

# Client acceptance policy, onboarding and payment liability

Effective as of 11 August 2023

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## INDUCTION

This Policy is designed to help clients to estimate their (a) liability to maintain business account with KP Pay Limited (KP Pay).

Amount of information to be received from a client depends on whether the client is a legal entity or an individual. Information can be accepted on English, if other language it must be translated to an acceptable language (also acceptable if translated and saved by KP Pay staff).

The purpose of the Customer Due Diligence (CDD) and Enhance Due Diligence (EDD) process is to identify, collect, process, verify and keep the information about the clients, due to minimize the possible and potential AML/CTF risks.

Customer identification is provided using third party Identity verification companies' services. KP Pay uses Sum and Substance Ltd (sumsub.com) service and potential client must go through all steps to start onboarding process. Only passed identifications can be used in onboarding process.

### Individual

At least the following information must be received for identification, verification and CDD/EDD purposes:

- name and surname;
- official document which confirms his/her identity (passport or ID (only UK, EEA, Switzerland citizens), driving license (UK)), personal identity number (if such exists), date of birth, number and date of issue of the personal identification document, state and authority which has issued the document, period of validity of identification document;
- facial image (will be taken during online application process);
- actual address confirmation document/proof of address (not older than 90 (ninety) days/3 (three) months from the date of account application), such as:
  - Personal Utility Bill (i.e., gas, electricity or water bill);
  - Current bank statement or credit /debit card statements.
  - Resident permit (if Residence permit do not confirm actual address of residency, it must be used with another document (such as utility bill), which is up to date and confirms current address of residence);
  - Tax bill (current year);
- actual residential address (e.g. resident permit, utility bill) – required if client is citizen or resident of other country than UK, EEA, Switzerland.

If Customer incoming Transaction turnover exceeds 15 000 (fifteen thousand) EUR, the additional information must be received for identification, verification and CDD purposes:

- actual residential address (e.g. resident permit, utility bill) – required if client is citizen or resident of other country than UK, EEA, Switzerland.

### Legal entity

KP Pay must collect the information necessary to understand the nature of the legal entity business (including website), legal entity form, structure, business size and ownership and will seek to identify and, where appropriate through the KP Pay risk-based approach, will seek to verify the information on the individuals who own or control the legal entity.

In addition to the nature and purpose information above, KP Pay should collect and determined the following information on the legal entity for identification, verification and CDD/EDD purposes:

- Certificate of Incorporation:
  - Legal Company Name;
  - Date of Incorporation;
  - Company registration number;
  - Country of Incorporation;
  - Legal entity incorporation form;
- Certificate of registered address/office or equivalent document (and, if different, its principal place of business/trading address);
- Articles/Memorandum of Association;
  - Its constitution (whether set out in its articles of association or other governing documents);
- Ownership and/or control information:
  - Full names and identification documents (passport or ID (only UK, EEA, Switzerland citizens), driving license (UK)) of the board of directors (if there is no board, the members of the equivalent management body);
    - facial image (will be taken during online application process);
  - Full names of persons shareholders who own or control over 10 (ten) % of its shares or voting rights and identification documents (passport or ID (only UK, EEA, Switzerland citizens), driving license (UK));
  - Full names of any person who otherwise exercise control over the management of the legal entity and identification documents (passport or ID (only UK, EEA, Switzerland citizens), resident permit (as address confirmation document), driving license (UK));
  - Full names of beneficial owners and identification documents (passport or ID (only UK, EEA, Switzerland citizens), resident permit (as address confirmation document), driving license (UK));
  - Certificate of trust or equivalent (if such is):
    - Nature, purpose and objects of the trust (e.g., discretionary, testamentary, bare);
    - Full names and identification documents (passport or ID (only UK, EEA, Switzerland citizens), driving license (UK)) of trustees (replaces directors and/or shareholders, but also count as Beneficial Owners);

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- Actual address confirmation documents (personal utility bill (e.g., gas, electricity or water bill) or current bank statements or credit /debit card statements or residence permit) of all company directors (or if there are no directors, the members of the equivalent management body or authorised officials or director with authorised signatory) and beneficial owners;
- Business / operating licenses and permits (if such is);
- Jurisdiction of the entity's branches (if such is).

Depending on the calculated client's risk, which is determined by many factors, such as business type, structure, jurisdictions, turnover etc., additional information may be requested:

- Legal form and structure chart (if complex (for example, whereby a natural person holds shares in a company via one or multiple persons (also legal) or a chain of persons, must be signed);
- Actual legal entities address confirmation documents (utility bill (e.g., gas, electricity or water bill) or active rent agreement);
- Financial statement (if such is);
- Source of funds and source of wealth of beneficial owners (e.g., annual tax documents (for company Beneficial Owners);
- Documents, which confirms legal entity actual business (e.g., agreements with partners (if such is));
- Bank statement as a proof of business (recent 3-6 (tree-six) months);
- Other.

In a case when potential client refuses to provide required information, KP Pay doesn't establish any business relationship with such kind of client and doesn't take it on board.

Certain restrictions may apply based on the client due diligence procedures that KP Pay Limited committing to perform according to the compliance and anti-money laundering regulations and other legal requirements.

Business account decision-making process for accepting or rejecting a client is based on KP Pays' risk assessment procedures and will be considered on a case-by-case basis.

Client after successful verification can:

- Transfer funds;
- Pay for goods and services (e.g., Internet);
- Receive funds;
- Order payment card.

### KP Pay prohibited jurisdictions for onboarding and transactions:

- |                                 |                            |
|---------------------------------|----------------------------|
| • Albania                       | • Mozambique               |
| • American Samoa                | • Myanmar                  |
| • Anguilla                      | • Nigeria                  |
| • Afghanistan                   | • Panama                   |
| • Barbados                      | • Philippines              |
| • Burkina Faso                  | • Palau                    |
| • Bahamas                       | • Russia                   |
| • British Virgin Islands        | • Samoa                    |
| • Belarus                       | • Senegal                  |
| • Cambodia                      | • South Africa             |
| • Cayman Islands                | • South Sudan              |
| • Costa Rica                    | • Somalia                  |
| • Congo the Democratic Republic | • Syria                    |
| • Haiti                         | • Tanzania                 |
| • Fiji                          | • Turkey                   |
| • Guam                          | • Trinidad and Tobago      |
| • Gaza Strip                    | • Turks and Caicos Islands |
| • Iran                          | • Uganda                   |
| • Jamaica                       | • Ukraine                  |
| • Jordan                        | • US Virgin Islands        |
| • Libya                         | • Vanuatu                  |
| • Mali                          | • Venezuela                |
| • Morocco                       | • Yemen                    |

### Prohibited industries and activities that are not eligible for KP Pay onboarding process:

- Pornography, adult content material, intermediation of prostitution, production, adult live chat features, visual broadcasting of pornography or striptease clubs
- Dealing in arms, arms parts that may be used in weapon and ammunition manufacturing
- Military fighting vehicles manufacturing
- Defence related business
- Toxic, flammable, and radioactive materials, atomic power
- Precious metal trading and other
- Military and police deal
- Dealing in medications, pharmaceuticals
- Extractive industries
- Power generation business
- Gambling, betting

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- Growing of tobacco business
- Security and riot control equipment (or any device that can abuse human rights or be utilised for torture)
- Mercenary or contract soldiering
- Money lending business
- Money changer, money service bureaus
- Industrial espionage
- Dangerous or hazardous biological, chemical or nuclear materials, intoxicants
- Trading in human or animal organs
- Human trafficking, human smuggling
- Financial pyramid schemes, Ponzi schemes and multi-level marketing
- Binary options
- Shell banking and corporation
- Drugs, narcotics
- Equipment designed for making or using drugs (such as bongos, vaporizers and hookahs) trading
- Generic web-hosting services for multiple undefined activities
- Call-centre marketing services for undefined products and services, or “boiler-room” enterprises
- Selling, hosting, distributing, producing or promoting offensive materials, including materials that incites or promotes racial hatred or discrimination based on gender, race, religion, national origin, physical ability, sexual orientation or age
- Unlicensed financial services (where licensing required)
- Hawala
- Unlicensed FX broker
- Get rich quick scheme
- Activities aimed at circumventing security controls (hardware, software)
- Unregulated/illegal pharmaceuticals/food supplements (where special license/permit required)
- Piracy or illegal streaming (such as IP TV)
- Counterfeit goods and violation of intellectual property, items that violates someone’s property, the sale or distribution of stolen goods
- Charities
- Non-profit organization
- Public procurement activity
- Pawnbrokers, pawn shop
- Political/religious organisations engaged with hate speech
- Psychic services (such as palm reading, tarot cards reading, extrasensory, healer services etc.)
- Companies formed with bearer shares
- Operating a business that requires a license or special permit without obtaining such license (banks etc.)
- Other illegal industry in the UK

### ONBOARDING TIMELINE

KP Pay issues the decision about accepting or rejecting a client within 5 (five) working days after receiving a set of data and documents from a client that is necessary to complete compliance and AML entity’s profile to comply regulatory requirements.

### ONBOARDING DECISION APPROACH

The scope of countries and territories, types of clients, types of business activities, type of transactions defined in this Policy and in other related KP Pay’s policies is not all encompassing. Some of requirements could be updated considering legal structure of the client, sphere of business or service provided by the client, on case-by-case basis preserving mutual interests of the parties.

### TRANSACTION MONITORING PROCESS

Transaction examination and EDD are in cases when KP Pay detects that:

- transaction is complex or unusually large;
- there is an unusual pattern of transactions;
- the transaction or transactions have no apparent economic or legal purpose.

KP Pay conducts transaction examination, which includes:

- as far as reasonably possible, examining the background and purpose of the transaction, and
- increasing the degree and nature of monitoring of the business relationship in which the transaction is made to determine whether that transaction or that relationship appear to be suspicious.

### Prohibitions on transactions

- Sanctioned subjects’ transactions
- Transactions for goods, subject to export restrictions
- Other illegal transactions