AML & CTF POLICY

AVEXA Markets Ltd

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Document Title: Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) Policy
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Approved By: Board of Directors, Avexa Markets Ltd.
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1. Introduction and Policy Statement

Avexa Markets Ltd. ("the Company") is committed to detecting, managing, and mitigating the risks associated with money laundering and the financing of terrorism. To this end, the Company has implemented a stringent policy focused on detecting, preventing, or mitigating any suspicious activities conducted by customers. Continuous monitoring of exposure to money laundering and terrorism financing risks is fundamental to our operations. The Company believes that a thorough understanding of its clients and their instructions enhances the ability to assess risks and identify suspicious activities. Avexa Markets Ltd. is dedicated to adhering to best practices and market standards regarding accountability, transparency, and business ethics to promote sustainability.

This AML/CTF Policy ("the Policy") outlines the principles, procedures, and controls implemented by Avexa Markets Ltd. to prevent its services and operations from being used for money laundering (ML), terrorist financing (TF), or any other illicit financial activities. We recognise the critical importance of a robust AML/CTF framework to protect the integrity of the global financial system, safeguard our reputation, and ensure legal and regulatory compliance.

The Company's management is fully committed to this Policy and will ensure that adequate resources are allocated for its effective implementation and ongoing maintenance. All employees are expected to adhere strictly to the provisions of this Policy and related procedures.

2. Scope and Applicability

This Policy applies to all employees, directors, officers, consultants, contractors, and temporary staff of Avexa Markets Ltd., regardless of their location or department. It covers all business activities, transactions, and client relationships undertaken by the Company.

3. Legal and Regulatory Framework

This Policy is developed in accordance with, but not limited to, the following key international and national AML/CTF standards and regulations relevant to Avexa Markets Ltd.'s operations and jurisdiction:

- Avexa Markets Ltd. acknowledges its ongoing obligation to monitor changes in AML/CTF legislation and regulatory guidance and to update this Policy and its procedures accordingly.

4. Definitions

For the purpose of this Policy, the following definitions apply:

- **AML:** Anti-Money Laundering — A set of procedures, laws, and regulations designed to stop the practice of generating income through illegal actions.
- **CTF:** Counter-Terrorist Financing — Measures aimed at preventing the financing of terrorist acts and organisations.
- **ML:** Money Laundering — The process of disguising the origins of illegally obtained money or assets. Typically involves three stages: Placement, Layering, and Integration.
- **TF:** Terrorist Financing — The provision or collection of funds, by any means, directly or indirectly, with the intention that they be used or in the knowledge that they are to be used, in whole or in part, to carry out a terrorist act.
- **FIU:** Financial Intelligence Unit — The central national agency responsible for receiving and analysing suspicious transaction reports (STRs) and other information relevant to ML/TF.
- **PEP:** Politically Exposed Person — An individual who is or has been entrusted with a prominent public function, or an immediate family member or close associate of such a person.
- **UBO:** Ultimate Beneficial Owner — The natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted.
- **STR/SAR:** Suspicious Transaction Report / Suspicious Activity Report — A report made to the FIU when there are reasonable grounds to suspect that funds are the proceeds of a crime or are related to terrorist financing.
- **CDD:** Customer Due Diligence — The process of identifying and verifying the identity of clients and understanding the nature of their activities.
- **EDD:** Enhanced Due Diligence — Additional measures undertaken when higher ML/TF risks are identified.
- **SCDD:** Simplified Customer Due Diligence — Reduced measures applied when lower ML/TF risks are identified.

5. Risk-Based Approach

Avexa Markets Ltd. adopts a risk-based approach to AML/CTF. This means that resources and efforts are allocated in proportion to the identified risks. The Company will:

- **Identify:** Assess the specific ML/TF risks associated with its business activities, products, services, delivery channels, geographical areas of operation, and customer types.
- **Assess:** Evaluate the likelihood and impact of identified risks.
- **Mitigate:** Implement appropriate controls and procedures to manage and reduce the identified risks.
- **Monitor:** Continuously review and update its risk assessment and mitigation measures.

The risk assessment will be documented and reviewed at least annually, or more frequently if there are significant changes in business operations, regulatory requirements, or ML/TF trends.

6. Key Pillars of the AML/CTF Framework

6.1. Customer Due Diligence (CDD) / Know Your Customer (KYC)

Effective Customer Due Diligence (CDD) measures are vital for managing money laundering and terrorist financing risks. CDD involves identifying customers and verifying their true identity based on documents, data, or information at the commencement of a business relationship and on an ongoing basis. The procedures for customer identification and verification consist of two primary steps: data collection and attempted verification.

6.1.1. What is Client Due Diligence (CDD)?

CDD is the process financial service providers must follow to:

1. Ensure reasonable satisfaction that clients are who they claim to be.
2. Determine if clients are acting on behalf of another individual.
3. Ascertain the presence of any legal barriers (e.g., sanctions) to providing services.
4. Understand clients' business to evaluate the consistency of their transactions and activities with the Company.
5. Assist law enforcement agencies by providing available information on clients or activities under investigation.

CDD measures include:

1. Identifying the client and verifying their identity.
2. Identifying the Ultimate Beneficial Owner (UBO) and verifying their identity.
3. Obtaining information about the purpose and intended nature of the business relationship.

Different rules apply to identifying the UBO based on the legal form, which will be detailed in subsequent sections.

6.1.2. Know Your Customer (KYC)

The cornerstone of an effective system to combat money laundering and the financing of terrorism is the 'Know Your Customer' (KYC) principle. The degree of familiarity between Avexa Markets Ltd. and the client, as established by the KYC principle, enables the Company to assess and determine the suspicious nature of transactions, allowing for effective identification, mitigation, and reporting of risks, particularly those related to money laundering and terrorism financing.

6.1.3. Customer Identification and Verification

During the registration process, customers must provide the following identification information:

For Natural Persons:

- Full name
- Date of birth
- Nationality
- Current permanent address
- Origin of funds
- Occupation
- Name of employer

For Legal Entities:

- Company name
- Registration/incorporation number and date
- Country of registration/incorporation
- Registered address
- Names and addresses of shareholders and beneficiaries

To verify the above information, the following documents are required:

For Natural Persons:

1. Identity verification: Copy of passport, National Identity Card, or valid driving license with a photograph.
2. Current and permanent residential address verification: Copy of a utility bill (not older than 3 months); recent bank or credit card statement; recent reference or letter of introduction.

For Legal Entities:

1. Certificate of Incorporation.

2. Memorandum and Articles of Association and statutory statement.
3. Certificate of good standing or proof of registered address of the company.
4. Board resolution to open an account and confer authority to account operators.
5. Copies of powers of attorney or other authorities granted by directors.
6. Proof of identity for all directors.
7. Proof of identity for all beneficial owners.

Verification will be conducted using reliable, independent source documents, data, or information.

6.1.4. Simplified CDD (SCDD)

SCDD may be applied in specific, low-risk situations as defined by the Company's risk assessment and regulatory guidance. Such situations typically involve:

- Government entities.
- Publicly listed companies subject to regulatory disclosure requirements.
- Financial institutions regulated for AML/CTF purposes.

SCDD does not negate the requirement to monitor transactions for suspicious activity.

6.1.5. Enhanced Due Diligence (EDD)

EDD will be applied in situations presenting a higher ML/TF risk, including but not limited to:

- **Politically Exposed Persons (PEPs):** Identification of PEPs will trigger EDD measures, including obtaining senior management approval for establishing/continuing the relationship, establishing the source of wealth/funds, and enhanced ongoing monitoring.
- **Customers from High-Risk Jurisdictions:** As identified by FATF, national authorities, or the Company's own risk assessment.
- **Complex or Opaque Ownership Structures:** Where it is difficult to identify the UBO.
- **Unusual Business Relationships or Transactions:** That do not have an apparent economic or lawful purpose.
- **Cash-Intensive Businesses:** If applicable to the Company's dealings.
- **Negative News:** Where adverse media reports or sanctions listings are found.

EDD measures include, but are not limited to: obtaining additional information on the customer, UBO, and beneficial owners; obtaining additional information on the intended nature of the business relationship; obtaining information on the source of funds or source of wealth of the customer; obtaining senior management approval for establishing or continuing the business relationship; and conducting enhanced ongoing monitoring of the business relationship.

6.1.6. Ongoing Due Diligence

CDD measures are not a one-time exercise. Avexa Markets Ltd. will conduct ongoing due diligence on existing customers, including:

- Regularly updating customer information and documentation.
- Monitoring transactions to ensure they are consistent with the Company's knowledge of the customer, their business, and risk profile.
- Reviewing existing relationships when there are changes in the customer's structure, ownership, or activity.

6.2. Transaction Monitoring

Avexa Markets Ltd. is dedicated to ensuring the integrity of sensitive data obtained from clients, including account information and transaction details, through various security measures and fraud controls. Any fraudulent activity will be documented, and all related accounts will be immediately closed, with all funds in these accounts potentially forfeited.

The Company will implement systems and processes to monitor customer transactions for unusual or suspicious patterns. This includes, but is not limited to:

- Analysing transaction frequency, volume, and value.
- Identifying transactions inconsistent with the customer's known business activities or risk profile.
- Detecting unusual payment methods or routing.
- Looking for structuring (breaking down large transactions into smaller ones) or other attempts to evade reporting thresholds.
- Monitoring for changes in trading patterns or sudden increases in activity.
- Reviewing transactions involving high-risk jurisdictions or entities.

The Company reserves the right to request the following documents at any time:

- Copies of credit cards used for deposits (front side with only the last four digits visible; back side with the CVV covered).
- Bank statement of the card used for the deposit.
- Declaration deposit form.

6.3. Suspicious Activity Reporting (SAR/STR)

All employees are obligated to report any activity or transaction that they suspect may be related to ML or TF, regardless of the amount involved.

- **Internal Reporting:** Any employee who identifies suspicious activity must immediately report it to the designated Money Laundering Reporting Officer (MLRO) / AML Compliance Officer.
- **MLRO Assessment:** The MLRO will conduct a thorough assessment of the reported activity. If, after assessment, the MLRO determines there are reasonable grounds to suspect ML or TF, an STR/SAR will be filed with the relevant Financial Intelligence Unit (FIU) within the legally prescribed timeframe.
- **No Tipping-Off:** Employees must not "tip-off" the customer or any third party that a report has been made or that an investigation is underway. Breach of this rule is a serious offence.
- **Confidentiality:** All internal and external reports will be handled with strict confidentiality.

6.4. Record Keeping

Avexa Markets Ltd. will maintain all records related to AML/CTF compliance for a minimum period of five (5) years from the date the business relationship ends or from the date of the transaction, whichever is later. This includes:

- Customer identification and verification documents.
- Transaction records.
- Records of internal and external suspicious activity reports.
- Risk assessments.
- Training records.
- Records of internal audits and reviews.

These records will be readily accessible to competent authorities upon request.

7. Governance and Responsibilities

7.1. Board of Directors

The Board of Directors holds ultimate responsibility for the Company's AML/CTF compliance. Their responsibilities include:

- Approving the AML/CTF Policy and ensuring its adequacy.

- Providing sufficient resources for AML/CTF compliance.
- Overseeing the effectiveness of the AML/CTF framework.

7.2. Money Laundering Reporting Officer (MLRO) / AML Compliance Officer

A designated MLRO/AML Compliance Officer will be appointed with sufficient authority, independence, and resources to oversee the Company's AML/CTF framework. The MLRO's responsibilities include:

- Developing, implementing, and maintaining the AML/CTF Policy and procedures.
- Receiving and assessing internal suspicious activity reports.
- Filing STRs/SARs with the FIU.
- Acting as the primary point of contact for the FIU and other regulatory bodies.
- Overseeing the ongoing training program for employees.
- Monitoring compliance with AML/CTF regulations.
- Conducting periodic reviews of the AML/CTF framework.
- Reporting regularly to senior management and the Board on AML/CTF matters.

7.3. All Employees

Every employee is responsible for:

- Understanding and complying with this Policy and related procedures.
- Completing mandatory AML/CTF training.
- Being vigilant for suspicious activities and reporting them promptly to the MLRO.
- Maintaining strict confidentiality regarding suspicious activity reports.

8. Training and Awareness

Avexa Markets Ltd. will provide mandatory AML/CTF training to all relevant employees on an ongoing basis. This training will be tailored to the specific roles and responsibilities of employees and will cover:

- The Company's AML/CTF Policy and procedures.
- Recognising red flags and suspicious activities.
- The internal reporting process.
- Legal and regulatory obligations, including the "no tipping-off" rule.
- Recent ML/TF trends and typologies relevant to the Company's business.

New employees will receive AML/CTF training as part of their induction process. Refresher training will be conducted at least annually.

9. Internal Controls and Audit

The Company will establish and maintain robust internal controls to ensure compliance with this Policy and relevant AML/CTF laws. These controls will be periodically reviewed and tested for effectiveness.

An independent internal audit function or an external third party will conduct periodic audits of the AML/CTF framework to assess its effectiveness and compliance with regulatory requirements. Audit findings and recommendations will be promptly addressed by management.

10. Consequences of Non-Compliance

Any employee found to be in breach of this Policy or related AML/CTF laws and regulations will be subject to disciplinary action, up to and including termination of employment, and may also face legal penalties, including fines and imprisonment, as prescribed by law.

Avexa Markets Ltd. will not tolerate any actions that facilitate money laundering or terrorist financing.

11. Policy Review and Update

This Policy will be reviewed at least annually by the MLRO and approved by the Board of Directors. It will also be reviewed and updated as necessary in response to:

- Changes in applicable laws, regulations, or regulatory guidance.
- Changes in the Company's business activities, products, or services.
- Emerging ML/TF risks or typologies.
- Results of internal audits or regulatory examinations.