HIGH FREQENCY
MARKET

AML POLICY

Manual for The Prevention of Money Laundering and Terrorist Financing Risk

General Definitions

For the purposes of this Manual, and unless the context otherwise requires:
'Act' means the Proceeds of Crime Act, 2013;
'AML/CFT Compliance Officer' means the person appointed by High Frequency Market as its AML/CFT compliance officer under the Regulations;
'AML/CFT Reporting Officer' means the person appointed by High Frequency Market as its AML/CFT reporting officer under the Regulations;

'**Beneficial Owner'** means
(a) an individual who is an ultimate beneficial owner of the Legal Person, partnership or legal arrangement, whether or not the individual is the only beneficial owner; and

(b) an individual who exercises ultimate control over the management of the Legal Person, partnership or legal arrangement, whether alone or jointly with any other person or persons, regardless of whether the ultimate ownership or control is direct or indirect. For the avoidance of doubt, an individual is not deemed to be the Beneficial Owner of a company, the securities of which are listed on a recognized exchange;

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‘**Business Relationship**’ means a business, professional or commercial relationship between High Frequency Market and a customer which is expected by High Frequency Market, at the time when contact is established, to have an element of duration;

‘**Customer Due Diligence Information**’ means Identification Information and Relationship Information;

‘**Customer Due Diligence Measures**’ means

(1) The measures for:

(a) Identifying a customer;

(b) Determining whether the customer is acting for a third party and, if so, identifying the Third Party;

(c) Verifying the identity of the customer and any third party for whom the customer is acting;

(d) Identifying each Beneficial Owner of the customer and Third Party, where either the customer or Third Party, or both are not individuals;

(e) Taking reasonable measures, on a risk-sensitive basis, to verify the identity of each Beneficial Owner of the customer and Third Party so that High Frequency Market is satisfied that it knows who each Beneficial Owner is, including, in the case of a Legal Person, partnership, Foundation, trust or similar arrangement, taking reasonable measures to understand the ownership and control structure of the Legal Person, partnership, Foundation, trust or similar arrangement; and (f) Obtaining information on the purpose and intended nature of the business Relationship or Occasional Transaction. Such measures include where the customer is not an individual, measures for verifying that any person purporting to act on behalf of the customer is authorized to do so, identifying that person and verifying the identity of that person.

(2) Where High Frequency Market is required to verify the identity of a person, it shall verify that person’s identity using documents, data or information obtained from a reliable and independent source.

‘**Director**’ in relation to a Legal Person means a person appointed to direct the affairs of the Legal Person and includes a person who is a member of the governing body of the Legal Person and a person who, in relation to the Legal Person, occupies the position of director by whatever name called;

‘**Domestic Politically Exposed Person**’ means a person who is or has been entrusted with a prominent public function by the State;

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'**FATF**' means the international body known as the Financial Action Task Force or such other international body as may succeed it;

'**FATF Recommendations**' means the FATF Recommendations, Interpretive Notes and Glossary issued by the FATF in February 2012, incorporating such amendments as may from time to time be made to the Recommendations or such document or documents issued by the FATF as may supersede those Recommendations;

Foreign Politically Exposed Person' means a person who is, or has been entrusted with a prominent function by an international organisation;

'**Foundation**' means a foundation, wherever established;

'**Identification Information**' is information used to identify a person required by the Regulations to be identified and as specified in the Code;

'**Intermediary**' means a person who has or seeks to establish a Business Relationship or to carry out an Occasional Transaction on behalf of his or her customer with High Frequency Market, so that Intermediary becomes a customer of High Frequency Market;

'**Introducer**' means a person who has a Business Relationship with a customer and who introduces that customer to High Frequency Market with the intention that the customer will form aBusiness
Relationship or conduct an Occasional Transaction with High Frequency Market so that the Introducer's customer also becomes a customer of High Frequency Market;

'**Legal Person**' includes a company, a partnership, whether limited or general, an association or any unincorporated body of persons, but does not include a trust; 'Occasional Transaction' means a transaction that is carried out otherwise than as part of a Business Relationship, and is carried out as:

(a) a single transaction; or

(b) two or more linked transactions where it appears at the outset to any person handling any of the transactions that the transactions are linked or at any later stage it comes to the attention of the person handling any of those transactions that the transactions are linked, that amount to $ 2500 where it is a transaction or linked transaction carried out on the course of a money services business or $10,000 in the case of any other transaction or linked transaction;

'**Ongoing Monitoring**' means with regards to a Business Relationship:

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(a) scrutinizing transactions undertaken throughout the course of the relationship, including where necessary the source of funds to ensure that the transactions are consistent with our knowledge of the customer and the customer's business and risk profile; and
(b) keeping the documents, data or information obtained for the purpose of applying Customer Due Diligence measures up-to-date and relevant by undertaking reviews of existing records.

'**Politically Exposed Person**' means a Foreign Politically Exposed Person, a Domestic Politically Exposed Person or a person who is, or has been entrusted with a prominent function by an international organisation;

'**Regulations**' means the Anti-Money Laundering and Terrorist Financing Regulations of 2014, as amended from time to time, of St Vincent And The Grenadines;

'**Relationship Information'** means information concerning the Business Relationship or proposed Business Relationship between a High Frequency Market and its customer;

'**Relevant Business**' means a business which, if carried on by a person, would result in that person being a High Frequency Market;

'**Terrorism, Terrorist Financing, Terrorist Financing Disclosure**' are as defined in the AntiTerrorist Financing and Proliferation Act, 2014.

'**Third Party**' means a person for whom a customer is acting.2.

Customer Due Diligence

2.1 High Frequency Market shall:
(a) Obtain Customer Due Diligence Information on every customer, Third Party and Beneficial Owner; and
(b) verify the identity of the customer and any Third Party and take reasonable measures on a risk sensitive basis, to verify the identity of each Beneficial Owner in accordance with this Manual.

2.2 Customer Due Diligence Measures shall be applied:
(a) before High Frequency Market establishes a Business Relationship or carries out an Occasional Transaction;

(b) where High Frequency Market suspects money laundering or terrorist financing or doubts the veracity or adequacy of documents, data or information previously obtained under its Customer Due Diligence Measures or when conducting Ongoing Monitoring; and

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(c) for existing customers at other appropriate times as determined on a risk- sensitive basis and at least once every five-year period.

2.3 Customer Due Diligence Information shall be obtained where:

(a) there is a change in the Identification Information of a customer;
(b) there is a change in the Beneficial Ownership of a customer; or
(c) when there is a change in the Third Parties or the Beneficial Ownership of Third Parties.

2.4 High Frequency Market may complete the verification of the identity of the customer, Third Party or Beneficial Owner after the establishment of a Business Relationship if:

(a) it is necessary not to interrupt the normal conduct of business;
(b) there is little risk of money laundering or terrorist financing occurring as a result; and
(c) verification of identity is completed as soon as reasonably practicable after contact with the customer is first established. Where it cannot be completed, High Frequency Market shall terminate the Business Relationship with the customer.

2.5 High Frequency Market shall conduct Ongoing Monitoring of a Business Relationship and where unable to do so, it shall terminate the Business Relationship.

2.6 Where High Frequency Market is unable to apply Customer Due Diligence Measures before the establishment of a Business Relationship or before the carrying out of an Occasional Transaction in accordance with this Manual, High Frequency Market shall not establish the Business Relationship or carry out the Occasional Transaction.

2.7 Where High Frequency Market is unable to apply the measures, verify the identity or undertake Ongoing Monitoring, it shall consider whether it is required to make a money laundering disclosure or terrorist financing disclosure.

3. Risk Based Approach

3.1 In accordance with the provisions contained in this Section 3 and in Schedule 1, High Frequency Market shall at all times apply a risk-sensitive approach to determining the extent and nature of: (a) the Customer Due Diligence Measures to be applied to a customer and to any Third Party or Beneficial Owner; and (b) its Ongoing Monitoring of a Business Relationship.

3.2 **In doing so, it shall:**

(a) assess the risk that any Business Relationship or Occasional Transaction involves, or will involve, money laundering or terrorist financing, depending upon the type of customer,

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Business Relationship, product or transaction and consider on a risk-sensitive basis, whether further identification or Relationship Information is required;

(b) on the basis of the Customer Due Diligence information obtained and the information obtained under paragraph (a) prepare and record a risk assessment with respect to the customer;

(c) periodically update the Customer Due Diligence information that it holds and adjust the risk assessment it has made accordingly.

3.3 In preparing a risk assessment with respect to a customer, High Frequency Market shall take account of all relevant risks and shall consider, in particular, the relevance of the following risks:

(a) customer risk;

(b) product risk;

(c) delivery risk; and (d) country risk.

3.4 High Frequency Market shall be able to demonstrate at all times that:

(a) the extent of the Customer Due Diligence Measures applied in any case is appropriate having regard to the circumstances of the case, including the risks of money laundering and terrorist financing; and (b) it has obtained appropriate information to carry out the risk assessments required.

3.5 High Frequency Market shall, on a risk-sensitive basis, apply enhanced due diligence measures and undertake enhanced Ongoing Monitoring:

(a) where the customer has not been physically present for identification purposes;

(b) where High Frequency Market has, or proposes to have, a Business Relationship with, or proposes to carry out an Occasional Transaction with, a person connected with a country that does not apply, or insufficiently applies the FATF Recommendations;

(c) where High Frequency Market has or proposes to have a Business Relationship with, or to carry out an Occasional Transaction with, a Foreign Politically Exposed Person or a family member or close associate of a Foreign Politically Exposed Person;

(d) where any of the following is a Foreign Politically Exposed Person or a family member or close associate of a Foreign Politically Exposed Person: (i) a Beneficial Owner of the customer;

(ii) a Third Party for whom a customer is acting;

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(iii) a Beneficial Owner of a Third Party for whom a customer is acting; (iv) a person acting, or purporting to act on behalf of the customer;

(e) where a customer, transaction or Business Relationship involves:
(i) private banking, Legal Persons or arrangements, including trusts, that are personal asset holding vehicles; or
(ii) companies that have nominee shareholders or shares in bearer form; and

(f) in any other situation which by its nature can present a higher risk of money laundering or terrorist financing.

3.6 High Frequency Market shall apply the following additional measures when it is applying due diligence measures to non-face-to-face customers:
(a) perform at least one additional check designed to mitigate the risk of identity fraud; and
(b) apply such additional enhanced Customer Due Diligence Measures or undertake enhanced Ongoing Monitoring as it considers appropriate.

3.7 High Frequency Market is not required to apply Customer Due Diligence Measures before establishing a Business Relationship or carrying out an Occasional Transaction where it has reasonable grounds to believe that the customer is a service provider, foreign regulated person, public authority in the State or a company the securities of which are listed on a recognized exchange.

3.8 High Frequency Market shall not set up or maintain a numbered account, an anonymous account or an account in a name which it knows or has reasonable grounds to suspect, is fictitious.

4. Introducers and Intermediaries
4.1 High Frequency Market may rely on an Introducer or an Intermediary to apply Customer Due Diligence Measures with respect to a customer, Third Party or Beneficial Owner if:

(a) the Introducer or Intermediary is a regulated person or a foreign regulated person; and
(b) the Introducer or Intermediary consents to being relied on, and shall immediately obtain the Customer Due Diligence Information from the Introducer or Intermediary.

4.2 Before relying on the Introducer or Intermediary, High Frequency Market shall obtain adequate assurance in writing from the Intermediary or Introducer that they:
(a) have applied the Customer Due Diligence Measures for which High Frequency Market intends to rely on;
(b) are required to keep and do keep a record of the evidence of identification relating to each of the customers of the Intermediary or Introducer;

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(c) will without delay provide the information in that record to TIO Market or any supervisory authority if so required.

4.3 Before relying on the Introducer or Intermediary, High Frequency Market shall:
satisfy itself that the Intermediary or Introducer is a regulated person or a foreign regulated person and has all the procedures in place to undertake Customer Due Diligence Measures.

(b) assess the risk of relying on the Intermediary or Introducer with a view to determining:
(i) whether it is appropriate to rely on the Intermediary or Introducer; and
(ii) if it considers it is so appropriate, whether it should take any additional measures to manage the risk.

(c) Obtain in writing from the introducer:
(i) confirmation that each introduced customer is an established customer of the Introducer; and
(ii) sufficient information about each introduced customer to enable it to assess the risk of money laundering and terrorist financing involving that customer.
(a) (d) obtain in writing from the Intermediary sufficient information about the customer for whom the Intermediary is acting to enable the service provider to assess the risk of money laundering and terrorist financing involving that customer.

4.4 High Frequency Market shall:
(a) make and retain records detailing the risk assessment carried out and any additional risk mitigation measures it considers appropriate; and
(b) retain in its records the assurances and confirmations it has obtained and the information it has sought and obtained.

5. Policies, Procedures, Systems, Controls, Record Keeping and Training
5.1 High Frequency Market shall establish, maintain and implement appropriate risk-sensitive policies, procedures, systems and controls to prevent and detect money laundering and terrorist financing, including policies, systems and controls relating to:
(a) Customer Due Diligence Measures and Ongoing Monitoring;
(b) the reporting of disclosures; (c) record keeping;
(d) the screening of employees;
(e) internal controls;
(f) risk assessment and management; and
(g) monitoring and management of compliance with, and the internal communication of, its policies, systems and controls to prevent and detect money laundering and terrorist financing, including those specified above.

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5.2 The policies, systems and controls must provide for:

(a) the identification and scrutiny of:

(i) complex or unusually large transactions;

(ii) unusual patterns of transactions which have no apparent economic or visible lawful purpose; and

(iii) any other activity which High Frequency Market regards as particularly likely by its nature

to be related to the risk of money laundering or terrorist financing.

(b) The taking of additional measures, where appropriate, to prevent the use for money laundering or terrorist financing of products and transactions which are susceptible to anonymity; and

(c) determining whether:

(i) a customer, any Third Party for whom the customer is acting and any Beneficial Owner of the customer or Third Party, is a politically exposed person or a family member or close associate of a politically exposed person;

(ii) a Business Relationship or transaction or proposed Business Relationship or transaction is with a person connected with a country that does not apply or insufficiently applies the FATF

Recommendations;

(iii) a Business Relationship or transaction or proposed Business Relationship or transaction is with a person connected with a country that is subject to measures for purposes connected with the prevention and detection of money laundering or terrorist financing, imposed by one or more countries or sanctioned by the European Union or the United Nations.

5.3 High Frequency Market shall maintain adequate procedures for monitoring and testing the effectiveness of the policies and procedures maintained in this Section 5 and the training provided as required herein.

5.4 High Frequency Market shall keep all records in a form that enables them to be made available on a timely basis when lawfully required, to any supervisory authority or regulatory body as may be required.

5.5 The records required to be kept include:

(a) a copy of the evidence of identity obtained pursuant to the application of Customer Due Diligence Measures or Ongoing Monitoring or information that enables a copy of such evidence to be obtained;

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(b) the supporting documents, data or information obtained in respect of a Business Relationship or Occasional Transaction which is the subject of Customer Due Diligence Measures or Ongoing Monitoring;

(c) a record containing details relating to each transaction carried out by High Frequency Market in the course of any Business Relationship or Occasional Transaction with sufficient information to enable the reconstruction of individual transactions;

(d) all account files;

(e) all business correspondence relating to a Business Relationship or an Occasional Transaction.

5.6 Records shall be kept in such manner that:

(a) facilitates Ongoing Monitoring and periodic updating;

(b) ensures that they are readily accessible to High Frequency Market;

(c) enables the supervisory authority, internal and external auditors and other competent authorities to assess the effectiveness of systems and controls that are maintained by High Frequency Market to prevent and detect money laundering and terrorist financing.

5.7 The AML/CFT compliance officer and other appropriate employees shall have timely access to all customer Identification Information records, other Customer Due Diligence information, transaction records and other relevant information and records necessary for them to perform their functions.

5.8 High Frequency Market shall take appropriate measures for the purposes of making employees whose duties relate to the provision of relevant business aware of:

(a) the anti-money laundering and counter-terrorist financing policies, procedures, systems and controls maintained by High Frequency Market; and

(b) the relevant laws relating to money laundering and terrorist financing offences, and, shall provide them with training in the recognition and handling of:

(i) transactions carried out by or on behalf of any person who is or appears to be engaged in money laundering or terrorist financing; and

(ii) other conduct that indicates that a person is or appears to be engaged in money laundering or terrorist financing.

6. Compliance and Reporting Obligations

6.1: The principal functions of the AML/CFT reporting officer are to:

(a) receive and consider internal money laundering and terrorist financing disclosures;

(b) consider whether a suspicious activity report should be made to any regulatory authorities and if so, submit such report.

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6.3: The principal function of the AML/CFT compliance officer is to oversee and monitor TIO Market's compliance with all relevant legislation for the time being in force concerning money laundering and terrorist financing.

6.4:

(a) The AML/CFT reporting officer and the AML/CFT compliance officer shall:
be an employee of High Frequency Market or of a company in the same group as High Frequency Market;

(b) have the appropriate skills and experience and otherwise be fit and proper to act as TIO Market's AML/CFT reporting office and AML/CFT compliance officer;

(c) possess sufficient independence to perform his or her role objectively;

(d) have sufficient seniority in the organizational structure of High Frequency Market to undertake his or her responsibilities effectively and in particular, to ensure that his or her requests, where appropriate, are acted upon by High Frequency Market and its staff and his or her recommendations properly considered by the board;

(e) report regularly and directly to the board and have regular contact with the board;

(f) have sufficient resources, including time, to perform the functions of AML/CFT compliance officer and AML/CFT reporting officer effectively;

(g) have unfettered access to all business lines, support departments and information necessary to perform the functions of AML/CFT reporting officer and AML/CFT compliance officer effectively; and

(h) have timely access to all records that are necessary or expedient for the purpose of performing his or her functions as AML/CFT reporting officer or AML/CFT compliance officer.

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