

Paygety OÜ

THE PROCEDURE FOR IMPLEMENTING INTERNATIONAL SANCTIONS

Tallinn 2018

This Procedure for the Implementation of International Sanctions (hereinafter: the **Procedure**) is established by _____ Decree of the Paygety, effective from _____

This Procedure is enforced by the Paygety OÜ (hereinafter: the **Paygety**) and its employees for the purpose of complying with the sanctions stipulated by the International Sanctions Act (hereinafter: the **Sanctions Act**).

The procedure shall enforce the processing of a notification (hereinafter: the **Notification**), given in accordance with the Sanctions Act, and the data of persons entered on the list of financial¹ sanctions of the European Union and the United Nations (hereinafter: the **List**), the identification of the client in need for additional verification, the implementation of sanctions (including the sanction, arising from of the International Sanctions Act), the retention of data and the registration of inquiries.

DEFINITIONS

International Sanction – A measure not related to the use of the armed forces and whose implementation has been decided by the European Union, the United Nations, another international organization or the Government of the Republic

International Financial Sanction – An International Sanction, which completely or partially prevents the use and disposal or assignment of financial resources and economic resources in the subject of International Financial Sanction, including the prohibition or restriction of:

- 1) the granting of loans and credits to a subject to international financial sanction or the payment of funds on another basis of the same nature;
- 2) Disbursement of deposits, dividends, interest income and other such funds in cash to a person – subject to international financial sanction; payment of bills, checks or other forms of payment and instruments, as well as the transfer, pledging, use or disposal of securities, precious metals and stones or other such values;
- 3) the opening of a deposit, payment, securities account or other account for the subject of international financial sanctions, the provision of a depository deposit or the conclusion of contracts for the provision of such services;
- 4) the entering into transactions with immovable property, immovable ship property and movable or immovable property with the subject of international financial sanctions;
- 5) the pledge or other collateral of funds and economic resources of the subject to international financial sanction;

¹ The list is available:
<https://www.politsei.ee/et/organisatsioon/rahapesu/finantssanktsiooni-subjekti-otsing-ja-muudatud-sanktsioonide-nimekirjas/>

- 6) entering into an insurance contract with the subject to international financial sanction and making payments under such contract;
- 7) the commencement or continuation of business relations with the subject to international financial sanction.

Subject to international sanction -

- 1) a state, a certain territory, territorial unit, regime, organization, association or group, which are subject to the measures provided for by an instrument imposing an international sanction;
- 2) natural or legal person, institution, partnership or any other entity expressly mentioned in an instrument imposing or enforcing an international sanction and subject to measures provided for by an instrument imposing an international sanction .

HANDLING THE NOTIFICATION AND DATA STORAGE

The notice must be promptly communicated to the Chairman of the Paygety's Management Board or the Paygety's Management Board (hereinafter referred to as the **Contact Person**).

The Contact Person registers the received Notifications and inquiries and stores the data for notifications and inquiries for at least 5 years. The queries made must have a follow-up trail that can identify the requestor, the time of the inquiry, the content of the inquiry and the results. The contact person will periodically make backups and retain data from the above-mentioned list.

The Contact Person registers the names of the persons familiar with the reports and keeps the data for at least 5 years.

Notices, related data, and the follow-up trails are accessible to the Paygety's management and auditors, as well as representatives of the Financial Supervision Authority and the Financial Intelligence Unit.

IDENTIFICATION OF THE PERSONS

1 Identification of the persons, mentioned in the notice, from the database

The Contact Person makes a request in the database containing the customer's information, with the purpose of identifying the persons mentioned in the Notice or the existence of transactions with them.

2 Identification of a person

In order to identify the personal name with the person subject to the inquiry, the Contact Person shall, in particular, proceed from the personal data with the following main features:

- i In the case of a legal person, the name or designation (trade mark), registry code or registration number;
- ii For natural persons, his name and personal identification code or his date of birth.

In case of doubt or controversy, other known information must be taken into account:

- i For legal persons, inter alia, the other following data are considered:
 - i country of registration or jurisdiction, address
 - ii field of activity, address
 - iii associated persons (persons who have significant control)
 - iv executives and owners
 - v contact information
- iii For natural persons, inter alia, the other following data are considered:
 - i Place of birth
 - ii Number of Passport or identification document, place and time of issue
 - iii gender
 - iv residence
 - v other personal data (height, hair/beard, glasses, other special features)
 - vi contact details

Identification of persons in creating customer relationship

When entering a new customer into the database, a situation may arise where entering and saving data is not possible but requires to be accepted by the Contact Person.

Before creating the customer relationship, the contact person conducts a survey List and identifies the person taking into the account the activities described in this clause 3. In case of identification of the listed person, the contact person immediately informs the Financial Intelligence Unit according to clause 4.1 and refuses to establish a customer relationship.

Monitoring of the List

The contact person regularly monitors (at least once a quarter) the list and the changes made therein. If the Contact person identifies in the List a Person who is a customer of the Paygety, the notification shall be made in accordance with Clause 4.

NOTIFICATION OF THE REQUEST RESULTS

The Paygety external communication

A person identified as a result of the inquiry, about whom there are reasons to believe that he is a person indicated in the Notice, the contact person immediately informs the notifying institution and the Financial Intelligence Unit in accordance with the rules of the “Procedure for the prevention of money laundering and terrorist financing”.

If the Contact person is not able to unambiguously identify the persons who are identified in the Notice due to the presence of factors that distort the personal data, the Contact person shall notify the notifying institution and the Financial Intelligence Unit of all identified persons.

In transmitting the notice, you must follow the guidelines for the content of the notice and the

marking of indicators in accordance with the examples and identifiers given in “*The Guidelines for the identification of transactions suspected of terrorist financing*” of the Financial Intelligence Unit in addition to this Guide.

The Paygety internal notification

If the Paygety customer is or has been named in the Notice, the Paygety employees and structural units directly related to the person mentioned in the Notice or involved in the management of contracts with him must be immediately informed thereof.

Notification of the identified person

A person may not be informed about the information provided about him or her to the FIU, unless the FIU has suspended the transaction initiated by that person.

IMPLEMENTATION OF SANCTIONS

5.1. Implementation of specific measures (monitoring) or sanctions (the prevention or limitation of the use of any funds) for a given person shall be carried out on the basis of a precept issued under the Money Laundering Act by the FIU. During the time limit for using the funds, the Paygety shall not perform the orders of the owner of the funds.

The implementation and validity of special measures or sanctions, as well as the validity of the guide contained in Annex 1 or a modification thereto, are regularly monitored by the Contact Person.

Annex 1. The Guidelines for the identification of transactions suspected of terrorist financing