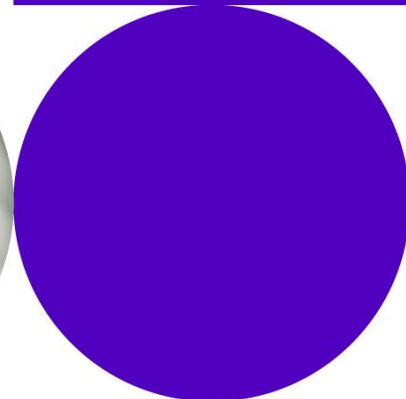
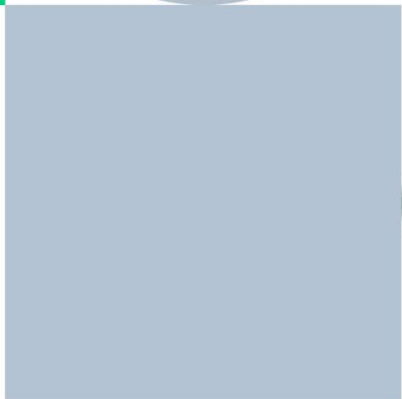
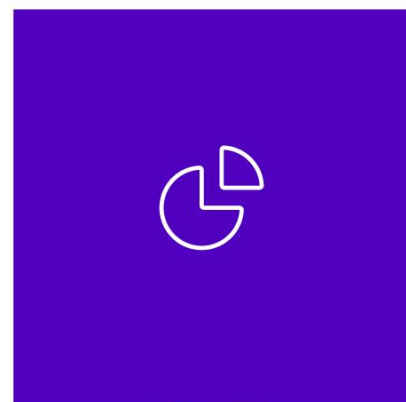
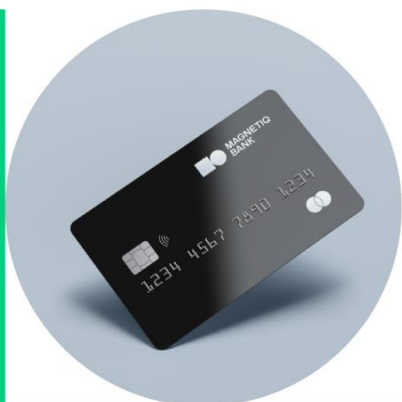


# Magnetiq Bank Simplified Regulations for Remote identification (E-signature method)



## **Terms:**

**Person Closely Related to a Politically Exposed Person** – a natural person regarding whom it is known that they have business or other close relations with any Politically exposed person or they are a stockholder or shareholder in the same commercial company with any Politically exposed person, and also a natural person who is the only owner of a legal arrangement regarding whom it is known that it has been actually established in the favor of a Politically exposed person;

**Outsourcing Service Provider** – company (Dokobit, UAB, address: Paupio st 50-136, Vilnius 11341, Lithuania, reg. No. 301549834), with which the Bank has concluded an agreement on the use of Secure Electronic Signature for Clients. If the Identifiable Person wishes to obtain a Secure Electronic Signature, the Outsourcer may direct the Identifiable Person to its cooperation partner or group company to obtain a Secure Electronic Signature

**Bank** – AS Magnetiq Bank, registered in the Republic of Latvia with unified registration number: 50103189561, legal address: Brivibas street 54, Riga, LV-1011, e-mail address: [info@magnetiqbank.com](mailto:info@magnetiqbank.com), website address – [www.magnetiqbank.com](http://www.magnetiqbank.com), BIC/SWIFT: LAPBLV2X. The Bank has been issued a license to operate as a credit institution, and its operation is supervised by the Bank of Latvia. Address of the Bank of Latvia: 2a K. Valdemāra iela, Riga, LV-1050.

**Price List** – the price list of services approved by the Bank, which is valid on the day of the relevant Bank operation and is available at the places of service provision and on the Bank's website on the Internet – [www.magnetiqbank.com](http://www.magnetiqbank.com).

**Document Package** – documents signed by the Client's Representative with a secure electronic signature.

**Secure Electronic Signature** – a qualified electronic signature within the meaning of Article 3, Clause 12 of the Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC.

**Identifiable Person** – Client's Representative with signature rights or UBO.

**Manual** – User's Cabinet (remote identification) instruction manual.

**Legal Arrangement** – an arrangement which is not a legal person but has a permanent legal capacity and capacity to act and the structure of which may involve the settlor, the trustee, the protector (manager) or statuses similar thereto, and a beneficiary, and in cases where the natural person gaining the benefit is not yet identified - a person in whose interests the legal arrangement has been established or operates, any other natural person who is actually exercising ultimate control over the legal arrangement by means of ownership or otherwise. In these Regulations and their execution, a legal entity registered in the Public Register is equated to a legal entity.;

**Client** – a legal entity to whom the Bank provides or who wishes to receive Banking services from the Bank.

**Client Representative** – a natural person who is a representative of a legal entity on the basis of the law (for example, a member of the board) or who is a non-signatory representative acting on behalf of the Client during the preparation phase of Remote Identification.

**Time Stamp** – an electronically signed confirmation that the electronic document has been marked at the certification service provider on a certain date and time.

**User's Cabinet** – an information technology system maintained by the Bank, which provides the possibility for a new Client/Client's Representative to communicate remotely with the Bank, as well as the possibility to submit documents.

**Remote Identification** – identification of a Client who has not participated in the identification procedure in person, using a Secure Electronic Signature, in accordance

with the regulations of the Cabinet of Ministers of the Republic of Latvia No. 392. *Procedures by which the Subject of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing Performs the Remote Identification of a Customer.*

**Non-Resident** – legal person who, according to the Regulations, is not a Resident, as well as foreign diplomatic, consular, international organization and other representative offices in the Republic of Latvia.

**Regulations** – these Simplified Regulations for Remote Identification (E-signature Method) binding on the Parties.

**Ultimate Beneficial Owner (UBO)** – a natural person who is the owner of the Client which is a legal person or legal arrangement or who controls the Client, or on whose behalf, for whose benefit or in whose interests business relationship is being established or an individual transaction is being executed, and it is at least:

- a) as regards legal persons - a natural person who owns, in the form of direct or indirect participation, more than 25 per cent of the capital shares or voting stock of the legal person or who directly or indirectly controls it;
- b) as regards legal arrangements - a natural person who owns or in whose interests a legal arrangement has been established or operates, or who directly or indirectly exercises control over it, including who is the settlor, the trustee (manager), the protector (if any), the beneficiary of such legal arrangement or, if the natural persons who are beneficiaries have not been determined yet, the group of persons in the interests of which a legal arrangement has been established or operates, and also another natural person who directly or indirectly exercises control over a legal arrangement;

**Identity Document(s)** – identity documents (passport or identity card) of the person to be identified, which are valid for entry into the Republic of Latvia.

**Applicable Laws** – the legal acts in force in the Republic of Latvia, as well as the legal acts of the Bank of Latvia and the Financial and Capital Market Commission, which are binding on the Bank and the Client.

**Politically Exposed Person** - a person who in the Republic of Latvia, other Member State or third country holds or has held a significant public office, including a higher official of the public authority, a head of the State administrative unit (local government), the Prime Minister, the Minister (the Deputy Minister or the Deputy of the Deputy Minister if there is such an office in the relevant country), the State Secretary or another official of high level in the government or State administrative unit (local government), a Member of Parliament or a member of similar legislation entity, a member of the management entity (executive board) of the political party, a judge of the Constitutional Court, the Supreme Court or a court of another level (a member of the court authority), a member of the council or executive board of the supreme audit institution, a member of the council or executive board of the central bank, an ambassador, a chargé d'affaires, a high-ranking officer of the armed forces, a member of the supervisory or executive board of a State capital company, a head (a director, a deputy director) and a member of the executive of an international organization, or a person who holds equal position in such organization;

**Family Member of a Politically Exposed Person** - a person who is the following for a Politically Exposed Person:

- a) a spouse or a person equivalent to a spouse. A person shall be considered a person equivalent to a spouse only if he or she is given such a status in accordance with the legislation of the relevant country;
- b) a child or a child of a spouse or a person equivalent to a spouse of a Politically Exposed Person, his or her spouse or a person equivalent to a spouse;
- c) a parent;

d) a brother or a sister;

**Public Registers** – registers for which the principle of public trust is established by law and which are used to obtain publicly reliable information (for example, the Register of Enterprises of the Republic of Latvia, Registers of Invalid Documents, etc.), as well as similar foreign registers.

**Parties** – the Client and the Bank within the meaning of these Regulations.

**Resident** – a legal entity, including a foreign one, which is registered and operates in the Republic of Latvia, as well as diplomatic, consular and other representations of the Latvian state abroad.

**General Terms of Service (GTS)** – The Bank's General Terms of Service binding on the Parties.

## **1. Application of the Regulations**

1.1. The Regulations determine the mutual legal relations between the Client and the Bank regarding Remote Identification.

1.2. The Client is bound by the requirements of the GTS to the extent that the Regulations do not stipulate otherwise.

1.3. The Client must additionally follow the Manual regarding Remote Identification.

1.4. The Regulations, Price List, Manual and GTS are available to the Client on the Bank's website ([www.magnetiqbank.com](http://www.magnetiqbank.com)).

1.5. Unless otherwise specified in the Regulations, the terms and words used in the singular are also applicable to the designation of the term or word in the plural and vice versa.

1.6. The section headings in the Regulations are for convenience only and not for interpretation of the Regulations.

1.7. In case of contradictions or ambiguities between the text of the Regulations in Latvian and in a foreign language, the text in Latvian shall prevail.

1.8. The Regulations are divided into chapters, clauses and subsections. The names of the sections are informative and do not regulate the relationship between the Bank and the Client, but rather help to navigate the Regulations. Subclauses apply only in conjunction with clauses.

1.9. In mutual communication, the Bank and the Client use a mutually understandable language (Latvian, Russian or English).

1.10. The operation of the Bank is supervised by the Bank of Latvia.

## **2. Amendments to the Regulations**

2.1. The Bank has the right to unilaterally amend the Regulations without prior notice.

2.2. Regarding the publication of amendments to the Regulations, the same requirements as those set out in the GTS regarding the publication of amendments to the GTS shall apply.

2.3. Amendments to the Regulations after their entry into force shall be considered an integral part of the Regulations.

2.4. In any case of amendment of the Regulations, the Bank shall place relevant information on the Bank's website [www.magnetiqbank.com](http://www.magnetiqbank.com) within the term specified in the Regulations.

2.5. The Client is obliged to follow the information about amendments to the Regulations on the Bank's website [www.magnetiqbank.com](http://www.magnetiqbank.com).

## **3. General requirements for Remote Identification**

3.1. A person who wants to receive e-commerce services in a simplified form of identification using a Secure Electronic Signature must meet all the following characteristics:

3.1.1. The Client is a legal entity/legal entity that has not previously been registered with the Bank and wishes to receive E-commerce services;

3.1.2. The Client's country of registration, actual location and UBO's citizenship is the same EEA member state;

3.1.3. The period of economic activity of the client is at least one year;

3.1.4. The turnover of the previous financial year is more than 10,000 EUR;

3.1.5. The online store maintained by the Client has active visit statistics;

3.1.6. According to Visa and Mastercard standards, the Client's industry has a low-risk MCC (Merchant Category Code);

3.1.7. The Client has no connection with a Politically Significant Person;

- 3.1.8. The Client or persons related to them are not included in any of the sanctions lists binding on the Bank or in Visa (VMSS) and Mastercard (MATCH) records.
- 3.2. The following activity restrictions are imposed on the Client who has been identified in accordance with the Regulations until identification in person or Video identification:
- 3.2.1. Payment of accumulated funds is suspended;
- 3.2.2. Maximum funds for accumulation EUR 10,000 or the equivalent in another currency.
- 3.3. The Client's Representative must place in the User's Cabinet and use for the Remote Identification the ID document that would allow them to enter the Republic of Latvia (for example, a foreign passport, if the relevant country provides for it).
- 3.4. Any copy of an Identity Document, as well as other documents that must be attached to the User's Cabinet in accordance with the Regulations, must have a Secure Electronic Signature
- 3.5. The Bank has a right to define validity period of a Signature link. If all the Client's Representatives (within the required amount of representation) have not signed the documents within the validity period of the link, then all the Client's representatives will have to sign the documents again.
- 3.6. The conclusion of a contract is regulated in accordance with the GTS, taking into consideration the Regulations.
- 3.7. In accordance with the Regulations, the Bank carries out In-person identification only with respect to legal entities registered in the Public Register (including Legal Entities registered in the Public Register), both Residents and Non-Residents, if the Applicable Laws do not stipulate otherwise.
- 3.8. Remote Identification in accordance with the Regulations is applicable only to new Clients, legal entities who wish to use the e-commerce services provided by the Bank.
- 3.9. Remote Identification takes place in several rounds, which include registration in the User's Cabinet and two-factor authentication, signing of documents with a Secure Electronic Signature in the User's Cabinet, and conducting the Client's investigation by the Bank.
- 3.10. If the Bank decides to start cooperation with the Client, only limited e-commerce services will be available to new Remotely Identified Clients. The initial restrictions apply to the maximum accumulated amount, as well as the suspension of any outgoing payments until the Client's in-person or Video identification. The Bank determines and changes the nature and scope of other restrictions without separate agreement with the Client.
- 3.11. The Bank has the right not to provide any other Bank service, if the Bank believes that the Client needs in-person or Video identification to receive the service.
- 3.12. The Bank ensures the connection of the e-mail specified by the Identifiable Person to the information technology system of the Outsourcer, so that the Identifiable Person can sign documents with a Secure Electronic Signature. The Outsourcing Service Provider's group company also offers to receive a Secure Electronic Signature if the signer does not have a Secure Electronic Signature.
- 3.13. The Bank covers the services provided by the Outsourcing Service Provider or its group company in connection with signing or issuing a Secure Electronic Signature, but does not assume any responsibility for the process of obtaining a Secure Electronic Signature.
- 3.14. The Identifiable Person independently decides to use the services of the company of the Outsourcing Service Provider group in the process of obtaining a

Secure Electronic Signature or obtain it from any other service provider, covering expenses at their own expense.

3.15. In order to exchange information and sign documents, the Identifiable Person will need to provide a stable and continuous Internet connection, which is powerful enough for the needs of Remote Identification, a computer with a camera and a mobile phone and an Identity Document, if it is necessary to receive a Secure Electronic Signature.

3.16. Before the Remote Identification is performed for the Client, they must gain access (register) in the User's Cabinet and submit the documents specified in Appendix 1 and Identity Documents.

3.17. Individual GTS Internetbank regulations may be applied to the Client's representatives in relation to the User's Cabinet.

3.18. The technical support of the Remote Identification process at the signing stage is provided by the Outsourcing Service Provider.

3.19. The Bank may not perform the Client's Remote Identification or may determine that the Client needs to perform in-person identification by sending a notification by e-mail and SMS, if:

3.19.1. circumstances are found that indicate that the In-person identification does not correspond to the Client's inherent risk of money laundering and terrorism and proliferation financing;

3.19.2. circumstances are found that indicate insufficient security, suitability of the Absentee identification process or the veracity of the information obtained;

3.19.3. inconsistency with the information obtained in the Client's research is found.

3.20. The Bank does not carry out Remote Identification in the following cases:

3.20.1. The Client is a shell formation;

3.20.2. The Client is a legal entity/legal entity that is not registered in the Public Register;

3.20.3. The Client wants to start a business relationship through an authorized person.

3.21. The Bank or the Identifiable Person may terminate any round of the Remote Identification process at any time without explaining the reason.

3.22. If, after gaining access to the User's Cabinet, the submission of documents to the Bank is not started within 30 days, then access to the User's Cabinet is automatically terminated.

3.23. If the Bank does not accept the Client or the Identifiable Person, then after 30 days from the moment of notification of the decision, access to the User's Cabinet is automatically terminated.

3.24. Remoter identification is performed only for those representatives of the Client who are supposed to represent the Client in relations with the Bank.

3.25. The Bank has the right to request submission of any other additional information and/or documents. It is the Client's responsibility to submit all information/documents requested by the Bank within the specified deadlines.

3.26. The Client is responsible to the Bank for the truthfulness, accuracy and completeness of all the data, information and documents provided, as well as the timeliness of submission. The Client compensates the Bank for all losses incurred due to the Client's untimely, false, forged or incomplete submission of information/documents.

3.27. The Bank has the right to set reasonable requirements for verifying the authenticity of documents, for example, to submit notarized copies, with a notarized translation in Latvian, Russian or English, as well as legalized or certified with an "Apostille" in accordance with the procedure and format specified in the Applicable Laws, which is suitable for the Parties.

3.28. In the event that the Client does not comply with the Bank's request to submit the necessary documents and/or provide information within the deadline specified by the Bank, the Bank has the right to refrain from performing and accepting the Remote Identification until the necessary documents and/or information are received.

3.29. All requests, notifications and warnings sent by the Bank to the Client using the User's Cabinet, e-mail, have the legal force of documents signed by an authorized person of the Bank.

3.30. Notifications and information are sent by the Parties to each other as follows:

3.30.1. The Client to the Bank electronically, by sending through the User's Cabinet;

3.30.2. The Bank to the Client at its choice - electronically, by sending through the User's Cabinet, or by e-mail;

3.30.3. in urgent cases, for example in cases of security threats or unexpected technical problems, communication takes place by telephone or in any other promptly accessible way.

3.31. For the avoidance of doubt, any correspondence shall be deemed to have been received:

3.31.1. if sent through the User's Cabinet - on the next day, counting from the day when the relevant information is sent to the recipient in the User's Cabinet;

3.31.2. if sent by e-mail - on the day when the requirements for receiving electronically signed letters specified in the Applicable Laws are met.

3.32. The Bank is not obliged to accept a document certifying representation in which the right of representation is not clearly and unequivocally formulated, or if the Bank has doubts about the validity or genuineness of the document certifying representation.

3.33. The person to be identified is informed that the personal data submitted by him will be processed during the Remote Identification. Remote Identification takes place and personal data is processed in accordance with the requirements set in the regulations of the Cabinet of Ministers of the Republic of Latvia No. 392. *Procedures by which the Subject of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing Performs the Remote Identification of a Customer.*

3.34. If the Identifiable Person obtains a Secure Electronic Signature from a group company of the Outsourcing Service Provider, the Identifiable Person will provide it with facial biometric data in order to perform a unique identification of a natural person for the purpose of obtaining a Secure Electronic Signature. The processing of such data takes place in accordance with the personal data processing policy of the company of the Outsourcing Service Provider group and is not transferred to the Bank, and the Bank is not responsible for the mutual relations between the Identifiable Person and the company of the Outsourcing Service Provider group.

3.35. The Bank does not process the biometric data of the Identifiable Person during the execution of these Regulations and does not receive them from the Outsourcing Service Provider or its group company.

3.36. The processing of personal data in the Bank is carried out in compliance with the Applicable Laws and in accordance with the Bank's Notice to data subjects on the



processing of personal data, which is available on the Bank's website on the Internet – www.magnetiqbank.com.

3.37. The Bank checks the information submitted by the Client's Representative in Public Registers and closed databases in order to verify the veracity of the information submitted, as well as to evaluate the Client's risk level, existence in the lists of sanctions, lists of politically significant persons, family members of politically significant persons or persons closely related to politically significant persons and would evaluate the possibility of providing the Client with the Bank's chosen services.

3.38. The Bank processes the information obtained in the course of Remote Identification in accordance with the Regulations, GTS, the Bank's Notice to data subjects on the processing of personal data and Applicable Laws.

3.39. The parties agree that any dispute, disagreement or claim arising from the Regulations concerning their violation, termination or invalidity will be resolved in accordance with the GTS.

#### **4. Registration of new Clients in the User's Cabinet and obtaining authentication tools**

4.1. In order to gain access to the User's Cabinet, the Client's Representative fills out the registration form on the Bank's website, in which they indicate:

4.1.1. about the Client – country of registration, company name, registration number, date of registration, field of activity, language of communication, URL address of the company's website;

4.1.2. for UBO – name, date of birth, personal identification number, citizenship, amount of participation (shareholding);

4.1.3. about the person entitled to sign - name, date of birth, personal identification number, citizenship, position and form of representation (solely or together with other authorized signatories);

4.1.4. about the person who provides information on behalf of the Client - name, date of birth, personal identity number, phone number, e-mail address, role in the company;

4.1.5. additionally indicate the language of communication and check boxes that they have familiarized themselves with the Bank's Notice to data subjects regarding the processing of personal data, as well as that they have familiarized themselves with and undertake to comply with the GTS, Price List, Regulations and the instructions for use of the User Cabinet (Remote Identification) Manual for Clients.

4.2. After entering the registration data, the Client will receive an email verification code to the specified e-mail and an SMS mobile phone verification code to the mobile phone number.

4.3. To create access to the User's Cabinet, the Client enters the received codes in the Bank's registration form and, after entering the codes, creates their future password for access to the User's Cabinet. After successful registration, the Client's Representative with the Bank is assigned an identification device (specified mobile phone number), which will be used for authentication of the Client's Representative in the future.

4.4. At this stage, the Client's representative may be a person other than the Identifiable Person.

4.5. To connect to the User's Cabinet after registration, the Client's Representative uses the e-mail address or the specified mobile phone number (as the login name) and the password chosen during registration.

4.6. The User's Cabinet allows the Client to communicate only with the Bank and

submit documents.

4.7. After connecting to the User's Cabinet, the Client's Representative:

4.7.1. attaches at least one Identity Document for each of its citizenships (if there are several citizenships);

4.7.2. attaches the documents necessary for conducting the Client's research in accordance with Appendix 1 of the Regulations;

4.7.3. notes the extent of the right of representation by choosing one of the following types - individual, jointly or together with another representative of the Client (specifying the number accordingly);

4.7.4. after adding the documents mentioned in Appendix 1 of the Regulations, press the "submit" button. By pressing the "submit" button, the Client's Representative certifies that the documents/information submitted by them are accurate, complete and true.

4.8. If the documents received in the User's Cabinet are recognized as duly completed, the Bank will request the Identifiable Person:

4.8.1. to perform actions necessary to receive a Secure Electronic Signature (if the Identifiable Person does not have a Secure Electronic Signature);

4.8.2. For an identifiable person to sign documents with a Secure Electronic Signature, following the instructions in the User's Cabinet and e-mail;

4.8.3. UBO to sign the Identity Document with a Secure Electronic Signature.

4.9. If the Client's Representative has specified the scope of representation together with another Client's Representative/s, then the documents must be signed according to the specified scope of representation (according to the specified number, for example, two, three, etc. must be signed together).

4.10. Receipt of documents is not yet considered a decision to start cooperation with the Client. The decision made by the Bank will be communicated to the Client via email.



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