

MONEY LAUNDERING COMPLIANCE CHECKLIST

| 1.0 | OBLIGATIONS OF THE FIRM | Reference to the AML Law | Reference to the ICPAC AML Directive |
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| 1.1. | Appointment of a compliance officer (CO) | s.69(a) | §.3.1 |
| | Notification of CO to MOKAS | | §.3.1.3 |
| | CO is a senior employee, with sufficient skills, experience and knowledge in AML/CFT matters | s.69(a) | §.3.1.1 |
| 1.2. | Introduction of internal procedures against money laundering including: | s.58(c) | §.2.1.3 |
| | Documented in an AML/CFT manual | | §.2.1.3 |
| | Risk assessment and risk management policies for AML/CFT | | §.2.1.2(b) |
| | Client identification and due diligence | | §.2.1.2(c) |
| | Record keeping | s.68(1) | §.2.1.2(d) & §8.1.1 |
| | Ongoing monitoring | s.61(1)(d) | §.2.1.2(e) |
| | Recognition and Reporting of Suspicious Transaction and Activity Reports (STRs & SARs) | | §.2.1.2(f) |
| | Training and awareness of staff members | | §.2.1.2(g) |
| | “Fit and proper” requirements for employees | s.58(j) | |

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| 1.3 | Approval of procedures by senior management | s.58(c) | §2.1.3 |
| 1.4 | Awareness of manual by firm staff | s.58(a)-(j) | §10.1.1 |
| 1.5 | Review and update of manual | | §2.1.3 |
| 2.0 | RISK-BASED APPROACH (RBA) | Reference to the AML Law | Reference to the ICPAC AML Directive |
| 2.1 | Documentation of the firm's RBA | s.58A | §4.7.1 |
| 2.2 | Consideration of risk factors including, <i>inter alia</i> ,: | s.58(A) | §4.3.1 |
| | Country/ geographical risk | Annexes II & III | §4.3.1(a) |
| | Service risk | | §4.3.1(b) |
| | Client risk | | §4.3.1(c) |
| | Delivery channels risk | | §4.3.1(d) |
| 2.3 | Consideration of high risk factors | s. 64 & Annex III | §4.3.2 & Annex II |
| 2.4 | Consideration of sources used | | §4.3.2 |
| 2.5 | Implementation of mitigating actions of identified risks | s.58 | §2.1.1 & §4.1.5(c) |
| 2.6 | RBA update | | §4.3.2 |
| 3.0 | CUSTOMER DUE DILIGENCE (CDD) | Reference to the AML Law | Reference to the ICPAC AML Directive |
| 3.1 | Documenting the reasons for the risk classification of the client | | §4.7.2 |
| 3.2 | Appropriate and effective client due diligence procedures | s.61 | §5 |
| 3.3 | Application of CDD measures prior to the commencement (outset) of the business relationship | s.62(1) | §5.3.1 |
| 3.4 | CDD measures include the following: | s.61(1) | §5.2 |

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| | Identification and verification of the client identity | s.61(1)(a) | §5.2.1(a) |
| | Identification and verification of the Beneficial owner's identity and place of residence | s.61(1)(b) | §5.2.1(b) |
| | Necessary information (i.e., background screening) | | §5.4.1 |
| | Understanding of the ownership and control structure of the client | s.61(1)(b) | §5.2.1(c) |
| | Understanding the purpose and intended nature of the business relationship | s.61(1)(c) | §5.2.1(d) |
| | Conducting ongoing monitoring of the business relationship and transactions | s.61(1)(d) | §5.2.1(e) |
| | Identification and verification of the identity of any 3 rd person with the mandate of representing the client | s.61(1) | §5.2.1 |
| | Identification of politically exposed persons (PEPs) | s.64(1)(c) | §5.7.6 |
| | Consideration of sanctions, embargoes & restrictive measures | s.64(3) & Annex III | §4.5 |
| 3.4 | Record keeping of all CDD information | s.68(1) | §8.1.1 |
| 3.5 | Certification of documents | | §5.5.3 & Annex III |
| 3.6 | Application of Enhanced due diligence (EDD) measures including: | s.64 | §5.7 |
| | <i>De facto</i> application of EDD measures for PEPs and high risk third countries | s.64(1)(a) & (c) | §5.7 |
| | Escalated approval of PEPs by senior management | s.64(1)(c) | §5.7.9 |
| | Verification of identity by additional, independent, reliable sources | | §5.7.3(a) |

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| | Detailed examination of the background and purpose of the business relationship | | §5.7.3(b) |
| | Increasing and customizing the level and nature of monitoring, including scrutinizing transactions | | §5.7.3(c) |
| | Comparing consistency of transactions with the purpose and intended nature of the business relationship | | §5.7.3(d) |
| 3.8 | Termination of business relationship due to incomplete CDD | s.62(4) | §5.3.4 |
| 3.9 | Consideration was given for filing a SAR to MOKAS following termination of business relationship due to incomplete CDD | s.62(4) | §5.3.4 |
| 4.0 | ONGOING MONITORING OF TRANSACTIONS AND BUSINESS RELATIONSHIPS | Reference to the AML Law | Reference to the ICPAC AML Directive |
| 4.1 | Periodic reviews of CDD in accordance with the client risk profile, including: | | §5.3.2 |
| | Change driven reviews | | §5.3.2 |
| | Reviews based on risk classification | | §5.3.2 |
| 4.2 | Establishment of procedures to monitor transactions on an on-going basis | s.61(1)(d) | §6 |
| 5.0 | RECORD KEEPING | Reference to the AML Law | Reference to the ICPAC AML Directive |
| 5.1 | Retention period for five years following the end of a business | s.68(1) | §8.1.1 |

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| | relationship or occasional transaction | | |
| 5.2. | Establishment of procedures to make records readily available to MOKAS and ICPAC | S.68(2) | §8.1.2 |
| 6.0 | SUSPICIOUS ACTIVITY REPORTING/ SUSPICIOUS TRANSACTION REPORTING | Reference to the AML Law | Reference to the ICPAC AML Directive |
| 6.1 | Establishment of internal reporting procedures | s.69 | §9.3 |
| 6.2. | Communication of the reporting procedures to staff | | §9.3.1 |
| 6.3 | Procedures include: | | §9.3.1 |
| | Clear and direct line to the CO or Assistant Compliance Officer (ACO) (if applicable) | | §9.3.2 |
| | Failure to report | | §10.2.1 |
| | “Tipping off” offences | | §9.3.5 |
| | Documentation of internal reports, including reasons in case of no external report to MOKAS | | §9.3.5 |
| 7.0 | STAFF TRAINING AND AWARENESS | Reference to the AML Law | Reference to the ICPAC AML Directive |
| 7.1 | Provision of adequate, ongoing training of the staff | s.58 | §10 |
| 7.2 | Training covers various levels/ types of staff including senior management | | §10.3.1 |
| 7.3 | Tailored training according to the needs of the firm | | §10.3.1 |
| 7.4 | Annual requirement of 10 specialized CPD units for CO | | §10.4.6 |