



EpayPro UK Limited

**Know Your Customer
[KYC]
Policy and Procedure**

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Epaypro UK Limited

Innovation House 29 Mark Road, Office 20f, Hemel Hempstead,
United Kingdom, HP2 7DN

Department	Classification	Title	Approved by	Date
Compliance	Confidential	KYC Policy Statement	Head of Compliance and MLRO	01/07/2019

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Glossary of Terms

<i>KYC</i>	Know Your Customer
<i>AML</i>	Anti-Money Laundering
<i>Criminal Conduct</i>	Conduct which constitutes an offence in any part of the United Kingdom or would constitute an offence in any part of the United Kingdom if it occurred there.
<i>Customer due diligence (CDD)</i>	Identifying and verifying the identity of the customer and any beneficial owner of the customer and obtaining information on the purpose of intended nature of the business relationship.
<i>Complete Information on the Payer</i>	<ul style="list-style-type: none">• the payer's name• the payer's full postal address including post code• payer's account number or where the payer doesn't have an account number a unique identifier that allows tracing of the transaction back to the payer
<i>Money Laundering Regulations</i>	The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.
<i>CSR</i>	Customer Support Representative
<i>NCA</i>	National Crime Agency
<i>ID</i>	Identity Document

Introduction

Purpose

In order to align with the Epaypro UK Limited's ("PayPro") efforts to maintain an-effective anti-money laundering and counter terrorist financing (AML/CTF) program, PayPro compliance and Fraud Prevention department has employed the know Your Customer (KYC) policy and procedure.

KYC is used to risk assess indicators of perceived money laundering risk at the customer level. This is accomplished by establishing various risk indicators and identifying customers who behave in the outlier ranges of these indicators. This KYC process enables PayPro to adequately identify higher risk customers and to take appropriate action to mitigate the risks.

KYC policies are essential to any financial institution and are fundamental to an Anti-Money Laundering (AML) program. From the PayPro perspective, knowing whom we do business with can prevent - individual transaction instances of inadvertently- facilitating money laundering and/or other crimes. An

inadequate KYC system can lead the company as well as employees being subject to civil and/or criminal penalties.

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (referred to in this policy as “the Regulations”) is the primary piece of legislation that drives the Epaypro UK Limited’s KYC framework. Any customer who is desirous of remitting the money through Epaypro UK Limited - is necessarily requires to first open a regular/formal account with us. This account opening by our customer is essential, because our IT system (as structured by our compliance policy) being used does not allow anyone to undertake even a single transaction without first opening of an account with Epaypro UK Limited.

The system needs recording of the required details about the customer; There is a possibility that NO transaction process of any prospective customer should be considered /initiated unless a regular account of the customer has been opened with the company.

Our KYC program includes:

- Increasing KYC requirements for customers whose activity moves them into a higher KYC category.
- Risk-based measures to identify Sanctioned individuals and take appropriate action
- Risk-based measures to identify and managed Politically Exposed Persons (PEPs)
- Keeping AML Customer Due Diligence information up to date
- Ongoing monitoring of a customer relationship

Scope

This procedure applicable to all Epaypro UK Limited customers; The Compliance and Fraud Prevention department employs and oversees these procedures.

Annual Review

This document is owned by the AML Compliance and Fraud Prevention department. This document is reviewed at least annually and approved by the head of Compliance and Fraud Prevention department.

Records Retention

Records of this procedure, which include but are not limited previous versions, are kept for at least 5 years beginning on the date of which the document was approved.

KYC Procedures

Initial Customer Registration

KYC procedure is initiated when a customer register on the Epaypro UK Limited website. name, surname, Date of Birth, email address and physical address are required initially and are entered by the registering customer. This information is stored in the Epaypro UK Limited system.

KYC Thresholds

When a customer makes a reservation for the amount to be transferred (this includes entering the recipients' full name or company name, bank account details and destination country). Depending on the amount being transferred, different KYC levels are initiated by the system.

Individual Transactions:

- a) If it is the **first** transaction by the customer and it is over €1.00 or equivalent and not more than €2,500 or equivalent, a copy of the customer's identification document (ID) is requested (Appendix A for acceptable ID documents).
- b) If it is the **first** transaction by the customer and/or the transactions is over €2,500 or equivalent and not more than €6,500 or equivalent, a copy of the customer's ID and proof of customer's address (POA) are requested (Appendix A for acceptable POA documents)
- c) If it is the **first** transaction by the customer and/or the transactions is over €6,500 or equivalent and not more than €15,000 or equivalent, Enhance Customer Due Diligence (EDD) is initiated. EDD includes a copy of the customer's ID, proof of address (POA) and customers source of fund/wealth (as outlined in Appendix B), customer's salary statements, annual income statement, savings documents etc.
- d) If it is the **second** transactions and the ID document was previously provided- ID and potential other documents are requested depending on the amount being transferred (as outlined above A to E)

Linked Transactions:

- a) If the customer has sent more than €2,500 or equivalent, in **rolling 90-day period** and has not provided POA, then POA is requested.
- b) If the customer has sent more than €15,000 or equivalent, in **rolling 90-day period**, Enhance Customer Due Diligence (EDD) is initiated.

Sanctions Checks

The names of senders and receivers, regardless of the amount being sent, are processed by the Epaypro system to check whether they are not on the various sanctions/terrorist lists. The following databases are refreshed in the Epaypro system on a daily basis:

- Office of Financial Sanctions Implementation (OFSI) – HM Treasury
- EU financial sanctions (including UN sanctions)
- Office of Foreign Assets Control (OFAC)

The Epaypro system uses these terrorist/sanctions databases to screen full and partial name matches. If the potential name is found, the transaction is automatically suspended and escalated to the AML compliance department for further check and after analysis if required reported to the NCA.

Document Checking Process

The document checking process is initiated when the customer uploads a document to their profile on the Epaypro website or sends the documents to Customer Support – via email. Until the documents as required by the KYC Thresholds outlined above are checked, the transaction is suspended. All steps outlined below are performed by the Customer Support Representatives (CSR), unless otherwise stated:

1. The CSR reviews the uploaded document to ensure that the document is visible in its entirety and that all details are clear.
 - a) If the document is an ID, the document must be valid (expiration date has not passed), all the numbers and photographs must be visible, and the document must be on the list of acceptable ID documents outlined in Appendix A.
 - b) If the document is a bill or letter as residential address, it has to be visible in its entirety, the date on it cannot be older than 90 days at the point of review and it must be on the list of acceptable POA (proof of address) documents in Appendix A.
 - c) If the document is a bank statement, the document needs to be visible in its entirety, the name of the customer needs to be visible on the statement and it must be on the list of acceptable POF (proof of funds) documents in Appendix A.
 - i. Only details that can be obfuscated from the document are account numbers and/or other information such as credit card/CVV numbers that are not pertinent to the check being performed and that might be a security risk to the customer.
 - d) All other provided documents must be clearly visible and must display the name of the sender on the document. (at least one of the pages).
 - i. Only details that can be obfuscated from the document are account numbers and/or other information such as credit card/CVV numbers that are not pertinent to the check being performed and that might be a security risk to the customer.
2. If the document does not meet one of the requirements outlined in step 1, the CSR rejects the document in the system. He/she must inform the customer the reason why the transaction is rejected and should inform the customer to provide better/valid copy of the document.
 - a) If the customer is not able to provide an acceptable copy of the requested document, the transactions is refunded to the source.
 - b) But if the CSR suspects that the customer is involved in money laundering or terrorist financing then he/she should report to the money laundering reporting officer (MLRO) as soon as possible. As an evidence he/she should fill the internal SAR form and submit it to the MLRO. After receiving the internal SAR, the MLRO will then decide what is to be done as a result of the report, e.g., whether the matter must be reported to the NCA or not, or further enquiries must be made. He should record his decision and the reason behind it.
 - c) If the nominated officer thinks to report to NCA, he must report even if there is no transaction takes place. The report should include details of how they know about, or suspect money laundering or terrorist financing with all relevant information about the customer, transaction or activity as the business has on its records.

- d) If the MLRO wish to go ahead with the transaction, then he/she must ask for permission from the NCA to progress the transaction.
- 3. If the uploaded documents meet the requirements outlined in step -1, the CSR marks them as “checked” in the system and does one of the following:
 - a) If only the checking of ID and/or POA is required according to the KYC Threshold- upon checking those, the CSR removes the suspicion and release the funds (if still the CSR is unsure about the transaction, they may contact the MLRO for a consultation).
 - b) If the checking of proof of income/funds is necessary or if required by the threshold for EDD (Enhance Due Diligence), upon collecting all the required documents the CSR forwards them to the AML Compliance and Fraud Prevention Analyst (analysis) for additional checking:
 - i. The analyst reviews the customer transaction history, the provided documents and explanations and evaluates if any further information is necessary.
 - ii. If further information is required, the analyst instructs the CSR to contact the customer and to obtain the necessary information.
 - iii. Once the analyst is satisfied with the provided documents, the analyst removes the suspicion and release the funds.

Ongoing Monitoring of the Customer

We must continue to monitor the customer relationship (business relationship) after it is established. We monitor transactions and where necessary ask for source of funds, to ensure they are consistent with what- we know about the customer and the customer’s business and risk assessment from the very beginning.

- a) All information must be up to date. It should be checked periodically and expired documents, such as passport and driving license, replaced with copies of newly issued documents.
- b) The extent of customer due diligence measures depends on the degree of risk. It depends on the type of customer, business relationship, product or transaction. It goes beyond simply carrying out identity checks to understanding who we’re dealing with. This is because even people we already know well may become involved in illegal activity at some time, for example if their personal circumstances change or if they face some new financial pressure. Ongoing Due diligence measures should reduce the risk of this, and the opportunities for staff to be corrupted.
- c) Consider the nature and volume of the customer’s business transactions as well as the location to identify operations that are exposed to higher risk - these warrant more enhance due diligence.
- d) Every month
 - i. We select all the customers who have done highest transactions in last six months. The selection is based on linked transactions as well.

- ii. We check whether the month or months' transactions are different from the previous month or the average monthly limit for that particular customer. If the difference is material or if there is a substantial increase or decrease of the transaction, then we try to identify the reason from the customer. If the customer's answer is satisfactory then we send the information to the customer analysis file.
- iii. If we are not satisfied, we then forward the information to the AML Compliance and Fraud Prevention Analyst (analysis) for further analysis.

Appendix A- Acceptable ID and Proof of Address

ID documents

Provided documents have to be fully visible and valid- if there are doubts about the validity of the ID, then electronic checks using third party service provider may be used.

A Valid Passport

Singed UK or overseas Passport

A Valid Photo Card Driving License

UK (full or provisional), EEA/EU, or Swiss Driving License or UK Provisional Driving License

National Identification Cards

EU Identification Cards

EEA or Switzerland National Identification Cards

A firearm Certificate

A firearms certificate issued by the police to possess, buy or acquire (firearm or shotgun)

An identity card issued by the Electoral Office for Northern Ireland

Electronic card issued by the Electoral Office for Northern Ireland.

Proof of Address Documents

Provided documents have to be fully visible with Name and address clearly printed.

Identification Documents Containing Address

UK or other valid ID documents which contain the address of the individual (cannot be the same document that was used for identification)

Bank/Financial statements

Bank Statements/building society statement/ credit card statement (no older than 90 days; cannot be printed online)

Letter from the Government bodies

Letter from Home Office/Treasury/ Revenue & Customs etc. (no older than 90 days)

Bills

Gas bill/ Electricity bill/ Landline Telephone bill (no older than 90 days; cannot be printed online)
 Cable bill (only if it includes a landline telephone; no older than 90 days; cannot be printed online)
 Council Tax Bill/ Water Bill (must related to the current charging period)
 TV License Renewal Notification (no older than 90 days; cannot be printed online)

Mortgage Statements

UK mortgage statement (no older than 6 months and not printed from the internet)

Third Party Electronic Checks verification

If the customer provided address is verified by our third-party electronic checking provider (address/electronic roll check)- then it should be treated as an additional verification check alongside our normal verification. An electronic verification is done when there is an indication of greater risk.

Other

For customers residing outside of United Kingdom or for ones who live in a caravan- proof of address may be difficult to obtain – these situations are handled on a case-by-case basis that includes a consultation with the AML Compliance and Fraud Prevention Department.

Appendix B- Acceptable Source of Fund/Income/Wealth

The following information is accepted from customers as proof of fund/income

- Recent/relevant bank statements (showing accumulation of funds being sent)
- Recently filed business accounts
- Relevant pay statement

The following information is accepted from customers as source of fund:

Description of Source of Fund by Customer	Information Required
Bank Savings	Bank Statements Customer’s Name in the statement Balance Relevant to transfer (Sufficient)
Loan	Bank/other loan Agreement Amount of Loan written in the agreement Date of Approval Date of transfer to the customer’s account
Salary (basic and/or bonus)	Annual Salary Statement (P60) or pay slips With Employer’s name Address Customers name and address

Sale of Property/other assets	Address of the Property Letter from the solicitor Where- <ul style="list-style-type: none"> • price of the property • address • seller and buyer name • date of sale Other Assets <ul style="list-style-type: none"> • Valuation • Sale agreement • Assets description
Maturity or Surrender of Life Insurance Policy	Amount received Policy Provider Policy Number/Reference Date of Surrender
Sale of Investment/ Liquidation of Portfolio	Description of Shares/Units/Deposits Name of Seller How long it was held Sale Amount Date of funds received
Company Sale	Name of the company and its shareholder Date of Sale Total sale amount Sender/customer's share of sale
Inheritance	Name of the Deceased Date of Death Relationship with customer/sender Date received Letter from the Solicitor/legal advisor
Divorce Settlement	Date Received Total Amount Received Name of Divorced Partner Letter from the lawyer/solicitor
Company Profit	Certificate of Incorporation Company Financial Statements Customer's share of the profit
Employer paying premium	Employer Letter Confirming Payment With amount and other relevant information
Gift	Reason of gift Tax related information (Regarding Gift) Donor ID documents Relationship to the customer Donor source of funds