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Risk Appetite

Policy



Established by the decision of the management board of Paynoom Sp. z o.o (registry code 0000996255) (hereinafter **Provider of service**) on 07 October 2022.

PROPRIETARY NOTICE

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For Internal Use

Paynoom Sp. z o.o.

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Version History



Version	Author	Approved by	Approval date	Change summary	Approval sign
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1. Introduction

Purpose of the current document is to prevent misuse of Paynoom Sp. z o.o. products and services for money laundering, terrorist financing and evasion of international sanctions. Risk appetite identifies potential risks and measures for their mitigation (compensation mechanisms) as well as unacceptable for Paynoom Sp. z o.o. risks.

When compiling this document Paynoom Sp. z o.o. was guided by Polish AML/CFT Law, EU Directive and International legislation.

The content and level of detail of the risk assessment take into account nature, size, scope and level of complexity of the activities and services provided by Paynoom Sp. z o.o..

This document is approved by Paynoom Sp. z o.o. senior management and renewed yearly.

Paynoom Sp. z o.o. general policy for the prevention of money laundering, terrorist financing and evasion of international sanctions is described in document 'AML Rules of Procedure for Providing a Virtual Currency Exchange Service'. A more detailed description of measures and rules used for preventing money laundering, terrorist financing and evasion of international sanctions is specified in documents "Set of Rules for Identification, Verification and Fraud Detection" and "Internal Rules of Control".

2. Short description and specification of the activity of Paynoom

PAYNOOM SP. Z O.O. offers virtual currency exchange service (service with the help of which a person exchanges a virtual currency against a fiat currency or a fiat currency against a virtual currency or a virtual currency against another virtual currency) and a virtual currency digital wallet service (a service where the person can use to send, receive and keep virtual currency). Those services are provided via web-page Paynoom.io and mobile application. For starting using Paynoom Sp. z o.o. services of buying/selling virtual currencies or using digital wallet clients need to register and pass identification/verification processes (described in detail in the document Set of Rules for Identification, Verification and Fraud Detection). For fiat money upload clients need to make a SEPA bank transfer from their bank account. Also, it is possible to use a credit card or other payment methods (e-wallets e.g. Neteller, Skrill).

Paynoom Sp. z o.o. is offering services worldwide, considering exceptions specified below. Paynoom is focused on offering its services to retail customers and the vast majority of Paynoom Sp. z o.o. customers are physical persons, whose Virtual currency purchase and sale transactions are usually not large.

Paynoom Sp. z o.o. activities are directly related to specifics of Virtual currencies and risks taken into account when compiling this document were primarily associated with Virtual currencies and gaps of transition from/to fiat money.

3. Monitoring of suspicious Activities

Technology tools used by Paynoom Sp. z o.o. allow controlling the process of customers registration, identification and verification. The systems also allow enhanced due diligence measures and additional KYC actions.

Paynoom Sp. z o.o. reserves the right to request additional information from the client and in case of failure to provide this information, as well as in cases of suspicion of money laundering or any other illegal activities, Paynoom Sp. z o.o. has the ability not to carry out client transactions and limit the client's ability to use Paynoom Sp. z o.o. services.

Paynoom Sp. z o.o. customers are assigned with the following possible degrees of risk: low risk, medium risk, high risk. Higher risk customers are subject to enhanced due diligence measures and are subject to on-going monitoring.

Payments processing team have the right to decline every transaction that they consider suspicious or potentially fraudulent.

4. Clients related risks

Possible risks:

- Politically exposed persons (PEP);
- Shell companies or other legal bodies with complex structure, hidden ownership or high-risk fields of activities;
- Criminals, terrorists, sanctioned persons;
- Clients irrational or non-acquaintance behaviour vulnerable to fake investment agents and other scams using virtual currencies for their illegal activities.

Clients risks mitigation/elimination measures:

Paynoom Sp. z o.o. services are intended solely for clients who are 18 or older and for legal persons.

Paynoom Sp. z o.o. does not open an account for companies that have nominee shareholders or shares in bearer form. Paynoom Sp. z o.o. does not open an account for legal persons registered in low tax rate jurisdictions.

All legal persons are subjects to fill and present additional questionnaire regarding management board, ownership structure, beneficial owner, fields of activity etc. with supporting documents.

During identification and verification process of new customers, Paynoom Sp. z o.o. registration system automatically performs watchlist and background check for criminal penalties, PEP status, terrorist and sanctions lists via service provider [Sum&Substance Ltd.](#) In case of a positive match, the client account is automatically disabled until further decision/action. PAYNOOM SP. Z O.O. does not open an account for terrorist and sanctions listed persons and for persons wanted by law enforcement.

To protect clients from fraudulent investment agents and other fraudulent activities related to transfer virtual currencies to other virtual wallets, Paynoom Sp. z o.o. constantly notifies clients about such kinds of fraudulent activities (via publishing notices/alerts on webpage and security notice in email). For elderly people over 70 years old, who can be victims of such "get rich fast" investments scams, Paynoom Sp. z o.o. has additional IDCP (ID confirmation photo) procedure.

5. Geographical Risks

- Payments or clients related to jurisdictions where Virtual currencies are illegal;
- Payments related to FATF high-risk jurisdictions;
- Payments or clients related to terrorist high-risk countries;
- Payments related to sanctioned jurisdictions;
- Jurisdictions with specific Virtual currency regulations;
- Risk countries that are considered as high risk based on internal assessment.

Geographical risks mitigation/elimination measures:

Services of Paynoom Sp. z o.o. are intended and are to be used solely by the customers/users, natural or legal persons, who are residents, are incorporated or have their real seat in the country where trading virtual assets is legal and not prohibited or restricted. Only such clients are allowed to make client accounts and buy, sell, hold, withdraw, transfer, or otherwise trade at Paynoom exchange at this time.

Fiat-to-virtual currency and virtual currency-to-virtual currency transactions are excluded for clients, natural or legal persons, who are residents, are incorporated or have a seat in the United States.

Paynoom Sp. z o.o. does not accept clients/payments from FATF high-risk countries.

Paynoom Sp. z o.o. does accept clients outside the European Union, who are subjected to mandatory Video Selfie and biometrics verification and video verification. Additionally, bank transactions for such clients may be processed solely in case they have a bank account opened at the financial organization located within the EU.

For clients related to high-risk countries (terrorism risk countries, low tax rate countries) risk score is set to higher and enhanced due diligence measures have to be applied.

6. Product / Transactions Related Risks

- Use of Virtual currency payments for illegal activities and darknet services;
- Various fraud schemes (credit cards, payment systems);
- Third-party payments;
- Large amount transactions;
- Large amount transactions of virtual currency to the wallets outside PAYNOOM SP. Z O.O..

Product/transactions risk mitigation/elimination measures:

When the client reaches 15 000 EUR in total transactions enhanced due diligence measures should be applied. We are preventing and protecting potentially suspicious transactions in virtual currencies by using the blockchain AML analytic tool from Sum&Substance Ltd provided by Crystal blockchain.



Paynoom Sp. z o.o. also set daily and monthly limits depending on the customer profile. Basic limits are 50 000,00 euro daily and 1 000 000,00 euro monthly with bank transfers. For other payment methods (Visa, Mastercard, Skrill, Neteller and etc.) limits are 15000,00 EUR daily and 100000,00 EUR monthly.

Paynoom Sp. z o.o. does not allow fiat-to-virtual currency transfers from third parties, which means that clients are able to deposit money to Paynoom only using their own bank account, own credit card or payment system account registered on the same name. The same for reverse transferring from virtual currency-to-fiat. Third-party transactions are automatically declined.

For prevention of credit card frauds, Paynoom Sp. z o.o. has additional security checks and a limited amount of attempts in credit card details submitting fields. Additionally our credit card processing partners have a dedicated fraud prevention team that we are working with, namely using their credit card fraud prevention technology and their support in borderline cases.

Paynoom Sp. z o.o. is also applying enhanced due diligence measures in case of unusually large Transactions and unusual patterns of transactions, which have no apparent economic or lawful purpose.

Paynoom Sp. z o.o. is improving new tools for preventing transactions to suspicious or fraudulent wallet addresses in case of virtual currency wallet-to-wallet transactions.

7. Delivery Channel Risks

- Risks associated with opening an account non-face-to-face;
- Anonymous accounts and wallets for Virtual currency clients;
- Misuse of not valid or fake ID documents for account opening;
- Use of cash for virtual currency purchase.

Delivery channel risks mitigation/elimination measures:

Paynoom Sp. z o.o. clients can not use cash transactions.

Paynoom Sp. z o.o. does not open anonymous accounts.

Paynoom Sp. z o.o. is using the latest technologies for remote identity verification and following the industry standards and innovations as seen with global leading companies such as Revolut, Wirex and Coinbase. During non-face-to-face account registration process, Paynoom Sp. z o.o. clients pass a multi-step process, which includes identification, verifications, document check, liveness video check, biometric check, watchlist and background check. Verification includes high-level technology means provided by partner Sum&Substance Ltd (<https://sumsub.com/>).

Paynoom Sp. z o.o. client accounts can not be added manually. Client accounts emails and mobile phones can not be verified manually.

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8. Sanctions Risk Appetite

Paynoom Sp. z o.o. does not establish a business relationship with clients sanctioned by the following lists:

- UN Consolidated List of Sanctions;
- European Union Sanctions list;
- Office of Foreign Assets Control list;
- Other sanctions lists provided by partner Sum&Substance.

Paynoom Sp. z o.o. does not support transactions, which were identified as related to the proliferation of nuclear, chemical or biological weapons and their means of delivery. Paynoom Sp. z o.o. also does not support any transaction, which could be related to the purchase of goods which can be used for both non-explosive uses and assisting in any way in the manufacture of nuclear weapons or other nuclear explosive devices.