

## **Anti-money Laundering Policy**

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## Introduction

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Scope Markets Ltd (hereinafter the "Company") is incorporated under the laws of Belize with Registration number, 145,138 having its registered office at 6160, Park Avenue, Buttonwood Bay, Lower Flat Office Space Front, Belize City, Belize. Scope Markets Ltd is regulated by the Financial Services Commission of Belize (FSC) under license numbers 000274/325 and 000274/324.

The Policy is provided by the Company to its Clients to assist them understand the procedures followed by the Company to be in compliance with the anti-money laundering and terrorist financing laws and regulations.

As part of our commitment to maintaining the highest ethical standards, and to adhering to all relevant regulations, it is the Company's obligation to prohibit and actively prevent money laundering and terrorist financing. This commitment does not only refer to the direct laundering of money, but also to any activity that facilitates money laundering as well as the funding of terrorist or criminal activities.

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## Legislative Background of Money Laundering:

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Money Laundering is the process by which criminals attempt to hide and disguise the true origin and ownership of the proceeds of their criminal activities, thereby avoiding criminal prosecution, conviction and confiscation of the illegally obtained funds. The main money laundering stages are:

1. **Placement:** cash are placed into the financial system or retail economy or are smuggled out of the country. The aims of the launderer are to remove the cash from the location of acquisition so as to avoid detection from the authorities and to then transform it into other asset forms for example: travellers' cheques or postal orders
2. **Layering:** is the first attempt at concealment or disguise of the source of the ownership of the funds by creating complex layers of financial transactions designed to disguise the audit trail and provide anonymity
3. **Integration:** the money is integrated into the legitimate economic and financial system and is assimilated with all other assets in the system. Integration of the "cleaned" money into the economy is accomplished by the launderer making it appear to have been legally earned

### Money Laundering Offences:

A person guilty of an offence under the provisions of section 3 of the Act, shall be punishable on conviction:

- **Natural person**, with a fine which shall not be less than fifty thousand dollars, but which may extend to two hundred and fifty thousand dollars, or with imprisonment for a term which shall not be less than five years but which may extend to ten years, or with both such fine and term of imprisonment;
- **Legal person or other entity**, with a fine which shall not be less than one hundred thousand dollars, but which may extend to five hundred thousand dollars.

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## Purpose:

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The prevention of money laundering and terrorist financing is of critical importance for the Company's integrity and reputation, and it is the company's main responsibility to identify, report and take measures against money laundering and financing terrorism. For this reason, in order for the Company to prevent the money laundering activities through its services, the following steps are followed:

- Identify and verify the identity of the client by requesting his/her legal documentation.
- Obtain information on the purpose and nature of business relationship.
- Ongoing Monitoring of Clients Activities and Transactions in order to investigate all the suspicious transactions and activities within the Company.
- Identify and report any suspicious activities.
- Maintains all transactions records for at least five years after the termination of the business relationship.

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## Company Procedures

### Client Risk Assessment:

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The Company has identified its business-wide risk in which the Company is exposed to Money Laundering/ Terrorist Financing /TF risk (hereinafter referred to as "ML/TF"). The Company has identified and assessed the ML/TF risk in which is associated with the products and services it offers, the jurisdictions it operates in, the customers it attracts and the transaction or delivery channels the Company is using to service its clients.

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## Identification of Money laundering risks

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Risk factors including:

- our clients;
- the products and services we provide;
- the countries that our clients operate in;
  - the transactions we are involved in; and
- the delivery channels.

### Risk factor 1: Our clients

- The Company identifies the type of clients that its business serves and assesses whether these are known to be frequently used by money launderers.
- The Company separates the clients by industry, size or type (eg, individual, trust, LLP or limited company).

In order to identify all the types of clients that the Company serves, we:

- consider whether any of our principals have industry specialists;
- review our website or promotional material for references to client industry or nature

- consider whether there are certain types of clients that require senior management approval at take-on.

The Company then assesses the risk of money laundering associated with each of those client types. When assessing client risk, we are also considering whether there are any characteristics that are known to be used by money-launderers.

Once the Company has assessed the level of risk associated with each client type, it then identifies any mitigating actions that need to be taken to address this risk. This may include enhanced due diligence, senior management approval at take-on, or updating client due diligence on a very frequent basis.

#### Risk factor 2: Products and services we provide

- The Company identifies all the services that it offers and assesses whether these could be used by criminals to launder money. In order to identify all the services, we use, the Company takes the following into consideration: the services we are authorised to provide under our license from FSC.

Once the Company has assessed the level of risk associated with each service type, it identifies any mitigating actions that it already has in place or plans to take to address the risk.

#### Risk factor 3: The countries that our clients reside/operate in

The Company identifies the countries that our clients reside/operate in:

- the countries our clients are based in or operate from;
- where our clients obtain their funding from;

The Company then assesses the risk of money laundering associated with each of those countries. When assessing geographic risk, the Company considers factors such as whether there is a perception of corruption in that country, whether there is known to be criminal activity or if the country is on the sanctions list.

#### Risk factor 4: The transactions we are involved in

The Company identifies any transactions that it could facilitate and assesses the risk that these transactions could be related to the proceeds of a crime or terrorist financing.

The Company identifies the types of transactions that pass through our clients' money account and assesses the risk associated with each of these types of transaction.

Withdrawals and Deposits processed by the Company's Backoffice Department could also be used to support criminal activity or effect illegal transactions.

The Company then documents its risk assessment of the transactions that it is involved in.

The Company identifies how to mitigate or plans to mitigate those risks. We have set out further guidance on how to address the risks below.

#### Risk factor 5: Delivery channels

The Company identifies all the methods of interaction it has with its clients. Some delivery channels can increase risk because they can make it more difficult to determine the identity of a client.

Factors to consider are:

- whether we meet our clients face-to-face;

- whether our clients are introduced through an intermediary and whether the Company only corresponds with that intermediary;
- the extent to which the Company relies on the Client Due Diligence (hereinafter referred to as “CDD”) of the referrer or intermediary (and the procedures we employ to justify reliance) or the quality of evidence obtained from them to support our own CDD.

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## Identification Procedures:

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According to the AML Laws and Regulations, the Company is under an obligation to confirm and verify the identity of each customer who establishes a business relationship with the Company. Hence, the following KYC (Know your customer) Documents are request for each of the below categories of clients:

For Individual Clients:

**The following types of identity verification are acceptable:**

- Current valid passport (showing the first page of the local or international passport, where the photo and the signature are clearly visible); or
- Driving licence which bears a photograph; or
- National identity card (showing both front and back pages)

**Proof of Identity (POI) core characteristics:**

- If the proof of Identity has expired – is not accepted
- Proof of Identity must always bear a client’s photo
- Coloured copies, both sides of the Proof of Identity
- All Sides of the Document to be visible (not cropped)
- The Driving License needs to be issued by a Government/ Public Authority
- **Issuance and expiration date must be clear and visible.**

**The following types of address verification are acceptable:**

- Documents proving current permanent address (such as utility bills, bank statements, etc.) containing the client’s full name (name/surname) and place of residence. These documents should not be older than 3 months from the date of filing.

For Legal persons (Entities):

The data and information that are used for the construction of the Client-legal identification and due diligence shall include, the following:

**Limited Liability Entity:**

- Certificate of incorporation or equivalent.
- Certificate of directors and secretary or equivalent.
- Certificate of registered address
- Certificate of shareholders or equivalent.

**If all the above cannot be provided, please provide us with a recent (up to 6 months)**

**Certificate of Incumbency.**

- Latest Audited Financial Statements (if any) for the last Year or Management Accounts (if any) or a latest bank statement issued on the name of the Company ***(up to 6 months)***

**If the above cannot be provided, please provide us with Certificate of Good Standing (up to 1 Year)**

- Memorandum and Articles of Association / ByLaws or equivalent.
- Completed Corporate Application Form – duly signed.
- ID and address proofs of all the directors
- ID and address proofs of all Authorised Representatives
- ID and address proofs of all the shareholders (who own 25% or more of the company)

#### **Public Entity**

- Completed Corporate Application Form – duly signed.
- A copy of the dated page of the website of the relevant stock exchange showing the listing.
- A photocopy of the listing in a reputable daily newspaper
- Information from a reputable electronic verification service provider or online registry

#### **Trusts:**

- Trust Account Form- Client Agreement
- Trust Deed (The trust deed must include the schedule of assets, how and by whom the trust is governed (trustee, protector provisions etc).
- Certificate of Registration

Documentation for the relevant parties (Trustee, Settlers, Beneficiaries and Protector):

- Copy of Passport or ID
- Utility bill of electricity or water or gas or landline, less than 3 months old
- Reference letter from a Bank or Lawyer or Accountant (for the Settlor)
- Detailed Curriculum Vitae (for the Settlor)

#### **Notes:**

This represents the minimum documentation that must be provided. Further documentation must be available upon further request.

#### **Regulated entities:**

- License or authorization from a competent supervisory authority/ regulatory authority (copy) or another confirmation of regulatory status
- Completed Corporate Application Form – duly signed.
- ID and address proofs of all the directors
- ID and address proofs of all the shareholders (who own 25% or more of the company)
- ID and address proofs of all Authorised Representatives

#### **Notes:**

- Based on the nature of the intermediate shareholders and/or other relevant connected persons, we may request for further information and documents.
- The organisation structure should be complete and go up to the individual ultimate beneficial owners or a listed entity or a government owned entity.
- ID proof can be a photo ID issued by a government agency – providing the full name & date of birth of the individual and it should be valid, at the least for the next 3 months.
- Address proofs should be - bank statements or utility bills or government issued letter/document, or a letter/document issued by an entity regulated for AML purposes. The address proof should be less than 3 months old from time of account opening.
- We can also accept address proof from a valid government issued ID card. Where the address proof is a government issued ID card (as for Malaysia, Singapore, etc.) it should be valid as on date and for the next 3 months.

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## Political Exposed Persons (hereinafter as “PEPs”):

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### What is a PEP

PEPs are the natural persons who are residing in Belize or abroad and who are or have been entrusted with prominent public functions and immediate family members, or persons known to be close associates, of such persons.

1. The meaning of ‘Politically Exposed Persons’ includes the following natural persons who are or have been entrusted with prominent public functions in Belize or abroad:
  - a) heads of State, heads of government, ministers and deputy or assistant ministers;
  - b) members of parliaments;
  - c) members of supreme courts, of constitutional courts or of other high-level judicial bodies whose decisions are not subject to further appeal, except in exceptional circumstances;
  - d) members of courts of auditors or of the boards of central banks;
  - e) members of the administrative, management or supervisory bodies of State-owned enterprises.

For the purposes of paragraph (1)(c), the following have or exercise prominent functions in relation to an international organisation:

- a) the directors and deputy directors of the international organisation;
- b) the members of the board or governing body of the international organisation; and
- c) other members of the senior management of the international organisation.

2. The following are immediate family members of a politically exposed person:
  - a. a spouse;
  - b. a partner;
  - c. children and their spouses or partners;
  - d. parents;
  - e. grandparents and grandchildren; and
  - f. siblings.

For the purposes of paragraphs (2)(b) and (c), “partner” means:

- a) a person who lives in a domestic relationship which is similar to the relationship between husband and wife; or
- b) a person in a relationship with another person who is considered by the law of the jurisdiction which applies to the relationship as equivalent to a spouse.

**The following are close associates of a politically exposed person:**

- (a) any person known to maintain a close business relationship with that person or to be in a position to conduct substantial financial transactions on behalf of the person;
- (b) any person who is known to have joint beneficial ownership of a legal entity or legal arrangement, or any other close business relations, with that person; and
- (c) any person who has sole beneficial ownership of a legal entity or legal arrangement which is known to have been set up for the benefit of that person.

**Procedure when dealing with a Political Exposed Person:**

The data and information that are used for the construction of the identification and due diligence of a political exposed person shall include, the following

- Verification documents (*please refer to the Identification Procedures of this Policy , for individuals and legal entities*)
- Evidence of source of funds
- Declaration Form for PEP

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## On-going monitoring of suspicious activity

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Suspicious activity may include identifying patterns of unusual size, volume, or type of transaction, geographic factors such as the choice of banks that are located very far away from the place of incorporation / operations, or any of the «red flags».

The Compliance Officer is responsible for such monitoring, which is done during the normal daily review of trades. Among the information that will be used to determine if an STR should be filed are exception reports that include transaction size, location, type, number, and nature of the activity.

The Company is obliged to report all suspicious transactions and activities to the relevant Authorities and is prohibited from informing the Client that they have been reported for suspicious account activity. Account misuse may result in criminal prosecution.

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## Restricted Countries

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The Company does not offer its services to the residents of certain jurisdictions. Please refer to our Restricted Countries Policy on our website.

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## Prohibition of third-party transfers

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As a rule, and except from duly justified cases, the Company does not accept any instructions for the transfer of funds or financial instruments to any bank or custody account where the beneficiary is any third party and not the Company's Client.

In duly justified cases, by decision of the Compliance Officer and the Board of Directors, the Company might allow 3rd party transfers, upon presentation by the client of authentic documents supporting a valid and legal reason for the transfer.

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## Retention and updating of records

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The Company shall maintain records of:

- a) the Client identification documents, and information obtained during the Client identification and due diligence procedures, as applicable
- b) the details of all relevant records with respect to the provision of investment services to Clients

The documents/data mentioned above shall be kept for a period of at least five (5) years, which is calculated after the execution of the transactions or the termination of the Business Relationship.