



Centrálny depozitár cenných papierov SR, a. s.

**Framework of
Centrálny depozitár cenných papierov SR, a.s.
for prevention and detection of legalisation
of proceeds of criminal activity and
terrorist financing**

Introduction

Centrálny depozitár cenných papierov SR, a.s. (hereinafter only “**CDCP**”) is a private joint stock company acting in compliance with validly granted authorisation to operate as a central depository and pursuant to relevant legal regulations, namely the Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (hereinafter only “**CSDR Regulation**”), together with the Act No 566/2001 Coll. on Securities and Investment Services and on amendments and supplements to certain acts (Act on securities) (hereinafter only “**Act on Securities**”), other generally binding regulations, legal acts of the European Union, Statutes and other internal regulations of CDCP.

CDCP ambition is to actively participate in creating of the capital market infrastructure, to support activity and development of the capital market, and to provide its clients with specific services pursuant to the CSDR Regulation and the Act on Securities what brings value to all market participants. To achieve the objectives and organisation purpose CDCP adheres to procedures stipulated by the act and applies all measures for prevention of legalisation and terrorist financing. This approach allows CDCP to maintain its reputation and goodwill on the financial market of the Slovak Republic or outside the territory.

Protection Framework

This Protection Framework for prevention and detection of legalisation and terrorist financing (hereinafter only „**Protection Framework**“) is based primarily on the AML Act, the Act on Securities and adheres to international standards, including standards and guidelines applicable in the European Union. The Protection Framework has been incorporated into internal processes of CDCP and into processes related to provision of services to CDCP clients.

The Protection Framework includes:

- the Organisational Structure of CDCP that facilitates effective and independent execution of activities with regards to prevention and detection of legalisation and terrorist financing;
- Own Activity Program for Prevention of Legalisation of Proceeds from Criminal Activity and Terrorist Financing (hereinafter only “**Own Activity Program**”) prepared by CDCP in accordance with article 20 of the AML Act;
- The Statutes of CDCP and Statutes of CDCP bodies in which competencies and responsibility as regards AML are stipulated;
- information dedicated to clients and public presenting approach and objectives of CDCP with respect to legalisation and terrorist financing, and notice of obligation to perform prevention and control what may directly influence the clients (i.e. information disclosure).

Risk based approach

Approach of CDCP to prevention of legalisation and terrorist financing (hereinafter only „**AML**“) is based on risk assessment. When CDCP performs processes and obligations pursuant to the Act No 297/2008 Coll. on the Prevention of Legalisation of Proceeds of Criminal Activity and Terrorist

Financing and on Amendments and supplements to Certain Acts (hereinafter only „**AML Act**“) it identifies, assesses and understands AML risks it is exposed to and adopts AML measures adequate to these risks.

When CDCP identifies AML risks it applies the risk factors related mainly to CDCP clients and services CDCP offers to the clients. CDCP identifies the risk factors mainly by type of a client, purpose, regularity and duration of a business relationship or a business transaction outside of the business relationship, type of commodity, value and method of the transaction and risk rate of the country or geographic area to which the business relationships or transactions are related to.

CDCP applies the “**Know Your Customer**” principle with respect to its clients and identifies risk level of each CDCP client, while performance of mandatory customer due diligence is taken into account, i.e. basic, simplified or enhanced customer due diligence.

Organisational structure and responsible person

The organisational structure of CDCP ensures effective and independent execution of AML operations.

The Board of Directors of CDCP is responsible for overall protection of CDCP against legalisation and terrorist financing and for application of the Protection Framework.

For the purposes of fulfilling of obligations with regard to prevention and detection of legalisation and terrorist financing a responsible person and its deputy have been appointed in CDCP and both persons are CDCP employees. The responsible person and the deputy have independent position with respect to execution of their duties and have direct access to the Board of Directors and the Supervisory Board of CDCP. To ensure proper performance of this function adequate qualification is required from the responsible person and the deputy. The responsible person and the deputy have to perform this function with due professional care, to assess the facts objectively, observe data protection and confidentiality pursuant to legal regulations and internal regulations of CDCP. The responsible person and the deputy are responsible for functional realisation of AML processes.

Own Activity Program

The responsible person has to prepare and update the Own Activity Program in compliance with article 20 of the AML Act. The Own Activity Program lays down the rules, procedures and liabilities for the employees and CDCP as regards to prevention and detection of legalisation and terrorist financing. The Own Activity Program is approved by the Board of Directors of CDCP.

Activities and employee training

Each client is identified by the CDCP employee in connection with provision of services, CDCP shall verify identity of a client and depending on specified criteria, relevant type of client care is performed. The employees are also monitoring the business relation and transaction, they shall determine whether the person is politically exposed person or sanctioned person, and shall check for existence of unusual business transaction.

As regards prevention and detection of legalisation and terrorist financing all employees shall attend special training and education in order to prevent of the use of CDCP, in its position of a financial institution, for legalisation and terrorist financing. Professional education involves primarily obligation for the employees to become familiar with the Own Activity Program and obligation to regularly attend relevant trainings.

In Bratislava, on 27 January 2021