

1. Policy

It is the policy of 9Trade to actively pursue the prevention of money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities. 9Trade is committed to AML compliance in accordance with applicable law and requires its officers, employees, and appointed producers to adhere to these standards in preventing the use of its products and services for money laundering purposes.

For the purposes of the Policy, money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the unlawful proceeds appear to have been derived from legitimate origins or constitute legitimate assets.

2. What is money laundering?

Money laundering is the process by which criminally obtained money or other assets (criminal property) are exchanged for “clean” money or other assets with no obvious link to their criminal origins.

Criminal property may take any form, including money or money’s worth, securities, tangible property, and intangible property. It also covers money, however come by, which is used to fund terrorism.

3. Money laundering activity includes:

- Acquiring, using, or possessing criminal property
- Handling the proceeds of crimes such as theft, fraud, and tax evasion
- Being knowingly involved in any way with criminal or terrorist property
- Entering arrangements to facilitate laundering criminal or terrorist property
- Investing the proceeds of crimes in other financial products
- Investing the proceeds of crimes through the acquisition of property/ assets
- Transferring criminal property

4. What is Counter Terrorist Financing (CTF)?

Terrorist financing is the process of legitimate businesses and individuals that may choose to provide funding to resource terrorist activities or

organizations for ideological, political, or other reasons. Firms must therefore ensure that: (i) customers are not terrorist organizations themselves; and (ii) they are not providing the means through which terrorist organizations are being funded.

5. Source of Funds

When a transaction takes place, the source of funds, i.e. how the payment is to be made, from where and by who, must always be ascertained and recorded in the client file (this would usually be achieved through retaining a copy of the cheque or direct debit mandate).

6. Suspicious activity

There are signs of suspicious activity that suggest money laundering. These are commonly referred to as 'red flags'. If a red flag is detected, additional due diligence will be performed before proceeding with the transaction. If a reasonable explanation is not determined, the suspicious activity shall be reported to the AML Compliance Committee.

Examples of red flags are:

The customer exhibits unusual concern regarding the firm's compliance with government reporting requirements and the firm's AML policies, particularly with respect to his or her identity, type of business and assets, or is reluctant or refuses to reveal any information concerning business activities, or furnishes unusual or suspect identification or business documents.

The customer wishes to engage in transactions that lack business sense or apparent investment strategy, or are inconsistent with the customer's stated business strategy.

The information provided by the customer that identifies a legitimate source for funds is false, misleading, or substantially incorrect.

Upon request, the customer refuses to identify or fails to indicate any legitimate source for his or her funds and other assets.

The customer (or a person publicly associated with the customer) has a questionable background or is the subject of news reports indicating possible criminal, civil, or regulatory violations.

The customer exhibits a lack of concern regarding risks, commissions, or other transaction costs.

The customer appears to be acting as an agent for an undisclosed principal, but declines or is reluctant, without legitimate commercial reasons, to provide information or is otherwise evasive regarding that person or entity.

The customer has difficulty describing the nature of his or her business or lacks general knowledge of his or her industry.

The customer attempts to make frequent or large deposits of currency, insists on dealing only in cash equivalents, or asks for exemptions from the firm's policies relating to the deposit of cash and cash equivalents.

For no apparent reason, the customer has multiple accounts under a single name or multiple names, with a large number of inter-account or third-party transfers.

The customer's account has unexplained or sudden extensive activity, especially in accounts that had little or no previous activity.

The customer's account has a large number of wire transfers to unrelated third parties inconsistent with the customer's legitimate business purpose.

The customer's account has wire transfers that have no apparent business purpose to or from a country identified as money laundering risk or a bank secrecy haven.

The customer's account indicates large or frequent wire transfers, immediately withdrawn by check or debit card without any apparent business purpose.

The customer makes a funds deposit followed by an immediate request that the money be wired out or transferred to a third party, or to another firm, without any apparent business purpose.

The customer makes a funds deposit for the purpose of purchasing a long-term investment followed shortly thereafter by a request to liquidate the position and transfer of the proceeds out of the account.

The customer requests that a transaction be processed in such a manner to avoid the firm's normal documentation requirements.

A suspicious transaction will often be one which is inconsistent with a customer's known, legitimate business or personal activities or with the normal business for that type of customer. Therefore, the first key to recognition is knowing enough about the customer's business to recognize that a transaction, or series of transactions, is unusual.

7. Reporting a Suspicion

Where, for whatever reason, we suspect that a client, or anybody for whom they are acting, may be undertaking (or attempting to undertake) a transaction involving the proceeds of any crime it must be reported as soon as practicably possible and in writing.

8. Investigation

Upon notification to the AML Compliance Committee an investigation will be commenced to determine if a report should be made to the appropriate law enforcement or regulatory agencies. The investigation will include, but not necessarily be limited to, review of all available information, such as payment history, birth dates, and address. If the results of the investigation warrant, a recommendation will be made to the AML Compliance Committee to file the SAR with the appropriate law enforcement or regulatory agency. The AML Compliance Committee is responsible for any notice or filing with law enforcement or regulatory agency.

9. Freezing of accounts

Where we know that the funds in an account derive from criminal activity, or that they arise from fraudulent instructions, the account must be frozen.

Where it is believed that the account holder may be involved in the fraudulent activity that is being reported, then the account may need to be frozen.

