



KYC and AML Policy

Know Your Customer (KYC) and Anti Money Laundering (AML) Policy

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Know Your Customer (KYC) guidelines and Anti Money Laundering (AML) Preamble

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PREAMBLE

In terms of the Guidelines issued by *ExxiCapital LLC* on Know Your Customer (KYC) Standards and Anti Money Laundering (AML) measures, Financial Institutions and Service Providers are required to put in place a comprehensive policy framework covering KYC Standards and AML Measures. The guidelines issued by ExxiCapital LLC consider the recommendations made by the Financial Action Task Force (FATF) and inter government agency, on AML Standards and on combating financing terrorism. The guidelines also incorpor

ate aspects covered in the Basel Committee document on customer due diligence which reflects the International Financial Community's resolve to assist law enforcement authorities in combating financial crimes.

This policy document is prepared in line with ExxiCapital LLC guidelines and incorporate the Company's approach to customer identification procedures, customer profiling based on the risk perception and monitoring of transactions on an ongoing basis.

The objective of KYC guidelines is to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering activities.

1. Definition of Money Laundering Offence

According to Section 5 on Interpretation held in the [Anti-Money Laundering and Countering Financing of Terrorism Act 2009](#) of New Zealand

“Money Laundering Offence means an offence against section 243 of the Crimes Act 1961 or section 12B of the Misuse of Drugs Act 1975 or any act committed overseas that, if committed in New Zealand, would be an offence under those sections of those Acts.”

Money launderers use the banking system and any related services for cleansing 'dirty money' obtained from criminal activities with the objective of hiding/disguising its source. The process of money laundering involves creating a web of financial transactions to hide the origin and true nature of these funds.

For this document, the term money laundering would also cover financial transactions where the end use of funds goes for terrorist financing irrespective of the source of the funds.

2. Obligations under

[Anti-Money Laundering and Countering Financing of Terrorism Act 2009](#)

This AML/CFT Act, under Part 1, Section 6, places obligation of reporting on every Company, Financial Institution and Intermediary, according to the following:

- a. in the case of a reporting entity that is a financial institution, the financial activities undertaken by that entity fall within the activities described in the definition of financial institution; or
- b. a reporting entity, that is not a financial institution, is carrying out activities that may give rise to a risk of money laundering or financing of terrorism.

And it widely exposes its fulfillment under Parts 2, 3 and 4:

These requirements would come into effect by steps, starting 2009, all of them already implemented at the time of this guidelines are written and approved.

3. Money Laundering – Risk Perception

Money Laundering activities expose the Company to various risks such as operational risks, reputation risk, compliance risk and legal risk.

4. Policy Objectives

- i. To prevent criminal elements from using the Companying System for money laundering activities.
- ii. To enable the Company to know/understand the customers and their financial dealings better, this, in turn, would help the Company to manage risks prudently.
- iii. To put in place appropriate controls for detection and reporting of suspicious activities in accordance with applicable laws/laid down procedures.
- iv. To comply with applicable laws and regulatory guidelines.
- v. To take necessary steps to ensure that the concerned staff are adequately trained in KYC/AML procedures.

5. Scope

This policy is applicable to all branches/offices of the Company and is to be read in conjunction with related operational guidelines issued from time to time.

6. Definition of a Customer

A Customer for the purpose of this policy is defined as:

- (i) A person or an entity that maintains an account and/or has a business relationship with the Company.
- (ii) One on whose behalf the account is maintained {i.e. the beneficial owner}.
- (iii) Beneficiaries of transactions conducted by professional intermediaries, such as Stockbrokers, Chartered Accountants, Solicitors etc. as permitted under the law and
- (iv) Any person or entity connected with a financial transaction.

7. Key Elements of the Policy

- Customer Acceptance Policy
- Customer Identification Procedures
- Monitoring of Transactions
- Risk Management

7.1. Customer Acceptance Policy

The Company will:

- (i) Classify customers into various risk categories and based on risk perception decide on acceptance criteria for each category of customers:
- (ii) Accept customers after verifying their identity as laid down in Customer Identification Procedures:
- (iii) Not open accounts in the name of anonymous / fictitious / benami persons:
- (iv) Strive not to inconvenience the general public, especially those who are financially or socially disadvantaged.

7.2. Customer Identification Procedures

The first requirement of customer identification procedure is to be satisfied that a prospective customer is who he/she claims to be.

The second requirement of customer identification procedures is to ensure that sufficient information is obtained on the nature of the business that the customer expects to undertake and any expected or predictable pattern of transactions.

The information collected will be used for profiling the customer.

Identity to be verified for:

- The named account holder
- Beneficial owners
- Signatories with granted access to an account and

- Intermediate parties.

The Customer Identification Procedures are to be carried out at the following stages:

- While establishing a Companying relationship:
- When the Company feels it is necessary to obtain additional information from the existing customers based on the conduct or behavior of the account.

Wherever applicable, information on the nature of business activity, location, mode of payments, volume of turnover, social and financial status etc. will be collected for completing the profile of the customer.

Customers will be classified into three risk categories namely High, Medium, and Low, based on the risk perception. The risk categorization will be reviewed periodically.

Customer Identification will be carried out in respect of non-account holders approaching Company for high value one-off transaction as well as any person or entity connected with a financial transaction which can pose significant reputational or other risks to the Company.

7.3. Monitoring of Transactions

Monitoring of transactions will be conducted taking into consideration the risk profile of the account. Special attention will be paid to all complex, unusually large transactions and all unusual patterns, which have no apparent economic or viable lawful purpose. Transactions that involve large amounts of cash inconsistent with the normal and expected activity of the customer will be subjected to detailed scrutiny.

After due diligence at the appropriate level in the Company, transactions of suspicious nature and/or any other type of transaction notified under PML Act, 2002 will be reported to the appropriate authority and a record of such transactions will be preserved and maintained for a period as prescribed in the Act.

7.4. Risk Management

While the Company has adopted a risk-based approach to the implementation of this Policy. It is necessary to establish appropriate framework covering proper management oversight, systems, controls, and other related matters.

Company's Internal Audit of compliance with KYC/AML Policy will provide an independent evaluation of the same including legal and regulatory requirements. Concurrent/Internal Auditors shall specifically check and verify the application of KYC/AML procedures at the branches and comment on the lapses observed in this regard. The compliance in this regard will be placed before the Audit Committee of the Board at quarterly intervals.

All employee training programs will have a module on KYC Standards – AML Measures so that members of the staff are adequately trained in KYC/AML procedures.

The Principal Officer designated by the Company in this regard will have an important responsibility in managing oversight and coordinating with various functionaries in the implementation of KYC/AML policy.

8. Customer Education

The Company recognizes the need to spread awareness on KYC, Anti Money Laundering measures and the rationale behind them amongst the customers and shall take suitable steps for the purpose.

9. AML and KYC in the introduction of new technologies and operations based in cryptocurrencies

Company will pay special attention to the money laundering threats arising from new or developing technologies and take necessary steps to prevent its misuse for money laundering activities. Company will ensure that appropriate KYC Procedures are duly applied to the customers using the new technology driven products.

In the specific case of operations related to cryptocurrencies and wherever the client makes deposits or withdrawals in the same Solidary Markets guarantees the same level of control as in FIAT currency operations. Origin control is guaranteed by identifying and registering the electronic wallet from which the origin or destination of the funds is held.

Likewise, ExxiCapital LLC requires the completion of a form by the client or provider, which guarantees the knowledge of the origin of the funds.

ExxiCapital LLC, lastly, guarantees immediate communication to the relevant monetary/regulatory authorities of any unjustified or suspicious movements carried out in the cryptocurrency domain.

ExxiCapital LLC will introduce quarterly improvements to its cryptocurrency transaction flow control policies to remain at the optimum control point and information in this regard.

10. KYC for the existing accounts

While the KYC guidelines will apply to all new customers, the same would be applied to the existing customers based on materiality and risk. However, transactions in existing accounts would be continuously monitored for any unusual pattern in the operation of the accounts. On the basis of materiality and risk the existing accounts of companies, firms, trusts, charities, religious organizations and other institutions are subjected to minimum KYC standards which would establish the identity of the natural/legal person and those of the 'beneficial owners'.

Similarly, the Company will also ensure that term/recurring deposit accounts are subject to revised KYC procedures at the time of renewal of the deposits based on materiality and risk.

11. Correspondent Companying

This policy will apply to our dealings with correspondent Company's. For correspondent Companying relationship an appropriate due diligence procedure will be laid down keeping in view KYC standards existing in the country where the correspondent Company is located and the track record of the correspondent Company in the fight against money laundering and terrorist financing.

12. Principal Officer [Money Laundering Reporting Officer]

Company has designated a senior officer as Principal Officer who shall be responsible for implementation of and compliance with this policy. His Experience and Solid Academic background will be our guarantee of compliance at any time.

His illustrative duties are as follows:

- Monitoring the implementation of the Company's KYC/AML policy.
- Reporting of transactions and sharing of the information as required under the law.
- Maintaining liaison with law enforcement agencies.
- Ensuring submission of periodical reports to the top Management / Board.

12. Review of the Policy

The policy will reviewed be at yearly intervals or as and when considered necessary by the Board.

ExxiCapital LLC, St. Vincent Grenadines