EQUINOX MARKETS LIMITED (UK)

(Company Number: 12711319)

Registered in United Kingdom under company number 12711319.

ANTI-MONEY LAUNDERING ("AML") POLICY

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EQUINOX MARKETS LIMITED (UK) ANTI-MONEY LAUNDERING ("AML") POLICY

Money laundering – the process of converting funds, received from illegal activities (such as fraud, corruption, terrorism, etc.), into other funds or investments that look legitimate to hide or distort the real source of funds.

The process of money laundering can be divided into three sequential stages:

- Placement. At this stage funds are converted into financial instruments, such as checks, bank accounts, and money transfers, or can be used for purchasing high-value goods that can be resold. They can also be physically deposited into banks and non-bank institutions (e.g., currency exchangers). To avoid suspicion by the company, the launderer may as well make several deposits instead of depositing the whole sum at once, this form of placement is called smurfing.
- Layering. Funds are transferred or moved to other accounts and other financial instruments. It is performed to disguise the origin and disrupt the indication of the entity that made the multiple financial transactions. Moving funds around and changing in their form makes it complicated to trace the money being laundered.
- Integration. Funds get back into circulation as legitimate to purchase goods and services.

POLICY STATEMENT AND PRINCIPLES

EQUINOX MARKETS LIMITED (UK) ("EQUINOX MARKETS LIMITED (UK)") has adopted an Anti-Money Laundering (AML) compliance policy ("Policy") in compliance with The Financial Intelligence and Anti-Money Laundering Act 2002 (FIAMLA 2002), the Prevention of Corruption Act 2002 (POCA 2002) and the Prevention of Terrorism Act 2002 (POTA 2002).

SCOPE OF POLICY

This policy applies to all EQUINOX MARKETS LIMITED (UK) officers, employees, appointed producers and products and services offered by EQUINOX MARKETS LIMITED (UK) Every business unit and location within EQUINOX MARKETS LIMITED (UK) will cooperate to create a cohesive effort in the fight against money laundering. Each business unit and location has implemented risk-based procedures in an effort to prevent, detect and report transactions as required under the FIAMLA. All efforts implemented will be documented and retained in accordance with the FIAMLA. The AML Compliance Committee is responsible for initiating Suspicious Activity Reports ("SARs") or other required reporting to the appropriate law enforcement or regulatory agencies. Any contacts by law enforcement or regulatory agencies related to the Policy shall be directed to the AML Compliance Committee.

POLICY

Money laundering is the process of concealing the real source of criminally derived incomes such as fraud, theft, drug trafficking or any other crimes. Money laundering could also include using legally derived funds such as financial products and transactions to finance terrorism or other money laundering schemes. EQUINOX MARKETS LIMITED (UK) strictly prohibits and actively prevents the occurrence of money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities. EQUINOX MARKETS LIMITED (UK) is committed to AML compliance in accordance with applicable law and requires its officers, employees and appointed producers to adhere to these standards in preventing the use of its products and services for money laundering purposes.

Generally, money laundering consists of three stages. Firstly, cash enters the financial system at the "placement" stage, where the cash generated from criminal activities is converted into monetary instruments, such as money orders or traveller's checks, or deposited into accounts at financial institutions. At the "layering" stage, the funds are transferred or moved into other accounts or other financial institutions to further separate the money from its criminal origin. At the "integration" stage, the funds are reintroduced into the economy and used to purchase legitimate assets or to fund other criminal activities or legitimate businesses. Terrorist financing may not involve the proceeds of criminal conduct, but rather an attempt to conceal the origin or intended use of the funds, which will later be used for criminal purposes.

AML COMPLIANCE COMMITTEE

The AML Compliance Committee comprises of the General Counsel; Chief Compliance Officer, EQUINOX MARKETS LIMITED (UK); Deputy Compliance Officer, EQUINOX MARKETS LIMITED (UK); Assistant Vice President-Internal Audit, and Corporate Attorney shall be wholly responsibility for the Policy. The Chief Compliance Officer also holds the title Chief AML Officer and has the authority to sign as such. The responsibilities of the AML Compliance Committee with regards to the Policy includes but are not limited to the designing, executing and the updating of the Policy as required. This involves the dissemination of information to officers, employees and appointed producers of EQUINOX MARKETS LIMITED (UK); monitoring the compliance of EQUINOX MARKETS LIMITED (UK) operating units and appointed producers, maintaining necessary and appropriate records, filing of SARs when warranted; training of officers, employees and appointed producers and independent testing of the operation of the Policy. Each EQUINOX MARKETS LIMITED (UK) business unit shall appoint a person in charge to liaise directly with the AML Compliance Committee to assist the Committee with investigations, monitoring and other required activities.

CUSTOMER IDENTIFICATION PROGRAM

EQUINOX MARKETS LIMITED (UK) has implemented a Customer Identification Program (CIP). EQUINOX MARKETS LIMITED (UK) will notify customers prior to gathering customers' identification information. This includes collecting, recording and verifying specific minimum customer identification information of each customer and finally comparing customer identification information with OFAC.

NOTICE TO CUSTOMERS

EQUINOX MARKETS LIMITED (UK) will provide notice to customers that it is requesting information from them to verify their identities, as required by applicable law.

VERIFYING INFORMATION

EQUINOX MARKETS LIMITED (UK) will make sure that it is dealing with a real person or legal entity. EQUINOX MARKETS LIMITED (UK) also performs all the required measures in accordance with applicable law and regulations, issued by monetary authorities. The AML policy is being fulfilled within EQUINOX MARKETS LIMITED (UK) by means of the following:

Know your customer policy and due diligence monitoring of client activity record keeping

Because of the company's commitment to the AML and KYC policies, each client of the company has to finish a verification procedure. Before EQUINOX MARKETS LIMITED (UK) starts any cooperation with the client, the company ensures that satisfactory evidence is produced or such other measures that will produce satisfactory evidence of the identity of any customer or counterparty are taken. The company as well applies heightened scrutiny to clients, who are residents of other countries, identified by credible sources as countries, having inadequate AML standards or that may represent a high risk for crime and corruption and to beneficial owners who resides in and whose funds are sourced from named countries.

Individual clients

During the process of registration, each client provides personal information, specifically: full name; date of birth; origin; complete address, including phone number and city code. A client sends the following documents (in case the documents are written in non-Latin characters: to avoid any delays in the verification process, it is necessary to provide a notarized translation of the document in English) because of the requirements of KYC and to confirm the indicated information:

A high-resolution copy of the first page of local or international passport, where the photo and the signature are clearly seen, or a copy of driver's license with the same requirements. The indicated documents must be valid at least 6 months from the filing date.

A high-resolution copy of a receipt of utility services payment or bank statement, containing the full client's name and the actual place of residence. These documents should not be older than 3 months from the date of filing.

Corporate clients

In case the applicant company is listed on a recognized or approved stock exchange or when there is independent evidence to show that the applicant is a wholly owned subsidiary or a subsidiary under the control of such a company, no further steps to verify identity will normally be required. In case the company is unquoted and none of the principal directors or shareholders already has an account with EQUINOX MARKETS LIMITED (UK), the official provides the following documents because of the requirements of KYC:

- a high-resolution copy of the certificate of incorporation/certificate;
- an extract from the Commercial Register, or equivalent document, evidencing the registration of corporate acts and amendments;
- names and addresses of all officers, directors and beneficial owners of the corporate entity;
- a high-resolution copy of Memorandum and Articles of Association or equivalent documents duly recorded with the competent registry;
- evidence of the company's registered address and the list of shareholders and directors;
- description and nature of business (including the date of commencement of the business, products or services provided; and the location of principal business).

This procedure is performed to establish the identity of the client and to help EQUINOX MARKETS LIMITED (UK) know/understand the clients and their financial dealings to be able to provide the best services of online trading.

Depending on the risk and to the extent reasonable and practicable, EQUINOX MARKETS LIMITED (UK) will ensure that it has a reasonable belief of the true identity of its customers. In verifying customer identity, appointed producers shall review photo identification. EQUINOX MARKETS LIMITED (UK) shall not attempt to determine whether the document that the customer has provided for identification has been validly issued. For verification purposes, EQUINOX MARKETS LIMITED (UK) shall rely on a government issued identification to establish a customer's identity. EQUINOX MARKETS LIMITED (UK), however, will analyze the information provided to ensure that there are no logical inconsistencies in the information obtained. EQUINOX MARKETS LIMITED (UK) will document its verification,

including all identifying information provided by the customer, the methods used and results of the verification, including but not limited to sign-off by the appointed producer of matching photo identification.

CUSTOMERS WHO REFUSE TO PROVIDE INFORMATION

If a customer either refuses to provide the information described above when requested, or appears to have deliberately provided misleading information, the appointed agent shall notify their New Business team. The EQUINOX MARKETS LIMITED (UK) New Business team will decline the application and notify the AML Compliance Committee.

CHECKING THE OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") LIST

For all (1) new applications received and on a continuous basis, (2) disbursements (3) new producers appointed or (4) new employees, EQUINOX MARKETS LIMITED (UK) will check to ensure that a person or entity does not appear on Treasury's OFAC "Specifically Designated Nationals and Blocked Persons" List (SDN List) and is not from, or engaging in transactions with people or entities from, embargoed countries and regions listed on the OFAC Web Site.

To ensure a speedy and accurate check, EQUINOX MARKETS LIMITED (UK) shall contract with World-Check. EQUINOX MARKETS LIMITED (UK) will also review existing policy holders, producers and employees against these lists on a periodic basis. We will then document and retain the frequency of these reviews. If there is a match to the SDN List or other OFAC List, the business unit will conduct a review of the circumstances where such match has been identified as stated in page3. If the business unit is incapable of confirming that the match is a false positive, the AML Committee shall be notified.

MONITORING AND REPORTING

In addition to gathering information from the clients, EQUINOX MARKETS LIMITED (UK) continues to monitor the activity of every client to identify and prevent any suspicious transactions. A suspicious transaction is known as a transaction that is inconsistent with the client's legitimate business or the usual client's transaction history known from client activity monitoring. EQUINOX MARKETS LIMITED (UK) has implemented the system of monitoring the named transactions (both automatic and, if needed, manual) to prevent using the company's services by criminals.

Transaction based monitoring will occur within the appropriate business units of EQUINOX MARKETS LIMITED (UK) Monitoring of specific transactions will include but is not limited to transactions aggregating $5,000 or more and those with respect to which EQUINOX MARKETS LIMITED (UK) has a reason to suspect suspicious activity. All reports will be documented and retained in accordance with the FIAMLA requirements.

Deposit and withdrawal requirements

All the clients' operations to deposit and withdraw funds have the following requirements:

In case of bank transfer or transfer from a bank card, the name, indicated during the registration must match the name of the owner of the account/bank card.

Withdrawing funds from the trading account via the method, which is different from the depositing method, is possible solely after withdrawing the sum, which is equal to the sum of client's deposits via the method and to the same account used for depositing.

If the account was credited in the way that cannot be used for funds withdrawal, the funds may be withdrawn to a bank account of the client or any other way may be used, as agreed with the Company with the help of which the Company is able to prove the identity of the account owner.

If the account has been credited with funds through various payment systems, funds withdrawal shall be made on a pro rata basis commensurate to the size of each deposit.

In case of depositing via Visa/MasterCard, Wire Transfer, ePayments, the withdrawal of funds, which exceed the sum of the client's deposits, is possible via any of the following methods: Visa/MasterCard, Wire Transfer, ePayments. In case of depositing via another method, the withdrawal of funds that exceed the sum of the client's deposits, is possible via any available method, by the client's choice.

SUSPICIOUS ACTIVITY

“Red flags” are commonly used to refer to signs of suspicious activity that suggest money laundering.

Whenever a red flag is detected, additional due diligence will be performed before proceeding with the transaction. If a reasonable explanation is not provided, the suspicious activity shall be reported to the AML Compliance Committee. Examples of red flags are:

- The customer displays unusual concern about the firm's compliance with government reporting requirements and the firm's AML policies, especially regarding his or her identity, type of business and assets, or is reluctant or refuses to disclose any information concerning business activities, or furnishes unusual or suspect identification or business documents.
- The information provided by the customer that identifies a legitimate source for funds is false, misleading, or significantly incorrect.

- Upon request, the customer refuses to identify or fails to indicate any legitimate source for his or her funds and other assets.

- The customer has difficulty describing the nature of his or her business or lacks general knowledge of his or her industry.
- The customer wishes to engage in transactions that lack business sense or superficial investment strategy, or are inconsistent with the customer's indicated business strategy.
- The customer (or a person publicly associated with the customer) has a questionable background or is the subject of news reports indicating possible criminal, civil, or regulatory violations.
- The customer displays a lack of concern regarding risks, commissions, or other transaction costs.
- The customer appears to be acting as an agent for an undisclosed principal, but refuses or is reluctant, without valid commercial reasons, to provide information or is otherwise ambiguous regarding that person or entity.
- The customer attempts to make frequent or large deposits of currency, insists on dealing only in cash equivalents, or asks for exemptions from the firm's policies relating to the deposit of cash and cash equivalents.
- The customer engages in transactions involving cash or cash equivalents or other monetary instruments that appear to be structured to avoid the $10,000 government reporting requirements, especially if the cash or monetary instruments are in an amount just below reporting or recording thresholds.
- For no apparent reason, the customer has multiple accounts under a single name or multiple names, with a large number of inter-account or third-party transfers.
- The customer is from, or has accounts in, a country identified as a non-cooperative country or territory by the Financial Action Task Force.
- The customer's account shows numerous currency or cashier’s check transactions aggregating to significant sums.
- The customer's account has unexplained or sudden extensive wire activity, especially in accounts that had little or no previous activity.
- The customer's account has a large number of wire transfers to unrelated third parties inconsistent with the customer's legitimate business purpose.
- The customer's account has wire transfers that have no apparent business purpose to or from a country identified as money laundering risk or a bank secrecy haven.
- The customer's account indicates large or frequent wire transfers, immediately withdrawn by check or debit card without any apparent business purpose.

- The customer makes a funds deposit followed by an immediate request that the money be wired out or transferred to a third party, or to another firm, without any apparent business purpose.

- The customer makes a funds deposit for the purpose of purchasing a long-term investment followed shortly thereafter by a request to liquidate the position and transfer of the proceeds out of the account.
- The customer engages in excessive journal entries between unrelated accounts without any apparent business purpose.
- The customer's account shows an unexplained high level of account activity with very low levels of securities transactions.
- The customer requests that a transaction be processed in such a manner to avoid the firm's normal documentation requirements.
- The customer, for no apparent reason or in conjunction with other red flags, engages in transactions involving certain types of securities, such as penny stocks, and bearer bonds, which although legitimate, have been used in connection with fraudulent schemes and money laundering activity. (Such transactions may warrant further due diligence to ensure the legitimacy of the customer's activity.)
- Attempt to borrow maximum cash value of a single premium policy soon after purchase.
- If the appointed producer:
- Exhibits a dramatic or unexpected increase in sales (particularly of single premium contacts)
- Has consistently high activity in single premium contracts in excess of company averages
- Exhibits a sudden change in lifestyle
- Requests client documentation be delivered to the agent

INVESTIGATION

Upon notification to the AML Compliance Committee of a match to the OFAC SDN List or possible suspicious activity, an investigation will be commenced to determine if a report should be made to appropriate law enforcement or regulatory agencies. The investigation will include, but not necessarily be limited to, review of all available information, such as payment history, birth dates, and address. If the results of the investigation warrant, a recommendation will be made to the AML Compliance Committee to file a blocked assets and/or a SAR with the appropriate law enforcement or regulatory agency. The AML Compliance Committee is responsible for any notice or filing with law enforcement or regulatory agency. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. Under no circumstances shall any officer, employee or appointed agent disclose or discuss any AML concern, investigation, notice or SAR filing with the person or persons subject of such, or any other person, including members of the officer's, employee's or appointed agent's family.

RECORDKEEPING

The AML Compliance Committee will be responsible to ensure that AML records are maintained properly and that SARs and Blocked Property Reports are filed as required. EQUINOX MARKETS LIMITED (UK) will maintain AML records for at least five years.

TRAINING

EQUINOX MARKETS LIMITED (UK) shall provide general AML training to its officers, employees and appointed producers to ensure awareness of requirements under the FIAMLA. The training will include, at a minimum: how to identify red flags and signs of money laundering; what roles the officers, employees and appointed producers have in the EQUINOX MARKETS LIMITED (UK) compliance efforts and how to perform such duties and responsibilities; what to do once a red flag or suspicious activity is detected; EQUINOX MARKETS LIMITED (UK) record retention policy; and the disciplinary consequences for non-compliance with the Act and this Policy. In addition, each affected area will provide enhanced training in accordance with the procedures developed in each area for officers and employees reasonably expected to handle money, requests, or processing that may bring them into contact with information designated above. Training will be conducted on an annual basis. The EQUINOX MARKETS LIMITED (UK) AML Compliance Committee will determine the ongoing training requirements and ensure written procedures are updated to reflect any changes required in such training. EQUINOX MARKETS LIMITED (UK) will maintain records to document that training has occurred.

TESTING OF THE POLICY

The testing of the Policy will be conducted by an outside independent third party annually. Any findings will be reported to the AML Compliance Committee, SFG Audit Committee and Senior Management for appropriate action.

ADMINISTRATION

The AML Compliance Committee is responsible for the administration, revision, interpretation, and application of this Policy. The Policy will be reviewed annually and revised as needed.