

# **JCC Customer Acceptance Policy**

## **1. Purpose**

The purpose of this Policy is to provide guidance and clarity on customer acceptance and to ensure compliance with all applicable legal and regulatory requirements. All JCC departments and JCC staff must, as a minimum, meet the requirements of this Policy.

## **2. Policy**

The evaluation of a customer's risk is fundamental to the JCC's effort to prevent and suppress money laundering, terrorist financing and other illegal activities.

JCC reserves its right to deny the establishment of any business relationship with a customer (physical and/or legal) assessed to be captured within the groups of customers described above or indeed if for any reason JCC is uncomfortable with the establishment of a business relationship.

JCC has defined:

- (i) A list of customers (physical and/or legal), or transactions that are not accepted by JCC,
- (ii) A list of customers classified as High-Risk Customers (physical and/or legal).
- (iii) A list of customers classified as Medium Risk Customers (physical and/or legal).
- (iv) A list of conditions under which a business relationship with an existing customer must be terminated.

Furthermore, JCC has also set the criteria for establishing a new business relationship, which is in accordance with its Risk Appetite Assessment for zero tolerance for Money Laundering (ML)/Terrorism Financing (TF) risk.

Therefore, JCC establishes a business relationship with a customer who:

- (i) Does not fall in the list of customers (physical and/or legal) not accepted by JCC
- (ii) Has not been previously rejected for establishing a business relationship with JCC, for reasons which continue to exist.
- (iii) Has not previously been a customer of JCC and whose business relationship was terminated, for reasons which continue to exist.

### **3. List of Customers (physical and/or legal), not accepted by JCC**

JCC has decided that the risk associated with certain groups of customers is unacceptably high and has therefore decided to preclude such customers from establishing a business relationship with JCC.

Apart from the requirements of the Law and the Directive, JCC, as part of its Risk Appetite Assessment, has included in this category other types of customers based on their Money Laundering / Terrorism Financing risk. Specifically, JCC prohibits the establishment of a business relationship with a customer (physical and/or legal), that:

1. Carries out illegal activities (such as human trafficking, drug dealing, fraud, child pornography, terrorist activities etc.);
2. Is convicted for a crime included in the predicate offences;
3. Is a shell bank/company or a bank which deals with shell banks or shell companies;
4. Is a customer resident in sanctioned countries;
5. Is a customer established in a higher risk country (FATF list);
6. Is a customer connected to North Korea;
7. Is a customer connected to Iran, with the exception of individuals with an Iranian passport whose permanent residence is in an EEA country or a Third equivalent country;
8. Is subject to specific sanctions (i.e. EU, UN, OFAC, local lists), including close family members, close associates and related entities;
9. Is from a political regime not recognized by the United Nations;
10. Is a trust;
11. Customer residing in Cyprus and whose premises are not in the Government Control areas of the Republic of Cyprus;
12. Is a Payment Institution and Electronic Money Institution which is not regulated by an EEA country or a third equivalent country;
13. Is a non-profit organization / charity or foundation for charity purposes, which is either:
  - a. not registered in Cyprus,
  - b. or registered in Cyprus with charitable purpose but the majority of its donators/sponsors are not from Cyprus;
14. Is an issuer or dealer of Virtual Currency (e.g. Bitcoin) or involved in converting traditional currency in virtual currency or vice versa or provides related services (software providers, payment processing services, card acquirers);
15. Fails to provide vital identification information;
16. Is dealing with the following categories:
  - Defence/arms/military industry;
  - Traveller cheques;
  - Pyramid schemes & Illegal Multi-Level marketing business;
  - Hazardous materials, combustibles, corrosives;
  - Providing armed security services;
  - Human Organs, blood or other body parts, tissues or fluids;
  - Fundraising;
  - Counterfeited and copyright infringing merchandise;
  - Fortune telling, medium activities;
  - Pawn shops;

- Binary option services provider.
17. It is an e-commerce customer dealing with the following categories:
- Gambling and lottery activities;
  - Adult content;
  - Real estate related business;
  - Pharmaceuticals;
  - Fireworks or pyrotechnic devices or supplies;
  - Bulk e-mail software or mailing lists;
  - Collection agencies.
18. Operates in the following industries and is not regulated/ by an EEA country or a third equivalent country:
- Casinos;
  - Betting Houses;
  - Prize Competitions;
  - Financial Services, or its license has been withdrawn;
  - Banking or Insurance Institutions;
  - Sporting / Hunting / Antique guns;
  - Internet Gaming other than electronic gambling.

#### **4. List of High-Risk customers (physical and/or legal)**

Important Note: Below customers are only accepted if they fall outside the non-acceptance criteria stated in list 3 above.

The following categories of customers are designated as high-risk subject to enhanced due diligence measures, monitoring and review procedures either by the Law or the Directive of the Central Bank of Cyprus, or by JCC, in accordance to its risk appetite on money laundering and terrorist financing risk:

1. Customers with Trust and Foundation as beneficiaries;
2. Customers with “Client accounts”;
3. Politically Exposed Persons (“PEPs”);
4. Charities, Non-Profit, Clubs Organizations;
5. Existing customer’s resident in sanctioned countries are considered High Risk, until their final closure (new customers are not accepted);
6. Customers with complex and unusually large transactions or unusual types of transactions;
7. Customers with suspicion for money laundering and a report was filed to MOKAS.
8. Individual Customers or legal entities whose UBO’s resident in high risk countries (FATF list) except Iran and North Korea;
9. Legal entities with complex corporate structures are considered high risk customers because is particularly difficult to locate the beneficial owners;  
A legal entity is considered as a complex structure if all of the following three criteria are applied:
  - i. Includes multiple levels of ownership and specifically three or more;
  - ii. The registration of the various companies in the ownership structure took place in two or more jurisdictions;
  - iii. The ownership structure includes legal mechanisms such as trusts, foundations or private investment programs;

In the case that only the first two criteria are applied (ie i and ii) then the legal entity as a principle will be considered as a customer with a complex ownership structure, unless the specific details of the case are such that the KYC department considers that there is no complexity and records this particularity in the customer file.

10. Customers with negative media information related to ML/TF;
11. Customers dealing with the following categories:
  - Escort and dating Services
  - Buy, sell and broker securities, stocks, bonds, commodities, and mutual funds (Security broker/Dealer);
12. E-commerce customers dealing with the following categories:
  - Spirits/Alcoholic drinks;
  - Tobaccos cigarettes and e-cigarettes.

## **5. List of Medium-Risk customers (physical and/or legal)**

Important Note: Below customers are only accepted if they fall outside the non-acceptance criteria stated in list 3 above.

The following categories of customers are designated as Medium risk and, therefore, JCC is obliged, apart from normal customer identification and due diligence measures set out in the Law and the Directive, to perform enhanced due diligence measures, as well as on-going monitoring of transactions:

1. Money Transfer;
2. Financial Institutions;
3. Non-Financial Institutions - Foreign Currency, Non-Fiat Currency (for example: Cryptocurrency), Money Orders (Not Money Transfer) and Debt Repayment;
4. Non- Financial Institutions Stored value card purchase/load;
5. Political Organizations - membership organizations that promote the interests of or raise funds for a national, state, or local political party or candidate;
6. Religious Organizations - provide worship services, religious training or study, or religious activities.

## **6. List of conditions under which a business relationship with an existing customer (physical or legal) must be terminated**

The business relationship with an existing customer must be terminated if any of the following apply:

1. The business relationship with an existing customer must be terminated if he is a non-face to face customer and has not been met by JCC employees within one month of commencing a business relationship with him.
2. If, during the review / customer update process, the customer fails or refuses to provide vital information requested by JCC.
3. If the customer's activities change, and the new activities fall within the JCC's non-accepted types of business.
4. If the customer was convicted for any serious predicate offence.
5. If instructed by card schemes or MOKAS.
6. If the customer is violating card scheme regulations.
7. If the customer has high fraud transaction ratio or excessive chargebacks.
8. If a customer has attempted to deceive JCC.