Frequently Asked Questions

Suspicious Transaction & Activity Reports

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

Suspicious Transaction & Activity Reports

1. **Q.: Are payments for invoices related to services provided by companies based in overseas jurisdictions, which appear unrelated to the client and are solely based on an agreement, considered a red flag that requires reporting to MOKAS?**
   A.: Payments for invoices related to services provided by companies based in overseas jurisdictions can raise red flags, depending on the circumstances. Even if the entities that provide such services claim to be unrelated and the fee is based on a valid agreement, additional factors must be considered, such as:

- The legitimacy and transparency of the overseas entity (does the entity exist/does it appear to provide such services/does it have an online/physical presence, etc.)
- The validity of the service and whether it aligns with the agreed terms.
- Any unusual or suspicious patterns in the transaction, such as high fees without justification or payments to high-risk jurisdictions.

If there are any doubts or concerns about the nature of the transaction or the legitimacy of the entities involved, it is advisable to report the matter to MOKAS to ensure compliance with AML/CTF regulations.

2. **Q.: If a SAR has been filed in relation to a specific client, can the firm continue the business relationship?**
   A.: The AML/CFT Law and ICPAC's Directive does not forbid the continuation of the business relationship, however this would be a triggering event, and the Compliance Officer should immediately consider whether the firm should keep the client and/or re-assess the business relationship and re-classify reported client to High risk and apply Enhanced Due Diligence (EDD) measures.

3. **Q: If a business relationship is terminated with a client due to AML/CFT reasons, how should I respond to a professional clearance letter from another auditor?**
   A: If the firm has filed a SAR, it should avoid disclosing that fact to the prospective auditor as this could be considered as tipping-off.

   When responding to the clearance letter however, relevant statements of facts (not opinions) that would help the prospective auditor to draw a conclusion or raise concerns that would initiate their enhanced on-boarding measures can be incorporated. If there are tipping-off concerns on the specific wording, the firm can seek legal advice.

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.