

## IF CRYPTO ANTI MONEY LAUNDERING POLICY

### Policy Statement:

IF Crypto is firmly committed to helping against the fight against the funding of terrorism and money laundering activities and thus we try to incorporate the standards of the Anti-Money Laundering (AML) framework set forth by the Financial Action Task Force.

IF Crypto neither accepts cash deposits nor disburses cash under any circumstances. IF Crypto does not accept third-party deposits of any kind. IF Crypto matches each deposit to the account name on file for that customer. IF Crypto reserves the right to refuse processing a transaction at any stage where it believes the transaction to be connected in any way to money laundering or criminal activity. In accordance with international law, IF Crypto is not obligated to inform the client if suspicious activity is reported to any corresponding regulatory or legal bodies. Because of the company's commitment to the AML and KYC policies, each client that reaches the 'payout' stage, must complete a KYC verification by IF Crypto. We will also apply heightened scrutiny to clients, who are residents of other countries, identified by credible sources as countries, having inadequate AML standards or that may represent a high risk for crime and corruption and to beneficial owners who resides in and whose funds are sourced from named countries.

### Definitions:

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

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

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

- **Integration** - Funds get back into circulation as legitimate to purchase goods and services.

IF Crypto adheres to the principles of Anti-Money Laundering and actively prevents any actions that aim or facilitate the process of legalizing of illegally gained funds. AML policy means preventing the use of the company's services by criminals, with the aim of money laundering, terrorist financing or other criminal activity.

### **Applicable Laws and Regulations:**

The laws which IF Crypto is subjected to and with which IF Crypto comply are:

- UAE Federal Law No. 20 of 2018: Anti-Money Laundering and Combating the Financing of Terrorism and Financing of Illegal Organizations (**AML Law**).
- Cabinet Resolution No. 10 of 2019: Implementing Regulations of Federal Law No. 20 of 2018 (AML Regulations)
- UAE Federal Law No. 7 of 2014: Combating Terrorism Crimes
- UAE Federal Penal Law No. 3 of 1987 as amended (Penal Code)
- UAE Federal Penal Procedures Law No. 35 of 1992 as amended (Penal Procedures Law)
- UAE Federal Penal Law No. 3 of 1987 as amended (Penal Code) UAE Federal Law No. 5 of 2012: Combating Cyber Crimes
- UAE Federal Law No. 5 of 2012: Combating Cyber Crimes
- SCA Decision (17/R) of 2010 Concerning Anti-Money Laundering and Terrorism Finance Combating Procedures
- UAE Central Bank Regulations Concerning Procedures for Anti-Money Laundering, in particular Circular No. 24/2000 and its amendments by Notices No. 1045/2004 and 2922/2008
- Any United Nations sanctions that are applicable through ratification by the UAE (singularly and collectively, Regulation and Regulations).

Pursuant to the Regulations, it is mandated for financial institutions in the United Arab Emirates (UAE) to adopt a risk-based approach in order to fulfil their legal obligations. This requirement applies to various activities such as customer onboarding and conducting periodic anti-money laundering (AML) assessments throughout the course of business operations. IF Crypto is fully committed to implementing a robust and meticulous risk-based compliance program, in strict accordance with both legal mandates and industry-leading best practices.

### **Investigatory Powers and Criminal Enforcement:**

The oversight of reporting and probing suspected illicit financial conduct in the United Arab Emirates (UAE) falls within the purview of the Financial Intelligence Unit (FIU) operating under the UAE Central Bank. The Public Prosecution retains the authority to initiate legal proceedings pertaining to these offenses, which are adjudicated within the criminal courts system.

**Defences:**

The Regulations do not provide any legally established defences specific to charges of money laundering. The defences applicable under United Arab Emirates (UAE) law for money laundering charges are not distinct from those available for any other criminal offense. It is important to note that criminal proceedings related to money laundering cannot be resolved through settlement or plea agreements. Once the Public Prosecutor determines that actions amount to a money laundering offense, prosecutorial discretion is not allowed, and the Public Prosecutor is obligated to refer the case to the criminal courts.

**Transaction Monitoring System:**

IF Crypto has implemented a transaction monitoring system designed to identify any transactions that appear unusual or raise suspicion. We use sum-sub for the initial KYC on-boarding verification process and thereafter for the on-going screening which produces regular transaction reports.

**Detection of Unusual/Suspicious Transactions:**

As an entity operating within the retail sector; IF Crypto's transactions predominantly involve individual transactions ranging from \$100 to \$999. In adherence to the legal obligations, meticulous manual approval process is diligently undertaken for each transaction, employing the principles of due diligence. This rigorous approach serves the purpose of effectively detecting any transaction that may exhibit characteristics of being abnormal, irregular, or indicative of potential suspicious activity. By diligently scrutinizing and individually approving every transaction, IF Crypto aims to safeguard business operations and maintain compliance with relevant regulations and standards governing the prevention of money laundering, terrorist financing, and other illicit activities.

**Reporting Suspicious Transactions:**

IF Crypto fulfils its obligation to report any transactions deemed suspicious to the appropriate authority through the established channel of email communication. Such transactions are promptly reported to The Central Bank of the United Arab Emirates, utilizing the intermediary service of our designated banking institution, Bank Mashreq Bank PSC, to facilitate the transmission of the requisite information.

IF Crypto does and will continue to maintain a robust and diligent approach to document retention. Consequently, all relevant records and documents shall be securely preserved for a minimum period of five years, in adherence to legal and regulatory requirements. This practice ensures the availability of necessary information for future reference, compliance audits, potential legal proceedings, or any other legitimate purpose within the prescribed time frame.

**Risk Rating:**

Within IF Crypto, a distinct and dedicated risk management unit exists, tasked with the meticulous examination of individual client profiles. With an emphasis on comprehensive risk assessment, due diligence is conducted thoroughly on the customers subsequent to evaluating their risk rating. This process allows to effectively assess and mitigate potential risks associated with the clientele in compliance with applicable legal and regulatory frameworks.

**Resolutions and Sanctions:**

In situations where there is non-compliance with the established standards, the Regulations offer administrative sanctions to ensure the appropriate implementation of the regulatory framework. These sanctions may include various measures such as warnings, monetary fines, limitations or suspension of business activities, apprehension of board members and senior management who are held accountable for violating the regulations, as well as curtailment of the authority of the board and senior management through the appointment of a temporary observer.

In the event of a conviction for a money laundering offense, the Anti-Money Laundering (AML) Law prescribes punitive measures which encompass financial penalties ranging from AED 100,000 to AED 10 million, along with the possibility of imprisonment for a period of up to 10 years.

**IF Crypto's Obligations:**

- Identify potential risks associated with criminal activities within its operations.
- Conduct ongoing assessments of these identified risks.
- Establish internal controls and policies to effectively manage the identified risks.
- Implement appropriate due diligence procedures, as further elaborated below.
- Adhere to and implement any United Nations (UN) directives pertaining to the prevention of financing terrorism and the proliferation of weapons of mass destruction.

**Avoiding Shell Bank/organisations:**

IF Crypto conducts a meticulous review and approval of each transaction, applying the principles of due diligence. This rigorous procedure serves as a preventive

measure against establishing business relationships with shell banks or organizations. On an annual basis, employees at IF Crypto should be provided training on AML/CFT. The training includes:

- Identification and reporting of transactions that must be reported to government authorities
- Examples of different forms of money laundering / terrorist financing involving your products / services.
- Information on internal policies to prevent money laundering / terrorist financing and escalate suspicious activity and red flags.

IF Crypto should maintain documentation of its training sessions, which may include records of attendance and pertinent instructional materials. The company should ensure that any newly enacted or amended anti-money laundering/counter-terrorism financing (AML/CFT) laws, as well as updates to existing AML/CFT policies or practices, are communicated to the appropriate staff members.

**Designated Compliance Team:**

The Risk Management team regularly performs compliance testing to ensure adherence to any legal requirements. Our Compliance Team has responsibility for the comprehensive Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) program, including the coordination and oversight of its day-to-day implementation.

**Sanctioned Countries:**

While we welcome clients from all over the globe, governmental restrictions along with our company policies prohibit IF Crypto from opening accounts originated from the following restricted and/or sanctioned countries:

Afghanistan, Burundi, Central African Republic, Congo Republic, Cuba, Crimea, Democratic Republic of Congo, Eritrea, Guinea, Guinea-Bissau, Iran, Iraq, Liberia, Libya, Myanmar, North Korea, Papua New Guinea, North Korea, Russia, Somalia, South Sudan, Sudan, Syria, Vanuatu, Venezuela, Yemen and Zimbabwe.