



Centrálny depozitár cenných papierov SR, a. s.

**PREVENTION OF THE MONEY LAUNDERING AND
TERRORIST FINANCING IN CENTRÁLNY
DEPOZITÁR CENNÝCH PAPIEROV SR, A.S.**

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Definitions and abbreviations

CDCP	Centrálny depozitár cenných papierov SR, a.s.
BO	Beneficial Owner (according to § 6a of the AML Act)
PEP	Politically Exposed Person (according to § 6 of the AML Act)
Rules of Operation	Valid wording of the Rules of Operation of Centrálny depozitár cenných papierov SR, a.s. According to the article 103 of ZOCP the Rules of Operation are binding upon the persons who are provided services by CDCP, i.e. also upon persons who are provided accounts and respective types of segregation in CDCP.
Participant	Any Participant in the settlement system, who was granted access by CDCP according to the article 33 of the CSDR Regulation and the Rules of Operation.
AML Act	The Act No. 297/2008 Coll. on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing and on amendments and supplements of certain acts in later wording
ZOCP	The Act No. 566/2001 Coll. on securities and investment services and on amendments and supplements to certain acts in later wording.

Introduction

Centrálny depozitár cenných papierov SR, a.s., company ID: 31 338 976, registered address ul. 29. augusta 1/A, 814 80 Bratislava I is obliged entity according to the AML Act. There are obligations pursuant to the mentioned act resulting to CDCP from being the obliged entity, namely during acting with the clients on provision of services.

Scope of the AML rules stipulated by CDCP is prevention of the use of CDCP for the purposes of money laundering and terrorist financing.

When formulating and applying the AML rules, CDCP respects valid legal regulation and recognized international standards and recommendations, as well as recommendations and guidance of relevant supervisory bodies. Basic legal framework for AML is mainly the AML Act (by which relevant European regulation was implemented).

To fulfil the AML obligation CDCP:

- approved Own Activity Programme aimed at the prevention of legalisation of criminal activity proceeds and terrorist financing, which about are informed all employees,
- appointed a person liable for due execution of related activities,
- implemented special trainings programme, which includes also regular retraining for the employees and familiarization with relevant information related to AML,
- implemented monitoring of trades and control activities.

CDCP applies risk-based approach to AML. CDCP identifies and assesses the AML risk it is exposed to and adopts AML measures adequate to those risks. CDCP identifies and assesses risk level of:

- Trades and business relations (services) – assessment of risks and risk factors of individual types of CDCP services. For each risk level is defined scope of client due diligence.
- Clients – at provision of specific services, based on existence of risk factors of the client.

1. Information for the clients on obligation of CDCP to process personal data according to the AML Act

CDCP would like to inform its clients that as an obliged entity pursuant to article 5, section 1(b), item 1 of the AML Act, it has to process personal data in order to prevent and identify legalisation of proceeds of criminal activity and terrorist financing, and for the purpose of client due diligence and identification of unusual operation pursuant to article 14 of the AML Act CDCP may find, obtain, record, archive, use and process in other way the personal data and other data in scope of articles 10(1), 11(3) and 12(1) and (2) of the AML Act also without consent of the data subjects. At the same time, to achieve the purpose CDCP can obtain needed personal data by copying, scanning or other method of recording of official documents on data carrier, to process birth identification numbers and other data and identity papers without consent of the data subject in scope pursuant to articles 10(1), 11(3) and 12(1) and (2) of the AML Act.

2. Mandatory client due diligence

CDCP adheres to the basic “**Know your Customer**” principle when fulfilling its obligations, which allows CDCP to acquire sufficient knowledge on the client, to identify purpose and character of client’s business activities and their further assessment. CDCP will set the scope, or type of client due diligence in compliance with provisions of the AML Act.

The client is obliged to submit to CDCP information and written documents needed to meet obligations according to the AML Act.

If necessary co-operation is not provided, according to the AML Act **CDCP has to reject** conclusion of the business relation, terminate the business relation or to reject to provision of specific trade.

2.1 Definition of the Client

To fulfil obligations according to the AML Act, it is inevitable to know range of persons who the “Client” definition applies to, i.e. persons that are subject to mandatory due diligence in CDCP. The definition of “Client” is stipulated in the article 9 of the AML Act:

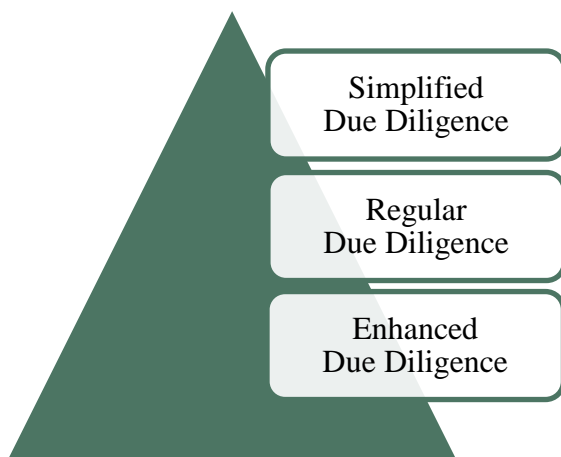
The Client is understood in larger sense, thus is not covering only person who is provided with service, but also other persons participating in provision of the service, or act in connection with provision of the service.

Types of clients

- **Primary Client – client using CDCP services** – is a party in contractual relation connected with business activity of CDCP (is using CDCP services on basis of concluded agreement or other request for service or under the rule of law).

- **Future Client** – participates in procedure based on which it shall become a party in contractual relation connected with business activity of CDCP, or places request for service, e.g. in form of the instruction.
- **Secondary Client** – representative of the Primary Client or representative of the “Future Client”, e.g. an authorised person – in proceeding with CDCP represents the contractual party of the contractual relationship connected with the business activity of CDCP.
- **Other person entitled to dispose of subject of the contractual relation** relating to the business activity of CDCP – based on other facts.

2.2 Types of Due Diligence



CDCP executes different types of client due diligence in compliance with the requirements of the AML Act and with respect to requirement of adequacy depending on the AML risk.

2.3 Client identification

Client identification is executed at all types of mandatory due diligence / at provision of all CDCP services. The identification consists of **obtaining all identification data on the client** in scope stipulated by the AML Act. Scope of minimal data is set in the **Annex 1 of this document**.

Rules for client identification are stipulated in more detail in Part I of the Rules of Operation.

2.4 Regular due diligence

CDCP executes regular due diligence in situations according to the article 10 of the AML Act, therefore mainly at concluding of the business relation in connection with certain types of trades.

In CDCP these are namely following services:

- opening and keeping of account in CDCP (all types)
- opening and administration of list of holders of paper-form registered shares

- opening of the issuer's registry and issue registration
- change in data on the issue – increase in number of units /value of securities
- transfer or transition of securities (if does not concern execution of decision of a court or other governmental body)
- registration of contractual pledge/transfer as collateral
- change in registration of the contractual pledge / transfer as collateral by changing of registered subjects or increase of number of pledged securities
- registration of cancelation of the contractual pledge / transfer as collateral

CDCP executes regular due diligence also in other situations, depending on submitted specific request for service.

According to the AML Act the regular due diligence consists of:

- Identification and identity verification of the Client
- Identification of Beneficial Owner, including procedure for verification of her/his identity and identification of ownership and management structure of the client that is a legal person or trust.
- Obtaining information on purpose and intended character of the business relation or trade
- Verification whether the client or client's Beneficial Owner is PEP or sanctioned person.
- Identification of origin of assets (mainly at transfers with value at least 15 000 EUR).
- Identification if the clients acts on own behalf.
- Regular monitoring of business relation and review of specific trades.

1. Client identification

Detailed information in section 2.3 of this document

2. Identity verification

Means verification of client's data in her/his identity certificate or other relevant documents. In case of the natural person verification involves comparison of likeness of the present person with portrait in the identity certificate. If the client is not present, identity verification is done for the mandator and under-aged person without the identity certificate, other person represented by the legal representative.

With regards to provision of services the client has to be present in person for these purposes (unless stipulated differently) and identify itself with the certificate of identity.

3. Identification of Beneficial Owner and ownership and management structure

CDCP is entitled to request the client to identify in writing and provide information on persons that ultimately own, manage or control the client or its founder or on beneficial owner on behalf/account of which the service (transaction) or activity is executed.

For stated purposes the client has to submit:

- special declaration – *Binding written declaration on statutory representatives and beneficial owners*, published on CDCP web site. Declaration requirements: original or verified copy, not older than 3 months, certified signature in the declaration. Further information are stated in the published declaration,
- extract from the Companies Registry or other official registry – not older than 3 months (not older than 6 months in case of foreign entities).

4. Obtaining information on purpose and intended character of business relation/trade

Identification of purpose is usually included in specific request for service or results from relevant provisions of legal regulation.

5. Identification of PEP (politically exposed person)

CDCP has to identify whether the client is/is not a politically exposed person. For that purpose the client shall submit special declaration – *Binding declaration of natural person (politically exposed person)*, which is published on CDCP web site. Declaration requirements: original / officially verified copy, not older than 3 months; signatures in the declaration have to be verified. Further information is provided in published wording of the declaration.

In case of natural persons – employees, acting in behalf of entities which were granted access by CDCP (participants, other market infrastructures) and in case of selected regulated entities CDCP detects PEP in form of written declaration, at least once per year.

6. Detecting of origin of assets - for transfers with value at least 15,000 EUR

Detection of origin of assets is applied on transfers with value of at least 15,000 EUR. The client shall submit special declaration or special consent comprising of essentials according to article 99, section 12 of ZOCP. The declaration has to include data on the transaction in compliance with article 27 of ZOCP. These documents have to be originals/ certified copy and the signatures have to be verified.

7. Detecting whether client is acting in own behalf

The client is obliged to provide required co-operation if submitted documents do not provide clear evidence in whose behalf is the client acting.

8. Continuous monitoring of business relations and examining of individual trades

CDCP monitors the business relations/trades by examination of specific trades. Updating of documents, data or other information on the client, or other data related to existing business relation is included.

For that purposes the client has to provide required co-operation and inform on relevant facts, e.g. change in identification data, PEP status, etc.

2.5 Enhanced Due Diligence

CDCP performs enhanced due diligence in cases pursuant to article 12 of the AML Act.

In CDCP it means primarily following cases:

- the client is PEP
- the client is person native in a high-risk country
- transactions with value at least 15,000.- EUR

The enhanced due diligence means mainly acquiring more detailed information on the client, purpose and intended nature of the business relation or trade and fulfilling of special measures according to the AML Act.

2.6 Simplified Due Diligence

CDCP performs simplified due diligence:

- **with respect to a client** – selected regulated entities, e.g. banks, security brokers, security stock exchange, administrative bodies
- **with respect to low risk level of the trade (service)** – services for which basic or enhanced due diligence is determined.

Namely: information services (balance statements); lists; reservation of account for a central bank; change in identification data; cancelation of account; movement of securities; deletion of securities issue; issuance and cancelation (deletion) of security; suspension of disposal right for entire issue based on issuer's request; administration of list of holders of paper-form registered shares – change in data on an issue; change in person or identification data on a shareholder and termination of shareholder list; services related to administration of ISIN/CFI/FISN; registration of suspension of disposal right, registration of statutory pledge.

Only client identification is executed, thus presence in person is not necessary at provision of the service/placing of request for service.

Execution of simplified due diligence is conditioned by compliance with all requirements stipulated by the AML Act.

Annex 1 – Client Identification

DATA REQUIRED FOR CLIEEN IDENTIFICATION (MINIMAL SCOPE OF DATA)						
Data		Natural person – non entrepreneur	Natural person - entrepreneur	Natural person – child w/o identity document	Legal person	Represented person
1.	Full Name	✓	✓	✓		
2.	Birth Identification No./ Date of Birth if Birth Identification No. not available	✓	✓	✓		
3.	Permanent Address /other residence	✓	✓	✓		
4.	Nationality *	✓	✓	✓		
5.	Type and number of identity document *	✓	✓			
6.	Information on legal representative			✓ Items 1 to 5		
7.	Business address		✓			
8.	Business / Trade name				✓	
9.	Registered seat address				✓	
10.	Identification number		✓ if assigned		✓	
11.	Official registry identification and number of entry		✓		✓	
12.	Identification of natural person (NP) authorised to act in behalf of a legal person (LP)				✓ items 1 to 3 (or 7, 10 and 11 too)	
13.	Information on a represented person (mandatory					✓ NP- items 1 to 5 (or 7, 10 and 11 too) LP- items 8 to 12
14.	Information on a representative (authorised)					✓ NP- items 1 to 5 (or 7, 10 and 11 too) LP- items 8 to 12.