are considered by FATF as not co-operative or as tax paradises,
- lists issued by European Union, United Nations, and OFAC (Office of Financial Assets Control) with persons or entities for which have been published restrictive measures,
- FATF members,
- implementation of relative EU Directives
- Wolfsberg Group principals
- countries that have ratified the United Nations convention of 1988 on the distribution of drugs.

F. To comply with paragraph 2 in article 2 of decision 1/506/8.4.2009, Companies shall include in their sources for seeking information the below mentioned network places:

<http://www.un.org/sc/committees/1267/consolidatedlist.htm#alqaedaind>,

<http://www.un.org/Docs/sc/unscresolutions08.htm>

<http://eur-lex.europa.eu/JOYear.do?year=2007>

http://europa.eu.int/comm/external_relations/cfsp/sanctions/list/consol-list.htm

<http://www.fatf-gafi.org/>

G. CUSTOMERS RISK –BASIS CLASSIFICATION

Indicative parameters of a risk-basis customer evaluation and classification system are:

- professional activity of the natural person
- country of origin or conduct of business of the customer
- use of new technology transactions
- complexity of transactions
- country of origin and destination of funds
- legal regime and country of foundation of the legal entity
- beneficial owner of the legal entity
- divergence from the financial/ transacting customer's profile
- volume, size and type of business transactions
- sector of activation of the legal entity

The Board of Directors of the Hellenic Capital Market Commission