



Baltic  
Exchange

# Baltic Exchange KYC Platform **Frequently Asked Questions**

Prepared May 2024



# Baltic KYC Platform – Frequently Asked Questions

## Contents

Q1. Why is KYC (Know Your Customer) so important, especially for the Maritime industry? .....	2
Q2. What is the Baltic Exchange KYC Platform?.....	3
Q3. Where does the Baltic Exchange KYC Platform get its data from? .....	3
Q4. What are the key focus areas in order to achieve effective KYC?.....	3
Q5. What is a Politically Exposed Person (PEP)? .....	4
Q6. When is a counterparty considered to be a high-risk one?.....	4
Q7. How can monitoring alerts enhance protection?.....	5
Q8. What happens when my ongoing 12-month monitoring expires? .....	5
Q9. Why is downloading the Baltic Exchange KYC material important for record-keeping? .....	5
Q10. What shall I do if the company I am looking for does not appear on the Baltic KYC Platform? .....	6
Q11. How long will it typically take to perform a company search or a due diligence check on the platform?.....	6
Q12. How can I purchase Company Checks, Due Diligence scans, and ongoing monitoring? ....	6
Q13. How can I register for a Baltic Exchange KYC Platform account?.....	6

## Q1. Why is KYC (Know Your Customer) so important, especially for the Maritime industry?

At the most serious level, with the everchanging geopolitical landscape, it is necessary for the global shipping industry to be fully cognisant of sanctions imposed by the government at your place of business. Financial sanctions which relate to a specific country or terrorist group are known as 'regimes' and include a full list of prohibitions relevant to each sanctioned country, organisation or individual. Those sanctions imposed by the UN are automatically applied by UN member states, but there may also be other international bodies, such as the EU, as well as individual nationally imposed regimes.

It is vital then, to ensure a potential counterparty is not subject to such sanctions. Both the US and UK governments have issued specific Maritime Guidance on this matter in 2020 and 2024 respectively, both believing that the maritime industry is a key risk area for sanctions evasion:

<https://www.gov.uk/government/publications/financial-sanctions-guidance-for-maritime-shipping/financial-sanctions-guidance-for-maritime-shipping>

As part of this UK guidance, a strong recommendation was given for the maritime industry to improve KYC checks and perform regular counterparty checks. Please take the time to read the linked UK Government sanctions guidance document even if you are sitting outside of the UK.

Depending on your location, the consequences of a sanctions breach can include both criminal and civil action and enforcement to remedy the breach. This can include fines, seizure of assets, prison time, as well as loss of reputation. Performing a simple due diligence check on potential counterparties via the Baltic Exchange KYC Platform can, therefore, alleviate this serious risk.

There are, of course, many other reasons why you would wish to know more about who you are dealing with before entering into very high-value contracts. This includes reducing the risk of not being paid, preventing fraud, avoiding money laundering and terrorist financing, but also, importantly protecting your own reputation. For further information on why Company and Due Diligence checks are vital for the security of your business, please read our Best Practice guide [here](#).

Ultimately, the Baltic Exchange KYC Platform allows you to:

- 1) Identify and verify the counterparty identity using reliable, independent source documentation
- 2) Identify the Beneficial Owner and real-time alerts about any potential red flags using the premium ongoing monitoring option
- 3) Identify PEPs (Politically Exposed Persons), sanctions and other watchlists associated with the entity
- 4) Stay ahead of risks and make informed decisions

It should be noted that the Baltic Exchange KYC Platform should be viewed as one essential cog only of a wider KYC program within your organisation.

## Q2. What is the Baltic Exchange KYC Platform?

Our platform aims to provide the shipping industry with a useful tool to conduct KYC procedures via company and due diligence checks in an efficient and effective manner. We have worked diligently with the source data provider and software developers to engineer the platform to be specifically relevant to the maritime industry, ensuring only appropriate information is brought to users' attention. It provides valuable information almost instantaneously, generating a full report which we hope will become your first port of call when running KYC checks.

This platform aims to support the shipping industry's recommended adoption of widely accepted risk and compliance standards and practices. The Baltic Exchange KYC Platform seeks to help alert maritime companies in relation to potential risks present and the consequences of poor compliance practices.

## Q3. Where does the Baltic Exchange KYC Platform get its data from?

For company checks, the Baltic Exchange KYC Platform uses information drawn from multiple trusted sources powered by Moody's extensive Orbis for Compliance database, covering over 445+ million entities, both shipping and non-shipping. This data includes the company registration number; incorporation date; registered office address; names of shareholders, directors and management; subsidiaries if any; and financials where available.

Our due diligence scans, checking for sanctions; PEPs; and adverse news about entities or individuals, are drawn from Moody's Global Regulatory Information Database (GRID), a 12 million-plus record, continuously updated risk data archive on known or suspected corrupt private and public sector figures, fraudsters, illicit financiers, money launderers, organised crime figures and groups, terrorist figures and organisations, politically exposed persons, and dozens of other risk-relevant categories of persons and organisations.

## Q4. What are the key focus areas in order to achieve effective KYC?

1. **Business identification and verification:** It is important to capture and examine critical counterparty information to determine they are who they claim to be and anticipate their behaviour
2. **Enrich and validate:** Supplement existing Baltic Exchange KYC Platform data with additional sources in order to build a robust counterparty profile for accurate risk assessment
3. **Due diligence procedure:** Determine the risks associated with engaging with the counterparty. If any risks are identified, can they be managed? How?

- 4. Ongoing monitoring for effective risk management:** Regular confirmation that the counterparty is operating and behaving in a professional and legal manner. Usually, this requires them to behave in the same manner as when onboarded

## Q5. What is a Politically Exposed Person (PEP)?

A politically exposed person (PEP) is someone who has been appointed by a community institution, an international body, or a state to a high-profile position within the last 12 months. It also includes family members, close business associates, and beneficial owners of that person's property. The main aim of applying additional scrutiny to PEPs is to mitigate the risk that the proceeds of bribery and corruption may be laundered, or assets otherwise stripped from their country of origin.

A business relationship with a PEP will always be considered of higher risk and therefore require an additional, more extensive due diligence process as well as monitoring.

A company should have the appropriate tools and risk-based procedures in place to identify if their potential counterparty employs or engages with PEPs. The Baltic Exchange KYC Platform utilises Moody's GRID database, a 12 million-plus record, continuously updated risk data archive, which goes some way in helping users to identify PEPs quickly.

Every legal jurisdiction has its own recommendations and scope for dealing with PEPs, but as an example, in the UK for financial institutions and related companies, under the Money Laundering, Terrorist Financing and Transfer of Funds Regulations (MLR) 2017, express approval from senior management is required before establishing a business relationship and adequate measures need to be taken to establish the source of wealth and funds involved in the business relationship or occasional transactions; and also to conduct enhanced ongoing monitoring on the counterparty.

Further investigation may also be needed if the jurisdiction which appointed the PEP is a higher risk jurisdiction (<https://www.transparency.org/en/cpi/2023>), or the funding of the transaction is substantial or has a suspicious source.

## Q6. When is a counterparty considered to be a high-risk one?

When it comes to identifying high-risk entities or performing a risk assessment, each case should be treated on individual facts. The most harmful risks are related to sanctions, money laundering, terrorism financing, fraud, but also the risk of not being paid and the risk to your commercial reputation.

Therefore, it is imperative that every organisation establishes its own KYC process, and the Baltic Exchange KYC Platform can form an integral part of that process to minimise counterparty risk.

## Q7. How can monitoring alerts enhance protection?

The Baltic Exchange real time monitoring feature is a unique feature that delivers alerts on any changes that concern entities checked within a 12-month period. Those alerts include news articles, criminal activities, associations with high-risk individuals or companies, financial news, regulatory alerts, and court records. Those alerts are delivered to the mailbox and in the form of a notification on the Baltic KYC Platform.

1. Real-time Alerts
2. Delivered through both email and an account notification.
3. Ability to download and keep records.
4. Credible sources
5. Automated process that can be complete with manual risk assessment.

Without constant compliance monitoring, the risk of financial losses, legal scrutiny, business relation disruptions, and reputational damage is high. By turning monitoring alerts on, customers can focus attention where needed and narrow less important alerts.

## Q8. What happens when my ongoing 12-month monitoring expires?

The Baltic Exchange KYC Platform offers the opportunity to monitor an entity for 12 months after a due diligence scan is performed. After the monitoring period, the Baltic Exchange KYC Platform will stop providing alerts on the scan in question. To stay up-to-date and compliant, a user must perform another scan on the company or individual in question and choose the monitoring option again.

## Q9. Why is downloading the Baltic Exchange KYC material important for record-keeping?

In many jurisdictions, organisations must keep a record of their due diligence material even after the end of the customer relationship. For example, in the UK, companies must retain electronic or hard copy records or supporting evidence for five years after the end of the customer relationship or five years after the completion of an occasional transaction. Such records or evidence may include:

1. An individual's identity-related records or a company's establishment and ownership evidence
2. The customer's transaction history.

## Q10. What shall I do if the company I am looking for does not appear on the Baltic KYC Platform?

If the entity does not appear available on the Baltic Exchange KYC Platform, please follow the 'Help' tab at the top of the Dashboard or contact us via email using [kyc@balticexchange.com](mailto:kyc@balticexchange.com). Please provide details in relation to which organisation or individual you are looking for and any related information available to you at the time.

We will investigate and revert back as soon as possible to hopefully resolve your query.

## Q11. How long will it typically take to perform a company search or a due diligence check on the platform?

The platform is built to perform time-efficient company checks and due diligence scans, within seconds or minutes.

## Q12. How can I purchase Company Checks, Due Diligence scans, and ongoing monitoring?

Baltic KYC Platform Users must buy credits in order to purchase the required checks and scans.

Members of the Baltic Exchange can enjoy discounts with only 45 credits needing to be purchased for each company check or due diligence scan. If 12 month ongoing monitoring is required, then this is charged at 10 credits.

Non-members can also access the KYC Platform but are charged at 50 credits for each company check or due diligence scan, and ongoing 12 month monitoring for 15 credits.

## Q13. How can I register for a Baltic Exchange KYC Platform account?

Please click here to register for the platform: <https://www.balticexchange.com/kyc/app>.

We require you to register using your company email address; the Baltic Exchange KYC platform does not accept personal domains such as Gmail or Yahoo.

In case of any issues with registration, please contact us using [kyc@balticexchange.com](mailto:kyc@balticexchange.com)

