OUD LIMITED

Anti Money Laundering,
Countering the Financing of Terrorism Policy
&
Compliance Manual

CONTENT

1. INTRODUCTION

Money laundering and the financing of terrorism have been identified as risks to OUD Limited (**Company**), given the Company's private and public token sale.

Legislation derives from the European Union Anti-Money Laundering Directives. Individual guidance is provided by each jurisdiction where the Company operates, hence we are obliged to adhere to this guidance. Gibraltar, as well as many other countries around the world, has passed legislation designed to prevent money laundering and to combat terrorism.

This legislation, together with regulations, rules and industry guidance/codes, forms the cornerstone of Anti-Money Laundering (**AML**)/Combatting the Financing of Terrorism (**CFT**) obligations for relevant financial businesses and outlines the offences and penalties for failing to comply. In particular, the Proceeds of Crime Act was amended on 16th March 2018 to bring within scope of AML "undertakings that receive, whether on their own account or on behalf of another person, proceeds in any form from the sale of tokenised digital assets involving the use of distributed ledger technology or a similar means of recording a digital representation of an asset."

In March 2021, the Proceeds of Crime (Relevant Financial Business) (Registration) Regulations 2021 and the Proceeds of Crime (Transfer of Virtual Assets) Regulations 2021 came into force. The Proceeds of Crime (Relevant Financial Business) (Registration) Regulations 2021 imposes an obligation on businesses that fall within the definition in the previous paragraph to be registered with the Gibraltar Financial Services Commission (**GFSC**) for the purposes of AML and CFT. The Proceeds of Crime (Transfer of Virtual Assets) Regulations 2021 imposes certain AML and CFT obligations on "Virtual Asset Service Providers", which, for these purposes, include the Company's token sale.

The requirements of the different legislations apply to the Company globally. The Company may have additional local policies and procedures designed to comply with their local legislation, regulations and any government approved guidance in the jurisdiction(s) in which they operate.

2. POLICY STATEMENT

The Company and its directors are committed to full compliance with all applicable laws and regulations regarding money laundering and the financing of terrorism.

Every officer, director, employee and associated person of the Company is responsible for assisting in the Company's efforts to detect, deter and prevent money laundering and other activities intended to facilitate the funding of terrorism or criminal activities through its business.

3. SCOPE

This policy applies to all of the Company's customers. This policy also applies to all staff and any third party the Company might do business with.

4. LEGAL AND REGULATORY FRAMEWORK

The principal requirements, obligations and penalties, on which the Company's systems and controls are based, are contained in:

- the EU Anti-Money Laundering Directives;
- the Proceeds of Crime Act 2015 in Gibraltar ((**Act**) which transposes the EU Anti-Money Laundering Directive into Gibraltar law);
- the Proceeds of Crime (Transfer of Virtual Assets) Regulations 2021;
- the Proceeds of Crime (Relevant Financial Business) (Registration) Regulations 2021;
- the Counter Terrorism Act 2010 in Gibraltar;
- the Terrorism Act 2018 in Gibraltar; and
- the Crimes Act 2011 in Gibraltar.

5. WHAT IS MONEY LAUNDERING

Money laundering is the generic term used to describe the process by which criminals disguise the original ownership and control of the proceeds of criminal conduct by making such proceeds appear to have derived from a legitimate source.

6. MONEY LAUNDERING OFFENCES & PENALTIES

TYPE: CRIMINAL

6.1 Arrangements

A person commits an offence if he enters into or becomes concerned in an arrangement which he knows or suspects facilitates (by whatever means) the acquisition, retention, use or control of criminal property by or on behalf of another person.

The maximum penalty for this offence on conviction on indictment is fourteen years in prison, or a fine, or both.

6.2 Acquisition, possession or use of criminal property

A person commits an offence if he-

(a) acquires criminal property;
(b) uses criminal property; or
(c) has possession of criminal property.

The maximum penalty for this offence on conviction on indictment is fourteen years in prison, or a fine, or both.

6.3 Concealing, transferring etc. proceeds of criminal conduct.

A person commits an offence if he-

(a) conceals criminal property;
(b) disguises criminal property;
(c) converts criminal property;
(d) transfers criminal property; or
(e) removes criminal property from Gibraltar.

The maximum penalty for this offence on conviction on indictment is fourteen years in prison, or a fine, or both.

6.4 Tipping-off

A person is guilty of an offence if–

(a) he discloses that a money laundering suspicion report has been made, is being contemplated or is being carried out; and
(b) the information on which the disclosure is based came to him in the course of a business or activity in the regulated sector.

The maximum penalty for this offence on conviction on indictment is five years in prison, or a fine, or both.

6.5 Failure to disclose: relevant financial business

A person is guilty of an offence if–

(a) he knows, suspects or has reasonable grounds to suspect that another person is engaged in money laundering, or is attempting to launder money;
(b) the information or other matter, on which that knowledge or suspicion is based, came to his attention in the course of his trade, profession, business or employment; and
(c) he does not disclose the information or other matter to the Gibraltar Financial Intelligence Unit (**GFIU**) as soon as is reasonably practicable after it comes to his attention.

The maximum penalty for this offence on conviction on indictment is fourteen years in prison, or a fine, or both.

TYPE: REGULATORY

In addition to the criminal offences and consequences described above, there are also regulatory consequences the Company can face, such as:

- Warning;
- Licence suspension and/or revocation;
- Personal management licence review and/or suspension/revocation; and
- Financial penalties i.e.: fines.

7. WHAT IS TERRORISM FINANCING

Terrorist financing means (in accordance with Part 2.(1) of the Counter-Terrorism Act 2010 in Gibraltar, a similar definition of which applies in the UK):

(a) the use of funds or other assets, or the making available of funds or assets, by any means, directly or indirectly for the purposes of terrorism; or

(b) the acquisition, possession, concealment, conversion or transfer of funds that are (directly or indirectly) to be used or made available for those purposes.

Compared with money laundering (which involves the proceeds of all crimes), the amount of money that could be used as terrorism financing is quite small and can also come from legitimate sources. However, the social, political and economic consequences of allowing terrorist organisations to function and prosper are devastating and it is for this reason that Company staff must be on the alert for terrorist financing as well as for the proceeds of crime.

8. TERRORISM FINANCING OFFENCES & PENALTIES

A person commits an offence if he-

(a) Raises funds for terrorism
(b) Uses and possess money or other property for terrorism
(c) Arranges funds for terrorism
(d) Arranges the retention or control of terrorism property

The penalty for this offence is fourteen years in prison, or a fine, or both.

9. MONEY LAUNDERING REPORTING OFFICER (MLRO)

It is a requirement for a director of the Company to have overall responsibility and oversight of all compliance matters by the Company and its officers and staff. The holder of this position, in the Company, would be a member of the board of directors.

This position is known as the Compliance Officer.

It is a requirement for the Company to appoint an MLRO. The holder of this position, in the Company, would be a member of the Compliance & Regulatory Team (if any, and failing that, an independent officer of the Company nominated by the Company's board of directors). This position is also known as the 'appropriate person' or 'nominated officer'.

The MLRO is responsible for:

- Developing, implementing and overseeing all AML matters within the business;
- Undertaking a risk assessment for the business;
- Creating relevant policies, processes and procedures to prevent the Company from being misused for criminal activity;
- Providing training to staff in order for them to be able to identify red flags;
- Receiving and considering any internal suspicious activity reports;
- Liaising with the relevant Commissioner, the appropriate Financial Intelligence Unit (**FIU**) and any other relevant government authority;
- Submitting regulatory reports; and
- Presenting an MLRO report to the board of directors, at least annually, during which the operation and effectiveness of the Company's systems and controls is evaluated.

10. REPORTING: SUSPICIOUS ACTIVITY REPORTS (SAR)

The Company is required to report all circumstances where it has knowledge, suspicion or reasonable grounds to suspect that money laundering or the financing of terrorism is being or has taken place or been attempted through its facilities.

Employees are trained in order to recognise suspicious activities and therefore submit SARs where relevant. An internal SARs form is available on the Intranet for employees to use (please refer to Annex 1). The MLRO will also make the SARs form available to any employee upon request.

The MLRO is responsible for investigating any internal SAR received and/or any suspicion of money laundering/ terrorist finance. The MLRO will acknowledge receipt of any internal SAR received.

When considering a SAR, the MLRO will determine whether or not it needs to be disclosed to the authorities. This includes events in Gibraltar that may also be reported to other regulators and agencies.

In making a decision, the MLRO will consider, amongst others:

- the information available regarding the case, i.e.: customer information, documentation, media news;
- transactions involved;
- account activity inconsistent with the customer's risk profile;
- correspondence with the customer;
- the reasons for suspicion, etc.

Based on the above consideration, if the MLRO knows or suspect or has reasonable grounds to know or suspect that money laundering or terrorist financing has taken place, then a disclosure will be made accordingly. In the case the MLRO decides not to make a disclosure, this will be thoroughly documented with the reasons why.

Any disclosure is made to the appropriate country FIU, which in Gibraltar is the GFIU.

10.1. SAR's Log

The MLRO will record all internal SARs received by employees in the SAR's Log. This Log will be kept up to date with any new information that might arise on any given case.

11. AML/CFT RISK ASSESMENT

The Company shall perform a risk assessment, at least on an annual basis. There will be triggers and thresholds in place as part of the assessment. The risk assessment will be conducted on all customers. The customer's risk profile will be reviewed at least annually and/or where there is a trigger event which prompts the review.

If and when necessary, the Company will implement remediation projects in order to deal with any deficiencies which might be identified as part of the Know Your Customer/Customer Due Diligence process.

Based on this risk assessment, the level of due diligence will vary, as set out in section 12 below, taking into consideration the following type of risks:

11.1. Customer Risk

This is the identification of the risk posed by the type of customer:

- politically exposed persons;
- high rollers (high spenders);
- customers whose spend isn't consistent with their wealth or income; and
- customers located/residing in a high risk jurisdiction.

11.2. Customer profile

Each customer will have a risk profile based on factors such as:

- payment method, i.e. deposit via one method and withdrawal via another;
- using high risk payment methods, i.e. prepaid cards, cryptocurrencies, etc.;
- account activity, i.e. significant changes in customer account activity;
- products used, i.e. cryptocurrencies, tokens, etc.;
- balance, i.e. amount of deposits and value, withdrawal practices, etc.;
- any other risk factor identified as part of the onboarding risk assessment process and/or ongoing business relationship, i.e. money laundering and/or terrorist financing risks.

11.3. Product Risk

This is the type of product(s) offered by the Company including, the Company's tokens and access to the Company's platform.

11.4. Interface Risk

The Company recognises that, as a seller of tokens, it will never meet its customers face to face. Therefore, the interface risk is already considered high.

11.5. Country Risk

Country risk is used to describe the risk posed to the Company by the geographic origin of the economic activity of the business relationship. This is wider than just the country of residence of the customer and will, for example, include where the customer's money is coming from.

The Company will determine which countries are high risk based on the "High-risk and non-cooperative jurisdictions" list produced by the Financial Action Task Force (**FATF**) as well as the "Corruption Perception Index" from Transparency International.

11.6. The Company's Risk Appetite

In line with the risk-based approach as set out in the Risk Management Strategy, all clients must and will be risk assessed by the Company (**Client Risk Assessment Procedure**). Further guidance on how the

Company will risk assess a client and how to apply the scoring mechanism is set out in Appendix 3 of this policy.

The Company will risk assess each client by considering the risk variables relating to four risk elements (client risk, product risk, interface risk and country risk). The four risk elements will be rated in accordance with a scoring mechanism determined by the Compliance, Risk and Governance Committee and combined on a chart in order to provide a risk profile for a particular client relationship. When compared to the Company Risk Profile (See Appendix 3), the chart can help identify where the Company is required to conduct simplified or enhanced due diligence measures on a particular client.

- ***Client Risk*** is the risk posed by the type of client the Company will service. The client will either be an individual or a legal entity. Certain individuals or legal entities are more geared towards certain criminal activities than others, although that is not to say criminals are limited to those certain characteristics. Further guidance is contained in Appendix 3 of this policy on what factors to consider when determining and scoring client risk. In addition, it is the responsibility of the Compliance Officer to run background checks on the prospective client, such as internet search checks/research and passing the client's details through the C6 database and screening the client against sanction lists.
- ***Country Risk*** is the risk posed to the Company by the geographic providence of the economic activity of the business relationship. Whereas some jurisdictions have implemented laws and regulations geared towards making criminal activity as difficult as possible to achieve, other jurisdictions are not as strict and/or the law is not enforced and therefore criminal activity is prevalent. Further guidance on how to determine and score country risk is contained in Appendix 3 of this policy.
- ***Products Risk*** is the risk of the client using the services and/or products provided by the Company for illicit means. Some services and/or products are inherently less attractive to criminals than others whilst others are the most favoured. Further guidance on how to determine and score product risk is contained in Appendix 3 of this policy.
- ***Interface Risk*** is the risk that the Company faces as a result of the mechanism through which the business relationship is commenced and transacted. Further guidance on how to determine and score interface risk is contained in Appendix 3 of this policy.

These variables, either singly or in combination, may increase or decrease the potential risk posed by a client, thus impacting the appropriate level of due diligence required on a particular client. By combining the four risk elements into a single chart, the board of directors can quickly and easily determine whether the business relationship falls within the risk appetite of the Company, and therefore within the existing systems of control.

The Company may decide to re-assess the Client Risk Profile when further information has been determined. If at any later stage, the Client Risk Profile changes as further information is received, and the Company will inform the client as soon as possible. The Compliance Officer will be responsible for re-

assessing a Client Risk Profile on a regular basis or when a client's circumstances change for whatever reason.

The four above areas of risk are assessed on a scale of 1 – 10, with 1 being very low risk and 10 being extremely high risk. The Company will tolerate the risks as follows:

- ✓ ***Customer risk*** = 1 – 3 (Low) 4 – 6 (Medium) 7 – 10 (High)
- ✓ ***Interface risk*** = 1 – 3 (Low) 4 – 6 (Medium) 7 – 10 (High)
- ✓ ***Country risk*** = 1 – 3 (Low) 4 – 6 (Medium) 7 – 10 (High)
- ✓ ***Product risk*** = 1 – 3 (Low) 4 – 6 (Medium) 7 – 10 (High)

Any business where any of the above areas is rated above 7 - 10 (High) will be treated on a case-by-case basis.

Any risk assessed higher than the above ratings must be reviewed and a decision taken whether to:

- ✓ Tolerate the risk; or
- ✓ Request additional information and/or documentation; or
- ✓ Spread the risk (by involving a third party or by taking out additional insurance; or
- ✓ Decline the risk and not accept the application, or terminate the relationship.

Refer to ANNEX 2 – Schedule of Risk Assessment

The total risk score will determine the risk level as follows:

- ✓ ***Low risk*** = 1 - 16
- ✓ ***Medium risk*** = 17 - 28
- ✓ ***High risk*** = 29 - 40

12. CUSTOMER IDENTIFICATION (KNOW YOUR CUSTOMER) AND CUSTOMER DUE DILIGENCE

12.1. The Act

The Act transposes the EU Anti-Money Laundering Directive into Gibraltar law.

The Act sets out that a 'relevant financial business' must apply different levels of due diligence measures based on a risk based approach, and these are either:

(a) Customer due diligence (**CDD**);

(b) Simplified due diligence (**SDD**); or

(c) Enhanced due diligence (**EDD**).

12.1.1. Customer Due Diligence Policy (CDD)

Section 11 of the Act states that a 'relevant financial business' must apply customer due diligence measures where it does any of the following:

(a) establishes a business relationship;
(b) carries out an occasional transaction amounting to €15,000 or more, whether the transaction is carried out in a single operation or in several operations which appear to be linked;
(c) in the case of persons trading in goods, when carrying out occasional transactions in cash amounting to €10,000 or more, whether the transaction is carried out in a single operation or in several operations which appear to be linked;
(d) suspects money laundering or terrorist financing, regardless of any derogation, exemption or threshold;
(e) doubts the veracity or adequacy of documents, data or information previously obtained for the purposes of identification or verification;
(f) constitutes a transfer of funds, as defined in Article 3(9) of Regulation (EU) 2015/847 of the European Parliament and of the Council of 20 May 2015 on information accompanying transfers of funds and repealing Regulation (EC) No 1781/2006 (1), exceeding €1,000.
(g) for providers of gambling services, upon the collection of winnings, the wagering of a stake, or both, when carrying out transactions amounting to 2,000 euro or more, whether the transaction is carried out in a single operation or in several operations which appear to be linked.

It is a requirement under section 12 of the Act that a 'relevant financial business' must conduct an ongoing monitoring of the business relationship, which means that the entity must scrutinize transactions undertaken throughout the course of the business relationship in order to ensure that such transactions are consistent with:

(a) the relevant financial business's or person's knowledge of the customer;
(b) their business and risk profile.

Where an entity seeks to establish a business relationship or carry out a transaction amounting to €15,000 or more, whether the transaction is carried out in a single operation or in several operations which appear to be linked and is carrying out due diligence measures, the entity must verify the identity of the customer before the establishment of a business relationship or the carrying out of an occasional transaction.

CDD is required by law since you can better identify suspicious transactions if you know your customer and understand the reasoning behind their dealings with you. CDD involves a combination of SDD and EDD as further explained below.

12.1.2. Know Your Customer (KYC)

KYC is the process used by the Company to verify the identity of our customers.

There are different levels of due diligence we need to perform. This will be determined on a risk-based approach.

The Company will apply CDD when:

(a) it establishes a business relationship;
(b) it suspects money laundering or terrorist financing;
(c) it doubts the veracity or adequacy of documents or information previously obtained for the purposes of identification or verification; and
(d) it receives any amounts from the sale of tokens.

Moreover, the Company will also apply CDD:

(e) in relation to any transaction1 that amounts to €150 or more, whether the transaction is executed in a single operation or in several operations which appear to be linked;
(f) at other appropriate times to existing customers on a risk-based approach;
(g) when the Company becomes aware that the circumstances of an existing customer relevant to its risk assessment for that customer have changed; or where there is a legal duty to contact the customer (in the case of a customer that is not an individual) for the purpose of reviewing any information relating to the beneficial owner or beneficial owners.

12.1.3. Enhanced Due Diligence (EDD)

A 'relevant financial business' must apply EDD measures to appropriately manage and mitigate risks:

(a) in the cases referred to in Articles 19 to 24 of the European Union Fourth Anti-Money Laundering Directive (**Directive**);
(b) when dealing with natural persons or legal entities established in third countries identified by the European Commission as high risk third countries; and
(c) in other cases of higher risk identified:
    (i) by the relevant financial business; or
    (ii) by the Minister by notice in the Gazette.

EDD measures need not be invoked automatically with respect to branches or majority-owned subsidiaries of obliged entities established in the European Union which are located in high-risk third countries, where those branches or majority-owned subsidiaries fully comply with the group-wide policies and procedures in accordance with Article 45 of the Directive, and such cases must be handled on a risk sensitive basis.

Where the customer is not physically present for identification purposes, the relevant entity must take specific and adequate measures for the higher risk, such as:

(a) ensuring that the customer's identity is established by additional documents, data or information;
(b) supplementary measures to verify or certify the documents supplied, or requiring confirmatory certification by a credit or financial institution which is subject to the Directive; and
(c) ensuring that the first payment is carried out through an account opened in the customer's name with a credit institution.

The Company will apply enhanced customer due diligence measures and enhanced ongoing monitoring in order to manage and mitigate the money laundering or terrorist financing risks arising in the following cases:

(a) where there is a high risk of money laundering or terrorist financing;
(b) where the customer is situated in a high-risk third country identified by the European Commission or by the FATF (whichever has the lower threshold);
(c) where a customer or potential customer is a PEP, or a family member or known close associate of a PEP;
(d) in any case where a transaction is complex or unusually large, or there is an unusual pattern of transactions, and the transaction or transactions have no apparent economic or legal purpose; and
(e) in any other case which, by its nature, can present a higher risk of money laundering or terrorist financing.

Where the Company discovers that a customer has provided false or stolen identification documentation or information, and/or where the information held by the Company differs from that of the customer's transaction patterns, the relationship will be terminated. Any customer account closed on these circumstances, will be added to an internal blacklist.

The enhanced measures will include, but not be limited to:

(a) examining the background and purpose of the transaction, as far as reasonably possible;
(b) increasing the degree and nature of monitoring of the business relationship in which the transaction is made, to determine whether the transaction or the relationship appear to be suspicious;
(c) depending on the requirements of the case, may also include, among other things: (i) seeking additional independent, reliable sources to verify information provided or made available to the Company; (ii) taking additional measures to understand better the background, ownership and

financial situation of the customer, and other parties to the transaction, i.e. payslips, savings, inheritance, bank statements, etc.;

(d) taking further steps to be satisfied that the transaction is consistent with the purpose and intended nature of the business relationship;

(e) increasing the monitoring of the business relationship, including greater scrutiny of the transactions.

Section 17(6) of the Act prescribes in relation to business relationships or transactions involving high-risk third countries specifically, that a relevant financial business must apply the following EDD measures:

(a) obtain additional information on the customer and on the beneficial owners;

(b) obtain additional information on the intended nature of the business relationship;

(c) obtain information on the source of funds and source of wealth of the customer and of the beneficial owners;

(d) obtain information on the reasons for the intended or performed transactions;

(e) obtain the approval of senior management for establishing or continuing the business relationship; and

(f) conduct enhanced monitoring of the business relationship by increasing the number and timing of controls applied, and selecting patterns of transactions that need further examination.

Therefore, applying CDD measures involves several steps:

1. The Company is required to identify customers;
   (a) identification of a customer means being told or coming to know of the customer's identifying details, such as their name and address. The Company identifies the customer by obtaining a range of information about the customer.
2. The Company must then verify the customers identities, upon registration;
   (a) verification means obtaining some evidence which supports this claim of identity. The verification of the identity consists of the Company verifying the information received against documents, data or information obtained from a reliable and independent source.
3. The Company must also verify and whitelist the wallets from which customers remit any cryptocurrencies;
   (a) verification means obtaining some evidence which confirms the wallet:
      (i) is not related to terrorist financing;
      (ii) is not related to the darknet market;
      (iii) does not belong to mixers; or
      (iv) (iv) does not relate to a sanctioned country.

      The verification of the wallet consists of the Company verifying the information received against documents, data or information obtained from a reliable and independent source.

4. The company shall also collect IP addresses and to the extent applicable MAC addresses from its customers during the identification and verification process. Simplified Due Diligence (SDD) The Act states that where a 'relevant financial business':
    (a) identifies areas of lower risk; and
    (b) has ascertained that the business relationship or the transaction presents a lower degree of risk; it may, in accordance with section 16 of the Act apply simplified customer due diligence measures.

Section 16 of the Act should not be construed as derogating from the need to undertake sufficient monitoring of the transactions and business relationships to enable the detection of unusual or suspicious transactions or from the provisions of section 12 of the Act.

When assessing the risks of money laundering and terrorist financing relating to types of customers, geographic areas, and particular products, services, transactions or delivery channels, a relevant financial entity must take into account at least the factors of potentially lower risk situations set out in Schedule 6 of the Act.

12.2. Gibraltar Specifics

12.2.1. Customer Due Diligence (CDD)

CDD is a two-stage process which will always be undertaken upon registration. It consists of:

1. first, the operator must obtain the required personal identification details through an effective and reliable customer registration process; and
2. thereafter verify that identity using reliable and independent means, including databases, documents or other supplementary methods of confirming/assuring identity.

12.2.2. Enhanced Due Diligence (EDD)

All customers that make a deposit will be subject to EDD. This will consist of CDD plus an additional third stage that includes:

(a) undertaking additional information checks; or
(b) supplementary measures to verify or certify documents; or
(c) ensuring that payments from or to the customer are from/to a bank account or cryptocurrency wallet in his name.

The above measures would be in addition to the arrangements to establish identity or age and will be recorded.

EDD will be performed as soon as practicable:

(a) where a customer makes the first deposit in fiat currency or cryptocurrency;
(b) where a customer's deposits reach the equivalent of €150 (or equivalent); and

(c) where a customer seeks to withdraw fiat currency or cryptocurrency; In any case, where EDD is necessary, additional information and/or documentation will be requested, i.e. source of wealth, source of funds, payment method ownership, etc.

Additional verification is also performed. If the EDD process is not concluded in a reasonable timeframe (generally within 28 days), the account will be subject to additional and proportionate supervision, consistent with the value and risk profile of the account and the deposits.

Where the verification process fails then no further transactions will be allowed, including transfers or withdrawals in fiat currency or cryptocurrency. Where necessary, deposits in fiat currency or cryptocurrency will be retained until identification is resolved.

Therefore, CDD is a three-stage process:

1) obtaining sufficient information on customer identity;
2) verification of that identity against reliable and independent means; and
3) further identity verification by way of additional database checks, "supplementary means" or a bank process or cryptocurrency wallet whitelisting process in the name of the customer.

Section 2(1) of the Act states: "A person commits an offence if he enters into or becomes concerned in an arrangement which he knows or suspects facilitates (by whatever means) the acquisition, retention, use or control of criminal property by or on behalf of another person." Section 8 of the Act states that "business relationship" means: "a business, professional or commercial relationship which is connected with the professional activities of a relevant financial business and which is expected, at the time when contact is established, to have an element of duration."

Section 9(1)(p) of the Act brings companies which carry out token sales within the definition of "relevant financial business" as follows: "(p) undertakings that receive, whether on their own account or on behalf of another person, proceeds in any form from the sale of tokenised digital assets involving the use of distributed ledger technology or a similar means of recording a digital representation of an asset." By virtue of the fact that it will carry out its sale of tokens from Gibraltar, the Company will need to ensure compliance with the Act and apply appropriate customer due diligence measures to all the participants in the Company's token sale.

The directors and officers of the Company are notified of the overarching responsibility imposed by Section 2(1) of the Act which creates an offence if a person enters into or becomes concerned in an arrangement which he/she knows or suspects facilitates (by whatever means) the acquisition, retention, use or control of criminal property by or on behalf of another person. In light of this, the following KYC procedures have been adopted by the Company:

12.2.3. Individual Participants

(a) Information to be received from any individual participant in the Company's token sale who pays an amount less than €150 (or currency equivalent):
    (i) full legal name;
    (ii) usual residential address;
    (iii) date of birth; (iv) verification of email address;
    (iv) wallet address; and (vi) IP address and to the extent applicable a MAC address.

(b) Additional documentation to be received from each individual participant in the Company's token sale who pays between €150 and €10,000 (or currency equivalent):
    (i) passport copy; and
    (ii) a second recognised form of photographic identification.

(c) Additional documentation to be received from each individual participant in the Company's token sale who pays between €10,000 and €50,000 (or currency equivalent) and is considered a low risk participant:
    (i) passport copy;
    (ii) a second recognised form of photographic identification; and (iii) plausible and verifiable source of wealth.

(d) Additional documentation to be received from each individual participant in the Company's token sale who pays over €150 (or currency equivalent) and is considered a high risk participant:
    (i) passport copy;
    (ii) a second recognised form of photographic identification; and
    (iii) documentary and verifiable proof of source of wealth.

(e) Additional documentation to be received from each individual participant in the Company's token sale who pays more than €50,000 (or currency equivalent):
    (i) passport copy;
    (ii) a second recognised form of photographic identification; and
    (iii) documentary and verifiable proof of source of wealth.

Notwithstanding the above, where the business relationship or transaction involves an individual from a high-risk third country, the Company will request any information and documentation, not already obtained in accordance with the above procedure, that is necessary to comply with Section 17(6) of the Act.

12.2.4. Due Diligence for Corporate Participants

Information and documentation to be received from any corporate participant in the Company's token sale:

(i) certificate of incorporation of the corporate entity;
(ii) memorandum and articles of association of the corporate entity;
(iii) register, or certificate from the corporate registry, showing all the directors and shareholders of the corporate entity;

(iv) if the corporate entity is over 12 months old, a certificate of good standing for the corporate entity;

(v) if the shareholder (or any of the directors of the shareholder) up to each ultimate beneficial owner, is a corporate entity, the documents listed (i)-(iv) above for each corporate shareholder and corporate director in the structure;

(vi) the documents listed in the "Individual Participants" section relating to the ultimate beneficial owner(s) of the corporate participant, in accordance with their risk profile;

(vii) verification of e-mail address of each corporate entity,

(viii) verification of IP address of each corporate entity;

(ix) verification of cryptocurrency address that will be used to make a payment; and

(x) email for contact person (person who has responsibility to contact us); The principal requirement is to look behind a corporate entity to identify the individuals who control the entity and its assets, with particular attention being paid to any shareholders or others who exercise a significant influence over the affairs of the company.

For companies with multi-layered ownership structures, the company is required to document their understanding of the ownership and control structure of the natural and legal persons at each stage in the structure. This does not require for director and shareholder information to be obtained at every level, but documentation should be obtained from reliable and verifiable sources that confirm the company's existence, its registered shareholdings and management.

Confirmation of identity is required for any individuals who own more than a 25% share in the company with whom the business relationship is being established.

Notwithstanding the above, where the business relationship or transaction involves a corporate entity from a high risk third country, the Company will request any information and documentation, not already obtained in accordance with the above procedure, that is necessary to comply with Section 17(6) of the Act.

13. ANONYMOUS AND/OR DUPLICATE/MULTIPLE ACCOUNTS

The Company does not permit the use of anonymous and/or duplicate/multiple accounts.

The Company has the necessary systems and controls in place to detect and deter these occurrences. If a customer is found to have opened more than one account, the accounts will be closed.

The Company will use a software (or procure the services of a third-party service provider) to be able to identify this type of accounts. Daily reports will then be analysed by the Risk and Payment Team, who will then take actions (i.e.: close accounts) accordingly.

14. ONGOING MONITORING

The Company performs ongoing monitoring of its customers. The Company uses a software provider who analyses customers' historical information and account profile. This is the way a "whole picture" is produced which analysis customer's profile, risk levels, and predicted future activity.

The software also generates reports and create alerts to suspicious activity which are further analysed by the Company in order to take actions accordingly.

There will also be instances whereby the analysis of transactions, information and/or documentation needs to be done manually. The responsibility for this analysis will depend on various factors, but generally will be performed by fraud, risk and/or compliance.

14.1. Type of Monitoring

Based on a variety of internal reports, including exception reports, the Company will carry out the following monitoring:

14.1.1. Product monitoring

Monitoring of products used by customers, in order to identify changes/irregular patterns/behaviour.

14.1.2. Transaction and activity monitoring

This will include but not be limited to:

- change of payment methods;
- whether the transactions or activity are inconsistent (unusual) with the customer's risk profile;
- whether the transactions or activity are complex or unusually large;
- whether the transactions or activity form part of an unusual pattern;
- whether the transactions present a higher risk of money laundering or financing of terrorism; or
- change in customer behaviour.

14.1.3. Media monitoring

This will monitor news media on specific countries, languages and publications. The Company will use a software provider to monitor media. The information will be analysed by the Compliance Officer (if any, and failing that, by the board of directors).

15. RECORD KEEPING

The Company keeps records of the procedures applied to establish the identity of its customers, and records of the value of their transactions, for at least 5 years after the relationship ends. This is consistent with data protection legislation and AML/CFT requirements.

General Data Protection Requirements matters are covered in section 23 of this policy.

16. POLITICALLY EXPOSED PERSONS ("**PEPs**")

A PEP generally presents a higher risk for potential involvement in bribery and corruption by virtue of their position and the influence that they may hold.

16.1. Definition

The Directive defines a 'politically exposed person' as a natural person who is or who has been entrusted with prominent public functions and includes the following:

(a) heads of State, heads of government, ministers and deputy or assistant ministers;
(b) members of parliament or of similar legislative bodies;
(c) members of the governing bodies of political parties;
(d) members of supreme courts, of constitutional courts or of other high-level judicial bodies, the decisions of which are not subject to further appeal, except in exceptional circumstances;
(e) members of courts of auditors or of the boards of central banks;
(f) ambassadors, chargés d'affaires and high-ranking officers in the armed forces;
(g) members of the administrative, management or supervisory bodies of State-owned enterprises;
(h) directors, deputy directors and members of the board or equivalent function of an international organisation.

No public function referred to in points (a) to (h) shall be understood as covering middle-ranking or more junior officials;

'family members' includes the following:

(a) the spouse, or a person considered to be equivalent to a spouse, of a politically exposed person;
(b) the children and their spouses, or persons considered to be equivalent to a spouse, of a politically exposed person;
(c) the parents of a politically exposed person;

'persons known to be close associates' means:

(a) natural persons who are known to have joint beneficial ownership of legal entities or legal arrangements, or any other close business relations, with a politically exposed person;
(b) natural persons who have sole beneficial ownership of a legal entity or legal arrangement which is

known to have been set up for the de facto benefit of a politically exposed person.

16.2. PEPs LOG

All identified PEPs will be assessed by senior management and a decision will be made on whether to continue with the relationship or terminate it. This will then be recorded in the PEPs Log. PEPs are monitored on a daily basis, using a data software, in order to identify any new information which might change their risk profile.

17. SANCTION LISTS

All new customers are screened against sanction lists. If a potential or current customer is identified as being in a sanction list, the relationship will be terminated immediately.

Under no circumstances the Company will, knowingly, engage in a relationship with a person and/or organisation appearing in a Sanctions List. Screening of customers against PEPs databases and Sanctions Lists is performed on a daily basis.

18. COOPERATION WITH GOVERNMENT BODIES

The Company is committed to the fight against money laundering and the financing of terrorism. As such, the Company will cooperate with any and all law enforcement requests and/or investigations, the GFIU, the Royal Gibraltar Police and any other relevant government authority.

18.1. External Data Request

Any external request received by the Company will be dealt with by the Compliance Department (if any, and failing that, by the board of directors) or other officer and escalated to a director where appropriate. All staff is made aware of this process, both, through this Policy and via internal email communications.

19. COMMUNICATION

This policy will be placed on the Intranet page and also communicated to staff by email. When the Company engages in business with third parties, this policy will be provided.

Any changes or amendments to this policy will also be communicated to relevant stakeholders (i.e.: employees, third parties, etc.) accordingly.

20. REVIEW

The Company will review this policy, at least, every year. The review will involve all relevant stakeholders. The Company will make such changes as are reasonably necessary to comply with this policy and any on-going licence obligations.

21. NON-COMPLIANCE

All Company's employees are required to read and comply with this policy. Failure to comply with this policy would be considered gross misconduct and might result in termination of employment.

22. STATEMENT ON OUTSOURCING

22.1 Responsible Persons

The persons responsible are members of the board of directors and non-board members who offer or execute a service on behalf of and under the direction of the board of directors, inclusive of persons who are employees of an outsourced service provider.

22.2. Scope

(a) This policy is intended to be used as the basis for all circumstances in which the Company elects to outsource functions and activities.

(b) Its purpose is to ensure that all outsourcing undertaken will:

i. Support the Company's business strategy and key objectives.
ii. Provide customers with an experience at least as good, or better than an in-house alternative.
iii. Enable the Company to deliver a service experience to customers at a cost consistent with the Company's cost objective/budget/business plan.
iv. Enable the Company to exercise control over outsourced service providers to ensure that any risks are properly identified, understood and appropriately mitigated.
v. Enable the Company to demonstrate as required that its responsibilities in respect of outsourced activities are being effectively discharged.

22.3. Application of guiding principles

A risk-based approach will be adopted which will determine the level of supervision and control to each outsourced activity.

22.4. Outsourcing Responsibility

(a) Given the importance of outsourcing to the Company's business operations all outsourced activities critical to the successful delivery of customer experience will be subject to the approval of the board of directors.
(b) Ultimate responsibility lies with the board of directors.
(c) It will also be the responsibility of the board of directors to ensure that the regulator (if required) is appropriately informed in the event that material activities are to be outsourced.

22.5. KYC/AML

All outsourced service providers will be subjected to the Company's KYC/AML process that will ensure they have:

(a) The ability;
(b) The capacity;
(c) The financial capability;
(d) And the authorisation required by law and/or regulation to undertake the activities to be outsourced on a professional, efficient and effective basis meeting the standards prescribed by the Company.

22.6. Contractual Arrangements

(a) All outsourced arrangements will be the subject of written contracts which will comprise a legal agreement and accompanying services and service levels.
(b) It is advisable that agreements include the following:
    i. Definition of the activities to be outsourced:
    ii. Responsibilities of the Company and the outsourced service provider:
    iii. Defined intellectual property and client ownership and protection of confidential information including ownership/use of records:
    iv. Ensure that the Company is able to meet its legal obligations:
    v. Obligation on the service provider to allow the Company and Company's external auditors to relevant data and premises as required and to allow the Company and Company's external auditors full and unrestricted rights of inspection and audit of service provider data:
    vi. Provision of continuous monitoring and assessment of services provided:
    vii. Provision of necessary conditions for any sub-contracting by the service provider which will include any need for approval from the Company and ensure that the Company maintains control over all sub-contracted activity:
    viii. Obligation on service provider to immediately inform the Company of any changes in circumstances which may materially impact on the delivery of outsourced services:
    ix. Obligation on services provider to notify the Company of potential or actual conflicts of interest:
    x. Agreed renewal, termination and exit management processes that ensure there is no customer detriment:

xi. Definitions of material breach and consequences of same:
xii. Extent of liability, quantum attaching to the Company and to outsourced service provider and circumstances under which liability may materialize:
xiii. Choice of law where the service provider is located outside of Gibraltar:
xiv. General Data Protection Requirements of service provider:
xv. Stipulation of any required guarantees and indemnitees from service provider:
xvi. Agreed dispute resolution procedure:
xvii. Payments processes:
xviii. Requirement for appropriate indemnity or other insurance to be held by the outsourced service provider:
xix. Minimum reporting standards from the outsourced service provider to the Company specifying content and timing:
xx. Specific complaints handling processes, procedures, referral and reporting requirements:
xxi. Agreed rectification actions where performance shortfalls are noted.

22.7. Contingency Planning

(a) The Company's business continuity and disaster recovery plans will include provision for all outsourcing activities:
(b) Planning in connection with the activities of each outsourced service provider shall be undertaken in conjunction with that service provider:
(c) The Company's business continuity and disaster recovery plans will include provision for the need to quickly transfer outsourced activities either to another branch of the service provider or another outsourced service provider:
(d) Requirement of copy of business continuity and disaster recovery plan to be lodged with the Company and any test results and subsequent changes notified to the Company.

22.8. Termination and Exit Management

Contracts between the Company and outsourced service providers must adequately define the agreed termination and exit process including:

(a) Minimum notice period (termination without cause):
(b) Ability to terminate with cause:
(c) Termination should also include provision to allow the Company to terminate by notice of dismissal or extraordinary notice of cancellation if required:
(d) Exit strategies should allow transfer of service to another outsourced service provider or the Company to ensure continuity of the service and return of customer data and other property and resources of the Company:

(e) The Company to have the right to require the co-operation of the service provider in the event of termination that will enable the Company to bring the function in-house or an orderly transfer to an alternative service provider.

23. EU GENERAL DATA PROTECTION REGULATION 2016 (**GDPR**)

This Privacy Notice explains how and why the Company may use personal data,

The handling of personal data is treated seriously and the Company respects privacy and rights to control personal data.

23.1. How the Company collects data

The Company collects personal data when an individual register their personal details directly with the Company in respect of the proposed token sale.

23.2. Lawful basis on which Personal data is relied upon

(a) Where an individual has actively registered their interest through the Company's website, the lawful basis for holding and processing personal data would be a "contractual" basis.
(b) Personal data collected is subject to third party checks as part of the token sale requirement to combat money laundering. In these circumstances where there is a direct contractual relationship between the Company and the individual, the Company is collecting and processing personal data on the basis of legitimate interest. By providing personal data for this purpose individuals accept and agree that the basis upon which the Company is processing personal data is legitimate interest. The Company will only process personal data in accordance with the GDPR.
(c) The Company would also retain and process personal data if there is a legal obligation to do so. In order to operate and improve our business, there is also a valid legitimate interest basis for holding and processing of personal data.

The Company might also have requested explicit consent in order to use personal data. Where the Company processes personal data based on consent, individuals have a right to withdraw consent at any time.

23.3. Principles for collection and processing of personal data

The Company has adopted the following general GDPR principles to support and govern its collection and processing of personal data:

- Personal data shall be processed lawfully, fairly, and in a transparent manner.

- Personal data shall only be retained for as long as it is required to fulfil contractual requirements.
- Personal data shall be adequate, relevant, and limited to what is necessary in relation to the purposes for which they are collected and/or processed.
- Personal data shall be accurate and, where necessary, kept up to date.
- The data dubject has the right to request from the Company access to and rectification or erasure of their personal data, to object to or request restriction of processing concerning the data, or to the right to data portability.

23.4. Disclosure of Personal Data

The Company may disclose personal data to certain permitted third parties, such as third-party service providers or cloud service providers, to comply with contractual obligations.

The Company will never sell personal data and will only share it with organisations the Company works with when it's necessary and the privacy and security of personal data is assured.

23.5. Personal Data Retention Policy

The Company will keep personal information for as long as the Company need it for the purpose it is being processed for, considering any legal obligation the Company may have (e.g. to maintain records for fiscal or reporting purposes), any other legal basis the Company may have for using information

The Company will keep the information for a period as set by GDPR.

23.6. Data Subject Right

Individuals have certain rights over their personal data and data controllers are responsible for fulfilling these rights. The Company are the data controllers, where we decide how and why personal data is processed.

Under GDPR, individuals have a right to:

(a) know what data is processed, how it is processed and shared and to receive a copy of their personal data;
(b) erasure, where there are no laws or regulations which mandate the retention of that data;
(c) rectification of inaccurate personal data;
(d) withdraw their consent;
(e) data portability;
(f) restriction of processing of specific personal data items;

(g) object to processing performed in the legitimate interests of the Company subject with the objection evaluated in the context of the risk to the data subject;
(h) object to direct marketing and have the direct marketing ceased immediately;
(i) be subject to a decision based solely on automated processing; and
(j) claim compensation for damages caused by a breach of the Act.

23.7. Access to Personal Data

An individual's right to access can be exercised in accordance with the GDPR. Any requests from data subjects about the information held on them must be documented and include the nature of the request and the response given.

To progress your request two forms of identification (ID) will also be required before any data is compiled, these must be dated within the last three months.

The Company, upon being satisfied that an individual meets the criteria for disclosure of data under GDPR, will provide a response to the individual within 28 days from that date.

24. STATEMENT ON ANTI-BRIBERY AND CORRUPTION

24.1. Introduction

The Company is committed to implementing and enforcing effective systems to counter bribery and corruption. Therefore, it is the Company's policy to conduct all aspects of its business in an honest and ethical manner at all times.

This policy applies to all individuals working for the Company, including anyone providing services to the Company such as consultants, or contractors.

24.2. Policy Aim

The aim of this policy is to help the Company act in accordance with the appropriate legislation governing anti-bribery and corruption, to maintain the highest possible standards of business practice, and advise individuals of the Company's 'zero-tolerance' to bribery and corruption.

24.3. The Law

Under UK law (UK Bribery Act 2010), as amended and applicable to Gibraltar, bribery and corruption is punishable for individuals by up to ten years imprisonment. If the Company is found to have taken part in any form of corruption or lacks adequate procedures to prevent bribery, it could face an unlimited fine and other stringent penalties.

24.4. Policy Statement

This policy applies to all permanent and fixed-term staff employed by the Company, and any contractors, consultants or other persons acting under or on behalf of the Company.

The Company will not:

- Make contributions of any kind with the purpose of gaining any commercial advantage.
- Provide gifts or hospitality with the intention of persuading anyone to act improperly, or to influence a public official in the performance of their duties.
- Make, or accept, “kickbacks” of any kind.

The Company will:

- Keep appropriate internal records that will evidence the business reason for making any payments to third parties.
- Encourage employees to raise concerns about any issue or suspicion of malpractice at the earliest possible stage.
- See that anyone raising a concern about bribery will not suffer any detriment as a result, even if they turn out to be mistaken.

24.5. Employee Responsibility

Employees must not:

- Accept any financial or other reward from any person in return for providing some favour.
- Offer any person any financial or other reward in return for providing some favour.

24.6. Gifts and Hospitality

This policy does not prohibit giving and receiving promotional gifts of low value, or normal and appropriate hospitality.

Receiving Business gifts:

- Receiving promotional gifts of low value is normal and appropriate, however, gifts with a value exceeding £25.00 may not be accepted without approval. Any gift offered and then refused because of its value, must be reported to the Company.

Offering Business gifts:

- Business gifts are primarily aimed at thanking customers and suppliers for their custom and loyalty, only authorised gifts may be given.

Receiving Hospitality:

The acceptance of corporate hospitality must be transparent; all invitations must be reported to the Company before an employee accepts any invitation. The following areas are exempt while attending conferences, seminars, sponsored by third parties:

- business and travel expenses incurred.

- normal business lunches and meals.

Offering gifts and hospitality:

- Company hospitality is primarily aimed at thanking customers and suppliers for their custom and loyalty. All hospitality events must have approval.

Donations to organisations:

- No donations should be made to charities, political parties or other organisations without approval.

24.7. Non Compliance

Staff

Failing to observe Company policy may lead to disciplinary action in accordance with the Company's Disciplinary Policy.

Visitors

In the event of a breach of the policy by other organisations, or individuals, the Company will take appropriate action.

24.8. Monitoring Policy

The policy will be monitored on an on-going basis to ensure that it addresses issues effectively.
The following will be monitored:

- That all individuals working for the Company are advised of the policy.
- Assessment of any reported incident or related occurrence.

Monitoring of the policy is essential to assess how effective the Company has been to establish control of its obligations.

24.9. Definitions

Bribe is a financial or other advantage offered or given to anyone to persuade them to or reward them for performing their duties improperly, or, with the intention of influencing them in the performance of their duties.

Hospitality is the practice of being hospitable, this includes the reception and entertainment of guests / visitors.

Kickbacks or facilitation payments are typically small payments made in return for a business favour or advantage.

24.10. Reviewing Policy

This policy will be reviewed and, if necessary, revised in the light of legislative or organisational changes. Improvements will be made by learning from experience and the use of an established annual review.

24.11. Policy Amendments

Should any amendments, revisions, or updates be made to this policy it is the responsibility of the Company senior management to see that all relevant employees receive notice. Written notice and/or training should be considered.

25. CONFLICTS OF INTEREST POLICY

25.1. Introduction

The purpose of this policy is to protect the Company's interests when it is contemplating entering into a transaction or arrangement that might benefit the private interest or interests of a director or staff member.

25.2. Definition of Financial Interest

A person has a financial interest if he or she has, directly or indirectly, through business, investment, or family:

- ✓ An ownership or investment interest in any entity with which the Company has a transaction or arrangement; or
- ✓ A compensation arrangement with the Company or with any entity or individual with which the Company has a transaction or arrangement; or
- ✓ A potential ownership or investment interest in, or compensation arrangement with any entity or individual with which the Company is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration, as well as gifts or favours that are substantial in nature.

Under this policy a person who has a financial interest may have a conflict of interest only if the board of directors of the Company decides that a conflict of interest exists.

25.3. Procedures

The board of directors, collectively, shall be responsible for recording and monitoring conflicts of interest unless delegated.

In connection with any actual or possible conflicts of interest, an interested person must disclose the existence of his or her financial interest and must be given the opportunity to disclose all material facts to the board of directors.

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, the board of directors will meet to determine if there is a conflict of interest. If the interested person is a director he or she may not attend any board of directors meeting where the potential conflict of interest will be discussed.

The board of directors will also, where appropriate, investigate alternatives to the proposed transaction or arrangement and shall determine whether the Company can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board of directors shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Company's best interest and for its own benefit, and whether the transaction is fair and reasonable to the Company and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

25.4. Violations of the Conflicts of Interest Policy

If the Company has reasonable cause to believe that a director or staff member has failed to disclose actual or possible conflicts of interest, it shall inform the person of the basis for such belief and afford the member an opportunity to explain to the Board the alleged failure to disclose.

If, after hearing the response of the director/staff member and making such further investigation as may be warranted in the circumstances, the Company determines that the director/staff member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action in accordance with standard Company disciplinary procedures.

25.5. Records or Proceedings

The minutes of the board of directors shall contain;

- ✓ The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, details on the nature of the proposed transaction or arrangement to be entered into by the Company, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the decision of the board of directors as to whether a conflict of interest in fact existed; and

- ✓ The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

25.6. Compensation

A voting member of the board of directors who receives compensation, directly or indirectly, from the Company for services is precluded from discussing and voting on matters pertaining to that board member's compensation.

25.7. Annual Statement of Compliance

Each director and staff member shall annually sign a statement (see Appendix 8) that affirms that such person:

- ✓ Has received a copy of the conflicts of interest policy;
- ✓ Has read and understands the policy; and
- ✓ Has agreed to comply with the policy.

26. STATEMENT ON ETHICAL POLICY

26.1. Introduction

The below Policy has been formally adopted by the Company and, as such it is binding upon the Company and in compliance with best practice, and in keeping with the Company's commitment in respect of and towards the Guidance Notes.

26.2. Statement concerning the integrity of clients

The Company shall not entertain applicants for business, nor continue to provide services to clients, seeking to evade their legal responsibilities or otherwise seeking to act in breach of any law or regulation of any jurisdiction.

The Company shall take all possible steps to ascertain the honesty and integrity of its clients both at the commencement of their business relationship with the Company and during the course of their business relationship with the Company.

26.3. Statement concerning unacceptable business activities

The Company shall not entertain applicants for business, nor continue to provide services to clients, seeking to undertake any activity, which is not necessarily illegal in any one particular jurisdiction but which, by its very nature, may prove controversial.

ANNEX 1

Suspicious Activity Report
(Internal Form)

PRIVATE AND CONFIDENTIAL

1. Customer name, address, date of birth, email and telephone number(s).		Registration details.
2. Any other personal information provided or obtained.		Please state nature and source of any other personal information.
3. Account username/ number(s)		Include all account usernames/numbers registered by the customer.
4. IP or other technical identification material.		IP and CIN as available.
5. Registration date		Date account registered.
6. Wallet or bank account details		State any suspicious activity relating to wallet and/or bank account.
7. Amount deposited - dates and method.		Enter cumulative deposit values to-date and principal deposit methods.
8. Reasons for suspicion		Please detail in full the reasons you have for suspicion.

9. Associated persons or accounts		Any other parties not already listed.
10. Action taken or other comments.		Any other relevant information.
11. Submitted by:		Please estate your full name
12. Job title:		
13. Department/Division:		
14. Date of submission:		

ANNEX 2

Client Risk Assessment Guidance & Obtaining a Risk Profile

The Company has adopted and implemented the following guidance in respect of Client risk assessments:

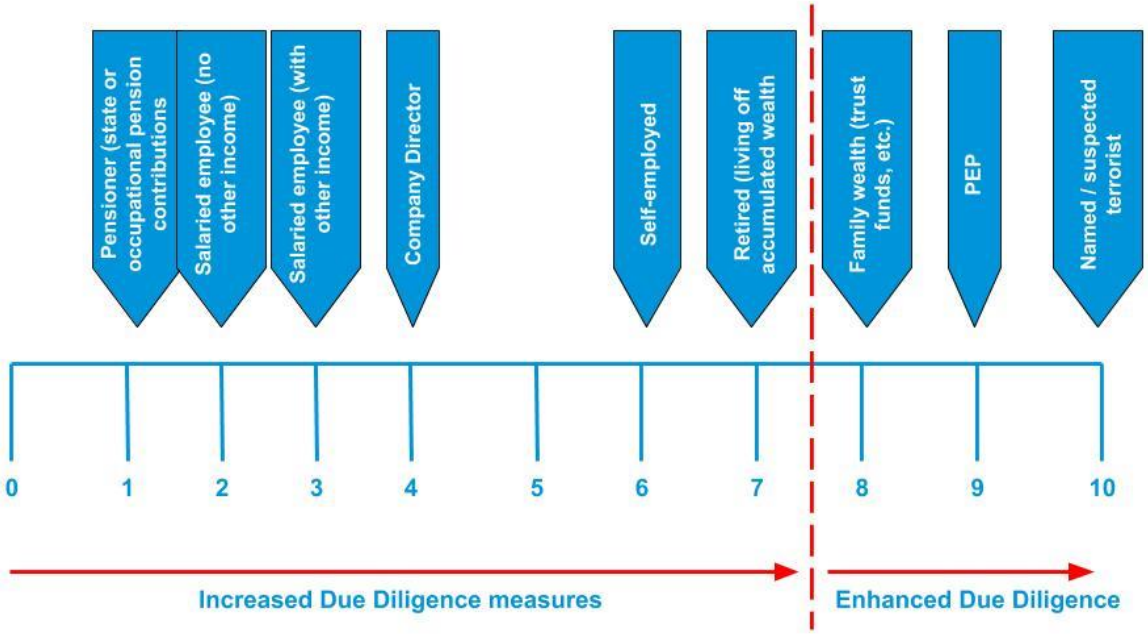
- Chapter 6 of the GFSC's 'Systems of control to prevent the financial system from being used for money laundering or terrorist financing activities' dated 30 June 2020 V7.0 the "AML and CFT Guidance Notes". The AML and CFT Guidance Notes can be accessed via the GFSC's website: https://www.fsc.gi/uploads/AMLCFT%20Guidance%20Note%20v7-Jun2020.pdf .
- Chapter 6 of the AML and CFT Guidance Notes in relation to scoring risk elements. Chapter 6 of the AML and CFT
- FATF "Country Risk Update" as published on the GFSC's website (the "Country Risk Update"): https://www.fsc.gi/fsc/financialcrime.

The above guidance forms part of the Company's policies and procedures in terms of client categorisation provisions. Members of Staff should refer to the above guidance in detail as if it were part of the Manual. It is the responsibility of the Compliance Officer to update Appendix III if the GFSC change or amend the above guidance or publish further guidance with respect to this.

1. Client Risk Assessment & Scoring Methodology

1.1. Individuals

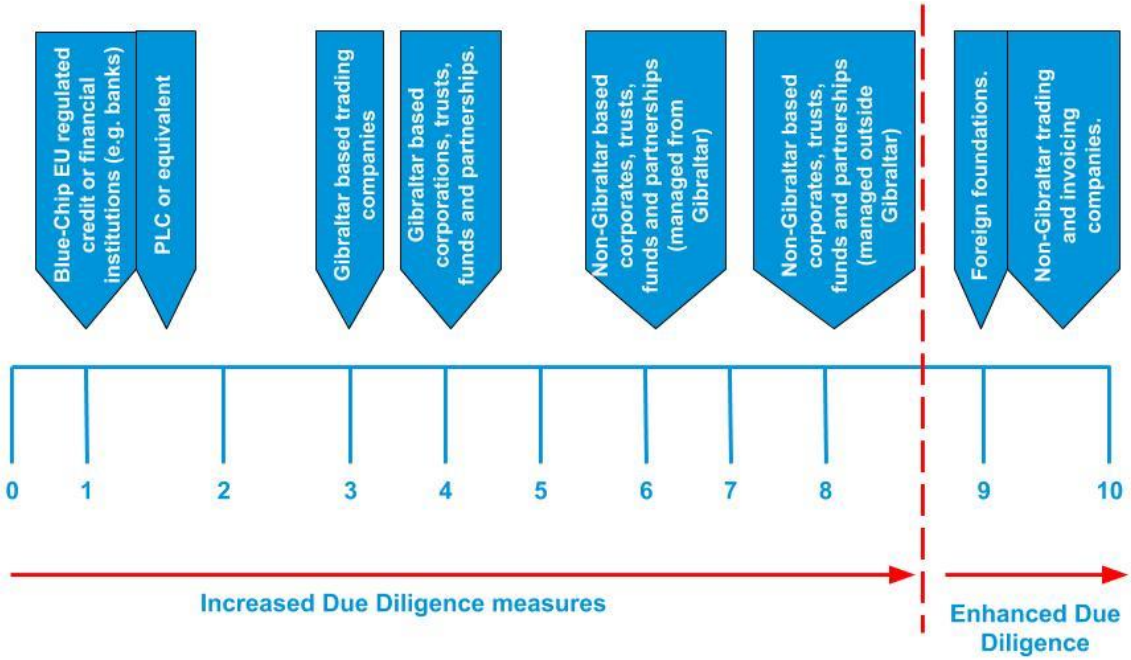
In accordance with the AML and CFT Guidance Notices, the Company has adopted the following scoring methodology for Client risk (individual client)



Retired (receiving state or occupational pension)	1
Salaried employee (salary sole income)	2
Salaried employee (with other income)	3
Company Director	4
Retired living off accumulated wealth	7
Family income (trust funds etc)	8
PEP	9
Named as suspected terrorist	10

1.2. Legal Entities

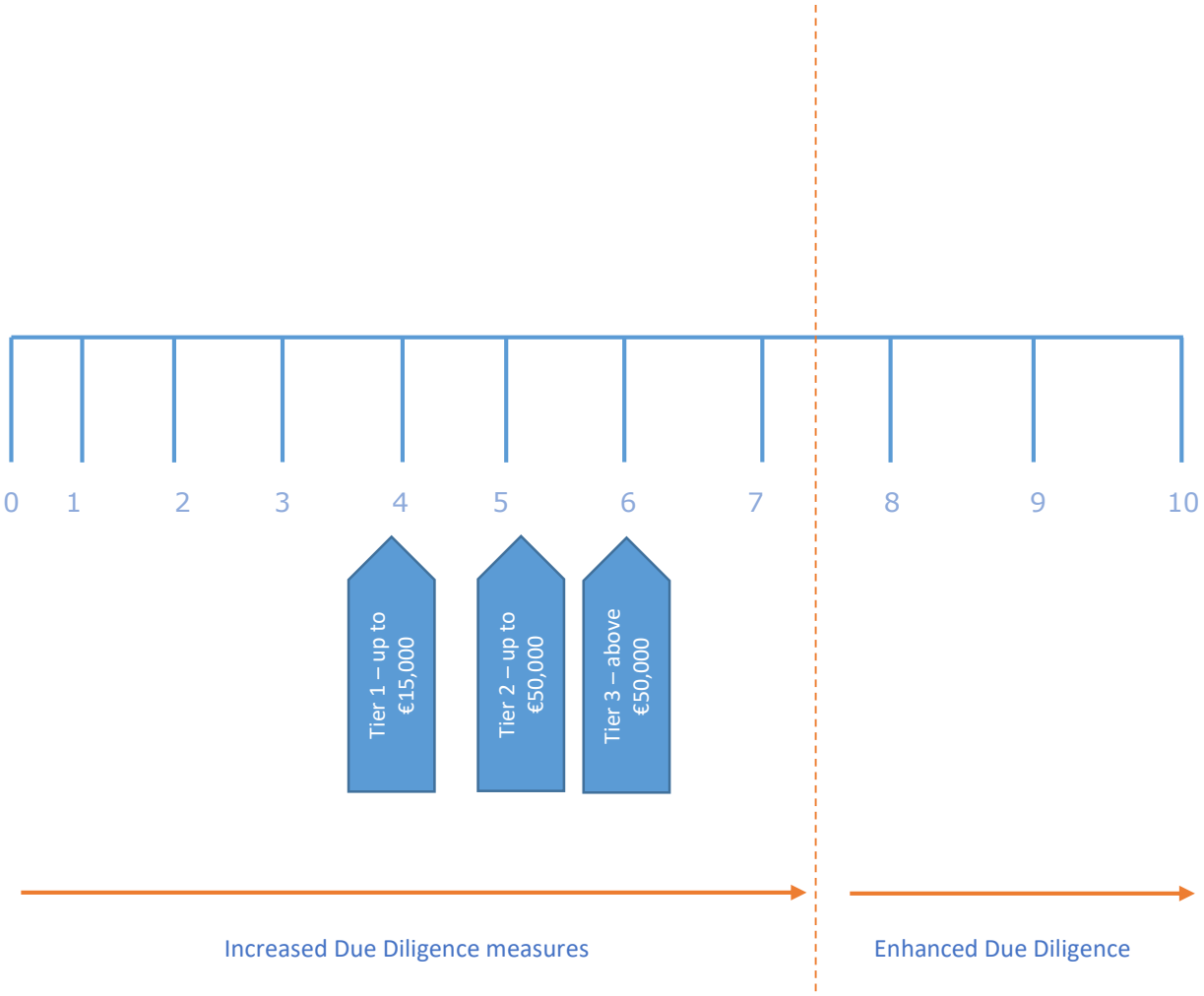
In accordance with the AML and CFT Guidance Notes, the Company has adopted the following scoring methodology for Client Risk (legal entity client):



EU Credit or Financial Institution	1
PLC or equivalent	1.5
Gibraltar based trading companies	3
Gibraltar based corporates, trusts, funds and partnerships	4
Non-Gibraltar corporates, trusts, funds and partnerships (managed from Gibraltar)	6
Non-Gibraltar corporates, trusts, funds and partnerships (managed outside Gibraltar)	7.5
Foreign foundations	9
Non-Gibraltar trading invoicing vehicles	9.5

2. Product Risk Assessment & Scoring Methodology

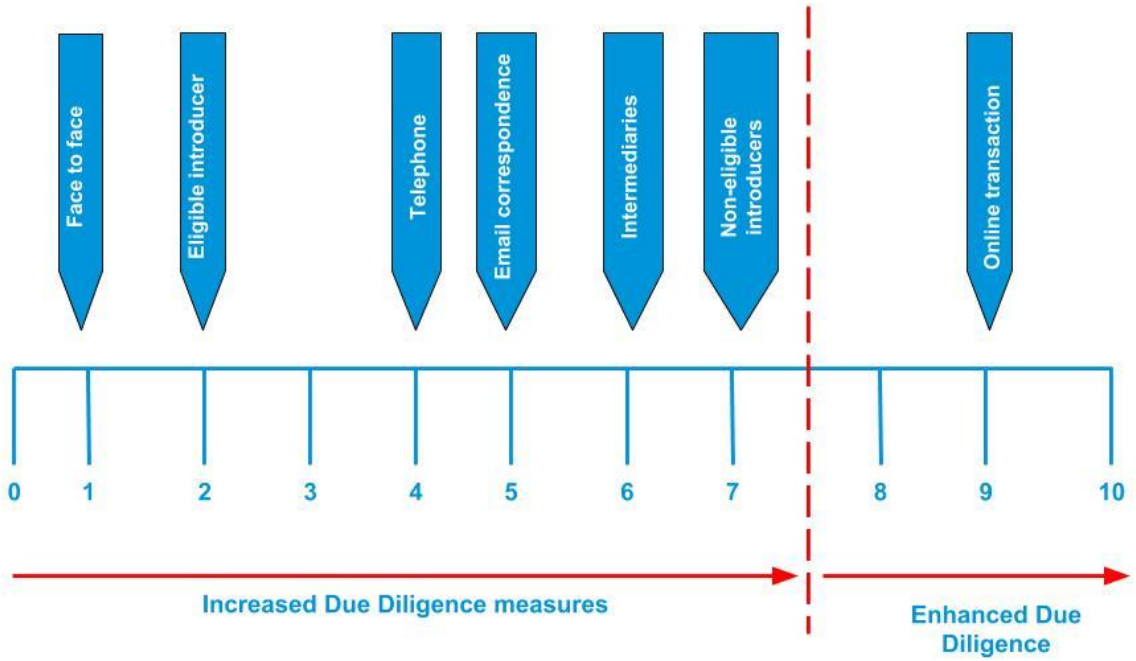
In accordance with the AML and CFT Guidance Notes, the Company has adopted the following scoring methodology for product risk:



Tier 1 – up to €15,000	4
Tier 2 – up to €50,000	5
Tier 3 – above €50,000	6

3. Interface Risk Assessment & Scoring Methodology

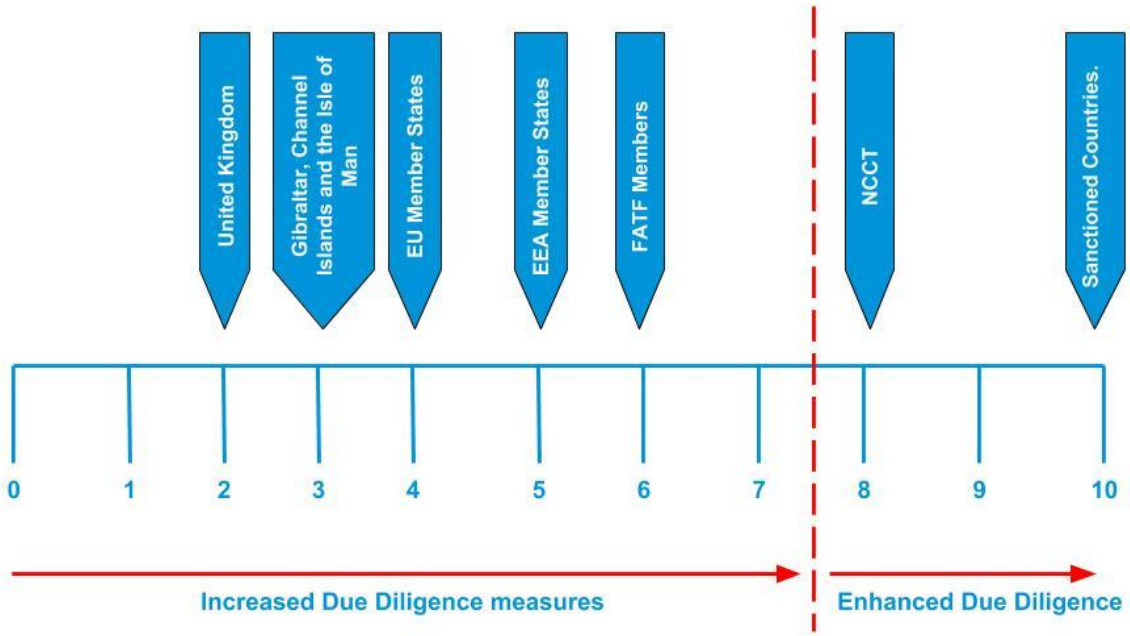
In accordance with the AML and CFT Guidance Notes, the Company has adopted the following scoring methodology for interface risk:



Face to face	1
Eligible introducers	2
Telephone	4
Email correspondence	5
Intermediaries	6
Non-Eligible introducers	7
Online transactions	9

4. Country Risk & Scoring Methodology

In accordance with the AML and CFT Guidance Notes, the Company has adopted the following scoring methodology for country risk. In addition, Members of Staff should take into consideration any Country Risk Guidance Notes as published by the GFSC.



United Kingdom	2
Gibraltar / Channel islands / Isle of Man	3
EU Member State (Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden)	4
EEA Members Countries (Iceland, Liechtenstein, Norway, Switzerland)	5
FATF Members (Argentina, Australia, Austria, Belgium, Brazil, Canada, China, Denmark, Finland, France, Germany, Greece, Hong Kong China, Iceland, India, Ireland, Italy, Japan, Republic of Korea, Luxembourg, Malaysia, Mexico, Netherlands, New Zealand, Norway, Portugal, Russian Federation, Singapore, South Africa, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States of America).	6
High Risk & Non-Cooperative Jurisdictions (Bosnia and Herzegovina, Ethiopia, Iraq, Sri Lanka, Syria, Trinidad and Tobago, Tunisia, Vanuatu, Yemen)	8
UN Sanctioned Countries	10

5. **Obtaining a Risk Profile**

The Company has adopted Chapter 6 of the AML and CFT Guidance Notes in relation to obtaining a risk profile for a business relationship. Members of Staff should refer to Chapter 6 of the AML and CFT Guidance Notes.

The four risk elements (Customer, Country, Product and Interfacing) must be combined in order to provide the Company with a risk profile for that business relationship (the "Client Risk Profile"). The Client Risk Profile can be combined with the Company's own risk profile (the "Company Risk Profile") to easily identify where the Company is required to conduct enhanced due diligence ("Enhanced Due Diligence").

Using pre-set criteria, the Company can quickly assess the risk that a given business relationship poses to the Company. The diagram below shows an example where the proposed business relationship profile is below the Company's own risk profile. In this case, the Company will only need to perform due diligence requirements required by its own systems of control.

OUD LIMITED
PRIVACY POLICY FOR THE TOKEN SALE

As part of the Token Sale process, OUD Limited (the "**Company**") may request certain information from you, such as your name, address, tax information, your other user credentials and additional user information, as well as additional information in order to verify your identity (your "**User Credentials**"). This may require the Company to request documents to include, but not be limited to, certified copies of documents verifying: (i) your identity; (ii) your address; (iii) the source of your wealth; (iv) the source of funds used for the purposes of acquiring Tokens; and (v) any other documents or data from which you can be identified. Your User Credentials, additional user information as well as the items referred to in sub-paragraphs (i) to (v) of this paragraph shall hereinafter be referred to as your "**Personal Data**".

The Company will not disclose your Personal Data except as expressly permitted under the terms and conditions applicable to the Token Sale (the "**Terms**") and otherwise only with you prior consent. However, the Company may be required to disclose your Personal Data and/or certain other information about you to relevant competent authorities to the extent required by law or by an Order of a Court or competent authority. By accepting the Terms, you will expressly agree and consent to your Personal Data being disclosed to such third parties to any extent required for the purposes of compliance with applicable law.

The Company will process your Personal Data in accordance with the Data Protection Act 2004, as may be amended (the "**Data Protection Act**"), and you agree that the Company, as the data controller, may directly or through the Company's service providers or agents process your Personal Data for any one or more of the following purposes:

(a) the purchase of the Tokens pursuant to the Terms;

(b) providing you with information about the Company and its products and range of services;

(c) compliance with relevant 'Know Your Client' and Anti-Money Laundering requirements under applicable law;

(d) management of enquiries and complaints;

(e) processing of transactions related to the Token Sale;

(f) opening, maintaining or operating a bank account in the Company's name;

(g) subject to the contents of this 'Privacy Policy' section, resolving any disputes with you;

(h) producing summary information for statistical, regulatory and audit purposes; or

(i) any other reasonable purposes in accordance with applicable law.

Under the Data Protection Act you have a right to access your Personal Data held by the Company, and it is your responsibility to inform the Company of any changes to your Personal Data to ensure such data remains accurate. You also have a right to object to your Personal Data being processed for the purposes of direct marketing. You agree to provide a written request to the Company should you wish to enforce these rights.

You agree that the Company may, for the purposes set out above, permit the transfer of your Personal Data to any jurisdiction, whether or not inside the European Economic Area, and that by accepting the Terms you will be authorizing and expressly consent to the processing of your Personal Data by the Company, its agents and/or its service providers, provided that where your Personal

Data is processed by entities other than the Company, its agents or its service providers, the Company shall seek your prior written consent in respect of such processing.

You acknowledge, accept and understand that the Terms, insofar as they relate to the controlling and processing of your Personal Data by the Company and/or its agents or service providers will only be relevant to the processing of your Personal Data for the purposes set out above, and that you may be requested to sign and/or agree to a separate and additional agreement and/or additional terms and conditions (any of these a "Supplementary Agreement" and together "Supplementary Agreement(s)") in order to access any future business platform of the Company or service or application and/or use the Tokens and/or provide or receive the Token utility or otherwise use and interact with the Company's business platform. Such Supplementary Agreement(s) will govern the Terms under which your Personal Data is collected, stored and processed (as well as your individual rights under applicable data protection laws) in connection with your use of the Company's business platform and/or the Tokens.

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