AML & KYC Policy

Effective from February 16, 2024, until further notice.

REGULATORY FRAMEWORK

Money laundering is the process by which assets derived from unlawful activities are concealed to obscure their true origin or nature. The primary objective is to introduce illicit funds into the legitimate financial system while evading detection. As these funds are transferred through multiple, often complex transactions, it becomes increasingly challenging to trace their original source.

OBLIGATION TO VERIFY AND CONFIRM CLIENT IDENTITY

Clients of Capinex Capital Ltd belong to various categories, and each must be properly identified and verified. It is essential to obtain and validate the specific information of each client in accordance with the applicable requirements.

Records for verification

Capinex representatives are required to complete the verification process for every transaction. Failure to obtain or validate the specific data outlined in the "Know Your Client" checklists may result in severe penalties, including fines or imprisonment, if the company is found guilty of a violation.

For each client, Capinex requires the submission of two distinct documents to verify their identity. The first required document is an official government-issued identification that includes the client's photograph, such as a passport, driver's license (where it serves as the primary form of identification), or a government-issued ID card.

The second document must be a bill issued within the past three months, displaying the client's full name and current residential address. This document must be issued by a credible organization, such as a bank or utility company.

Clients are obligated to promptly provide updated identification and contact information in the event of any changes. Capinex enforces strict regulations requiring all deposits to be made by the account holder, whose name must match the information on record. Third-party payments are not permitted.

For withdrawals, funds must be transferred back to the original account and via the same method used for the deposit. It is essential that the recipient's name on any withdrawal matches exactly the name recorded in our system. If deposits are made via wire transfer, withdrawals will only be processed through a wire transfer to the same bank and account. Similarly, if deposits are made via electronic currency transfer, withdrawals must follow the same system and account from which the deposit originated.

ENSURING ACCURACY OF CLIENT INFORMATION

In the context of an ongoing business relationship, Capinex is obligated to take all necessary measures to ensure the accuracy of any client information that may be subject to change. Every transaction conducted by Capinex must adhere to the "Know Your Client" protocol. Employees who become aware of updates or changes to a client's details are required to promptly obtain and record the updated information.

ADDITIONAL MEASURES WHEN ACTING AS A REPRESENTATIVE

Beyond the standard identification and verification procedures, Capinex must obtain specific documentation that confirms an individual's authorization to act on behalf of a client. This includes securing a valid Mandate or Power of Attorney, which certifies their legal authority to represent the client.

ADOPTING A RISK-BASED APPROACH

Capinex is required to verify specific details by cross-referencing them with information that can be reasonably and practically obtained and verified. This requirement applies primarily to clients classified as high risk, who necessitate more thorough scrutiny compared to clients with lower risk profiles. As the risk level increases, the depth of verification should also be enhanced. More rigorous verification methods should be employed to ensure heightened security and compliance.

OBLIGATION TO PROVIDE EMPLOYEE TRAINING

To ensure adherence to legal requirements and internal policies, including the AML & KYC Policy, Capinex will provide comprehensive training to all employees. This training will cover relevant

regulations and procedures, ensuring that staff members are well-informed and equipped to comply with both legal obligations and internal standards.

OBLIGATION TO PRESERVE DOCUMENTATION

The company is responsible for identifying and verifying clients, regardless of whether they are engaged in a one-time transaction or an ongoing business relationship. It is imperative to maintain and preserve comprehensive documentation related to these identification and verification processes to ensure compliance with regulatory requirements and internal policies.

Duration of Record Retention:

- *Retention Period: Records must be maintained up to date for a minimum of five years after the termination of the business relationship.*
- *Reporting of Suspicious Transactions: Documentation related to reported suspicious transactions must be retained for at least five years from the date of the report.*
- *Transaction Records: Supporting documentation for each transaction must be kept on file for no less than five years after the transaction is completed.* It is crucial to keep comprehensive records for at least five years to facilitate the investigation and prosecution of any relevant criminal activities.

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SUSPICIOUS AND UNUSUAL TRANSACTION REPORTING

Legislation requires the disclosure of suspicious and unusual transactions as a critical component of the anti-money laundering framework in every country. Reporting such transactions is essential to the effectiveness of anti-money laundering programs. If any transaction exhibits signs of suspicious activity that may suggest potential money laundering, a thorough investigation will be conducted prior to processing the transaction. Should a satisfactory explanation not be established, the suspicious activity must be reported to Capinex in compliance with the applicable laws.