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| **No:** ОN-000130-0001/2018 |
| Belgrade, 28 December 2018 |

Pursuant to Article 68 and 84 paragraph 1, item 3, of the Law on the Prevention of Money Laundering and the Financing of Terrorism (AML/CFT Law) (Official Gazette of the Republic of Serbia, 113/17) and Article 44, paragraph 1, of the Law on Public Administration (Official Gazette of the Republic of Serbia, 101/07), the acting director of the Administration for the Prevention of Money Laundering hereby passes the

**DIRECTIVE**

**ON THE PUBLISHING OF INDICATORS FOR IDENTIFYING SUSPICION ON MONEY LAUNDERING OR TERRORISM FINANCING**

An amended list of indicators for factoring firms to identify suspicious transactions is hereby published on the official webpage of the Administration for the Prevention of Money Laundering.

The above obliged entities are required to incorporate the Indicators that are an integral part of this Directive into the list of indicators they develop according to Article 69, paragraph 1 of the AML/CFT Law.

The obliged entities shall implement this list of Indicators from 15 January 2019.

1. The client transferring its claims to the Factor frequently changes companies, i.e. its debtors (buyers) - some of whom are not mainly or usually engaged in the business activities for which they receive goods.
2. The client suddenly starts offering to the Factor to buy-off the debt also for some other goods or services delivered or provided to the Debtor (buyer) that are not usual for the business activity of the Debtor.
3. The Factor discovered that the client transferred its claims based on false invoices or other documentation (fictitious deliveries) that it transferred to the Debtor (buyer) and that there is or there were some sort of connection between the client and Debtor (buyer) through company founders or responsible persons.
4. The Factor discovered or knows that the client transfers its claims based on invoices made out to the Debtor that is a newly founded company (buyer) which terminates its business operations shortly afterwards
5. The Factor knows that the client offers buy-off of its claims to other factoring companies, giving different information about its business operations that deviate from the actual situation information about the debtors, sureties, invoices made out, single customs documents maturity dates, etc.)
6. Client offers unusually good conditions for the calculation of the amount (interests and fees) and suggests in turn more flexible contractual provisions (sureties).
7. Client offers, as a guarantee and surety, the involvement of third parties with dubious standing.
8. Client submits to the Factor, based on the contract for the purchase of debt, false or inappropriate documents (guarantees, sureties and security instruments).
9. Client frequently changes decisions with respect to the Factors obligations (pay-out of claims) requesting that the Factor pays the amount to some other person in line with the client’s instructions (e.g. notification of the transfer of claim) or per authorisation (e.g. in the case of cession).
10. The Factor knows that the client or owner is a legal entity managed by individuals with bad business reputation.
11. The client offers to the Factor surety for the collection of a debt from the Debtor, a surety given by one or more individuals.
12. The Factor’s client is a foreign-trade company placing its goods or services in offshore areas or in countries that do not apply AML/CFT standards in practice or in countries that have strong confidentiality and secrecy rules in banking and business operations. The list of these countries can be found on the APML website.
13. The Factor knows that the client is a foreign-trade company which frequently violates legislation (related to foreign-trade, customs, tax or FX) intending to misrepresent the actual placement of goods and services.
14. Client reports claims that are not consistent with the economic potential and business line of the creditor.
15. The notified claims are not consistent with the information about the economic potential of the debtor and which have right from the start suggested there would be difficulties in collecting the debt.
16. Debtor’s payments are made using bills of exchange that are endorsed several times.
17. Payments on behalf of the original debtor were made by third parties who do not have business relations with the debtor nor can any other relationship be found between them (e.g. family relationship).
18. The debtor’s payments are transfers from bank accounts located in areas that are very distant from the place of Debtor’s residence, especially if they are from countries that do not apply AML/CFT standards in practice or from countries having strict confidentiality and secrecy rules in the banking and business operations. The list of these countries can be found on the APML website.
19. The company - buyer or company - seller are suspected to be fictitious companies or to be conducting fictitious transactions.
20. The client offers money, gifts or other benefits in consideration for transactions suspected not to be entirely in line with regulations.
21. The Factor knows that the client’s founder or managers are involved in criminal activities.
22. The client unexpectedly shows great interest in controls and their implementation policies.
23. The client is under investigation for the crime of ML or FT.
24. The Factor knows that the client transferred its claim from a Debtor (buyer) who has a larger number of invoices than it is usual for its regular operations.
25. Mis-declaration of value (over-valuation) of goods.
26. Use of factoring companies to finance trade transactions between related companies.
27. The third party located in a third jurisdiction acted as an intermediary, even though goods were in fact capable of being supplied from one jurisdiction to another jurisdiction directly.
28. Both supplier and buyer of the goods are related to the intermediary or the buyer and /or the seller all belong to the same group of companies.

Director, a.i.

Željko Radovanović