

# Brillink Bank

## Sanction Policy

<b>Version</b>	<b>Last updated by</b>	<b>Last updated date</b>	<b>Approved by</b>
0.0	Newly established	13/04/2021	Board of Directors
1.0.	Update by CCO	13/06/2022	Board of Directors

## Article 1. Definitions

1. The following concepts and abbreviations are used in this Sanction Policy:

1) **AML/CFT** - anti-money laundering, countering the financing of terrorism and the proliferation of weapons of mass destruction;

2) **Customer** – an individual or legal entity receiving the Bank's services;

3) **CDD– customer due diligence** - a set of procedures for identifying the Bank's customers aimed at collecting, studying and analysing information about the Bank's customers in order to prevent and identify actions related to the ML/FT;

4) **EU** - sanctions issued by the Council of the European Union (EU);

5) **FIU** - Financial Intelligence Unit – authorised state body that carries out financial monitoring and takes other AML/CFT measures in accordance with the AML/CFT Law;

6) **FATF** - **the Financial Action Task Force on money laundering**- the intergovernmental organization, developing the recommendations in the area of combatting money laundering and the financing of terrorism;

7) **freeze of transactions with money and (or) other property** - measures taken by the Bank to suspend the transfer, transformation, alienation or movement of money and (or) other property;

8) **HMT** - sanctions United Kingdom (HM Treasury) issued by the UK government (UK);

9) **international sanctions** - measures of coercion applied by states and international organisations against a state evading responsibility for an international offence committed by it;

10) **legislation on AML/CFT**– legislation of the Republic of Kazakhstan and AIFC on AML/CFT;

11) **ML/FT** - money laundering and the financing of terrorism – the legalization (laundering) of proceeds from crime, the financing of terrorism and the financing of the proliferation of weapons of mass destruction;

12) **sanctions lists** – official documents that contain the names of individuals, groups and organisations against which economic or legal restrictions are directed, developed by authorised international organisations and states (for example, UN, EU, US, HMT sanctions list and others);

13) **sanctions list issued by the Republic of Kazakhstan** - persons included in the list of persons involved in terrorist activity and/or in the list of persons and organisations associated with the financing of terrorism and extremism, as well as in the list of persons and organisations associated with the financing of proliferation of weapons of mass destruction, obtained in accordance with the AML/CFT Law.

14) **the "AFSA"** - the Astana Financial Services Authority;

15) **the Bank** - Brillink Bank Corporation Limited;

16) **UN** - resolutions or sanctions issued by the United Nations Security Council (UNSC);

17) **US** - sanctions issued by the US Department of the Treasury's Office of Foreign Assets Control (OFAC);

2. Other terms and definitions used in the Sanction Policy are used in the meaning established in the legislation on AML/CFT and the internal normative documents of the Bank.

## **Article 2. The General Provisions**

3. The Sanction Policy is drafted in accordance with the legislation on AML/CFT, FATF recommendations, international sanctions, best international sanction practice.

4. The purpose of the Sanction Policy is to establish and maintain effective systems and controls to comply with Republic of Kazakhstan, UNSC resolutions and sanctions, also with sanctions issued by the OFAC, EU, UK (unilateral sanctions). For these purposes, the Bank has agreed:

1) to follow the provisions and approaches set out in the Policy when establishing and maintaining the effective systems and controls for mitigating the risks associated with the involvement of the Bank and their employees in the sanctions;

2) to take actions aimed at mitigating the risks associated with the involvement of the Bank and their employees in the sanctions;

3) to comply with prohibitions from conducting transactions with designated persons and entities, as per the obligations set out in the relevant resolutions or sanctions issued by the UNSC, or by the Republic of Kazakhstan.

4) to freeze without delay and without prior notice, the funds or other assets of designated persons and entities pursuant to relevant resolutions or sanctions issued by the UNSC or by the Republic of Kazakhstan.

5) to report to the FIU any assets frozen or actions taken in compliance with the prohibition requirements of the relevant resolutions or sanctions issued by the UNSC or by the Republic of Kazakhstan, including attempted transactions.

6) must immediately notify the AFSA when it becomes aware that it is:

a) carrying on or about to carry on an activity;

b) holding or about to hold money or other assets; or

c) undertaking or about to undertake any other business whether or not arising from or in connection with (a) or (b), for or on behalf of a person, where such carrying on, holding or undertaking constitutes or may constitute a contravention of a relevant sanction or resolution issued by the UNSC.

## **Article 3. International sanctions**

5. International sanctions are classified into several types: sanctioned country, sectoral sanctions, and targeted sanctions.

6. The Republic of Kazakhstan, as a member of the United Nations, is required to comply with sanctions issued and passed by the UNSC. UN is maintained by the United Nations member countries and organizations to eliminate terrorism and weapons proliferation, oppose human rights violations or violations of international treaties, money laundering and deliberate destabilization of sovereign countries, and drug trafficking, etc. UN including: asset freezes;

ban on deliveries of weapons and military equipment; ban on movement.

7. Sanctioned country means the restriction or prohibition on dealings in or involving trade and economics with certain countries, established by the OFAC, EU, UK and international organisations authorised to impose sanctions.

8. Sectoral sanctions mean a restriction for a certain sector of the economy, as a rule, the main activity of an economic entity is limited.

9. Targeted sanctions represent bans and restrictions imposed by the OFAC, EU, UK and international organisations authorised to impose sanctions against certain individuals and organisations, regardless of their country of residence or location.

10. US including numerous economic sanctions programs that target countries, persons, entities, and organisations:

- 1) country-based sanctions prohibit virtually all activity and transactions involving a certain country;
- 2) list-based sanctions prohibit from engaging in transactions with certain persons, entities and vessels who are on sanctions lists, as well as entities owned or controlled by these sanctioned parties;
- 3) sectoral sanctions prohibit US citizens, as well as companies registered in the US and their branches and persons physically located in the US from engaging in certain types of transactions;
- 4) secondary sanctions supplement other sanctions programs by targeting non-U.S. persons (primarily foreign financial institutions and foreign sanctions evaders), who provided financial or other support for a blocked person on the OFAC.

11. EU target governments of non-EU countries, as well as companies, groups, organisations, or individuals:

- 1) according to the list of consolidated EU sanctions all funds and economic resources belonging to, owned, held or controlled by listed parties are to be frozen. In addition, no funds or economic resources shall be made available, directly or indirectly, to or for the benefit of listed parties. These provisions have a very wide scope, and are intended to go beyond affecting only the funds and economic resources of listed parties. The prohibition on making available funds and economic resources goes beyond prohibiting direct payments to listed parties. Indirect payments, such as payment to a non-listed party who then in turn pays the money to a listed party, are prohibited;
- 2) sectoral sanctions specifically targeting the energy, oil exploration and production, dual use and arms sectors;
- 3) comprehensive sanctions against specific countries / regions, which are subject extensive sanctions or economic embargoes;
- 4) financial sanctions aimed at restricting the access of certain Russian entities and key companies to EU capital markets.

12. HMT is a list of entities and individuals subjected to certain financial restrictions as part of the United Kingdom's government's domestic counter-terrorism regime policy. Also, it includes individuals prohibited by the EU and/or the UNSC.

#### **Article 4. Sanctions list issued by the Republic of Kazakhstan**

13. FIU posts on its internet resource the sanctions list issued by the Republic of Kazakhstan.

14. The Bank within twenty-four hours from the date of posting sanctions list issued by the Republic of Kazakhstan on the internet resource of the FIU, immediately (except for the cases specified by the legislation on AML/CFT) takes the following measures to freeze money transactions and ( or) other property:

1) suspends debit transactions on the Bank accounts of such an organisation or an individual, as well as on the Bank accounts of a client, the beneficial owner of which is such an individual (with the exception of operations related to servicing Bank accounts);

2) suspends the execution of instructions for payment or transfer of money without using the Bank account of such organisations and individuals, as well as instructions of the client, the beneficial owner of which is such an individual;

3) blocks securities in the system of registers of securities holders and the system for recording nominal holding on the personal accounts of such an organisation or an individual, as well as on the personal accounts of a client whose beneficial owner is such an individual;

4) refuses to carry out operations for the implementation of insurance payments, for the return of the insurance premium or part of it in the event of early termination of the insurance contract and remuneration in the event of early termination by the insured of the contract for the provision of brokerage services (except for operations related to compulsory social health insurance, employee insurance from accidents during the performance of his labour (official) duties, compulsory insurance of civil liability of vehicle owners, compulsory insurance of the carrier's civil liability to passengers, compulsory travel insurance);

5) refuses to conduct other transactions with money and (or) other property, performed by such an organisation or an individual, or in their favour, as well as by the client, the beneficial owner of which is such an individual, or in his favour (except for crediting money to such a person on Bank account, making, transferring compulsory pension contributions to the unified accumulative pension fund).

15. The measures to freeze transactions with money and (or) other property provided for in clause 14 shall not apply to the following transactions under agreements concluded with the Bank before the person is included in the list of organizations and persons associated with the financing of terrorism and extremism:

1) extending the terms of the Bank deposit;

2) debiting and transferring money from the Bank account of a person included in the list of organizations and persons related to the financing of terrorism and extremism, in order to repay obligations under Bank loan agreements, leasing agreements or a microcredit agreement.

#### **Article 5. Sanctions operating procedure**

16. The Bank establishes and maintains systems and controls to ensure that on an ongoing basis it is properly informed as to, and takes reasonable measures to comply with, any findings, recommendations, guidance, directives, resolutions, sanctions, notices or other

conclusions (Finding) issued by:

the government of the Republic of Kazakhstan;

the National Bank of Kazakhstan;

Kazakhstan state agencies;

the AFSA; and

the FATF.

17. The Bank examines and pays special attention to any transactions or business relationship with persons located in countries or jurisdictions mentioned by the government of the Republic of Kazakhstan and the FATF.

18. The Bank considers transactions or business relationships with persons located in countries or jurisdictions that have been identified as deficient, or against which the Republic of Kazakhstan or the AFSA have outstanding advisories, aware of the background against which the assessments, or the specific recommendations have been made. These circumstances are taken into account in respect of introduced business from such jurisdictions, and when receiving inward payments for existing customers or in respect of inter-bank transactions.

19. The Bank uses an automated information system to update list of resolutions and sanctions, and to perform screens on an on-going basis against customer databases and records for any names appearing in resolutions or sanctions issued by the Republic of Kazakhstan, UNSC or by the OFAC, EU, UK, as well as to monitor transactions accordingly.

20. The Bank screens Customers, their business and transactions against sanctions lists and against any other Kazakhstan Sanctions List when undertaking on-going CDD, by:

1) checking of all participants in the transaction according to the sanction's lists;

2) checking the presence of negative information about the participants in the operation / transaction in reliable information sources, including specialised databases used by the Bank;

3) checking the country of registration of participants in the operation / transaction, their location, contacts / addresses;

4) checking the subject of international contracts;

5) identifying the ultimate beneficiaries / beneficiaries of the transaction.

21. The Bank immediately notifies the AFSA in writing if it becomes aware of noncompliance by a person with a Finding and provides the AFSA with sufficient details of the person concerned and the nature of the non-compliance.

22. In the event that at least one of the parties to the operations is a person included in the list of organisations and persons associated with the financing of the proliferation of weapons of mass destruction, and the operations are carried out within the framework of agreements concluded prior to the inclusion of such persons in the list of organisations and persons associated with the financing of proliferation weapons of mass destruction, the subjects of financial monitoring shall immediately notify the FIU of such transactions (except for money transfer transactions).

## **Article 10. Responsibility**

23. Heads of the structural subdivisions of the Bank involved in the sanction shall be charged with supervising execution of this Policy.

24. Non- fulfilment / improper fulfilment of the Policy is considered as a non-fulfilment / improper fulfilment of the duties by the relevant employees of the structural subdivisions of the Bank, with the possible bringing them to disciplinary or other responsibility in the manner determined by the internal normative documents of the Bank and the legislation.

## **Article 11. Final provisions**

25. The Policy enters into force from the date of approval by the relevant authority, unless another period is stipulated by the decision of the authorised body of the Bank upon its approval.

26. The Policy is revised in case of changes in the requirements of the legislation, international sanctions standards and other cases.

27. Issues not directly regulated by the Policy are regulated by the relevant internal normative documents of the Bank, the legislation.

28. If the provisions of this Policy contradict the requirements of the effective legislation, the legislation shall apply.