

HUB REMIT Pvt. Ltd.

**Policy for Anti- Money Laundering (AML) and
Combating Financing of Terrorism (CFT)**

March, 2019

1.1 Introduction

Hub Remit is always committed to fight against money laundering. For this very reason, we have implemented AML/CFT Policy. We are also committed to continually observe the Anti Money Laundering requirements by providing our foreign correspondent banks and agents due-diligence information on transactions in line with the guidelines and recommendations of the Financial Action Task Force (FATF) as and when required. We bear the responsibility to establishment of such programs and ensure that its permitted services are not being used to launder unlawfully derived funds or to finance terrorist acts.

1.2 Terms and their Definitions

a. Money Laundering (ML):

Money Laundering is the process whereby proceeds of crimes such as drug trafficking, smuggling (alcohol, arms), kidnapping, gambling, robbery, counterfeiting, bogus invoicing, tax evasion, misappropriation of public funds and the like are converted into legitimate money through a series of financial transactions making it impossible to trace back the origin of funds. Conversion of this unofficial or black money into official currency thereby 'changing its colour' is called as money laundering.

Section 2 of "Asset (Money) Laundering Prevention Act, 2008 has referred Money Laundering to any of the following acts:

1. The conversion or transfer of funds, by any person who knows, should have known or suspects that such funds are the proceeds of crime, for the purpose of concealing or disguising the illicit origin of such funds or of assisting any person who is involved in the commission of the predicate offence to evade the legal consequences of his actions.
2. The concealment or disguise of the true nature, sources, location, disposition, movement or ownership of or rights with respect of funds by any person who knows, should have known or suspects that such funds are the proceeds of crime.
3. The procession, acquisition, or use of funds by any person who knows, should have known or suspect that such funds are the proceeds of crime.

b. Financing Terrorism

An act committed by any person who, in any manner, directly or indirectly, and willingly, provided or collects funds, support, or attempts to do so, in order to use them or knowing that these funds will be used in whole or in part for the execution of a terrorist act, or by a terrorist or terrorist organization.

1.3 Scope & Applicability

- This policy applies to all Hub Remit officers, employees, and products and services offered by the company within and outside Nepal. All business units of the Hub Remit will cooperate to create cohesive effort in the fight against money laundering.
- Each business and locations will implement risk-based procedures reasonably expected to prevent, detect and cause the reporting of transactions required. All efforts exerted will be documented and retained in accordance with AML/CFT policy of the Company.
- Hub Remit is fully committed that it will not let its services to be used for illegal purpose, and it is always ready to extend its cooperation to regulators and other Government authorities in this regard.

1.4 Objective of the Policy

The major objectives of the policy are:

- To lay down a framework to be implemented by Hub Remit in order to safeguard it against being used for money laundering and financing of terrorism.
- To ensure full compliance by Hub Remit with all applicable legal and regulatory requirements pertaining to money laundering and financing of terrorism, and
- To provide a broad framework for formulation and implementation of various manuals or procedures that is required for effective AML/CFT & KYC compliance.

1.5 Money Laundering Process

- The fight against money laundering is a priority for Hub Remit. We, at Hub Remit recognize that the fight against anti-money laundering is a team effort. We support the major international organizations, which collectively set and enforce standards for anti-money laundering policies and programs.
- Hub Remit prohibits remittances to charitable, religious and social organizations and societies.
- While the techniques for laundering funds vary considerably and are often highly complex, there are generally three stages in the process:
 - **Placement** – is the attempt to place illegally obtained funds in the financial system without attracting attention.
 - **Layering** – is the second stage of the money laundering process where funds are moved around to hide them from their source. This “movement” often involves a complex series of transactions in order to create confusion and complicate the paper trail; and
 - **Integration** – is the ultimate goal of the money laundering process. Once the illegal funds are placed into the financial system and are insulated through the layering stage, they are used to buy goods and services that appear as “legitimate” wealth.
- Money remittance services are often used by money launderers and terrorist financiers in layering stage to disguise the origin and real purposes of funds. We are therefore placed with a statutory duty to make a disclosure to the authorized officer when knowing or suspecting that any property, in whole or in part, directly or indirectly, representing the proceeds of an offence or is connected to terrorism financing, or was or is intended to be used in that connection is passing through the institution. Such disclosures are protected by law, enabling the person with information to be able to disclose the same without the risk of breaching their duty of confidentiality owed to customers.

1.6 Documentation & Confidentiality

All records including customer's identification documents and related data are maintained and retained for minimum of 6 years with almost care for further reference and audit trail. All customer and transactional information are kept confidential. Internal Audit is done to test the compliance. All findings and observations are discussed with compliance department and reported to the Managing Director. Hub Remit is always committed to continually fulfill its Anti-Money Laundering obligations at all times.

1.7 Employee Due Diligence Procedures

The employee due diligence procedures are applied upon hiring the employee and throughout the course of employment. Hub Remit establishes an employee assessment system that is commensurate with the size of operations and risk exposure of the institutions to ML/TF. The employee assessment system shall include an evaluation of an employee's personal information, including criminal records, employment and financial history.

1.8 Employee Training and Awareness Programs

The Company conducts awareness and training programs on AML/CFT practices and measures for their employees. Such training is conducted regularly and supplemented with refresher trainings.

1.9 KYC and CDD

Hub Remit is aware that availability of sufficient information underpins all other AML procedures and should be seen as a critical element in the effective management of ML risks.

The KYC & CDD Process are as follows:

- Considering the potential threat of usage of the cash-intensive alternate remittance systems by a money launderer, Hub Remit makes reasonable efforts to determine the true identity of all customers requesting for their services. Hence, effective procedures are put in place to obtain and verify the requisite details for proper identification of new customers.
- The Company obtains satisfactory evidence of the identity and legal existence of the customer and beneficial owner at the point of establishing the business

relationship.

- The Company does not keep anonymous accounts or accounts in fictitious names or conduct a single transaction with a customer whose identity cannot be properly verified.
- Enhanced due-diligence is conducted when transactions appear to be potentially suspicious on the basis of suspicious transaction indicators customer service staff ensures to ask for additional identification documents or documentary proof of source of fund as they deem appropriate.

1.10 Customer Identification Requirements

Customer Identification requires identifying the customer and verifying his/her identity by using reliable, independent source documents, data or information. Thus, the first requirement of Customer Identification Procedures (CIP) to be satisfied is that a prospective customer is actually who he/she claims to be. The second requirement of CIP is to ensure that sufficient information is obtained on the identify and the purpose of the intended nature of the remittance relationship. While verifying KYC documents, care should be exercised to ensure that one specific ID documents like Citizenship Certificate, National ID Card, PAN card, passport, registration certification are used to identify the customer.

1.11 Transactions limit & documents required

Following table shows the transaction limit and requirement of documents:

S.No.	Transaction limit	Documents required
1	<=USD 3000	• Driving license or passport
2	>USD 3000 & <=USD 5000	• Additional documents, eg. Bank Statement
3	>USD 5000	• In addition to above, proof of evidence is required in the form of utility bill (we treat them as of higher risk)



1.12 Appointment of Compliance Officer

Hub Remit will have a Compliance Department under the purview of Head Compliance/ AML Compliance Officer who will look after the overall compliance of AML/CFT policies and procedures, with direct reporting to the Board. Also, he provides training to the employees and make them aware about the new trends in AML/CFT.

1.13 Reporting to Regulatory Authorities

- There will be a proper reporting system in place both within an organization and to the Regulatory Authorities.
- Money Remit will take reasonable steps to identify suspicious activity. Where it is known, suspected or has reasonable grounds to suspect that the transaction or attempted transaction is related to a money laundering transaction or terrorist financing offense, the transaction will be hold immediately and the Suspicious Activity Report will be submitted to the local Regulator as appropriate like Nepal Rastra Bank and Financial Information Unit in Nepal and the concerned Bank and the legal authorities outside Nepal as appropriate.

