



HELLENIC REPUBLIC  
CAPITAL MARKET COMMISSION

**Special Unit for the Prevention of Money Laundering**

Athens, 21 October 2011  
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To: All Supervised Companies

**Subject: Common weaknesses of Companies in the implementation of procedures to prevent money laundering.**

Dear Sirs,

During the audits carried out by the HCMC in supervised Companies regarding the implementation of the procedures for the prevention of money laundering, certain weaknesses are identified regarding full compliance with the provisions of Law 3691/2008 and the Decisions of the Board of Directors of the HCMC.

Please find below the most common weaknesses, drawing attention to the fact that in the event of repeated offenses, the sanctions provided for by law will be imposed.

**1. Exercising Continuous Supervision**

Some Companies do not determine the financial/trading profile of their clients, with the aim, in the context of continuous supervision, of scrutinizing their transactions and activities. They do not also provide for the collection of the data provided for in Article 8(2) of the Decision 1/506/8.4.2009 of the HCMC for the determination of the financial/trading profile of clients, without which they are not able to exercise continuous supervision.

There are no records of daily transactions that exceed fifteen thousand euros (€ 15,000), combined with the financial profile of customers.

Any discrepancies between the financial profile of clients and the amount of their transactions should be investigated and commented upon by written evidence in control procedures as evidence of the investigation.

**2. Adequacy of internal control procedures**

In some cases, the internal auditor does not carry out audits to determine whether procedures are in place to prevent money laundering and does not prepare Audit Reports to inform the Company's Board of Directors.

These audits should be carried out on the basis of a relevant internal control program and documented by supporting documents (worksheets) from which the conclusions contained in the Audit Reports arise.

From on-site inspections carried out by the HCMC, it turned out that despite the fact that significant weaknesses in the implementation of money-laundering prevention procedures were observed, nothing was mentioned in the relevant Internal Audit Reports. This deficiency highlights the internal control procedures of these companies as inadequate.

### **3. Confirmation of the financial status of companies' beneficial owners**

Certain Companies do not ensure that the financial status of beneficial owners of their client companies is ascertained, even though their client companies have nominal shares, and as a result they are not in a position to control whether the transactions of these clients are in line with their financial status.

In this regard, the provisions of Decision 35/586/26.5.2011 of the HCMC, which amended Article 5(2) of the Decision 1/506/8.4.2009 of the HCMC, state that Companies have the obligation to ascertain the financial status of the beneficial owners of their client companies, irrespective of whether they are companies with anonymous or registered shares.

### **4. Diversification of due diligence measures**

It has been noticed that there is no differentiation in the extent of the due diligence measures according to the risk category of each client, with the result that their categorization does not give results.

Article 13(10) of Law 3691/2008 allows companies to save their resources for the effective implementation of procedures for the prevention of money laundering. Companies, by applying due diligence measures based on the degree of risk involved in each business relationship and transaction, are able to spend relatively less time on medium or low-risk customers than on high-risk customers. In order for the classification system to be effective, companies should rank each client in the relevant risk category and apply the due diligence measures relevant to that category.

### **5. Annual risk assessment**

Compliance Officers of certain Companies do not apply the provisions of Article 8(2)(d) of the Decision 1/506/8.4.2009 of the HCMC, on the basis of which they assess on an annual basis the risks from existing and new customers, existing and new products or services and propose to the Board of Directors of Companies the adoption of specific measures with additions and changes to the systems and procedures that Companies apply to effectively address these risks.

### **6. Staff training**

It has been noticed that some companies have not taken care of their staff training on money laundering issues. This training becomes even more important particularly when new Decisions of the HCMC and new Guidelines from the Anti-Money Laundering Authority have been issued. The HCMC also addresses this issue through regular seminars, announcements, etc.

For the Hellenic Capital Market Commission

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