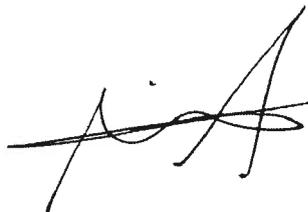


ThreeTrader Global Limited

AML/CTF POLICY

CUSTOMER IDENTIFICATION & VERIFICATION

Last updated on 9 Feb 2021

A handwritten signature in black ink, consisting of a stylized 'A' with a horizontal line through it, followed by a vertical line and a small flourish.

INTRODUCTION

In accordance with the Vanuatu AML/CTF Regulations (including the *AML&CTF Regulation Order No.122 of 2014*, the *AML and CTF Amendment Regulation No.153 of 2015*, and the *Anti-Money Laundering and Counter-Terrorism Financing Act No.13 of 2014* and its further amendments), ThreeTrader Global Limited must take all reasonable steps to attempt to identify, prohibit and prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities. As part of taking those reasonable steps, ThreeTrader Global has adopted this AML/CTF Policy ('Policy').

The Policy represent the basic standards of AML/CTF procedures of ThreeTrader Global and sets out the Customer identification and verification procedures (also referred to as "Know you Customer" or "KYC" procedures) for customers of ThreeTrader Global.

1 MONEY LAUNDERING & TERRORIST FINANCING

1.1 Money Laundering

Money laundering is the process by which money earned from illegal means is "washed" through legitimate systems and enterprises in order that is cleaned and eventually returned to the criminal in the form of legitimate money.

There are three stages of the money laundering cycle generally known as:

- (i) Placement - this represents the entry of "dirty" money into legitimate institutions;
- (ii) Layering - this is the most complex aspect of the money laundering cycle and usually consists of multiple transactions designed to obscure the identity of the person and/or an audit trail of the source of the funds. It could involve multiple electronic transfers or even the use of traded products and/or services. The intention is to change assets rapidly to a different form and to hide or disguise the original source of the funds. Accordingly, the transactions can take place through multiple licensees, possibly even using various products - anything which allows for the swift transfer of ownership and mechanisms which extend or make an audit trail difficult; and

- (iii) Integration - in this cycle, money is returned to the hands of the money launderer as legitimate funds and can be used for any purpose.

1.2 Terrorist Financing

Terrorist organisations require money to operate and rely on different types of funding including criminal activities such as smuggling, drug trafficking and donations from sympathisers (including foreign governments).

Small amounts can be used to commit individual terrorist acts. Terrorists can be funded from legitimate sources, such as donations from charitable organizations. Accordingly, it can be difficult to detect at what stage legitimate funds become terrorist property.

Terrorist infrastructure can be expensive to finance and funds are often controlled from a variety of sources and move across different jurisdictions via legitimate means.

Terrorist financing may not necessarily involve the proceeds of criminal conduct, but rather an attempt to conceal the origin or intended use of the funds, which will later be used for criminal purposes. Given that funds for terrorism can be obtained from legitimate sources, the terrorists financing cycle operates differently from the money laundering cycle. The aim of the terrorist is to move legitimate money into terrorist hands.

There are similarities and differences between money laundering and terrorist financing.

Differences include:

- Terrorist financing is an activity that supports future illegal acts, whereas money laundering generally occurs after the commission of illegal acts.
- Legitimately derived property is often used to support terrorism, whereas the origin of laundered money is illegitimate.

Similarities include:

- Terrorist organisations are often engaged in other forms of criminal activity which may in turn fund their activities.
- Both money laundering and terrorist financing require the assistance of the financial sector.

The key to the prevention of both money laundering and terrorist financing is the adoption of adequate Customer Identification Procedures.

2 CUSTOMER IDENTIFICATION PROCEDURES

The AML/CTF Regulations require any Reporting Entity (such as ThreeTrader Global) to carry out procedures to verify a customer's identity **before** providing a designated service to that customer and ongoing due diligence of customers must be conducted.

The level of information which must be collected is dependent on the identified ML/TF risk posed to ThreeTrader Global having regards to the following factors:

- (1) its customer types, including:
 - beneficial owners of customers;
 - any Politically Exposed Persons (refer to paragraph 5.1.3);
- (2) its customers' sources of funds and wealth;
- (3) the nature and purpose of the business relationship with its customers, including, as appropriate, the collection of information relevant to that consideration;
- (4) the control structure of its non-individual customers;
- (5) the types of designated services provided;
- (6) the methods by which the designated services are delivered; and
- (7) the foreign jurisdictions with which it deals.

ThreeTrader Global considers it important and seeks to assess the risk posed by each customer (as opposed to overall risks faced by ThreeTrader Global in respect to customers). This enables ThreeTrader Global to classify the risk posed by each customer as either low, medium or high. If the risk cannot be clearly determined, then ThreeTrader Global will rely on the risk assessment performed generally in respect to its customers.

In addition, in developing this AML/CTF Policy, compliance with the AML/CTF Regulations, which are prescriptive as to the level of identification and verification procedures required, were considered.

Of note, there are different customer identification and verification procedures for different customer types.

Customers

Customers include the following:

- individuals;
- companies;
- customers who act in the capacity of a trustee of a trust;
- customers who act in the capacity of a member of a partnership;
- incorporated associations;
- unincorporated associations;
- registered co-operatives; and
- Government bodies.

Agents

ThreeTrader Global may authorise another person to be its agent for the purposes of carrying out applicable customer identification (and verification) procedures on its behalf. Clearly, these procedures must be carried out in accordance with the AML/CTF Regulations.

In this case, there must be a written agreement in place for the management of the customer identification (and verification) records whereby ThreeTrader Global has access to the records made by the agent and may request a copy of the records made by the agent.

Intermediaries

If

- an intermediary (that is a Reporting Entity, being a licensed financial adviser) carried out the applicable customer identification procedures in respect of a particular customer to whom ThreeTrader Global provides (or proposes to provide) a designated service; and
- the customer identification procedures were carried out in accordance with the AML/CTF Regulations; and
 - (a) ThreeTrader Global has obtained a copy of the records made by the intermediary (referring Reporting Entity); **OR**
 - (b) there is an agreement in place for the management of the customer identification records whereby ThreeTrader Global has access to the

records made by the intermediary (or the referring Reporting Entity);
and

- ThreeTrader Global has determined that it is appropriate for it to rely upon the applicable customer identification procedures carried out by the intermediary having regard to the ML/TF risk faced by ThreeTrader Global relevant to the provision of its services to the customer; and
- such other conditions set out in the AML/CTF Regulations are satisfied,

then ThreeTrader Global can accept that the customer identification procedures have been carried out in respect of the customer by the other Reporting Entity i.e. the intermediary.

Based on the nature of ThreeTrader Global's business it is unlikely that it will seek to rely on another Reporting Entity to carry out the applicable customer identification procedures. However, the above is provided for information purposes.

Timing of Identification

(a) New Customers

All new customers are to be identified and their identification verified, in accordance with the procedures set out in this AML/CTF Policy, prior to the provision of any designated services.

(b) Pre-commencement

Identification procedures **may** be required in respect of certain customers in certain circumstances (refer to paragraph 3.12 below).

2.1 Effective Date

All new customers are required to be identified and their identification verified **BEFORE** any designated service is provided to them.

Further, where a review of a customer, business line or other circumstance results in a **change in the risk profile** of an **existing** customer, then the customer identification procedures described in this AML/CTF Policy are required to be implemented according to the assessed risk.

2.2 Customer Identification and Risk Management

Customer identification (also referred to as Know Your Customer or “KYC”) is an essential element in the ML/TF risk management process. ThreeTrader Global recognises that there is a risk to its business, including regulatory risks (of non-compliance with legislation) and a risk to its reputation should prospective or existing customers seek to utilise services offered by ThreeTrader Global for money laundering purposes or terrorism financing.

In accordance with the AML/CTF Regulations, ThreeTrader Global has adopted procedures (as set out in this AML/CTF Policy) that are risk based.

Representatives (or more generally, agents or intermediaries) will collect minimum KYC information from customers and perform risk assessment and verification procedures prior to accepting the customer.

Representatives (or agents or intermediaries) of ThreeTrader Global will record the KYC information, the verification methods used and the results of such verification in a central depository.

Where further information is required from customers, representatives of ThreeTrader Global (or its agents or intermediaries) will make formal requests for additional information and will carry out a check of the customer against public data, including the United Nations Sanctions List and Vanuatu Domestic Sanctions List.

2.3 Who will be identified

ThreeTrader Global has determined that it will identify and verify the person (or entity) who is the named investor (“account holder”) including beneficial owners and any person (or entity) that has control of “the account” (investment).

In other words, ThreeTrader Global considers those people who can give instructions to it (such as an agent of the customer or a person who the customer has authorised to act on their behalf) as to the operation of the account also need to be identified and verified.

Appendix 1 provides further information and guidance as to who ThreeTrader Global considers its customer for AML/CTF purposes.

2.4 Customer Identification and Verification

The AML/CTF Regulations are prescriptive as to the level of identification and verification procedures required.

Prior to establishing a relationship with a customer (i.e. opening an account), representatives (or the appointed agent of ThreeTrader Global or an intermediary) will **collect** the minimum KYC information and documents to verify the identity of the customer.

Full details of the minimum KYC information required for each type of customer and the documentation required to verify the identity of the customer are set out in the Customer Identification Checklists (refer to Appendix 2).

The information and supporting documentation will vary depending upon the customer type and that customer's risk profile.

The documented identification and verification procedures are mandatory and must not to be deviated from. They are designed to ensure that ThreeTrader Global is reasonably satisfied as to the identity/existence of the customer, and in the case of non-individual customers, information is collected and verified in respect of beneficiaries, members of governing bodies and beneficial owners.

Depending on the information obtained or the nature of the customer, additional information and/or verification may be required. Additional information may be required from the customer having regards to:

- (1) The prospective customer type including beneficial owners of the customer and whether the person is a Politically Exposed Person (“PEP”);
- (2) The customers' sources of funds and wealth;
- (3) The nature and purpose of the business relationship with its customers, including, as appropriate, the collection of information relevant to that consideration;
- (4) The control structure of its non-individual customers;
- (5) The products and designated services to be provided;
- (6) The delivery methods by which designated services will be provided; and
- (7) The foreign jurisdiction.

ThreeTrader Global seeks to determine the ML/TF risk posed by each customer as opposed to the overall risks faced by ThreeTrader Global in respect to customers for the provision of its designated services. The risk **ranking** procedure for new customers must be utilised by representatives (or agents or intermediaries) to categorise (or rank) a new customer and assess that new customer's risk profile as being high, medium or low.

2.5 How information is verified

Some of the information collected must be verified to ensure that ThreeTrader Global is reasonably satisfied as to the identity of its customer. This includes being reasonably satisfied that:

- (i) the customer exists or is who he/she claims to be (for all customer types);
- (ii) the names and either the date of birth or address of each ultimate beneficial owner have been verified, excluding a customer which is:
 - (a) a domestic listed public company and its majority owned subsidiary companies;
 - (b) a licensed company subject to regulatory oversight of Vanuatu Financial Services Commission (VFSC);
 - (c) a trust that is a managed investment scheme registered and subject to the regulatory oversight of VFSC;
 - (d) a trust that is an unregistered managed investment scheme that only has wholesale clients;
 - (e) a trust that is a Government superannuation fund;
 - (f) a Vanuatu Government entity; or
 - (g) a customer who is a foreign listed public company subject to disclosure requirements (whether by stock exchange rules or by law or enforceable means) to ensure transparency of beneficial ownership which are, or are comparable to, the requirements in Vanuatu;
- (iii) the name of each trustee and beneficiary or a description of each class of beneficiary are provided;
- (iv) the names and address of all partners are provided (for partnerships); and
- (v) the names of members of governing committees are provided (for associations). In the case of an unincorporated association, the person

who has been identified in accordance with the KYC procedures for individuals is the customer of ThreeTrader Global i.e. in his/her capacity as a member of the association.

Customer identity must be verified through:

- reliable and independent documentation;
- reliable and independent electronic data; or
- both of the above.

Reliable and independent documentation will generally be used to verify customer identity when appropriate documents are available or alternatively, electronic means will be used (using a reputable vendor).

ThreeTrader Global has developed Customer Identification Procedures Checklists. In developing these Checklists, ThreeTrader Global has determined using appropriate risk-based systems and controls -

With respect to individuals:

- (a) that ThreeTrader Global is satisfied that any document from which it verifies KYC information collected from a customer has not expired;
- (b) what reliable and independent documentation ThreeTrader Global will require a customer to produce for the purpose of verifying the customer's name and date of birth and/or residential address (as the case may be);
- (c) if any other KYC information collected from a customer is to be verified - what reliable and independent documentation may be used to verify that information;
- (d) whether, and in what circumstances, ThreeTrader Global is prepared to rely upon a copy of a reliable and independent document (rather than the original or a certified copy);
- (e) in what circumstances ThreeTrader Global will take steps to determine whether a document produced by a customer may have been forged, tampered with, cancelled or stolen and, if so, what steps it will take to confirm whether or not the document has been forged, tampered with, cancelled or stolen;
- (f) whether ThreeTrader Global will use any authentication service that may be available in respect of a document; and

- (g) whether, and how, to confirm KYC information collected from a customer by independently initiating contact with the person that the customer claims to be.

With respect to prospective customers other than individuals:

- (a) what and how many reliable and independent documents ThreeTrader Global will use for the purpose of verification;
- (b) whether a document is sufficiently contemporaneous for use in verification;
- (c) whether, and in what circumstances, ThreeTrader Global is prepared to rely upon a copy of a reliable and independent document (rather than the original or a certified copy);
- (d) in what circumstances ThreeTrader Global will take steps to determine whether a document produced by a customer may have been cancelled, forged, tampered with or stolen and, if so, what steps the reporting entity will take to confirm whether or not the document has been cancelled, forged, tampered with or stolen;
- (e) whether ThreeTrader Global will use any authentication service that may be available in respect of a document; and
- (f) whether, and how, to confirm information about a customer by independently initiating contact with the customer.

Reliable and independent electronic data may also be obtained if a representative (or agent or intermediary) is still uncertain about the true identity of the customer (even after obtaining documentary evidence from the customer).

In verifying the customer identity, any inconsistencies in the information obtained must be analysed.

In analysing the information (or documentation), ThreeTrader Global will consider whether there is a logical reason and consistent support (information) amongst the data provided, such as the customer's name, street address, post code and date of birth appear to be consistent with verification independent checks.

2.6 Discrepancies

If a discrepancy exists between information collected and verifying documents, then ThreeTrader Global (or its agent or intermediary) will take steps to resolve the discrepancy (where possible) and will record the steps taken. The action to be

taken will depend upon the discrepancy and will vary according to customer type and that customer's risk profile.

2.7 Disclosure Certificates

Where information is to be verified and it is not otherwise reasonably available from independent verification sources, a Disclosure Certificate may be provided from the customer (other than where the customer is an individual or a Government body). This will constitute a reliable and independent document.

ThreeTrader Global only accepts the Disclosure Certificates for those customers that have been classified or ranked as low to medium risk.

A Disclosure Certificate will not be accepted as suitable evidence to verify information where factors exist which result in the elevation of the ML/TF risk and the customer receives a high-risk classification (ranking).

In these circumstances where the identity cannot be readily verifiable to the reasonable satisfaction of ThreeTrader Global (or its agent or intermediary), the matter will be referred to a senior manager, who in consultation with the AML/CTF Compliance Officer, will determine whether ThreeTrader Global will accept the transaction (i.e. enter into a customer relationship).

2.8 When will additional KYC information be required

Based on an assessment of ML/TF risk ThreeTrader Global has identified certain risk variables which **will** trigger the requirement for additional KYC information and verification procedures to be performed (these depend upon customer type and that customer's risk profile).

The risk variables are:

- (1) Where the investor is physically present in, or is a corporation incorporated in, a prescribed foreign country¹;

¹ A prescribed foreign country means a foreign country declared by the regulations to be a prescribed foreign country for the purpose of the AML/CTF Regulations and relates to prohibiting or regulating the entering into of transactions with countries that may pose a substantial laundering or terrorism financing risk. This includes *Iran* and *North Korea*.

- (2) Where ThreeTrader Global is entering into (or proposing to enter into a transaction) and the party to the transaction is physically present in, or is a corporation incorporated in, a prescribed foreign country;
- (3) Where the prospective customer (natural person, director, member of governing body, beneficiary or beneficial owner) is named in a government list or a credible source's list;
- (4) Where the risk of terrorism is identified;
- (5) Where the customer or a beneficial owner is a PEP or an immediate family member or close associate of a PEP;
- (6) Foreign jurisdiction risk (individuals and non-natural persons) i.e. the place the customer is domiciled (located). In the case of non-natural person this includes officers and beneficial owners and beneficiaries;
- (7) In the case of a listed company, the foreign jurisdiction risk with respect to the location of the exchange on which the listed company is traded;
- (8) The customer or beneficial owner has sophisticated activities and/or has links with high risk foreign jurisdictions;
- (9) the customer's or beneficial owner's business activities place it in a higher risk category;
- (10) Where intermediaries exist that are not Reporting Entities;
- (11) Where intermediaries exist that are Reporting Entities and ThreeTrader Global does not have access to the record made by the intermediary and/or there is no agreement in place for the management of the customer identification records with that Reporting Entity.

In addition to the above, based on an assessment of ML/TF risk ThreeTrader Global has identified certain risk variables which **may** trigger the requirement for additional KYC information and verification procedures to be performed (these depend upon customer type and that customer's risk profile).

The risk variables are:

- (1) Where the prospective customer is not physically present for identification purposes;
- (2) Complex customer structures with numerous layers e.g. trusts;
- (3) The customer structure does not support the disclosed business of that customer e.g. in the case of partnerships;
- (4) Products & services risk;

(5) Services are provided via the internet.

3 GENERAL PROCEDURES

3.1 Customer refusing to provide information:

If a prospective customer either refuses to provide information when requested, or appears to have intentionally provided misleading information, ThreeTrader Global will not accept the Application Form (i.e. open the account) and will not do business with that prospective customer until the information has been provided and the customer identification and verification procedures as contained in this AML/CTF Policy have been satisfactorily completed.

If an existing customer either refuses to provide information when requested, or appears to have intentionally provided misleading information, then ThreeTrader Global, after considering the circumstances and ML/TF risks involved, will consider closing the account.

In either case, the AML/CTF Compliance Officer will be notified in order to determine whether the circumstances constitute a reportable matter and whether the risk classification of the customer should be increased.

3.2 Customer's true identity

If a representative (or agent or intermediary) forms a reasonable belief that, based on the documentation provided, the prospective customer is not who he/she/it purports to be, then to be reasonably satisfied as to the customer's true identity the representative (or agent or intermediary) must, within 14 days of forming this belief:

- (1) Collect additional KYC information in respect of the customer (refer to Appendix 2); or
- (2) Verify the KYC information already obtained from a reliable and independent electronic data source.

The AML/CTF Compliance Officer must be notified of the circumstances and he will carefully consider the risk classification of the prospective customer.

3.3 Lack of Verification and Tolerances

ThreeTrader Global recognises that there are prospective customers who are not able to provide the required verification documents or may not exist on electronic

data bases, such as the Land Titles Office e.g. individuals that live in rented accommodation.

Where ThreeTrader Global cannot be reasonably satisfied as to the identity of the customer, then the Board has determined that it will not enter into a customer relationship with the person.

Such cases are to be referred to the AML/CTF Compliance Officer who in turn, will also determine whether the circumstances are suspicious and may refer the matter to the Compliance Committee and the Board and relevant authorities (where required).

3.4 Forgery

Representatives (or agents or intermediaries) responsible for the collection and verification of KYC information are not required to necessarily investigate whether a document provided by a customer has been validly issued. For example, representatives (or agents or intermediaries) can rely on documents issued by a governmental or statutory body as reliable and independent documentation and thus, verification of a customer's identity.

If, however, the document exhibits signs of fraud (tampering with the document), then the matter must be immediately reported to the AML/CTF Compliance Officer and he will consider the factors in determining whether ThreeTrader Global can form a reasonable belief as to the customer's true identity.

3.5 Recording the collection and verification procedure

Representatives (or agents or intermediaries) responsible for the collection and verification of customer identification will record the verification procedure, including all identifying information provided by a customer, details of the verification methods used and the results of the verification.

Further, where a discrepancy arises (in the verification process) representatives (or agents or intermediaries) will record the method and result of the resolution of any discrepancy in identifying and verifying information.

Where reliance is placed on a document produced by the customer, a copy of that document is to be retained as part of the records. If representatives (or agents or intermediaries) obtain documents from electronic databases or from consumer agencies, copies of those documents are also to be retained.

Any additional information or verification procedures are to be documented and copies of any supporting documents (evidence) provided by the customer or obtained electronically by representatives (or agents or intermediaries) are to be retained as part of the records.

All customer identification records and any records made in respect of the verification process must be retained for at least six years after the closure of the customer account.

3.6 Requests for information from customers

If ThreeTrader Global determines that a prospective (or existing) customer has information that is likely to assist it in assessing, mitigating and managing its ML/TF risk, then ThreeTrader Global will provide notice to the prospective (or existing) customer requesting that information from them in accordance with Vanuatu Law. For example, a corporate customer may have a complex business structure for which the identification of the underlying beneficial owner is not readily identifiable. In this situation, requests will be made to the customer requesting clarity as to the structure. The format for such requests may refer to Appendix 3.

3.7 Standard for electronic data

ThreeTrader Global considers that data obtained from Vanuatu government sources (or those of an equivalent regulatory standing) is reliable and independent and thus, a suitable electronic data source to be used for verification purposes.

ThreeTrader Global has determined that it will also accept electronic data available from Authorized Service Providers (commercial carriers) provided the following criteria are met:

- (1) The carrier is authorised to store personal data;
- (2) The carrier uses a range of information sources that can be called upon to link an applicant to both current and previous circumstances;

- (3) The carrier accesses negative information sources, such as databases relating to identity fraud and deceased persons;
- (4) The carrier accesses a wide range of alert data sources; and
- (5) The process is transparent i.e. what checks were carried out, details of the results and the level of certainty as to the identity of the prospective customer.

3.8 Copies of identification documents

Where possible, identification documents provided by a prospective customer should be originals or certified copies. Where a customer provides copies of identification documents there is a risk of identity fraud. As a result, additional information is to be collected and verified when copies of identification documents only are provided using one or more of the following methods:

- (1) Contacting a customer by telephone prior to opening the account on a home or business number which has been verified (electronically or otherwise);
- (2) Contacting the customer by telephone prior to them being authorised to transact to welcome them. One of the purposes of this call is to verify additional aspects of personal identity information that have been previously provided;
- (3) Requiring that the first payment for a transaction be carried out from an account in the customer's name held in a Vanuatu bank or the bank of a comparable jurisdiction.

3.9 Electronic identification

Where a customer provides identification information electronically there is a risk of identity fraud. As a result, additional information is to be collected and verified when identification documents are only provided electronically using one or more of the following methods:

- (1) Obtain verification of information from reliable and independent electronic data source;
- (2) Contacting a customer by telephone prior to opening the account on a home or business number which has been verified (electronically or otherwise);
- (3) Contacting the customer by telephone prior to them being authorised to transact to welcome them. One of the purposes of this contact is to verify

additional aspects of personal identity information that have been previously provided;

- (4) Requiring that the first payment for a transaction be carried out from an account in the customer's name held in a Vanuatu bank or the bank of a comparable jurisdiction.

3.10 Verifying the identity of low to medium risk prospective customers

Where the prospective customer is assessed as a low to medium risk and circumstances arise whereby a representative (or agent or intermediary) suspects on a reasonable ground that the customer is not whom they claim to be, then the representative (or agent or intermediary) must within 14 days of forming the suspicion do one or more of the following:

- (1) carry out relevant KYC procedures depending on the customer type;
- (2) collect any additional KYC information in respect of the customer; and/or
- (3) verify the information from a reliable and independent source.

The representative (or agent or intermediary) may forward a notice (in the format set out in Appendix 3) requesting the information from the customer.

If after following the above procedure the representative (or agent or intermediary) is satisfied as to the customer's true identity, then the procedure is to be recorded and retained.

If after following the above procedure the representative (or agent or intermediary) is not reasonably satisfied that the customer is whom they claim to be, then the Application Form will not be accepted and the account will not be opened until such time that the file has been reviewed by the AML/CTF Compliance Officer and senior management.

A full report is to be provided to the AML/CTF Compliance Officer who, in consultation with senior management, will determine whether the account should be opened or whether the circumstances are suspicious enough to warrant the application being rejected and to determine whether it is a reportable matter.

3.11 Verifying the identity of high risk customers

ThreeTrader Global has implemented an enhanced Customer Due Diligence program to assess and collect further customer information in situations where it determines that:

- there is a high risk of ML/TF arising when providing a designated service to a customer;
- the customer is, or has a beneficial owner who is, a foreign PEP;
- ThreeTrader Global is entering into (or proposing to enter into a transaction) and the party to the transaction is physically present in, or is a corporation incorporated in, a prescribed foreign country; or
- one of the grounds for reporting a suspicious matter to Financial Intelligence Unit (FIU) has been met.

Refer to Appendix 2 for additional information.

Where the prospective customer is assessed (ranked) as a high risk and circumstances arise whereby a representative (or agent or intermediaries) suspects on a reasonable ground that the customer is not whom they claim to be, then the customer will not be accepted and the account will not be opened.

A full report is to be provided to the AML/CTF Compliance Officer immediately who, in consultation with senior management, will consider the circumstances and whether they are suspicious enough to confirm the application should be rejected and to determine whether it is a reportable matter.

3.12 Verification procedures for existing customers

If at any time, in providing a designated service to an existing customer, a circumstance arises whereby:

- a representative suspects on reasonable grounds that the customer is not whom they claim to be, or
- The reporting obligation of suspicious transactions/activity arises for ThreeTrader Global in relation to that customer,

then the representative must, within 14 days of forming the suspicion or the suspicious matter reporting obligation occurring, take one or more of the following actions:

- (1) carry out relevant customer identification procedures depending on the customer type and risk profile (unless these have already been carried out);
- (2) collect any additional KYC information in respect of the customer; and
- (3) verify the information from a reliable and independent source.

The representative may forward a request (in the format set out in Appendix 3) requesting the information from the customer.

If after following the above procedures the representative is satisfied as to the customer's true identity, then the details of the procedures are to be recorded and retained.

If after following the above procedures the representative is not reasonably satisfied that the customer is who they claim to be, then the matter must be brought to the immediate attention of the AML/CTF Compliance Officer.

The AML/CTF Compliance Officer, in consultation with senior management, will determine whether the circumstances are suspicious enough to warrant the account being placed in suspense or rejected and whether it is a further suspicious matter **and** thus, reportable.

4 INTERMEDIARIES AND AGENTS

4.1 Reliance on due diligence carried out by intermediaries (where that intermediary is a licensed financial advisor only)

ThreeTrader Global may rely on the information collected and verified from an intermediary (acting as a referring Reportable Entity) in complying with its customer identification and verification obligations. The intermediary must only be an entity providing a designated service to a particular customer i.e. the designated service provided by the intermediary involved it making arrangements for the customer to receive a designated service from ThreeTrader Global.

This will only be accepted in the following circumstances:

- (1) ThreeTrader Global has determined that it is appropriate for it to rely upon the applicable customer identification procedures carried out by the intermediary having regard to the ML/TF risk faced by ThreeTrader Global relevant to the provision of its services to the customer.
- (2) The intermediary is subject to AML/CTF obligations in Vanuatu (or an equivalent standard).
- (3) Where the intermediary makes copies of all verification documents collected and provides such copies to ThreeTrader Global or an agreement has been entered into whereby ThreeTrader Global has access to the records made by the intermediary.

4.2 Reliance on due diligence carried out by an agent (where that agent is another reporting entity)

As stated above, ThreeTrader Global may authorise another person to be its agent for the purposes of carrying out applicable customer identification (and verification) procedures on its behalf. Clearly, these procedures must be carried out in accordance with the AML/CTF Regulations. ThreeTrader Global may rely on the information collected and verified from an agent (another reportable entity) in complying with its customer identification and verification obligations.

This will only be accepted in the following circumstances:

- (1) ThreeTrader Global has determined that it is appropriate for it to rely upon the applicable customer identification procedures carried out by the agent having regard to the ML/TF risk faced by ThreeTrader Global relevant to the provision of its services to the customer.
- (2) The agent is subject to AML/CTF obligations in Vanuatu (or an equivalent standard).
- (3) Where the agent makes copies of all verification documents collected and provides such copies to ThreeTrader Global or an agreement has been entered into whereby ThreeTrader Global has access to the records made by the agent.

4.3 Sharing information with agents and intermediaries

ThreeTrader Global will share information about any customer seeking to utilise its services which it reasonable suspects of terrorist financing and/or money laundering with its appointed agents and any intermediary.

Information will be shared for the purposes of identifying and reporting activities that may involve acts of terrorism and/or money laundering activities and to determine whether to establish or maintain a customer or engage in a transaction on behalf of that customer.

ThreeTrader Global will follow strict procedures and share only relevant information. The information will be protected and it will remain confidential by segregating it from its other records.

5 RISK VARIABLES

5.1 Customer Types (including beneficial owners and PEPs)

5.1.1 Where a prospective customer is named in a government list or credible source

The United Nations and Vanuatu are each able to designate *persons* and entities as being subject to financial sanctions.

Further, in some circumstances persons and entities are subject to financial sanctions or measures similar to those issued by bodies such as the United Nations , FATF style bodies or government sanctioned bodies.

Such sanctions and measures can include a prohibition on making funds available to the *person* or entity or a more comprehensive asset freeze.

A Consolidated List of all persons subject to an asset freeze is maintained by the United Nations Security Council and is available at:

<https://www.un.org/sc/suborg/en/sanctions/un-sc-consolidated-list> .

It is a criminal offence to make funds or financial services available to targets named on the Consolidated List either directly or via their agent (lawyer, accountant, or other authorised representative).

Representatives (or agents or intermediaries) responsible for account opening (identifying and verifying prospective customers) may use third party software to determine whether the person or entity appears on the Consolidated List. Vendors will only be selected where all relevant lists are kept up to date and the vendors link to the software issued by the Federal Government and/or approved by UNSC.

Existing customers will also be screened at regular intervals relevant to the customer's ML/TF risk profile to determine whether the customer's name appears on the relevant lists.

ThreeTrader Global will adhere to all legislative directives issued in connection with such lists, including notification of information to the required enforcement agency.

Where a positive result is returned in respect of a customer i.e. the name appears on the relevant list, the AML/CTF Compliance Officer must be notified immediately and is responsible for overseeing the ongoing treatment of the customer and where applicable, making all reports, liaising with enforcement offices and reporting to the Compliance Committee and the Board.

Any requests for third party payments will require that the name of the third party be identified, verified and checked. Where a positive result is returned in respect of a third-party payee i.e. the name appears on the relevant list, the AML/CTF Compliance Officer must be notified immediately and is responsible for overseeing the ongoing treatment of the customer and where applicable, making all reports, liaising with enforcement offices and reporting to the Compliance Committee and the Board.

5.1.2 Terrorism risk

ThreeTrader Global implements UNSC Resolution 1267 and 1373 through the Charter of United Nations (Terrorism and Dealings with Assets) Regulations 2002.

Assets must be frozen the moment a person or entity is placed on the UN List. The names are automatically incorporated in the Consolidated List maintained by UNSC.

It is a criminal offence, carrying a penalty of up to 5 years imprisonment, to deal with the assets of a person or entity named on the Consolidated List.

ThreeTrader Global may utilise appropriate software in finding possible matches between customers and the names on the Consolidated List (i.e. a list maintained by UNSC of all persons and entities to which the AML/CTF Regulations currently apply).

If a customer's name is matched to a person or entity named on the Consolidated List then ThreeTrader Global are under an obligation to freeze assets or economic resources.

If a match is found or if it is not clear if there is in fact a direct match, the AML/CTF Compliance Officer is to be notified immediately.

The AML/CTF Compliance Officer will co-ordinate, under Board supervision, the notification to the appropriate authorities or seek assistance from the Federal Police in respect of a possible match as the case may be.

5.1.3 Politically Exposed Persons (PEP)

A PEP is defined in the *Anti-Money Laundering and Counter-Terrorism Financing Act No.13 of 2014* Part 1 - Preliminary.

PEPs are individuals who are, or have been, entrusted with prominent public positions or functions in a government body or an international organisation such as:

- head of a country or government
- government minister or other senior politician
- senior government official
- judge
- governor of a central bank
- senior foreign representative, ambassador, or high commissioner
- high-ranking member of the armed forces

- board chair, chief executive, or chief financial officer of, or other position that has comparable influence in, any State enterprise or international organisation

PEPs can pose a high money laundering risk as their position makes them vulnerable to bribery and corruption.

A PEP also includes a person who is an immediate family member or close associate to those described above.

Family members of a PEP include:

- (1) a spouse;
- (2) a de facto partner;
- (3) a child and a child's spouse or de facto partner; and
- (4) a parent.

Close associates of an individual who is a PEP means any individual who is known (having regard to information that is public or readily available) to have:

- (1) joint beneficial ownership of a legal entity or legal arrangement with a person who is a PEP; and
- (2) sole beneficial ownership of a legal entity or legal arrangement known to exist for the benefit of a person who is a PEP.

PEP status itself does not, of course, mean the individual should be rejected. It may, however, put a customer which is itself a PEP or where a director or beneficial owner is a PEP into a higher risk category, especially if domiciled abroad.

Business relationships with immediate family members or close associates of PEPs involve reputational risks similar to those with PEPs themselves. Furthermore, the definition is not intended to cover middle ranking or more junior individuals in the foregoing categories.

Procedures to establish if a person is a PEP

Whilst some individuals will be easily identified as PEPs due to widely available public documents or information, identifying a PEP is not always a straightforward exercise particularly in the case of family members or close associates. Accordingly, it is first necessary to establish that the person is a PEP.

ThreeTrader Global has established procedures to assess whether a customer or beneficial owner is a PEP as it has established a relationship with third party service providers whereby they will perform checks to verify the identity of the customer or beneficial owner and other risk assessments such as whether the person is a PEP (or lives in a high risk jurisdiction).

Risk based procedure where a customer is a PEP

Approval from the AML/CTF Compliance Officer is required for accepting a PEP as a customer. The degree of scrutiny will depend on various risk factors, including, but not limited to geographic risks i.e. the foreign jurisdiction in which the PEP resides.

5.1.4 Customers business activities/ operations constitute a high risk

Certain customers may present as high risk because of their business activities, such as cash business, arms dealer, gaming establishment, customers with financial links to high risk jurisdictions.

5.1.5 Level and volume of trading is not logical given customer's financial profile

A customer may present with a certain financial profile e.g. salary earner. However, the anticipated or actual frequency and volume of trading or investment exceeds the expected financial capability of the customer or the level of investment in the account is significant.

5.1.6 High net worth customers and individual investment mandates

These services are individualised services for high net worth customers and the provision of services is tailored to the customer's priorities. A wide range of products and services may be utilised including:

- (1) high value transactions;
- (2) use of sophisticated products;
- (3) non-standard investment solutions;
- (4) business conducted across different jurisdictions; and/or
- (5) overseas companies, trusts or personal investment vehicles.

5.2 The Customer's Sources of Funds and Wealth

ThreeTrader Global must establish a customer's sources of funds and wealth in order to assess the risk of the customer engaging in ML and/or TF. The sources of funds and wealth can be established during the risk assessment process.

5.3 The nature and purpose of the business relationship with customers

Due to the nature of its activities i.e. ThreeTrader Global is an issuer of OTC derivative products and transacting in the financial markets can incur losses, the risk of the customer engaging in ML and/or TF from the business relationship ThreeTrader Global has with its clients is considered low.

5.4 The control structure of its non-individual customer

Some customers may present with complex structures which have no commercial rationale, or with numerous layers, which result in difficulty in identifying the true beneficial owner.

5.5 Types of Designated Services

The risk of the customer engaging in money laundering and/or terrorism financing will differ depending upon the nature of the designated service offered. For example, the risk of a person laundering money by betting in a casino is greater than the risk of a person laundering money by trading financial products.

ThreeTrader Global has formed the view that the designated service it offers is a low ML/TF risk. This is on the basis that the designated service is an activity performed in well regulated financial markets i.e. the risk of a person using this type of product and/or service to launder money or finance terrorism is lower than other services such as the gaming industry or dealers in fine arts or commodities (such as gold and diamonds).

The procedures for assessing the customer risk, whilst considering the types of designated service offered, is set out at Annexure 8.

5.6 Methods by which we Deliver Designated Services

The way the designated service is delivered (e.g. over the internet as compared to face to face delivery) may impact upon the ability for a Reporting Entity to adequately assess and “know its customer”.

ThreeTrader Global acknowledges that in most circumstances it is unlikely that it will physically meet with its customers. This however, does not mean that the customer is high risk.

To mitigate and manage the ML/TF risks, a higher risk weighting is attached to the provision of designated services where there is no direct contact with the customer AND where the identification documents provided cannot be readily verified.

5.6.1 No Face-to-Face contact with customer - provision of services via the internet/phone

A higher risk weighting may be attached to the provision of designated services where there is no direct contact with the customer and where the identification documents provided cannot be readily verified i.e. where accounts are opened or correspondence is only via the telephone or internet (i.e. non face to face).

Depending upon the ML/TF risk of that customer (as determined by ThreeTrader Global), this may trigger the requirement for more comprehensive searches and further due diligence to be performed for that particular customer.

In other words, caution is to be exercised and more comprehensive searches (further due diligence) required where the identity of the customer cannot be verified with confidence.

5.6.2 Agents of customers

Where the customer is introduced by a person acting as the customer’s agent, customer identification procedures are to be undertaken in respect of both the

agent and the underlying customer i.e. ThreeTrader Global considers both the investor and the agent as its customer.

- If the agent is regulated and subject to AML/CTF obligations, then it will have conducted its own collection and verification of information with respect to the customer.

In this circumstance and in the absence of any other ML/TF risk variable (such as the customer being a PEP) representatives (or agents of ThreeTrader Global or intermediaries) may undertake the minimum KYC procedures relevant to the customer type and risk profile.

- If the agent is located in a foreign jurisdiction, both the intermediary and the customer will also undergo customer identification processes having regard to their foreign jurisdiction risk (refer to paragraph 5.7 below).

5.7 Foreign Jurisdictions

Certain foreign jurisdictions pose higher ML/TF risks than others due to the activities being conducted in those regions.

The AML/CTF Compliance Officer, under the direction of the Board, will ensure that any government or FATF findings concerning the approach to money laundering and terrorism financing prevention in particular countries or jurisdictions is assessed and appropriate changes to the AML/CTF Policy (and all compliance procedures) are made and communicated to all representatives, depending on their level of responsibility.

Procedures followed by ThreeTrader Global when determining if a foreign jurisdiction is of high risk include consideration of the following:

- (1) non FATF members;
- (2) appear on the lists of credible sources as having high levels of corruption;
- (3) banking secrecy havens;
- (4) do not have a comparable AML/CTF regulatory environment to that of Vanuatu;

- (5) are subject to financial sanctions by the UN or are identified by the UN as providing funding or support for terrorist activities or which have terrorist organizations operating within them;
- (6) are subject to sanctions by bodies such as the UN, but which may not be universally acknowledged; and
- (7) are identified by credible sources as providing funding or support for terrorist activities or which have terrorist organizations operating within them.

Appendix 1: Who Has To Be Identified And Verified For AML/CTF Purposes

For AML/CTF purposes, all beneficial owners and potentially any person that has control of the investment/transaction account with ThreeTrader Global must be identified, verified and potentially risk assessed.

Type of Account	Who is the customer
Individual	<ul style="list-style-type: none"> The individual
Corporation	<ul style="list-style-type: none"> The corporation The beneficial owners (shareholders) <p>Other potential persons to identify and verify include:</p> <ul style="list-style-type: none"> The Directors; Persons authorised to act on the account
Trust	<ul style="list-style-type: none"> The trust The trustee (refer details for individual and corporations above) The beneficiaries of the trust
Partnerships	<ul style="list-style-type: none"> The partnership The partners
Incorporated Association	<ul style="list-style-type: none"> The association The members of the governing body
Unincorporated association	<ul style="list-style-type: none"> The individual establishing the account The members of the governing body
Registered Co-operative	<ul style="list-style-type: none"> The co-operative The members of the governing body if ML/TF risk profile is high
Government body	<ul style="list-style-type: none"> The body The controllers
Persons with authority to operate account/Power of Attorney	<ul style="list-style-type: none"> The principal The attorney/agent

Appendix 2: Customer Identification Checklists

Customer Type	Minimum KYC Information	Additional KYC Information
Individual	<ol style="list-style-type: none"> 1) Full name and/or names used 2) Date of Birth 3) Residential address 	<ol style="list-style-type: none"> 1) Any other name that the individual is known by 2) The individual's country(ies) of citizenship 3) The individual's country(ies) of residence 4) The nature of the individual's business with us 5) The income or assets available to the individual 6) The source of funds 7) Financial position
Sole Trader	<ol style="list-style-type: none"> 1) Full name and/or names used 2) Date of Birth 3) Full business name (if any) under which the customer carries on his or her business 4) Full address of the customer's principal place of business (if any) or the customer's residential address 5) Any Business Number issued to the customer 	Same as for Individual
Domestic Company	<ol style="list-style-type: none"> 1) Full name of the company as registered by VFSC 2) Full address of the company's registered office 3) Full address of the company's principal place of business (if any) 4) The Company Number issued to the company 5) The type of the company - proprietary or public 	<ol style="list-style-type: none"> 1) Full business name (if any) of the company as registered under any State or Territory business names legislation 2) The date upon which the company was registered by VFSC 3) The name of any company secretary 4) The nature of the business conducted by the company

	6) The name of each director of the company	5) The name, residential address and date of birth of each beneficial owner of the company
Registered Foreign Company	<ol style="list-style-type: none"> 1) Full name of the company as registered by VFSC 2) Full address of the company's registered office in Vanuatu 3) Full address of the company's principal place of business in Vanuatu (if any) or full name and address of the company's local agent in Vanuatu 4) The Company Number issued to the company 5) The country in which the company was formed, incorporated or registered 6) The relevant foreign registration body of the company and the type the company is registered as (if any) 7) If the company is registered as a private company by the relevant foreign registration body, the name of each director of the company 	<ol style="list-style-type: none"> 1) Full business name (if any) of the company as registered under any State or Territory business names legislation 2) The date upon which the company was registered by VFSC 3) The name of any company secretary 4) The nature of the business conducted by the company 5) The name, residential address and date of birth of each beneficial owner of the company 6) The date upon which the company was formed, incorporated or registered in its country of formation, incorporation or registration 7) Full address of the company in its country of formation, incorporation or registration as registered by the relevant foreign registration body

<p>Unregistered Foreign Company</p>	<ol style="list-style-type: none"> 1) Full name of the company 2) The country in which the company was formed, incorporated or registered 3) If the company is registered by the relevant foreign registration body, <ol style="list-style-type: none"> (i) Any identification number issued to the company by the relevant foreign registration body, upon the company's formation, incorporation or registration; (ii) Full address of the company in the country of formation, incorporation or registration as registered by the relevant foreign registration body; and (iii) The type the company is registered as by the relevant foreign registration body. 4) If the company is registered as a private company by the relevant foreign registration body, the name of each director of the company 	<ol style="list-style-type: none"> 1) Full business name (if any) of the company as registered under any State or Territory business names legislation 2) The name of any company secretary 3) The nature of the business conducted by the company 4) The name, residential address and date of birth of each beneficial owners of the company 5) The date upon which the company was formed, incorporated or registered in its country of formation, incorporation or registration
<p>Trustee</p>	<ol style="list-style-type: none"> 1) Full name of the trust 2) Full business name (if any) of the trustee in respect of the trust 3) The type of the trust 4) The country in which the trust was established 5) Full name of the settlor of the trust 6) If any of the trustees is an individual, information collection from the trustee follows the minimum KYC information for individuals 	<ol style="list-style-type: none"> 1) Full business name (if any) of the trustee in respect of the trust 2) Full name and address of each trustee 3) Full name of any beneficiary 4) A certified copy or certified extract of the trust 5) Full name of the trust manager (if any) or settlor (if any) in respect of the trust

Partnership	<ol style="list-style-type: none"> 1) Full name of the partnership 2) Full business name (if any) of the partnership as registered under business name legislation 3) The country in which the partnership was established 4) In respect of one of the partners, the KYC information required to be collected is the same as that required for individuals 	<ol style="list-style-type: none"> 1) Full name and residential address of any partner 2) The respective share of each partner in the partnership 3) The business of the partnership 4) The date upon which the partnership was established 5) A certified copy or certified extract of the partnership agreement
-------------	--	--

Appendix 3: Format Of Requests For Information From Customers

Customer Identification Procedures

ThreeTrader Global Limited complies with its legislative obligations, which includes the AML&CTF Regulation Order No.122 of 2014, the AML and CTF Amendment Regulation No.153 of 2015, and the Anti-Money Laundering and Counter-Terrorism Financing Act No.13 of 2014 and its further amendments. This requires ThreeTrader Global to collect and verify information relating to the identity of its customers, including, in some cases, existing customers.

You have: **TAILOR**

- Made a request to open a new account;
- Made a request to be a signatory or authorised user of the account;
- Advised of a significant change in the structure of the entity which holds an account with ThreeTrader Global;
- **Insert other customer risk triggers.**

In order to comply with our obligations under the Laws, we request that you provide the following information within 14 days of the date of this request.

- **Enter details**

Should ThreeTrader Global not receive the information requested from you within the time specified in this notice, then we may have to instigate one or more of the following:

- (1) refuse to commence to provide services to you;
- (2) refuse to continue to provide services to you;
- (3) restrict or limit the provision of our services to you

until such time as you provide the information requested.

Dated:

Signed