

KYC (Know Your Customer) Compliance Process

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Author: Michael Rodriguez, Compliance Officer

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Purpose

This document outlines Skyro's KYC compliance procedures to meet regulatory requirements across all operating jurisdictions including US (FinCEN), EU (AMLD5), and APAC regions.

Regulatory Requirements

Skyro must comply with:

- Bank Secrecy Act (BSA) in the United States
- Anti-Money Laundering Directive 5 (AMLD5) in European Union
- Financial Action Task Force (FATF) recommendations globally

Customer Verification Levels

Level 1: Basic Verification (Transaction limit: \$5,000/month)

Required information:

- Full legal name
- Date of birth
- Email address
- Phone number
- Residential address

Verification method: Email and phone verification

Level 2: Standard Verification (Transaction limit: \$50,000/month)

Additional requirements:

- Government-issued ID (passport, driver's license, national ID)
- Proof of address (utility bill, bank statement - less than 3 months old)

- Selfie verification (liveness check)

Processing time: 24-48 hours

Level 3: Enhanced Due Diligence (Transaction limit: Unlimited)

Additional requirements for high-risk customers or those exceeding \$50k/month:

- Source of funds documentation
- Business registration documents (for business accounts)
- Beneficial ownership information
- Video verification call with compliance team

Processing time: 3-5 business days

Document Verification Process

1. Customer uploads documents via secure portal
2. Automated OCR extraction and validation
3. Document authenticity check using third-party service (Onfido)
4. Manual review by compliance team if automated checks fail
5. Final approval or rejection with reason

Risk Categories

Customers are assigned risk scores based on:

- Geographic location (high-risk jurisdictions as per FATF list)
- Transaction patterns
- Source of funds
- Business type (e.g., crypto exchanges are high-risk)

Risk levels:

- **Low Risk:** Standard processing, annual review
- **Medium Risk:** Enhanced monitoring, semi-annual review
- **High Risk:** Continuous monitoring, quarterly review, enhanced due diligence

Ongoing Monitoring

- Transaction monitoring for unusual patterns
- Periodic re-verification (annually for Level 1, every 2 years for Level 2/3)

- Sanctions screening against OFAC, EU, and UN lists (performed daily)

Escalation Process

Suspicious activity must be reported to:

1. Compliance Officer (immediate)
2. Financial Intelligence Unit (within 24 hours)
3. Regulatory authorities via SAR (Suspicious Activity Report) if required

Data Retention

- Customer data retained for 7 years after account closure
- Transaction records retained for 10 years
- All records stored in encrypted format in compliance with GDPR

Contact

For questions regarding KYC procedures, contact: compliance@skyro.com