

# **ANTI MONEY LAUNDERING (AML) POLICY**

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Services Authority by the International Act 2014 of the  
Autonomous Island of Mwali (Mohéli)**

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## 1. INTRODUCTION

Number One Capital Markets Ltd (“Number One” or the “Company”) is committed to adhering to Anti-Money Laundering (AML) standards, that align with financial industry best practices, to deter the misuse of our services for illicit purposes. We are aware of the risks that our products and services could be used to facilitate money laundering or finance terrorism. Thus, we are dedicated to fostering a culture of compliance, underscoring the utmost importance of measures to prevent Money Laundering (ML) and Terrorist Financing (TF).

This policy highlights our approach to detecting and preventing the Money Laundering and the Financing of Terrorism. Number One recognizes its responsibilities under the laws of Comoros Union and international regulations, including adherence to the Financial Action Task Force (FATF) guidelines, to safeguard our services against being used for AML and TF activities.

The Policy has been prepared to comply with the provisions of the Ordinance No. 3-002/PR of January 29, 2003 on Laundering, Confiscation, and International Cooperation in Relation to the Proceeds of Crime, Ordinance No. 09-002 adopted on March 6, 2009 on money laundering, financing of terrorism, confiscation, and international cooperation of Comoros Union and other relevant legislation.

### 1.1. DEFINITIONS

**Anti-Money Laundering:** The process of making illegally obtained large sums of money, like from drug trafficking or funding terrorism, appear to be earned legally. It usually involves three steps: placing the money, layering it through various transactions, and integrating it into the legal economy.

**Terrorist Financing:** Providing financial support to individuals or groups engaged in terrorism, involving the solicitation, collection, and distribution of funds for terrorist activities. This support can occur either directly or indirectly.

### 1.2. SCOPE

This policy is applicable to all products, services, and operations of Number One, with a specific emphasis on areas identified as posing a higher risk for ML and TF. The Company is dedicated to conducting thorough risk assessments of its customer base, transaction types, and service delivery channels to identify and effectively mitigate potential risks.

### 1.3. REGULATORY FRAMEWORK

Number One is a company incorporated under the laws of Comoros Union and its priority is to become compliant with Comoros regulation.

Since 2003, money laundering has been officially recognized as a criminal offense in Comoros Union. Specifically, it was through Ordinance No. 3-002/PR, of January 29, 2003 on Laundering, Confiscation, and International Cooperation in Relation to the Proceeds of Crime, that the crime of money laundering, along with rules on confiscation

and international cooperation concerning the proceeds of crime, was first formally defined.

A new and more comprehensive legal framework in the area of money laundering and the TF was established by Ordinance No. 09-002/PR on money laundering, financing of terrorism, confiscation, and international cooperation in relation to the proceeds of crime.

In this regard, this policy is issued in accordance with the aforementioned regulations.

## 1.4. OBJECTIVES

The main objectives of this policy are to:

- Prevent the misuse of Number One's services for ML and TF.
- Ensure full compliance with all applicable laws, regulations, and international standards related to AML and CTF.
- Confirm that Number One will take steps to monitor compliance with this policy throughout the Company.
- Maintain and enhance the reputation of Number One as a responsible financial institution.

## 2. RISK MANAGEMENT AND INTERNAL SYSTEMS

We adopt a risk-based approach within our internal systems to identify, assess, and mitigate the risks associated with ML and TF. This encompasses conducting a thorough risk assessment of our business operations, products, and customers. Based on this evaluation, we implement appropriate controls and measures to effectively mitigate the identified risks. We continuously monitor regulatory updates, enhance our procedures as necessary, and allocate appropriate resources to ensure the effectiveness of our enhanced customer due diligence efforts.

To maintain an active risk management procedure and execute our internal control system effectively, we primarily implement followings to guide our ML and TF efforts:

- We appointed a Compliance Officer ("CO") for creating a compliance culture in the Company and ensure our compliance with regulations. **(Detailed Compliance Officer responsibilities has been outlined in the Section 3.)**
- We have strict rules to know our customers and they are required to submit proof of their identity. **(Detailed Know Your Customer ("KYC") requirements has been explained in the Section 4.)**
- We established detailed procedures to carefully check our customers' backgrounds. This involves verifying the identity of our customers, evaluating potential risks, and collecting important information to ensure our customer relationships are legitimate. **(Detailed Customer Due Diligence ("CDD") has been explained in the Section 5.)**

- We will establish internal procedures for suspicious transactions reporting and all suspicious transactions will be reported to the relevant bodies. **(Detailed suspicious transactions reporting has been explained in the Section 6.)**
- We will record and maintain all evaluations, actions, and additional precautions taken in verifying our customers, in line with the legal and regulatory requirements as outlined in the regulations. **(Detailed Documentation and Record Keeping has been explained in the Section 7.)**
- Number One screens all its clients on a monthly basis to ensure someone has not been added to the sanction list after they have been onboarded as a client. **(Detailed Sanctions Screening has been explained in the Section 8.)**
- We ensure that our employees receive appropriate training that meets Comoros Union regulations and international standards to ensure their knowledge remains current. This training focuses on money laundering and terrorist financing topics. **(Detailed Employee Training has been explained in the Section 9.)**

### 3. COMPLIANCE OFFICER (CO)

Number One's Compliance Officer oversees our AML and CTF compliance program, ensuring alignment with regulatory requirements and effective implementation throughout the organization. This role encompasses staying abreast of changes in AML and TF laws, providing guidance and training to employees, and acting as a point of contact for regulatory authorities. The Compliance Officer is responsible for:

- Executing all functions specifically assigned under this Policy.
- Monitoring compliance and promptly reporting significant concerns to the Board.
- Conducting ongoing assessments of money laundering and terrorist financing risks, developing strategies to manage and mitigate these risks.
- Receiving and investigating internal reports of (suspicions of) money laundering.
- Ensuring the adequacy of arrangements for staff and adviser awareness and training.
- Providing an annual report to the Board on the operation and effectiveness of systems and controls.
- Monitoring the day-to-day operation of anti-money laundering policies concerning new product development, customer onboarding, and changes in the Company's business profile.

### 4. KNOW YOUR CUSTOMER REQUIREMENTS

In line with the Company's commitment to AML and KYC policies, each customer is required to complete the verification procedure. Before commencing any collaboration, the Company ensures that satisfactory evidence of a customer's identity is provided or takes alternative measures for this purpose. Additionally, heightened scrutiny is applied to customers residing in countries recognized as having insufficient AML standards or presenting a high risk for crime and corruption. This scrutiny also extends to beneficial owners residing in and sourcing funds from these named countries.

Number One implements the following controls and measures for each customer:

- Identification and verification of valid identity and address details of (potential) customers, in accordance with legal authorities' requirements, both before conducting a transaction and throughout an ongoing business relationship;
- Ensuring the consistency of customers' income levels and the financial services they perform or request with their business activities, general course of action, and sources of income typical for their customer type; and
- Checking the possibility of customers being listed on national or international sanctions lists.

**Individual customers (natural persons) must provide the following documents:**

1. A copy of the passport containing the photograph, full name, nationality, date and place of birth, date of issue and term of validity, passport number, country of issuance, and signature. If a passport copy is unavailable, customers must submit a copy of their ID or driving license, which includes all the aforementioned information. All document copies should be certified, with the certification confirming that it is a true copy of the original.
2. A public utility bill (electricity, gas, water etc.) or bank statement with the date indication, name, permanent place of residence and postal address. The utility bill and bank statement should not be older than three (3) months from the submission date.

**The following documents shall be provided by the legal entities:**

1. The Copy of the Company Registration
2. The Copies of Passports of all of the Company's Shareholders and Directors.
3. The Document with the address of the Company registered office.
4. The Copy of Memorandum of Association and/or Articles of Association of the Company
5. The Copy of Certificate that confirms legal authorities of the Company's shareholders and directors with their names indication.
6. The Documents that confirm the permanent place of residence of the Company's shareholders and directors.

**For Partnerships:**

1. Partnership agreement.
2. Full name and current residential address of each partner and relevant manager involved in the business relationship.
3. Additional relevant personal information as deemed necessary by the Company.
4. Date and place of birth, nationality, telephone number, facsimile number, occupation, employer, and specimen signature of each partner or senior officer authorized to act on behalf of the partnership.

In accordance with these terms, Customers are required to submit all necessary documents for verification purposes. This can be accomplished by uploading said documents directly to their designated personal account on the Company's platform. However, the Company reserves the unilateral right to request any additional documentation it deems essential at any given time. Such requests will be communicated to the Customer via email notification to the address provided within their account. It is the Customer's responsibility to promptly fulfill these requests and ensure the accuracy and completeness of all submitted documents. Should a Customer fail to provide the Company with the requested identity verification documents within a reasonable timeframe, the Company reserves the right, at its sole discretion, to deny or reject any current or future requests submitted by the Customer.

Where the certification is required, the documents should be certified by either one of the followings:

- an Apostille;
- a Judge;
- a Magistrate;
- a notary public;
- a barrister-at-law;
- a Solicitor;
- an attorney-at-law; or
- a Commissioner of Oaths.

## 5. CUSTOMER DUE DILIGENCE

Number One will implement risk-based customer due diligence policies, processes, and procedures to effectively manage AML and TF risks. Committed to combating money laundering and terrorist financing, we adopt a risk-based approach to determine the necessary level of due diligence for each customer. Consequently, we categorize customers based on their risk profiles.

### **Low-Risk Customers:**

Under a risk-based approach, Number One may classify certain customers or their transactions as low risk within the context of their business relationship. The determination of such low-risk status could consider factors such as:

- **Source of Stable Income:** This includes consistent income sources like wages, superannuation, and pensions.
- **Financial Institutions Under AML and CTF Regulations:** Customers that are financial institutions and are regulated by anti-money laundering and counter-terrorism financing standards in line with FATF Recommendations, with oversight on their compliance.

- **Publicly Traded Companies Under Regulatory Oversight:** Associations with publicly traded companies, which are under strict regulatory disclosure obligations, may be seen as low risk.
- **Governmental Statutory Entities:** Customers that are governmental statutory bodies are also viewed as low risk due to their nature.
- **Owners of Business Accounts Managed by Non-Financial Professions:** When beneficial owners of accounts used by non-financial businesses and professional services adhere to AML and CTF regulations, with strong systems for oversight and compliance in place, they could be considered low risk.
- **Business Applicants or Customers from Certain Foreign Countries:** Individuals residing in foreign countries may be categorized as low risk if those countries are recognized for fully adhering to and effectively implementing the FATF Recommendations.
- **Corporate Entities Within Regulated Groups:** A corporate entity that is part of a group regulated by AML and CTF standards, ensuring compliance with FATF Recommendations, may be identified as low risk.
- **Overall Risk Assessment:** The company will assess the customer's specific situation and its own AML and CTF obligations to determine if the customer poses minimal or no risk.

### **High Risk Customers:**

Number One recognizes that certain indicators may suggest a higher risk in a business relationship or transaction. These indicators include, but are not limited to:

- Politically Exposed Persons (PEPs), defined as individuals who currently hold or have previously held significant public office.
- Business activities, ownership structures, or transaction volumes and patterns that are complex, unusual, or lack a clear economic or legal rationale.
- Entities located in countries considered high-risk or subject to international sanctions, embargoes, or other restrictions.

The Company is dedicated to identifying these higher-risk factors when evaluating business applicants or customers and will conduct thorough due diligence, as mandated by regulatory standards, to address these risks.

### **a. SIMPLIFIED DUE DILIGENCE**

Simplified Due Diligence (“SDD”) is the lowest level of due diligence that can be completed on a customer. Before conducting SDD on a customer, a degree of risk assessment is required to demonstrate that the customer presents a lower degree of risk and requires suitable ongoing monitoring. As such, SDD is reserved for customers who present a low risk of money laundering or terrorist financing and where this low risk can be evidenced.



When applying SDD, we verify the customer's identity and assess their risk profile. To complete SDD, we obtain the customer's ID, which may involve Number One requesting a physical copy of the government-issued ID or performing electronic KYC checks. Additionally, we need to obtain at least one Proof of Address (POA) document.

#### **b. ENHANCED DUE DILIGENCE**

Enhanced Due Diligence (EDD) is necessary when a risk assessment indicates that a customer presents a high risk of Money Laundering, with the aim of mitigating this increased risk to the business. This requirement applies to customers who are, or may be, Politically Exposed Persons (PEPs) and/or individuals subject to sanctions, among other criteria.

Furthermore, Number One will conduct EDD on customers identified as residing in or transferring funds to high-risk countries, as well as those involved in significant or complex transactions that cannot be adequately explained based on the customer's transaction history.

The specific measures undertaken during EDD will depend on the nature and severity of the identified risk. These measures may include, but are not limited to, acquiring additional ID evidence, conducting further ID verifications, obtaining a comprehensive description of the source of wealth and funds, conducting internet searches for potential negative information, and verifying further details from the customer regarding the purpose and intended nature of the transaction or the business relationship. After establishing the relationship, there may be an increase in the frequency and intensity of transaction monitoring. Approval from Number One's Compliance Officer (CO) is required for all customers undergoing EDD before finalizing the relationship or conducting any transactions. Individuals or legal entities sanctioned by the European Union or the United Nations are not eligible to become customers.

#### **c. ONGOING CUSTOMER DUE DILIGENCE**

Number One has established robust procedures for ongoing monitoring of customers and service providers. Ongoing customer due diligence involves:

- Examining transactions conducted throughout the relationship, including scrutinizing the source of funds, to ensure consistency with the Company's knowledge of the customer.
- Ensuring that the documentation obtained for the purpose of applying CDD remains current and up to date.

The Company's monitoring system must possess the following features:

- Identification of transactions requiring further examination.
- These transactions are reported to and reviewed promptly by the authorised person(s).

- Taking appropriate action based on the findings of any further review.

The system should specifically highlight:

- Unusual aspects of a transaction, such as an abnormally large transaction inconsistent with the Company's knowledge of the customer.
- The number of a series of transactions, for instance, numerous small transactions initiated in quick succession.
- The geographical destination or origin of a payment, such as a payment to a high-risk jurisdiction.
- The parties involved, like a request to make a payment to or from a person on a sanctions list.

## **6. SUSPICIOUS TRANSACTION REPORT (STR)**

We have established internal procedures and controls for the identification and reporting of suspicious activities. Company's employees receives training to identify and report any actions or transactions that may indicate money laundering or terrorist financing. We provide assurance of confidentiality and protection for employees who report such activities, and have implemented measures to prevent retaliation. The suspicious activity or transaction reporting form, designed by Number One, adheres to the 2009 Ordinance's requirements. Should any suspicious activity or transaction be identified, the Financial Intelligence Unit (FIU) will be immediately notified, accompanied by the necessary documentation.

The company acknowledges the obligation to file this report even if the transactions have been completed, postponement of their execution was not possible, or suspicions regarding the funds' origins emerged afterward.

**Certain activities or transactions that the Reporting Officer will closely examine for potential indicators of money laundering include:**

- Customers seeking to establish numerous accounts that seem inconsistent with their business type, including transactions involving nominee names.
- Accounts that show little to no standard personal banking or business transactions, but are used to receive or disburse substantial amounts without a clear purpose or link to the account holder and/or their business activities (for example, an unexpected surge in account turnover).
- Individuals or companies exhibiting reluctance to provide standard information upon account opening, supplying minimal or false details, or presenting information that is challenging or costly for the Company to verify.
- Unexplained electronic fund transfers by customers on an in and out basis or without passing through an account.
- Customers maintaining accounts at multiple banks within the same area, particularly if there is evidence of a routine consolidation of funds from these accounts before requests for the funds' transfer.

- A large number of individuals making payments into the same account without an adequate explanation.
- Numerous wire transfers received in an account when each transfer is below the reporting requirement in the remitting country.

## **7. DOCUMENTATION AND RECORD KEEPING**

Number One is committed to maintaining comprehensive documentation and records as an integral part of our AML policy. All evaluations, decisions, and actions related to customer due diligence and enhanced measures will be meticulously documented and securely stored to meet our record-keeping obligations. These records serve as critical evidence of our compliance efforts and will be readily available for review by regulatory authorities upon request.

Furthermore, our documentation procedures ensure transparency and accountability throughout our AML compliance framework. By maintaining accurate and up-to-date records, we demonstrate our commitment to combating money laundering and terrorist financing activities effectively. Number One understands the importance of maintaining robust documentation practices to safeguard our organization and uphold the integrity of the financial system.

Number One will keep the following customer records:

- Copies of the evidential material of the customer identity.
- Relevant evidential material and details of all business relations and transactions including documents for recording transactions in the accounting books.
- Relevant documents of correspondence with the customers and other persons with whom they keep a business relation.
- Daily customer records containing the funds in the account (net of any commissions and fees); open trade equity (the net profits and losses on open trades); and account balance (funds in the account plus or minus open trade equity).

## **8. SANCTIONS SCREENING**

Number One is obligated to adhere to the financial sanctions regimes of both the European Union (EU) and the United Nations (UN), acknowledging its duty to refuse services and products to individuals identified as posing a significant risk of Money Laundering and Terrorist Financing to the international financial system.

To ensure compliance, Number One confirms that potential customers are not in the sanctions list or from the countries in the sanctions list before accepting the customers and opening accounts for them. Furthermore the Company conducts monthly screenings of all its customers to verify that none have been added to a sanctions list. Additionally, the company vigilantly monitors jurisdictions flagged by international organizations, such as the FATF, for having AML and CTF frameworks that are deemed strategically deficient. FATF regularly updates and publishes documents on its website that identify and assess these

jurisdictions, information which Number One closely follows to maintain adherence to global standards.

## **9. EMPLOYEE TRAINING**

In compliance with legal requirements, our financial services company is dedicated to delivering thorough training to our employees to combat money laundering and terrorist financing effectively. We acknowledge the vital role of training in promoting awareness and understanding of these critical issues.

Our dedication to expertise goes beyond hiring. After hiring new employees, we offer continuous training and development to keep their AML knowledge up to date. This includes attending seminars, workshops, webinars, and other learning activities designed to deepen their understanding of new AML trends, updates in regulations, and advancements in best practices.

By integrating these detailed evaluations into our hiring process, we aim to attract and choose individuals who show a solid commitment to skill, integrity, and ethical behavior. This method helps us maintain a strong AML compliance structure, protect our organization, and effectively fight against money laundering and related financial crimes.

Compliance Officer is responsible for providing employee training. He/she is accountable for the planning, development, coordination, and delivery of AML training initiatives. The Compliance Officer works closely with subject matter experts, regulatory bodies, internal stakeholders, and external training providers to ensure that the training content remains pertinent, current, and in line with regulatory expectations.

The Compliance Officer also oversees the tracking and documentation of employees' participation in training sessions, maintaining comprehensive training records, and conducting periodic assessments to gauge the effectiveness of the training program. They actively seek feedback from employees, monitor regulatory changes, and consistently improve training materials and delivery methods to enhance the learning experience.

## **10. CONCLUSION**

Money laundering and terrorist financing represent significant dangers to society and the global financial system. Successfully addressing these risks demands a collaborative and unified effort.

Number One is unwavering in its commitment to assisting the competent authorities in their fight against money laundering and the financing of terrorism. We recognize the importance of fostering a culture of diligence and awareness within our organization. Regular training, continuous monitoring of regulatory developments, and proactive adjustments to our policies and procedures are integral parts of our dedication to combating these illicit activities. By aligning ourselves with the authorities and upholding stringent standards, we contribute to the global effort to safeguard the financial system and protect society from the grave threats posed by money laundering and terrorist financing.

Furthermore, we are dedicated to enhancing our cooperation with international bodies, improving our systems for detecting suspicious activities, and ensuring that all our staff, from top management to frontline employees, are equipped with the knowledge and tools to identify and report potential financial crimes. This comprehensive approach is underpinned by our commitment to transparency, ethical practices, and a steadfast adherence to both local and international regulations governing anti-money laundering and counter-terrorist financing.