

## ANTI-MONEY LAUNDERING POLICY

"Money Laundering" is the process by which individuals attempt to conceal the origin and ownership of proceeds of illegal activity. Generally, money laundering involves any financial transaction:

- ◆ Using funds derived from criminal activity; or
- ◆ Conducted to facilitate or conceal criminal activity

Money laundering activity is highly regulated by global and international legislation; therefore, CFMerchants Limited ("CFM", "the Company") is strongly advised to implement AML Code of Practice, to avoid illegal procedures and transactions in the future.

The main risk of Money Laundering by criminal elements through the Company is the exploitation of the deposit/withdraws procedures made available by the Company to the clients and the opportunity to present to law enforcement and tax entities that the source of the funds coming from the Company is profit made in the Forex Markets.

**For Example:** If the Company would allow a deposit of one entity or client to be credited to another entity's or client's trading account, the other entity or client can withdraw these funds to its own bank account and report them as profits. This will "disconnect" the flow of funds from the depositing entity or client to the withdrawing entity or client. Criminal elements may use that option to transfer funds undetected by law enforcement agencies and conceal the true origin of the funds. The same applies to transfer of credit between trading accounts belonging to different entities or clients.

To avoid such abuse of the Company's services by its unlawful clients, the rule of thumb is not to allow the transfer of funds between different entities or clients. For example:

- ◆ One cannot deposit from a company he owns to his personal trading account, and vice versa
- ◆ One cannot get deposits from his relative bank account unless that relative have the trading account
- ◆ Cash deposits to the Company's bank account by clients should be forbidden. If such a deposit did occur, then in case of a withdrawal request, the client will need to supply bank account details of the person who made the cash deposit with a written proof of his account details
- ◆ A client cannot transfer funds between trading accounts that are not under his ownership

The Company follows the UK legislations for money laundering and terrorist funding. The requirements of the UK anti-money laundering legislations are set out in:

- ◆ The Terrorism Act 2000 (as amended by the Anti-Terrorism, Crime and Security Act 2001, the Terrorism Act 2006 and the Terrorism Act 2000 and Proceeds of Crime Act 2002 (Amendment) Regulations 2007)
- ◆ The Proceeds of Crime Act 2002 (as amended by the Crime and Courts Act 2013 and the Serious Crime Act 2015)
- ◆ The Money Laundering Regulations 2007