

# AML Policy

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## ANTI-MONEY LAUNDERING AND KNOW YOUR CLIENT POLICY

### Purpose

The purpose of this policy is to provide guidance on the Anti-Money Laundering and Know Your Client Policy which is followed **by Fino Global Ltd** hereinafter called “the Company” to achieve full compliance with the relevant Anti-Money Laundering legislation.

### Legal Framework

Investment Firms are required to comply with the provisions of the Anti-Money Laundering and Anti-Terrorism Financing Act 2002 (hereinafter called the “Act” for the purposes of this policy). The main purpose of the Act is to ensure that the Company complies with relevant anti-money laundering and combating funding terrorism laws and regulations, assist law enforcement in combating illegal money laundering, and minimizes the risk of the Company’s resources being used for improper purposes.

In accordance with the Act, Investment Firms are obliged to set out policies and procedures for preventing money laundering activities. Those procedures, which are implemented by the Company, as these are requested by the Act, are the following:

- a) Record keeping procedures in relation to clients’ identity and their transactions.
- b) Compliance officers at management level in each branch and subsidiary who will be in charge of the application of the internal programs and procedures, including proper maintenance of records and reporting of suspicious transactions.
- c) Appropriate procedures of internal control and risk management, with the purpose of preventing money laundering activities.
- d) The detailed examination of every transaction that due to its nature is considered vulnerable to money laundering, and especially for complicated or unusually large transactions and transactions that take place without an obvious financial or legal purpose.
- e) Measures for making employees aware of the procedures mentioned above set forth to prevent money laundering and of the legislation relating to money laundering.
- f) Provision of regular training to their employees in the recognition and handling of transactions suspected to be associated with money laundering.

- g) Audit functions to evaluate such policies, procedures and controls to test compliance with the measures taken by the reporting institution to comply with the provisions of this Act and the effectiveness of such measures.

## **Policy**

The provisions of the Act have been adopted by the Company, which introduces procedures and processes that ensure compliance with the Act on this matter.

### **1. CLIENT IDENTIFICATION AND DUE DILIGENCE PROCEDURES**

The Company has adopted all requirements in relation to client identification and Due Diligence procedures as follows:

*a. Due Diligence procedures are applied in the following cases:*

- When establishing a business relationship.
- When carrying out one-off transactions amounting to USD15.000 (fifteen thousand dollars) or more, whether the transaction is carried out in a single operation or in several operations which appear to be linked.
- When there is a suspicion of money laundering or terrorist financing, irrespective of the amount of the transaction.
- When there are doubts about the veracity or adequacy of previously obtained client identification data.

Failure or refusal by a client to submit the required data and information for the verification of their identity, without adequate justification, constitutes elements that may lead to the creation of a suspicion that the client is involved in money laundering or terrorist financing activities. In such an event, the Company does not proceed with the establishment of the business relationship.

The practice to which the Company adheres in order to comply with the requirements of the Act on the subject of the client identification is achieved on a risk-based approach and it is set out below:

#### *Ø Client Due Diligence Procedure*

The Company has put in place procedures in relation to Client Identification and Due Diligence as listed below:

- When establishing a business relationship.

- When carrying out one-off transactions amounting to USD15.000 (fifteen thousand dollars) or more, whether the transaction is carried out in a single operation or in several operations which appear to be linked.
- When there is a suspicion of money laundering or terrorist financing, irrespective of the amount of the transaction.
- When there are doubts about the veracity or adequacy of previously obtained client identification data

#### *Ø Timing of identification*

Client and beneficial owner identification shall be completed before the establishment of a business relationship or the carrying out of a transaction.

By way of derogation, the verification of the identity of the client and the beneficial owner may take place during the establishment of a business relationship if this is necessary so that the normal conduct of business is not interrupted and where there is limited risk of money laundering or terrorist financing occurring. In such situation, these procedures shall be completed as soon as practicable after the initial contact.

#### *Ø Renewal of client identification*

Reviews of existing records shall take place on a regular basis, thus ensuring that the documents, data or information held are kept up-to-date. Client Due Diligence procedures shall be applied not only to all new clients but also at appropriate times to existing clients on a risk sensitive basis.

#### *b. Simplified Client Due Diligence*

Simplified procedures may apply for lower risk clients. More detailed client Due Diligence measures for lower risk clients shall apply when there is a suspicion of money laundering, regardless of any derogation, exemption or threshold, and not whenever a business relationship is established.

It should be noted that the Company shall gather sufficient information to establish if the client qualifies to be classified as lower risk client.

#### *c. Enhanced Client Due Diligence*

The Company applies enhanced client Due Diligence measures in situations which by nature can present high risk of money laundering or terrorist financing. More specifically, where the client has not been physically presented for identification purposes, the Company shall take specific and adequate measures to compensate for the high risk, by applying one or more of the following measures:

- Ensuring that the client's identity is established by additional documents, data or information.
- Supplementary measures to verify or certify the documents supplied or requiring confirmatory certification by a credit or financial institution.
- Ensuring that the first payment of the operations is carried out through an account opened in the client's name with a reputable credit institution.

*d. Politically Exposed Persons*

Politically exposed persons are individuals who are or have been entrusted with prominent public functions in a foreign country and close associate is someone with a close relationship with the politically exposed persons. The Company adopts the following additional Due Diligence measures to determine whether a prospective client is a politically exposed person:

- Take appropriate measures for the establishment of the origin of the client's assets and the source of funds that are related with the establishment of the business relationship or transaction.
- Conduct enhanced and continuous monitoring of the business relationship.
- Conduct further Due Diligence by requesting a bank statement and additional identification.
- Requests references or confirmation of duties in public office.

*e. Anonymous or Numbered Accounts*

The Company does not offer or maintain anonymous or numbered accounts. Additionally, the Company pays special attention to any money laundering or terrorist financing threat that may arise from products or transactions that might favor anonymity and take measures to prevent their use for money laundering or terrorist financing purposes.

*f. Client Accounts in Third Person*

The Company does not offer or maintain accounts in the name of Third persons. Additionally, the Company pays special attention to any money laundering or terrorist financing threat that may arise from individuals or legal persons that attempt to establish an account in the third person for the purpose of money laundering or terrorist financing purposes.

*g. Record keeping procedures*

The Company should keep the following documents and information for use in any investigation into, or analysis, of possible money laundering or terrorist financing by national authorities:

- The name and address of clients and copies or records of official identification documents (like passports, identity cards).
- The name and address (or identification code) of counterparties.
- The form of instruction or authority.

- The account details from which any funds were paid.
- The form and destination of payment made by the business to the client.
- Business correspondence

For client Due Diligence, a copy of the references of the evidence is required, for a period of at least 6 years after the business relationship with the client has ended.

For business relationship and transactions, the supporting evidence and records for a period of at least six years following the carrying out of the transactions or the end of the business relationship.

The retention of the documents/data, other than the original documents or their certified true copies that are kept in a hard copy form, may be in other forms, such as electronic form, provided that the Company is able to retrieve the relevant documents/data without undue delay and present them at any time upon request.

## 2. CLIENT ACCOUNT OPENING PROCEDURES

The necessary Due Diligence procedures, as described above, are applied to ensure all Know Your Client (KYC) policies are adhered to, all documents necessary for proceeding with KYC procedure are provided and the Company may accept the client and proceed to the account opening. Subsequently the client completes the account opening forms indicating all required information. The responsible employee collects all initial information of the client and the relevant department reviews and approves the client.

Where the client refuses to provide any of the required information the Company then suspends the trading account and/or terminates the business relationship with the client.

### 2.1 Client Risk Classification

· **Low risk customers:** individuals and entities whose identities and source of wealth can be efficiently determined, and their transactions and income are consistent with their economic profile, shall be classified as low risk.

· **Normal risk customers:** individuals and entities whose identities and source of wealth can be determined, and their income is not likely to deviate from the pattern of transactions and their economic profile shall be classified as normal risk clients.

· **High risk clients:** individuals and entities that are likely to pose a higher than average risk to the company shall be considered as high-risk clients. In these cases, Enhanced Due Diligence will be applied and based on the results the Company may choose to investigate further and/or terminate choose not to establish a business relationship with the potential client. The closed accounts of the high-risk clients are documented.

The Company considers all the non-face to face clients as High risk, taking into consideration the FATF publications with regards to the related threats to the integrity of the International Financial system, the Company applies simplified due diligence or enhanced due diligence depending on the case and takes all the appropriate measures and procedures to ensure compliance with the Money Laundering and Terrorism (Prevention) Act.

## **2.2 Client's acceptance policy**

The customers' acceptance policy has been prepared after detailed assessment of the risks faced by the Company from its customers, including a description of the types of customer that are likely to pose a higher than average risk to the Company based on their transactions and/or their countries of origin or operations.

The Company performs simplified due diligence procedure for the Low and Normal risk clients whereas for the High-Risk clients which are non-face to face customers and may have high net worth, further documents for clarification purposes are required prior to the establishment of the business relationship, an Enhanced due diligence shall be performed.

The clients who may not be considered acceptable for the establishment of a business relationship or an execution of an occasional transaction:

- Clients who reside in jurisdictions that pose significant risk as per the FATF
- Clients who fail and/or refuse to provide KYC documents

The identification documents required for the customers' acceptance and for implementing efficiently the KYC procedures are as follows:

## **2.3 KYC documentation for natural persons**

The following documents shall be obtained for the clients' verification. The relevant department shall collect all information and documentation of any potential client to enable the Company to accept the said client.

### **Applicable to:**

Natural persons

### **Requirements:**

1. *Passport*
2. If passport is unavailable the Company shall obtain another identity with the photograph included;
3. Proof of address in the person's name.

All documents/certificates must not be more than 3 months old

4. Bank account details for settlement purposes
5. Accepted Terms of Business

#### **2.4 KYC documentation for corporate clients**

A different identification procedure is followed for corporate clients interested in opening an account with the Company. The documentation that needs to be obtained by the corporate clients for the construction of their economic profile is presented below:

##### **Applicable to:**

Private companies, partnerships, joint ventures

##### **Requirements:**

1. *Certificate of incorporation and Certificate of Good Standing* of the legal person;
2. *Bank statement of the Company not older than 3 months*
3. *Certificate of Directors and Secretary*
4. *Certificate of Registered Shareholders* in the case of private companies and public companies that are not listed in a regulated market or another country with equivalent disclosure and transparency requirements
5. *Memorandum and articles of association* of the legal person
6. *A resolution of the board of directors* of the legal person for the opening of the account and granting authority to those who will operate it
7. In the cases where the registered shareholders act as nominees of the beneficial owners, a copy of the *trust deed/agreement* concluded between the nominee shareholder and the beneficial owner, by virtue of which, the registration of the shares on the nominee shareholder's name on behalf of the beneficial owner has been agreed
8. Documents and data for the verification of the identity of the persons, in accordance with points 10 and 11 herein, that are authorized by the legal person to operate the account, as well as the registered shareholders
9. Copies of its latest audited *financial statements* (if available), and/or copies of its latest management accounts.
10. Personal information on one *Director* (different verification documentation required for identity and proof of address):
  - Copy of their *Passport* (with photograph and signature specimen included).
  - 1 recent copy of *proof of address* in the person's name.

All documents/certificates must be not more than 3 months' old

11. Personal information on *Ultimate Beneficial Owners* with 10% beneficial ownership or more (different verification documentation required for identity and proof of address):
  - Certified copy of their *Passport* (with photograph and signature specimen included).
  - 1 recent copy of *proof of address* in the person's name.

All documents/certificates must be not more than 3 months' old

12. Accepted Terms of Business

## **2.5 KYC documentation for private companies**

The Due Diligence documentation that is required for private companies is indicated below:

**Applicable to:**

- Unregulated private companies irrespective of jurisdiction;
- Public companies not listed on stock exchanges;
- Unregulated limited liability partnerships

**Non-applicable to:**

- Private companies with bearer shares in issue

**Requirements:**

1. Copy of *Certificate of Incorporation*, or *Certificate of Registration of the Partnership* and any *Change of Name Certificates*;
2. Copy of *Certificate of Registered Office*
3. Copy of *Certificate of Shareholders / Limited Partners*;
  - *In case the Shareholders/ Limited Partners are other legal entities the following additional documentation is required:*
    - *A legal structure chart showing all intermediate entities up to the Ultimate Beneficial Owners;*
    - *Full legalization documents of the ultimate legal entity which exercises actual control or, in the case of many ultimate legal entity shareholders, of those legal entities that exercise such control. The legalization documents of intermediary holding companies are not required. The term "legalization documents" includes (i) Certificate of Incorporation, (ii) Certificate of Registered Office, (iii) Register of Shareholders, (iv) Register of Directors, (v) Memorandum & Articles, whereas the term "control" applies to direct and indirect ownership of over 50%;*

- *Additional to requirement #8 below, a UBO resolution from the above ultimate legal entity exercising control.*
  - *In cases where the Shareholders/ Limited Partners are Nominees, additionally to the below are required either the Nominee agreement OR a UBO resolution from such Nominee shareholder(s).*
4. Copy of *Certificate of Directors/ General Partners*;
  5. Personal information on one *Director/ General Partner* (*different verification documentation required for identity and proof of address*):
    - Copy of their *Passport* (with photograph and signature specimen included).
    - 1 recent copy of *proof of address* in the person's name. *All documents/certificates must be not more than 3 months' old*
  6. Copy of the *Memorandum & Articles of Association* or *Limited Partnership Agreement*
  7. Latest Audited *Financial Statements* (prepared and signed by Auditors)
  8. *Resolution signed by a Director* (whose personal details are disclosed to us) naming the Ultimate Beneficial Owners with 10% or more and % of their beneficial ownership in the Company
  9. World Check Search
  10. Personal information on *Ultimate Beneficial Owners* with 10% beneficial ownership or more (different verification documentation required for identity and proof of address):
    - Certified copy of their *Passport* (with photograph and signature specimen included).
    - 1 recent copy of confirmation of address in the person's name. *All documents/certificates must be not more than 3 months' old*
  11. Copy of the *list of authorised Signatories* with signature specimens (Authorised by a *Director/ General Partner* whose name and position can be seen in the documents provided to us). Authorised signatories for trading and Back Office purposes should also be included.
  12. If applicable, a *Certified copy of a Power of Attorney* for the person(s) who will open the account (in case this person isn't a *Director*).
  13. Personal information of *Attorney/s* (different verification documentation required for identity and proof of address):
    - Copy of their *Passport* (with photograph and signature specimen included).
    - 1 recent copy of *proof of address* in the person's name.
- All documents/certificates must be not more than 3 months' old
14. *Bank account details* of the account through which cash settlement of trades will be taking place.
  15. Letter confirming that they are trading as *Principals*.
  16. Accepted Terms of Business

## **2.6 Dormant Accounts**

An account shall be considered as dormant and/or inactive, in the absence of any trading activity for a period greater than (30) thirty calendar days

Once an account is treated as Dormant, the Client will be informed accordingly via email, mentioning:

- That the account is suspended
- That the account is classified as dormant due to the absence of trading activity for a period greater than (30) thirty calendar days
- That the account is being charged a dormant fee for the Company to maintain the account
- The right of the Company to reset the password for security purposes.

Dormant Accounts can be re – activated upon confirmation/request by the client. The Back office will review the client's documents and will obtain new KYC ensuring that the due diligence and KYC documentation procedures . The client may resume trading when all the above have been met.

## **2.7 Enhanced Due Diligence (EDD)**

Enhanced due diligence (EDD) is a more detailed procedure required for high risk clients, non-face-to-face clients, where a client is a natural person and they are not physically present for identification purposes, a business must undertake enhanced due diligence.

The Company must establish appropriate, specific, and, where necessary, enhanced due diligence policies, procedures, and controls to detect and report instances of money laundering through the clients' accounts.

### **EDD shall be performed when:**

- The client refuses to provide the requested and/or additional documents during the establishment and the continuity of the business relationship;

- The client's name is identified in an external compliance screening database as a potential risk;
- The client originates from a high-risk country (falls under Category 3 risk classification);
- The client does business in a high risk or sanctioned country and or in high risk industry;
- Complex business and ownership structure;
- Suspicious behavior or activities;
- Transaction takes place in an unusual and/or significant compared to the normal pattern of transactions; and
- Transactions to/from higher-risk countries.

When conducting EDD, the Company should review the below points during the onboarding and also throughout the business relationship with the client:

- Purpose of the account;
- Source of funds (If unemployed – clarification on the source of funds that he will use to trade)
  - In case that another person is funding the account i.e Father, Mother, Spouse, the KYC of that person has to be obtained
- Occupation/Type of business.

**Periodic Reviews:**

- On an annual basis all the active clients have to be scanned through the World Check to ensure that their previous status has not changed.
  - If there is a match in World Check and the Back office cannot find if it concerns our client, additional documents will be requested i.e. clean criminal record and/or Bank reference letter.
- The clients should provide new KYC if the one obtained is expired.

### 3. ADDITIONAL MEASURES

Risk Based Approach: A risk-based approach involves specific measures and procedures in assessing the most cost effective and proportionate way to manage the money laundering and terrorist financing risks faced by the Company. Such measures and procedures are:

- identifying and assessing the money laundering and terrorist financing risks emanating from specific customers, financial instruments, services, and geographical areas of operation of the Company and its customers;
- documenting in the risk management and procedures manual which is communicated to all employees of the Company, that manage, monitor or control in any way the customers' transactions and have the responsibility for the application of the practices, the policies, measures, procedures and controls to ensure their uniform application across the Company by persons specifically appointed for that purpose by the board of directors;
- managing and mitigating the assessed risks by the application of appropriate and effective measures, procedures and controls;
- continuous monitoring and improvements in the effective operation of policies, procedures and controls.

On implementing appropriate measure and procedures on a risk-based approach, and on implementing the customer identification and Due Diligence procedures, the Company consults data, information, and reports that are published on the websites of the following relevant international organizations.

- a. FATF – [www.fatf-gafi.org](http://www.fatf-gafi.org)
- b. UN Security Council Sanctions Committees-[www.un.org/sc/committees](http://www.un.org/sc/committees)
- c. International Money Laundering Information Network (IMOLIN) – [www.imolin.org](http://www.imolin.org)

#### 3.1 High Risk and Non-Cooperative Jurisdictions and FATF Recommendations

The company monitors countries which inadequately apply FATF recommendations and takes measures to prevent money laundering or terrorist financing that may emanate from jurisdictions, in particular, the countries listed in the High Risk and Non-Cooperative list such as Iran and the Democratic People's Republic of Korea (DPRK) from which no potential clients are accepted by the Company.

The Company performs enhanced checks and requests additional documents depending on the client's risk categorization

For clients that fall under:

**Category 1-** The documents requested are as described in the Company's Back office manual, Document 1 Identification and Document 2. Utility Bill.

**Category 2 –** Passport or two (2) forms of ID, (1) valid utility bill.

**Category 3 –** Only a passport can be accepted in this case and one (1) Utility bill and a bank statement. The documents must be certified by a Lawyer or a public notary, the name, the address and the signature of the person who has certified the documents as well as the date on which it was certified is to be included.

#### **4. ANTI-MONEY LAUNDERING COMPLIANCE OFFICER'S OBLIGATIONS**

The Anti-Money Laundering Compliance Officer's obligations have been set as follows:

- a. To design the internal practice, measures, procedures and controls relevant to the prevention on money laundering and terrorist financing and to describe and allocate the appropriateness and the limits of responsibility of each department that is involved.
- b. To establish the customers' acceptance policy and to submit it to the board of directors for consideration and approval.
- c. To prepare the anti-money laundering and terrorist financing policy.
- d. To monitor and assess the correct and effective implementation of the policy.
- e. To receive information from the employees which is the knowledge or suspicion of money laundering or terrorist financing activities or is possibly related to such activities.
- f. To provide guidance to the employees on subjects related to money laundering and terrorist financing.
- g. To establish the procedures to ensure high standards of integrity of its employees and a system to evaluate the personal, employment and financial history of these employees;
- h. On-going employee training programs, such as "know-your-customer" programs, and instructing employees with regard to the responsibilities.

#### **5. REVIEW OF POLICY**

The Anti Money Laundering and KYC Policy of the Company will be regularly reviewed and/or amended at minimum once a year or with any amendments and/or new provisions of the Act which took place during the year under review. The final policy is to be presented to the Board of Directors for review and feedback