

## AML & KYC POLICY

Effective from 01.12.2023 until Further Notice

### REGULATORY FRAMEWORK

Money laundering is the manipulation of illegally acquired wealth in order to obscure its true nature or source. The goal of money laundering is to place illegal money in the formal financial system without arousing suspicion. Secondly, to transfer and move money around in a series of complex transactions, so it becomes difficult to trace its original source.

The legislation mentioned below was affected to prevent money laundering:

**FICA (FINANCIAL INTELLIGENCE CENTRE ACT):** Provides for the established of the Financial Intelligence Centre and it creates obligations for accountable institutions. It also regulates the reporting of terrorist related activities and makes non-compliance with the Act a criminal offence.

**POCA (PREVENTION OF ORGANISED CRIME ACT):** This act deals with money laundering, racketeering and criminal and civil forfeiture. POCA sets out money laundering offences. It also creates a general reporting obligation for businesses coming into possession of suspicious transactions.

**POCDATARA (PROTECTION OF CONSTITUTIONAL DEMOCRACY AGAINST TERRORISM AND RELATED ACTIVITIES):** This act provides for new reporting obligations under FICA. The reporting of suspicious and unusual transactions was extended to cover transactions relating to property which is connected to an offence relating to the financing of terrorist and related activities, or to the financing of terrorist related activities. *It is the responsibility of XMR Markets to:*

- Guard against crime and unlawful practices
- Report alleged or attempted crimes and unlawful or unethical activities to persons in authority without protecting any party involved.



## DUTY TO ESTABLISH AND VERIFY CLIENT'S IDENTITY

XMR Markets (Pty) Ltd is required to obtain specific information concerning the identity of its clients. There are different types of clients, and each of them requires their own identification and verification.

### Verification Documents:

XMR Markets' representatives must complete the verification procedure on all transactions. An institution which fails to obtain or verify the particulars referred to in the "Know your Client" checklists or, is guilty of an offence and on conviction liable to imprisonment for a period of 15 years or a fine of R100 million.

XMR Markets requires two different documents to verify the identity of natural Clients. The first document we require is a legal government-issued, identifying document with the picture of the Client on it. It may be a government-issued passport, driver's license (for countries where the driver's license is a primary identification document) or a government issued ID card.

The second document we require is a bill with the Client own name and actual address on it issued 3 months ago at the earliest. It may be a utility bill, a bank statement, or any other document with the Clients name and address from a nationally recognized organization.

Clients are required to submit up to date identification and contact information in a timely manner, as soon as changes occur. XMR Markets requires all deposits, where the name of the originating Client is present, to come from the name matching the name of the Client in our records. Third party payments are not accepted. As for withdrawals, money may be withdrawn from the same account and by the same way it was received. For withdrawals where the name of the recipient is present, the name must exactly match the name of the Client in our records. If the deposit was made by wire transfer, funds may be withdrawn only by wire transfer to the same bank and to the same

account from which it originated. If the deposit was made by means of electronic currency transfer, funds may be withdrawn only by the means of electronic currency transfer through the same system and to the same account from which it originated.

### Maintaining the correctness of Client's Particulars:

XMR Markets must take reasonable steps, in respect of an existing business relationship, to maintain the correctness of particulars which are susceptible to change. The "Know your Client" procedure must be performed with every time XMR Markets enters into a transaction with the client. Should any of the employees become aware of changes in the client's particulars, the new information should immediately be obtained.



#### Additional Measures when representing another:

XMR Markets must, in addition to the normal identification and verification requirements, obtain from the person information which provides proof of his authority to act on behalf of a client. This includes a Mandate or Power of Attorney.

## RISK BASED APPROACH

XMR Markets must verify certain particulars against information which **can be reasonably expected to achieve such verification** and is obtained by **reasonably practical means**.

This requirement applies to high-risk clients only, and they will have to be subjected to a higher degree of due diligence than lower risk clients. This implies that the greater the risk, the higher the level of verification and the more secure the methods of verification used, should be.

## DUTY TO MAINTAIN RECORDS

*Section 22* of the FIC Act refers to records to be kept by Accountable Institutions (AI) in respect of the identification and verification process undertaken by them whenever it establishes a business relationship or concludes a transaction with a client, whether that transaction is a single transaction or one concluded in the course of a business relationship. Failure to keep records or provide assistance to the Centre is an offence, and on conviction one is liable for imprisonment not exceeding 15 years or a fine not exceeding R100 Million.

#### Recordkeeping period:

*Business Relationship:* The records must be kept for at least 5 years from the date on which the business relationship is terminated. *Transaction:* The records in respect of the single transaction must be kept for at least 5 years from the date on which the transaction is concluded. *Suspicious Transaction Reporting:* If a transaction was reported to the Centre, then these records must be kept for at least a period of 5 years from the date on which the report is made. The need to maintain adequate records for at least 5 years gives effect to the provisions of the FIC Act and is essential to assist with the ultimate investigation and prosecution of crime if applicable.



## REPORTING OF SUSPICIOUS AND UNUSUAL TRANSACTIONS

The FIC Act provides for the reporting of suspicious and unusual transactions. The reporting of suspicious and unusual transactions is regarded as an essential element of the anti-money laundering programme of every country. Where there are signs of suspicious activity that suggest money laundering, additional due diligence will be performed before proceeding with the transaction. If a reasonable explanation is not determined, the suspicious activity shall be reported in compliance with FIC Act by XMR Markets.

## DUTY TO TRAIN EMPLOYEES

XMR Markets must provide training to all of its employees to enable them to comply with the provisions of the FIC Act and the internal rules applicable to them as well as this AML & KYC Policy.