Frequently Asked Questions

Ongoing Monitoring

The FAQ on AML/CFT & Sanctions is a dynamic document that is periodically updated by the ICPAC Monitoring & Compliance Team. Updates are based on questions received from ICPAC Members during support interactions and from participant inquiries raised in ICPAC seminars.

The information provided in this FAQ is intended for general informational purposes only and does not constitute legal or professional advice. While we strive to ensure that the information is accurate and up-to-date, regulations, laws, and procedures may change, and interpretations may vary depending on specific circumstances. For any legal, compliance, or regulatory concerns, it is strongly recommended that you consult with qualified legal or compliance professionals to ensure adherence to relevant laws and regulations.

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FAQs

Ongoing Monitoring

1. **Q.: How does ongoing monitoring differ from onboarding procedures for medium and high-risk clients, particularly regarding Source of Funds (SOF) and Source of Wealth (SOW)?**
   A.: Ongoing Monitoring vs. Onboarding Checks: Ongoing monitoring and onboarding checks serve different purposes but are complementary in managing client risk. Here's how they differ:

   Key Differences Between Ongoing Monitoring and Onboarding:

- **Onboarding**:
  - Comprehensive understanding for SOF (all types of risk) and SOW (mostly applicable for high-risk clients) to establish a full economic profile.
  - Involves gathering detailed information and documentation for initial approval.

- **Ongoing Monitoring:**
  - Focuses on identifying changes in behavior, economic profile, or inconsistencies in transactions over time.

In summary, onboarding establishes a baseline risk profile, while ongoing monitoring ensures that the client's activity and profile remain consistent with initial understanding and within the firm's risk appetite. High-risk clients require deeper and more frequent reviews due to their elevated risk level, as demonstrated by the example below.

a) **Medium-Risk Clients**:
  - **SOF Checks**: During ongoing monitoring, you should verify the Source of Funds (SOF) for transactions made since the last review. The focus is on ensuring that new transactions align with the client's profile and declared business activities.
  - **Frequency**: Regularly scheduled based on the client's risk level or triggered by unusual transactions.

b) High-Risk Clients:
  - **SOW Checks**: For high-risk clients, ongoing monitoring often involves revisiting the Source of Wealth (SOW) to ensure the client's overall financial background remains consistent with their profile. While you do not necessarily need to recalculate the SOW from the very beginning, you should consider if there are material unexpected changes to their wealth or if the previous SOW is outdated.
  - **Depth**: The review may require more extensive documentation and scrutiny compared to medium-risk clients.

2. **Q.: What is the required frequency for re-assessing the risk classification of medium-risk and high-risk entities?**
A.: The specific frequency of risk re-assessment ultimately depends on the firm's internal AML policy. However, the new EU AML Regulation (AMLR) will introduce harmonised requirements across all Member States, including Cyprus. These provisions will become directly applicable in 2027 and will prescribe the minimum frequency and scope for reviewing client risk classifications, including low, medium and high-risk entities.

Miscellaneous

1. **Q.: Where can I access ICPAC's published materials on AML/CFT and sanctions compliance?**
A.: All materials related to AML/CFT and sanctions compliance published by ICPAC can be found under the **"Monitoring & Compliance"** tab on ICPAC's official website. This section includes guides, directives, and updates to assist with compliance requirements.

2. **Q.: Does ICPAC offer free seminars for its members or other educational material?**
A.: ICPAC, in collaboration with VinciWorks, an online compliance training provider, offers its members free e-learning modules on compliance-related topics. The e-learning platform provides access to a variety of subjects, including Money Laundering, Client Due Diligence, Identifying and Dealing with Suspicions, Sanctions, Bribery and Corruption, Fraud, and Market Abuse, among others.

ICPAC Members can access the platform here

Furthermore, the educational initiative "ComplianceBriefs" has been developed to enhance understanding and awareness of AML/CFT and sanctions-related topics. The ComplianceBriefs series is available on the ICPAC website here. Please note that viewing this training material qualifies as non-verifiable CPD units for compliance purposes.

3. **Q.: When is the Consolidated AML/CFT & Sanctions Questionnaire released for completion?**
A.: The submission of the Consolidated AML/CFT & Sanctions Questionnaire to ICPAC is an annual obligation. It is usually circulated to all firms and Compliance Officers at the end of May each year and aims at collecting information for the previous calendar year.

The submission deadline for the Questionnaire is the 30th of June every year.

To facilitate the preparation process, a template has been developed, highlighting key statistical data that firms should maintain to ensure readiness for the Questionnaire's release. The template can be accessed here under the name *«Annual AML-CFT*

Questionnaire - Template (statistics)». Please check the link regularly for any updates or revisions.

4. **Q.: Where can I find the required forms and templates for reporting information to ICPAC?**
A.: All required forms are available on the ICPAC website here. These forms cover various reporting requirements, including the following:
Forms:
a) **Trust Registration or Information Update:** To notify ICPAC about the registration of a trust in the trust registry or to update trust information, access the relevant form here. For any inquiries, contact trusts@icpac.org.cy
b) **Notification of Natural Persons Employed by an ASP**: The relevant form can be accessed here. For any questions, contact info@icpac.org.cy
c) **Notification of Subsidiary Companies of an ASP:** The relevant form is available here. For inquiries, contact info@icpac.org.cy
d) **Amendments to Firm Details:** To update firm details (e.g., name, addresses, compliance officer, director, shareholder, contact information, etc.), complete the Amendment of Firm's Details form, available here. For any questions, contact info@icpac.org.cy

Additionally, the ICPAC website offers compliance-related templates, which can be accessed here. These include:

Compliance Templates:
a) ICPAC AML Monitoring Visits – PVQ
b) ICPAC AML Monitoring Visits – AML Client List – PVQ
c) Reporting Template for Sectoral Sanctions
d) Template for True Matches Based on the Sanctions Directive
e) Sample Third-Party Reliance Questionnaire
f) Annual AML/CFT Questionnaire – Template (Statistics)

5. **Q.: What penalties can be automatically imposed for late submissions?**
A.: While penalties may be imposed for various infringements, in accordance with the ICPAC Regulation for Administrative Procedures and the Process of Imposing Administrative Sanctions, below are answers to some of the most frequently asked questions regarding penalty enforcement:
a) Failure to notify ICPAC within 7 days of any changes to the **Compliance Officer's** details incurs a predefined penalty of €500.
b) Failure to notify ICPAC within 15 days of the registration of a new **trust** or any changes to an existing trust incurs a predefined penalty of €100.
c) Failure to submit the annual **AML/CFT Questionnaire** within the set deadline incurs a predefined penalty of €500.
d) Failure to provide notification within 7 days of any changes to the Firm's **shareholding structure and directors** incurs a predefined penalty of €1000.