



# **Anti-Money Laundering Policy**

## 1 Introduction

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- 1.1** The purpose of this document is to describe the Company’s policies and commitment to the detection and prevention of any Money Laundering or Terrorist Financing activity within the products and services it offers.

## 2 Terms

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- 2.1** “**Money Laundering**” is the participation in any transaction that seeks to conceal or disguise the nature or origin of funds derived from illegal activities such as, but no limited to, fraud, corruption, organized crime or terrorism. Predicate offences for Money Laundering are defined by national law. The Money Laundering process consists of three stages:

**Stage 1: Placement.** This stage refers to infusing cash delivered from any unlawful activity to the financial system. This can be done by

- a) Physically depositing cash into banks and non-bank financial institutions such as currency exchanges;
- b) Converting cash into other financial instruments such as by purchasing monetary instruments (travellers’ checks, payment orders) or
- c) Using cash to purchase high-value goods that can be resold.

Lauderers often seek to deposit cash into banks in countries with fewer financial market regulation demands and then transfer these funds to banks in regulated environments, converting them “clean”. A frequent example of Placement is Smurfing - a form of Placement where the launderer makes many small cash deposits instead of a large one to evade local regulatory reporting requirements applicable to cash transactions.

**Stage 2: Layering:** This stage refers to separating the proceeds of criminal activity from their source through the use of layers of financial transactions such as multiple transfers of funds among financial institutions, early surrender of an annuity without regard to penalties, cash collateralized loans, etc. The layering aims to disguise the origin of the funds, disrupt any audit trail, and provide anonymity. Launderers want to move funds around, changing both the form of the funds and their location in order to make it more complicated for law enforcement authorities to trace “dirty” money.

**Stage 3: Integration:** This stage refers to placing the laundered proceeds back into the economy in such a way that they re- enter and appear in the financial system as legitimate funds. This Policy is supported by a set of programs covering the implementation of the following areas:

- a) The adoption of a risk-based approach;
- b) Know Your Customer (KYC) Policy and Customer Due Diligence;
- c) Customer activity monitoring;
- d) Record Keeping.

### 3 Measures

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- 3.1 The Company shall abide to the principles of Anti-Money Laundering and shall enforce any measures to prevent any actions that aim or facilitate the process of legalizing of illegally gained funds.
- 3.2 The Customer acknowledges that prevent of Money Laundering, the Company neither accepts nor performs any payments in cash under any circumstances
- 3.3 In cases of an attempt to execute transactions which the Company suspects that are related to Money Laundering or other criminal activity, it will proceed in accordance with the applicable law and report suspicious activity to regulating authority.
- 3.4 The Company reserves the right to suspend any Customer's operation, which can be regarded as illegal or may be related to Money Laundering in the opinion of its employees. The Company has the right, in its discretion, to temporarily block the suspicious Customer account or terminate an existing business relationship with a Customer.

### 4 Risk-based Approach

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The identification of Money Laundering risks involving of Customers and transactions allow the Company to determine and implement proportionate measures to control and mitigate these risks. The Company separates risk based on three categories:

- a) **Country:** In conjunction with other risk factors, it provides useful information as to potential money laundering risks. Factors that may result in a determination that a country poses a heightened risk include:
  - Countries subject to sanctions, embargoes, or similar measures.

- Countries identified by the Financial Action Task Force (“FATF”) as noncooperative in the fight against money laundering or identified by credible sources as lacking appropriate money laundering laws and regulations.
  - Countries identified by credible sources as providing funding or support for terrorist activities.
- b) Customer:** There is no universal consensus as to which Customers pose a high risk, but the below listed characteristics of Customers have been identified with potentially heightened money laundering risks:
- Armament manufacturers.
  - Cash intensive business.
  - Unregulated charities and other unregulated “non-profit” organizations.
- c) Services:** Determining the money laundering risks of services should include a consideration of such factors as services identified by regulators, governmental authorities or other credible sources as being potentially high risk for money laundering.

## **5 Know your Customer and Customer due diligence**

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- 5.1** The Company is an online operating brokerage company and therefore business relationships between the company and its Customers are not established on a face-to-face basis. For Customer identification purposes the Company uses electronic data brokers (linked with other in-house checks e.g., identifying duplicate accounts, confirming ownership of bank accounts etc.) to verify the Customer’s identity. This will be used to determine and document the true identity of Customers to obtain background information the intended nature of their business with the Company.
- 5.2** Upon the commencement of a business relationship between the two parties, the Company shall request certain valid identification documentation from the Customer such as Passport details, Driving license details and proof of residence such as recent Utility bills (not older than six months). During the course of the business relationship between the two parties, the Company can request additional documentation or information from Customer to verify for additional verification or updating existing verification.
- 5.3** The Company shall obtain and document any additional Customer information, commensurate with the assessment of the money laundering risk using a Risk Based Approach.

- 5.4** The Company shall identify whether the Customer is acting on behalf of another natural person or legal entity as trustee, nominee, or professional intermediary. In such case it is obligatory for the Customer to provide satisfactory evidence of the identity of any intermediaries and of the persons upon whose behalf they are acting, as well as the nature of the trust arrangements in place.
- 5.5** In all cases the Company shall apply due diligence measures in the following cases, in order to comply with the applicable laws/regulations.

## **6 Customer activity monitoring**

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- 6.1** The Company, in addition to conducting initial Customer due diligence, continues to monitor Customer activity to identify and prevent any suspicious (or fraudulent) behaviour. The monitoring system that was implemented relies on both automated monitoring and, where appropriate, manual monitoring of transactions by the Company's employees and outsourced service providers. A series of status fields has been applied to Customer accounts indicating their profile within the system, which assists automated monitoring.
- 6.2** The Company has implemented a regulatory and legally compliant suspicious activity reporting process and procedure that will enable all employees to a report to the Money Laundering Reporting Officer (MLRO) where they have reasonable grounds to suspect that a person is engaged in money laundering or terrorist financing. This process includes the following requirements:
- a)** All employees shall be diligent in monitoring for any unusual or suspicious transactions/activity.
  - b)** The reporting of suspicious transactions/activity must comply with the laws/regulations of the respective jurisdiction.
  - c)** The MLRO must be informed about all suspicious transaction/activity on a monthly basis at least.

## **7 Record keeping**

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- 7.1** The Customer acknowledges that the Company shall keep records of:
- a)** All documents obtained for the purpose of Customer identification (KYC policy requirements);
  - b)** All transaction data and information;

- c) Other information related to money laundering matters in accordance with the applicable anti-Money Laundering laws/regulations. That includes files on suspicious activity reports, documentation of AML account monitoring, etc.
- 7.2** The Company shall keep all Customer records and/or trading and non-trading activity, current and/or past and/or archived for a minimum period of five years after the termination of the business relationship with the Customer and as per applicable legislative requirements.