



E G C BULLION GOLD TRADING LLC

ANTI-MONEY LAUNDERING & TERRORIST FINANCING

Policy & Procedures Manual



Table of Contents

1. POLICY STATEMENT	4
2. SCOPE OF POLICY	5
3. RISK-BASED APPROACH	6
4. AML/CFT COMPLIANCE PROGRAM	6
5. STATUTORY PROHIBITIONS	7
6. ML/TF RISK ASSESSMENT	7
7. DNFBPs.....	8
7.1 STEPS TAKEN BY E G C BULLION GOLD TRADING LLC.....	9
8. APPOINTMENT OF COMPLIANCE OFFICER.....	10
9. CUSTOMER DUE DILIGENCE/ENHANCED DUE DILIGENCE.....	10
9.1 ENHANCED DUE DILIGENCE	11
9.2 CLIENT ON-BOARDING PROCESS.....	11
10. POLITICALLY EXPOSED PERSONS	11
11. SUSPICIOUS ACTIVITY INDICATORS	12
12. SUSPICIOUS ACTIVITY/TRANSACTION REPORTING	12
Guidelines for Internal Real-Time Reporting of Unusual or Suspicious Transactions	13
Guidelines for External Reporting of Unusual or Suspicious Transactions to the Regulators.....	13
13. TIPPING OFF	14
14. STAFF TRAINING	14
15. EMPLOYEE SCREENING.....	14
16. SANCTIONS AND PEPs SCREENING.....	15
Name matching and alerts.....	15
Update of Sanction list and Screening of Name.....	16
Screening Process	17
Existing Customer Screening and Clearing Process.....	17
Transaction Name Screening and Clearing Process	17
17. TARGETED FINANCIAL SANCTIONS:.....	18
UNITED NATION SANCTION FRAMEWORK:	18
Targeted Financial Sanctions Framework <i>As per Cabinet Resolution 74 2020</i>	19
Targeted Financial Sanctions <i>As per FATF Recommendations</i>	19
Funds or Other Assets	20
Freezing & Prohibition of funds	20
FREEZING.....	20
PROHIBITION OF FUNDS.....	20
Obligations of UAE persons under TFS	20
A. REGISTER:	20



B. SCREEN: 20

C. IMPLEMENT TFS 22

D. INTERNAL CONTROLS 23

18. RECORD – KEEPING 23

19. PROGRAM TO INDEPENDENTLY TEST AML/CFT PROGRAM 23

20. DISCIPLINARY ACTIONS 24

 STAGES OF DISCIPLINARY ACTIONS 24

 Stage 1 – Improvement Note: Unsatisfactory Performance 24

 Stage 2 – First Warning: Failure to Comply 24

 Stage 3 – Dismissal 24

21. SENIOR MANAGEMENT APPROVAL 24

REFERENCES 25



1. POLICY STATEMENT

It is the policy of E G C Bullion Gold Trading LLC to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities by complying with all applicable requirements under the AML/CFT Law 2018 (Federal Law 20 of 2018) and the Cabinet Decision of 2019.

Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the proceeds appear to have derived from legitimate origins or constitute legitimate assets. The illicit assets are concealed to prevent their confiscation or arrest of criminals or hide the criminal sources.

Money laundering occurs in three stages. Cash first enters the financial system at the "**Placement**" stage, where the cash generated from criminal activities is converted into monetary instruments, such as money orders or traveller's checks, or deposited into accounts at financial institutions. At the "**Layering**" stage, the funds are transferred or moved into other accounts or other financial institutions to further separate the money from its criminal origin. At the "**Integration**" stage, the funds are reintroduced into the economy and used to purchase legitimate assets or to fund other criminal activities or legitimate businesses.

Terrorist financing may not involve the proceeds of criminal conduct, but rather an attempt to conceal either the origin of the funds or their intended use, which could be for criminal purposes. Legitimate sources of funds are a key difference between terrorist financiers and money-launderers. In addition to charitable donations, legitimate sources include foreign government sponsors, business ownership and personal employment. Although the motivation differs between traditional money launderers and terrorist financiers, the actual methods used to fund terrorist operations can be the same as or like methods used by other criminals to launder funds. Funding for terrorist attacks does not always require large sums of money and the associated transactions may not be complex.

Money Laundering and Terrorist Financing threaten the financial stability, economic wellbeing, and social stability of UAE. Criminals exploit the vulnerabilities of the financial and economic system to launder illicit proceeds. One of the key sectors vulnerable to ML/TF is the Precious Metals and Precious stones sector, amongst others.

As E G C Bullion Gold Trading LLC, we are obligated to adhere to the provisions of the AML/CFT Law 2018 (Federal Law 20 of 2018). We are obliged to apply the required AML/CFT measures for transactions that equal or exceed the threshold limit. This occurs whenever we carry out any single transaction, or series of transactions that appear to be related, whose monetary value equals or exceeds AED 55,000. (Transactions in cash or cash equivalent- money orders, treasury bills, bearer bonds)



2. SCOPE OF POLICY

This Policy is applicable to all employees of E G C Bullion Gold Trading LLC suppliers, customers and third parties that we deal with. It applies to all the following dealings:

- Precious metals mean gold, silver, palladium, or platinum whether in coins, bars, ingots, granules or in any other similar form.
- Precious stones mean diamonds, sapphires, emeralds, tanzanite, rubies, or alexandrite.
- Jewellery means objects made of precious metals, precious stones or pearls intended for personal adornment, such as earrings, bracelets, rings, necklaces, brooches, watches, etc.
- Any object concerning which at least 50 percent of its monetary value is comprised of precious metals and stones (PMS)
- A variety of high-value industrial metals, including so-called conflict minerals (for example, wolframite, cassiterite, and coltan), cobalt, and other platinoid metals (e.g., rhodium, etc.);
- A variety of semi-precious gemstones (e.g., amethysts, opals, jade, and others);
- Synthetic, treated, or artificial gemstones (Diamonds, Emeralds, Rubies, Sapphires, Pearls).

This Policy is applicable to production and/or trade of precious metals or stones, whether in raw, cut, polished, or elaborated (mounted or fashioned) form. Production and/or trade in this context includes any of the following acts involving raw/rough or processed/finished PMS:

- Extraction (whether by mining or other method), refining, cutting, polishing or fabrication.
- Import or export.
- Purchase, sale, re-purchase, or re-sale (whether in primary, secondary, or scrap markets);
- Barter, exchange, or other form of transfer of ownership.
- Loan or lease arrangements (e.g., sale-leaseback, consignment, or memorandum sales);
- Possession (whether permanent or temporary, for example, as part of a fiduciary, warehousing, collateral, or other safekeeping arrangement; or under contract for a specific purpose such as cutting, polishing, refining, casting, or fabrication services).

This Policy is applicable to:

- Wholesale or Retail Trade
- Whether it is direct or indirect (such as through a broker or other intermediary)



- Whether it is between natural or legal persons or legal arrangements, including any other Dealer in precious metals and stones (DPMS)
- Whether the PMS are traded physically or virtually (for example, via certificates, on electronic exchanges, or via internet), irrespective of where or by whom the physical goods are warehoused, held in safekeeping, or delivered.

3. RISK-BASED APPROACH

Our AML/CFT program is “risk-based.” That means that the AML policies, procedures, and internal controls are designed to address the risk of money laundering specific to our Company. The Risk-Based Approach (RBA) is a methodology to identify, assess, and understand the ML/TF risks to which we are exposed and implement required AML/CFT measures effectively and efficiently, to mitigate and manage the risks.

Key elements of an RBA can be summarised as follows:

- (i) Risk Identification and Assessment - identifying ML/TF risks facing our company, given the type of customers we serve, the services we offer, countries of operation, also having regard to publicly available information regarding ML/TF risks and typologies.
- (ii) Risk Management and Mitigation - identifying and applying measures to mitigate and manage ML/TF risks effectively and efficiently.
- (iii) Ongoing Monitoring - putting in place policies, procedures, and information systems to monitor changes to ML/TF risks
- (iv) Documentation - documenting risk assessments, strategies, policies, and procedures to monitor, manage and mitigate ML/TF risks

The general principle of a RBA is that, where there are higher risks, enhanced measures should be taken to manage and mitigate those risks. The range, degree, frequency or intensity of preventive measures and controls conducted should be stronger in higher risk scenarios. However, where the ML/TF risk is assessed as lower, the degree, frequency and/or the intensity of the controls conducted will be relatively lighter. Where risk is assessed at a normal level, the standard AML/CFT controls should apply.

4. AML/CFT COMPLIANCE PROGRAM

The Pillars of our AML/CFT and Sanctions Compliance include:

- A. Adoption of Risk Based Approach
- B. Assessment of Entity-Wide Risks and Client Risks
- C. Implementation of Risk-based Procedures and Internal Control to prevent and deter ML/TF and Sanctions Avoidance
- D. Undertaking Customer Due Diligence for all clients and Enhanced Due Diligence for High-Risk Clients and PEPs
- E. Appointment of a Compliance Officer



- F. Employee Screening and Staff Training
- G. Dissemination of Suspicious Activity Indicators to employees
- H. Identification of Suspicious Activity and reporting of Suspicious activity to the Financial Intelligence Department through GOAML Portal
- I. Record-keeping
- J. Adherence to Sanctions Compliance
- K. Independent Review of AML/CFT/Sanctions Compliance program

5. STATUTORY PROHIBITIONS

E G C Bullion Gold Trading LLC commits that we will not:

- A. Establish or maintain any Customer or Business Relationship or conduct any financial or commercial transactions with any natural or legal person who is anonymous or known by fictitious name or by pseudonym or number.
- B. Establish or maintain a Business Relationship or execute any transaction in the event we are unable to complete adequate risk based CDD measures in respect of the Customer for any reason.
- C. Deal with Customers listed under any Sanction watch list and/or United Nation's "Consolidated List" and UAE Local Terrorist list.
- D. Invoke professional or contractual secrecy as a pretext for refusing to perform our statutory reporting obligation with respect to suspicious activity.

6. ML/TF RISK ASSESSMENT

Risk Assessment will be done on three levels.

- A. **Entity-Wide Risk Assessment** - The Compliance Officer is responsible for ensuring, that an ML/TF risk assessment at the Entity-Level, is completed and regularly reviewed. The Compliance officer will assess the money laundering and terrorist financing risks presented by aggregate Client Risk, Supply Chain Risks, Geographic Risk, Product Risk, Channel Risk and Environmental Risks.
 - B. **Customer Risk Assessment** -The ML/TF risk posed by each client, Natural Person or Legal person will be assessed based on Client demographics, Jurisdictional risks, Product Risks and Channel Risks
 - C. **Supplier Risk Assessment** - The ML/TF posed by Suppliers will be assessed on the Stage of Supply Chain, Jurisdictional risk, Product risks and Channel Risks.
- **Stage of Supply Chain:** Extraction/Production, Trading in Raw Minerals, Benefaction (Refining/Purification), Wholesale Trade, Retail Trade. At each stage of the supply chain there may be risks of theft, Fraud, Robbery, embezzlement, smuggling, and bribery/corruption, Commingling, Entry of Criminal Organizations, Prevalence of Cash, obscuring of traceability of PMS and Trade-based ML.



- **Counterparty/customer type:** complexity and transparency (e.g. whether the counterparty or customer is a physical person, a legal person or a legal arrangement(trust); if a legal person or arrangement, whether part of a larger, more complex group; and whether there is any association with a PEP)—particularly in relation to whether the party appears to be acting on their own or at the behest of a third party, and whether their knowledge and experience level in regard to the product or service and transaction type is appropriate;
- **Country of origin of the PMS**—particularly in relation to whether the country is a known production or trading hub for the type of PMS; has adequate regulations and controls (for example, is a participant in the (Kimberley Process Certification Scheme (KPCS for rough diamonds); is a High-Risk Country (e.g., is subject to international financial sanctions, has a poor transparency or corruption index, or is a known location for the operation of criminal or terrorist organisations);
- Country of origin or residence status of the counterparty or customer (whether a UAE national or a foreign customer, and in the case of the latter, whether associated with a High-Risk Country—particularly in relation to the locations where the transaction is conducted, and the goods are delivered.
- Channel by which the counterparty/customer is introduced (e.g., referrals versus walk-in, international versus domestic, in-person or via the internet or other media) and communicates (e.g., remote, or personal contact, direct or indirect through a proxy);
- Product Risk-Type, nature, and characteristics of the products and/or services, including but not limited to quantity, quality/level of purity, price/value, form (whether physical or virtual, raw/rough or processed/finished, etc.), rarity, portability, potential for anonymity;
- Transaction Risk- Type, size, complexity, cost, and transparency of both the transaction (including whether the physical or virtual exchange of merchandise is involved) and the means of payment or financing—particularly in relation to whether they appear to be consistent with the counterparty or customer’s socio-economic profile, local market practices, and the degree of expertise required.
- Novelty or unusual nature of the transaction or financial arrangements (including, for example, requirements to expedite the transaction beyond what is customary, unusual delivery requirements, or unusual requests for secrecy), particularly compared with what is normal practice in the local market.

7. DNFBPs

DNFBPs play a key role in protecting financial systems and economic from ML and TF risks as Gatekeepers, they are exposed to tremendous amounts of information, and act on behalf of their customers in many transactions. Some of these transactions are highly vulnerable to ML/TF risks due to the nature of the product or service offered by DNFBPs.

DNFBPs are defined in Article 3 of Cabinet Resolution No. 10 of 2019 concerning the implementation of the AML Law ('Implementing Regulations') encompassing a range of activities and sectors.

DNFBPs includes the below:

- Brokers and real estate agents
- Dealers of precious metals and gemstones
- Independent accountants and auditors
- Corporate service providers, etc.

As is required for financial institutions, countries should ensure, either by law or enforceable means that Designated Non-Financial Businesses & Professions (DNFBPs) are required to:

- A. Identify, assess, monitor, manage and take effective action to mitigate ML/TF risks using a risk based approach that requires enhanced measures when risks are higher.
- B. Carry out Customer Due Diligence (CDD) with respect to the customer, beneficial ownership, and business relationship either themselves and/or with reliance on third parties that fulfil specific criteria.
- C. Take additional measures and precautions for politically exposed persons (PEPs).
- D. Maintain records on CDD information and transactions.
- E. Identify, assess, manage, and mitigate ML/ TF risks that arise when developing new products, business practices or delivery channels or when using or developing new technologies.
- F. Implement policies, procedures, and internal controls against ML/TF risks.
- G. Apply enhanced due diligence (EDD) when dealing with customers or entities from high risk and sanctioned countries.
- H. Report suspicious activities & transactions to the financial intelligence unit (FIU). DNFBPs should be protected by law from criminal and civil liability for the breach of any confidentiality clause made in this regard. Note that lawyers, notaries, other independent professionals & accountants are not required to report suspicious activities if the information was obtained in circumstances where they are subject to professional secrecy or legal professional privilege.
- I. Not tip off clients when an STR is filed with the FIU. Tipping off should be prohibited by law.
- J. Have access to and share information on beneficial ownership and control of legal persons & arrangements.
- K. Provide records and information to competent authorities to aid in ML/TF investigations carried out by them, or as a consequence of mutual legal assistance (MLA) requests.

7.1 STEPS TAKEN BY E G C BULLION GOLD TRADING LLC

- a) Registered in the Financial Intelligence Unit (GoAML) portal.
- b) Implemented a sanction screening system
- c) Appointed a Compliance Officer



- d) Conducts Due Diligence on clients by verifying the identity of customer and beneficial owner before establishing a business relationship or opening an account.
- e) Ensures Compliance with sanctions screening and reports any suspicious activity.

E G C Bullion Gold Trading LLC will be reporting through online Go-AML portal provided by the FIU.

All reporting to be done at the time of receiving the funds. Reporting to be done within 2 weeks of occurring the qualifying transactions.

8. APPOINTMENT OF COMPLIANCE OFFICER

Our Company has designated an AML/CFT Compliance Officer, with full responsibility for the firm's AML/CFT program. He has a working knowledge of the AML/CFT Laws and its implementing regulations and is qualified by experience, knowledge, and training.

- Design an appropriate AML/CFT Compliance Program.
- Conducting an organization wide ML/TF risk assessment and Developing mitigation measures.
- Oversee the training of staff.
- Detect transactions relating to ML/TF crimes and of illegal organizations.
- Reporting Suspicious transactions to FIU.
- Ensuring the Compliance with Targeted Financial Sanctions
- Reporting the Potential Sanction matches to the Executive Office.

9. CUSTOMER DUE DILIGENCE/ENHANCED DUE DILIGENCE

Money Laundering and Terrorist Financing is the process of concealing the proceeds of crime. One of the major steps in preventing ML/TF is the process establishing the true identity of the customer/supplier, to enable us to assess AML/CFT risk, associated with the customer or supplier. This process is called customer due diligence.

Our CDD Program includes the following procedures. Only a transaction size of AED 55,000 and above triggers the CDD Process.

- Identify and verify counterparties/customers before establishing a business relationship, such as entering contractual commitments. This identified natural or legal person or authorized and fully identified agents should then be the only person or persons to whom payment is authorized to be made, or product delivered, unless legitimate and documented business reasons exist, and any third party is appropriately identified, and its identity verified.
- Identify beneficial owners and take reasonable measures to verify the identities, such that we are reasonably satisfied that we know who the beneficial owners are. The measures which must be taken to verify the identity of the beneficial owner will vary



depending on the risk. For legal persons and arrangements this should include taking reasonable measures to understand the ownership and control structure of the counterparty/customer.

- Obtain information to understand the counterparty's/customer's circumstances and business, including the expected nature and level of proposed transactions.
- The details to be obtained have been specified in the attached Customer Registration form, both for Individuals and Legal Entities.

9.1 ENHANCED DUE DILIGENCE

- A. For High-Risk Customers or PEPs (Politically Exposed Persons) we adopt Enhanced Due Diligence measures.
- B. Increased scrutiny and higher standards of verification and documentation from reliable and independent sources regarding customer identity.
- C. More detailed inquiry and evaluation of reasonableness regarding the purpose of the Business Relationship, the nature of the customer's business, and the purpose of individual transactions.
- D. Verification of Source of Funds and Source of Wealth.
- E. Increased Monitoring of Business Relationship.
- F. Approval of Business Relationship by Manager

9.2 CLIENT ON-BOARDING PROCESS

- a) Obtention of Customer Registration Form with Attached Identification Documents.
- b) Verification through Face-to-Face meeting or Online Verification.
- c) Conducting the Sanctions Screening of the Customers
- d) Assessment of Client Risk
- e) Assessment of Client Risk by Compliance Officer and Approval.
- f) Assessment of High-Risk Client or PEP by Compliance Officer.
- g) Assessment of Client Risk by Partner if High Risk Client or PEP.

10. POLITICALLY EXPOSED PERSONS

- Natural persons who are or have been entrusted with prominent public functions in the State or any other foreign country such as Heads of States or Governments, senior politicians, senior government officials, judicial or military officials, senior executive managers of state-owned corporations, and senior officials of political parties and persons who are, or have previously been, entrusted with the management of an international organisation or any prominent function within such an organisation; and the definition also includes the following:



- Direct family members (of the PEP, who are spouses, children, spouses of children, parents).
- Associates known to be close to the PEP.
- Any match, or possible match to a PEP requires the approval of Compliance Officer and the Partner. Should approval be granted for a PEP, enhanced due diligence will be required.
- E G C Bullion Gold Trading LLC will not perform any transactions until EDD on PEP customers are completed and approved by the Compliance Officer.

11. SUSPICIOUS ACTIVITY INDICATORS

- E G C Bullion Gold Trading LLC will furnish a list of Suspicious Indicators to its employees. Existence of Suspicious Indicators does not necessarily mean criminality. It is a trigger for Enhanced Due diligence and further investigation by Compliance Officer.

12. SUSPICIOUS ACTIVITY/TRANSACTION REPORTING

- E G C Bullion Gold Trading LLC (through its Compliance officer (CO)) has an obligation to report suspicious activity to the relevant financial intelligence department.
- Failure to act on or report suspicions where there are reasonable grounds to suspect criminality, is an offence under AML/CFT Law.
- All SARs (Suspicious Activity Reports) or STRs (Suspicious Transactions Reports) must be reported by employees, confidentially, only to the Compliance officer, by filing an Internal SAR/STR.
- The CO has a duty to consider all such internal reports and if the CO also suspects ML/TF, an external SAR/STR must be made to the Financial Intelligence Department.
- The Company will not prejudice an Employee who discloses any information regarding money laundering to the Compliance officer.
- All records of SAR/STR will be kept in a special confidential file and not on the customer’s file. The CO may reveal details of STR/SARs to persons only if he is convinced that doing so does not constitute tipping-off.

The following table summarizes the recommended suspicious activity review, investigation, and reporting timelines in the absence of escalation for expedited review.

Action	Maximum Timeline in Calendar Days
Dispositioning of alert; recommendation on whether to file an STR or SAR; and decision on whether to file an STR or SAR	Within 20 days of alert generation
Filing of first STR or SAR	15 days from decision to file



	(35 days from alert generation)
Filing of a follow-up STR or SAR for a “Complex investigation”	30 days from first STR or SAR filing (65 days from alert generation)
Filing of STR or SAR on continuing activity	105 days from previous STR or SAR

Guidelines for Internal Real-Time Reporting of Unusual or Suspicious Transactions

In case of identifying a transaction as unusual or suspicious at the time when the customer is at E G C Bullion Gold Trading LLC, the FLAs should proceed as follows:

- Conceal his suspicions from the customer.
- Hold the transaction, if it is related to TF and freeze the funds.
- Report your Internal STR through automated System to The Compliance Officer in confidence.
- Upload scanned copy of the customers’ identification document and any document relating to the transaction for the Compliance Officer review.
- Proceed as instructed by the Compliance Officer.
- Do not inform the customer that his transaction is being investigated or reported as a suspicious transaction. Such an action constitutes tipping-off and is a criminal offense.

Guidelines for External Reporting of Unusual or Suspicious Transactions to the Regulators

- E G C Bullion Gold Trading LLC have procedures, systems and controls to ensure timely reporting of suspected cases to the FIU.
- E G C Bullion Gold Trading LLC has access to the online STR/SAR reporting portal of the CBUAE and will contact the regulators for assistance.
- The Compliance Officer must promptly report all cases where there are reasonable grounds for suspicion of money laundering or terrorist financing, including attempted transactions that appear to be linked to such criminal activity.
- The Compliance Officer will ensure that appropriate actions are taken to comply with the directions of the FIU upon receipt of acknowledgement of an STR.
- The Compliance Officer will retain records of STRs submitted to the FIU together with all details relating to the investigations performed for a period of at least 5 years.
- In case of a transaction suspected to be associated with terrorist financing, the E G C Bullion Gold Trading LLC employee must inform The Compliance Officer immediately, freeze the account and hold the transaction. The Compliance Officer must in turn submit an STR to the Regulators immediately.



13. TIPPING OFF

- Under the AML/CFT Law, 'Tipping Off' is an offence. Once an internal or external suspicious activity report has been made, it is an offence for anyone to tip-off any person, that is, inform any person that his activities are being scrutinized for possible involvement in suspicious money laundering operations, or that any other competent authority is investigating his possible involvement in suspicious money laundering operations.
- Tipping Off risks become real once a suspicious activity report has been made to the Compliance Officer and where the Compliance Officer agrees with the underlying suspicion and submits a report to the Financial Intelligence Department. All communication between staff and the customer(s) from that point on needs to be handled with care, the Compliance Officer will provide advice as to how to handle such situations.
- If E G C Bullion Gold Trading LLC reasonably believes that performing the CDD process will tip-off a customer or potential customer, it may choose not to pursue that process and should file an Internal STR. E G C Bullion Gold Trading LLC will ensure that its Employees are aware of and sensitive to these issues when considering the CDD process.

14. STAFF TRAINING

- Our Company will develop ongoing employee training program under the leadership of the AML Compliance Officer and senior management. Our training will occur on at least an annual basis and be updated as necessary to reflect any new developments in the law.
- Our training will include, at a minimum: (1) how to identify red flags and signs of money laundering that arise during the course of the employees' duties; (2) what to do once the risk is identified (including how, when and to whom to escalate unusual customer activity or other red flags for analysis and, where appropriate, the filing of SARs); (3) what employees' roles are in the firm's compliance efforts and how to perform them; (4) the firm's record retention policy; and (5) the disciplinary consequences (including civil and criminal penalties) for non-compliance with the AML/CFT Law.
- Staff training on anti-money laundering and counter terrorist financing will be carried out at least annually for all staff, and details will be recorded.

15. EMPLOYEE SCREENING

- Our Company has immense trust in its employees and is confident that they will conduct their business with a strong ethical commitment, honesty, and qualified professional expertise.



- As part of “Know Your Employee” Process we will request all potential employees to submit their CV and Professional/Background details
- E G C Bullion Gold Trading LLC will conduct a personal, professional, and financial background check of the candidate when considering their application.

16. SANCTIONS AND PEPs SCREENING

Sanctions screening refers to the process of checking customer details in different lists of sanctions for PEP status and whether the customer is involved in money laundering or terrorist activities. The customer details are examined in the following list:

- OFAC
- UNSC
- EU
- HMT
- UAE Local Terrorist List

E G C Bullion Gold Trading LLC makes use of ‘AML Trace’ to screen customers against recognised Sanctions Lists and Politically Exposed Persons (PEPs) lists.

E G C Bullion Gold Trading LLC will take all required steps to ensure that all customers with whom a business relationship is established are screened against relevant notices.

We are conducting EDD on all PEPs / FPEPs / HIOs / PEP Associates / Diplomatic Passport Holders, whether natural person customers or the UBOs of legal persons or legal arrangements. Upon establishing a relationship with the customer, we ensure that that the customer undergoes review checks and verification at least on an annual basis or prior to carrying out the first transaction following the expiration of the 12-month period.

The following measures will be mandatorily applied as a part of performing EDD:

- a. Take reasonable measures to identify the source of funds and the source of wealth of the customer or the UBO.
- b. Obtain approval from the Compliance Officer before processing any transaction in the Point-of-Sale system.
- c. Collect additional documents and perform additional EDD as per the requirements.
- d. All transactions conducted by PEPs / FPEPs / HIOs / PEP Associates / Diplomatic Passport Holders will be closely monitored by the compliance officer.

Name matching and alerts

The sanction name match alerts generate subject to pre-defined condition that matching percentage of 100% match would block the transaction in real time and further transaction will not be allowed and these cases will be further reported to FIU of CB-UAE via STR subject to Compliance officer review.



We have configured a clean/unclean status of name matching to generate alert for review by the Compliance Officer. Same shall be verified against customer provided valid ID documents.

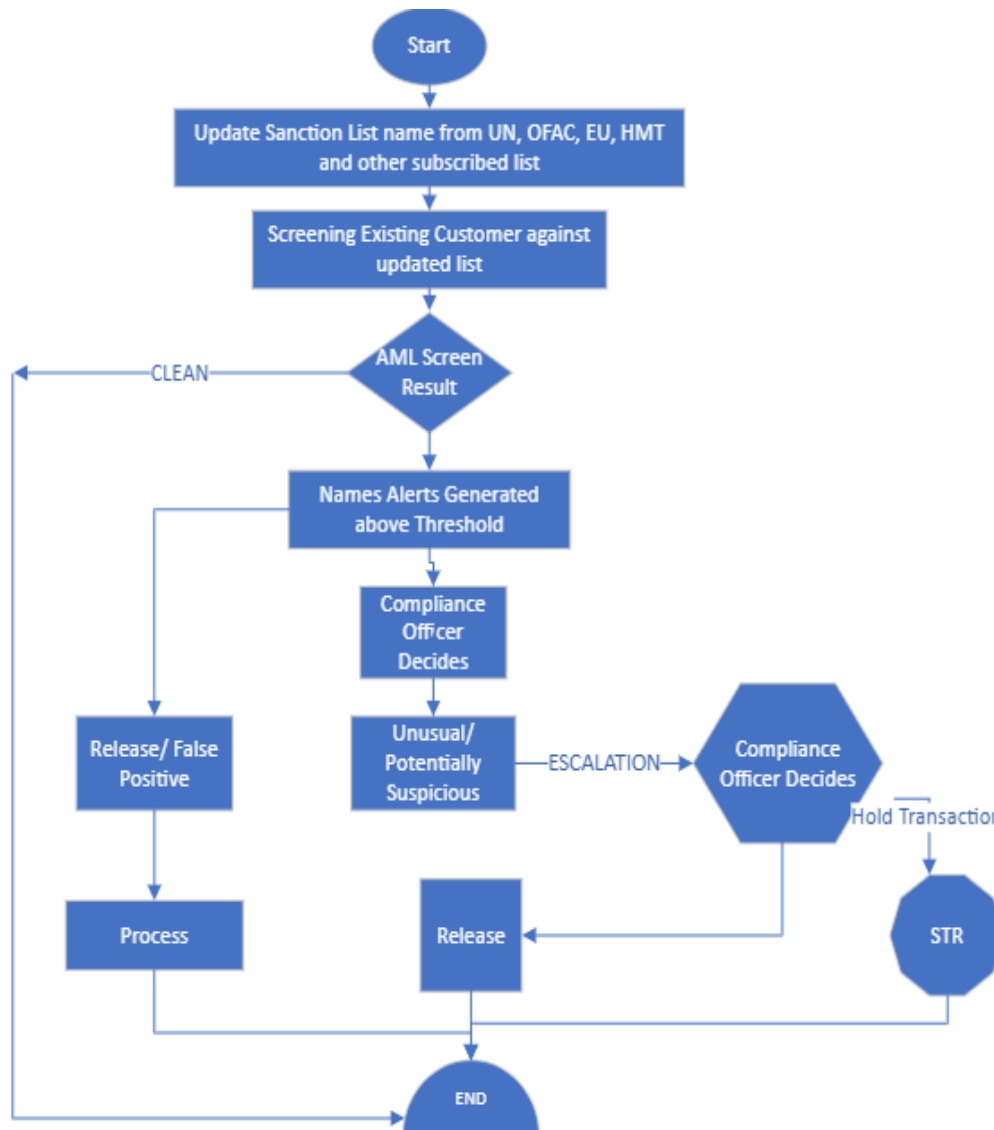
The compliance department reviews the generated alerts and analyze the cases can request documents from respective branches to support the transaction pattern and alert conditions in order to conclude cases generated sanction alert.

Update of Sanction list and Screening of Name

- Sanction List are updated in AML-TRACE on a daily basis.
- The application automatically updates the information from UN, OFAC, EU, HM or any commercial list site subscribed by the client like World Check or Dow Jones.
- AML-TRACE would screen the names based on the configuration set for name matching.
- The screening result from AML-TRACE system for matched names, will be alerted in the application.
- AML-TRACE screening process will either clear the name or if found alert of name, application would hold the transaction. The name alert will be investigated by the Compliance Officer and action taken with comments by officer.

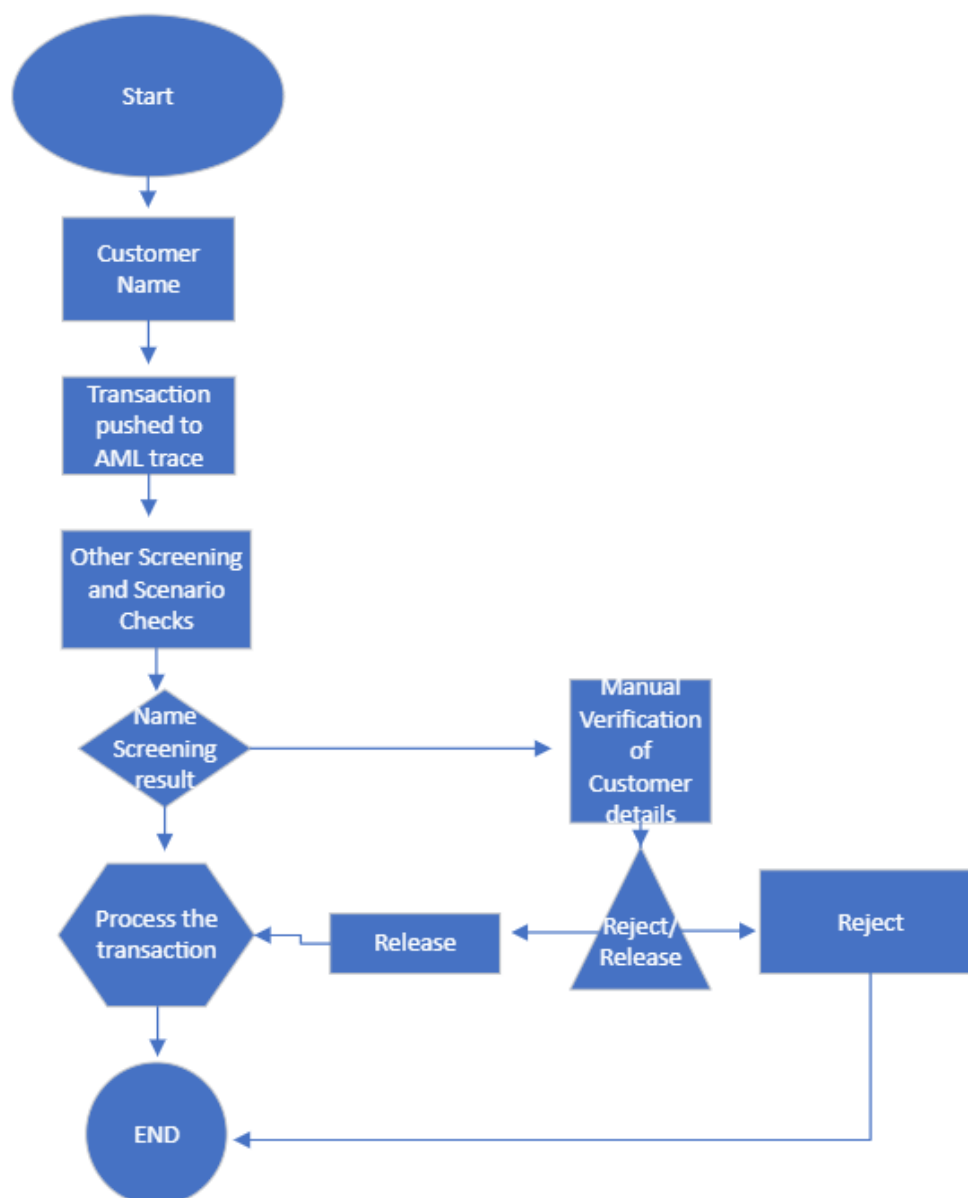
Screening Process

Existing Customer Screening and Clearing Process



Transaction Name Screening and Clearing Process

- Transaction information would be sent to AML-TRACE application for screening.
- AML-TRACE would screen the names in the Transaction based on the configuration set for name matching.
- The screening result from AML-TRACE system, can be displayed to the staff.
- AML-TRACE screening process will either clear the transaction, for further processing or if found alert of name, application would hold the transaction. The alert will be investigated by the Compliance Department and action taken with comments by officer.



17. TARGETED FINANCIAL SANCTIONS:

The term Targeted sanctions means that such sanctions are imposed against specific individuals, groups, or undertakings.

TFS refers to asset freezing and other financial prohibitions, agreed upon the UNSC, to prevent funds, or other assets from being made available, directly, or indirectly, for the benefit of listed individuals, groups, and entities.

UNITED NATION SANCTION FRAMEWORK:

- United Nations Chapter VII – Under Article 41 defines sanctions as “measures not involving the use of armed force” employed to give effect to UNSCRs.



- Sanction regimes focus mainly on supporting the settlement of political conflicts, nuclear non-proliferation, and counter terrorism by measures ranged from comprehensive economics and trade sanctions to more targeted measures.
- Range of sanctions regimes
- Targeted sanctions (i.e., focused sanctions)
 - ✓ Travel bans
 - ✓ Arms embargoes
 - ✓ Sectorial sanctions (i.e. Gold – Kongo, Charcoal – Somalia etc)
 - ✓ WMD – related goods and materials
- Role of Sanctions Committees and experts
- Today, there are 14 ongoing sanctions regimes
- UN website(www.un.org) contains details for each regime

Targeted Financial Sanctions Framework As per Cabinet Resolution 74 2020

<p>International Sanctions Regime</p> <ul style="list-style-type: none"> • OFAC • EU • HMT <p>Note: Implementation on such sanctions depend on guidance instructions issued by relevant Supervisory Authority</p>

Targeted Financial Sanctions As per FATF Recommendations

Terrorist Financing (TF)	Proliferation Financing (PF)
<ul style="list-style-type: none"> • ISIS & Al-Qaida UNSCR 1267, 1989 • The Taliban UNSCR 1988 • UAE Local Terrorist List UNSCR 1373 	<ul style="list-style-type: none"> • Democratic People’s Republic of Korea (DPRK) UNSCR 1718 (2006) • Islamic Republic of Iran UNSCR 2231 (2015)

Other UN Sanctions Regime
<ul style="list-style-type: none"> • Somali – UNSCR 1844 • Iraq – UNSCR 1483 • Congo – UNSCR 1596 & UNSCR 1807 • Libya – UNSCR 1970 • Central African Republic – UNSCR 2127 • Yemen – UNSCR 2140 • South Sudan – UNSCR 2206 • Mali – UNSCR 2374

- | |
|---|
| <ul style="list-style-type: none">• Beirut terrorist bombing – UNSCR 1636 & UNSCR 1701• Any other UN Sanction Regime |
|---|

Funds or Other Assets

- Any other assets including but not limited to financial assets, economical resources (including oil and other natural resources), property of every kind whether its tangible or intangible, moveable or immovable and legal document or instruments in any form.
- For Example: real estate, securities, local and foreign currency, bank credits, deposits, postal drafts, bank drafts, and letters of credit, jewelry and gold, raw materials etc.

Freezing & Prohibition of funds

For any designated person listed in the UAE Terrorist List or by the UN Security Council Consolidated List, the following should be taken against identified funds or economic resources owned directly or indirectly:

FREEZING

Freeze, without delay (within 24hrs.) and without prior notice, all the funds owned directly or controlled by the designated person.

PROHIBITION OF FUNDS

To prohibit of any transfer, conversion, disposition, alteration, use, dealing of funds or economic resources. Which results in:

- Changing in their volume, amount, location, ownership, possession, nature or destination or that would in any way enable the use of such funds or economic resources for any purpose.

Obligations of UAE persons under TFS

- A. Register
- B. Screen
- C. Implement TFS
- D. Internal Controls

A. REGISTER:

Register at the Executive Office website to receive automated email notifications:
<https://www.uaeiec.gov.ae>

This registration helps E G C Bullion Gold Trading LLC to receive updated and timely information about the listing and de-listing of individuals or entities in the Local Terrorist List and in the UN List.

B. SCREEN:

Undertake ongoing and daily checks to the databases to identify possible matches with names listed in the Sanctions Lists issued by the UN or the UAE Local Terrorist List:



- a. Existing customer databases.
- b. Names of parties to any transactions.
- c. Potential customers.
- d. Beneficial owners.
- e. Names of individuals or entities with direct or indirect relationships with them.
- f. Customers before conducting any transactions or entering a business relationship with any Person.
- g. Directors and/or agents acting on behalf of customers (including individuals with power of attorney)

Important: Initial screening must be performed PRIOR to the onboarding of a customer and/or facilitation of an occasional transaction. Thereafter, screening should be done daily at the institution's own initiative. The Sanctions Lists are continuously updated and available on the Executive Office's website and the UN website online.

Screening for Natural Person:

- Name
- Aliases
- Date of birth
- Nationality
- ID or passport information
- Last known address

For Legal Persons & Arrangements

- Name (s)
- Aliases
- Address of registration
- Address of branches
- Other information (Because many names are very common, you may find various potential matches. However, it does not necessarily mean that the individual or entity you are dealing with is subject to TFS)

Types of Matches

- A. **Potential match-** A potential match is when there is any match between data in the Sanctions Lists with any information in your databases.
- B. **Confirmed match-** A confirmed match is when a potential match has been confirmed to be the individual, group, or entity subject to TFS or when there is any doubt, indication, or suspicion that the potential match may correspond to an individual, group or entity subject to TFS.
- C. **False positive result-** A false positive result is when a potential match was discharged.

When a 'Confirmed Match' to a designated individual, group, or entity to the UAE Local Terrorist List or UNSC.

Consolidated List is identified, E G C Bullion Gold Trading LLC will take the following necessary action:

- Freeze without delay and prohibition of making funds or other assets available or provide services. [Should not close the accounts as it doesn't comply with cabinet Resolution 74 to 2020].
- Report measures via the GoAML platform within two business days by selecting the Fund Freeze Report (FFR). The report will be received by the relevant supervisory authority and the Executive Office – IEC.
- Ensure all the necessary information and documents regarding the 'Confirmed Match' is submitted along with the (FFR).
- Freezing measures shall remain in effect until the person is de-listed

When a 'Potential Match' to a designated individual, group, or entity to the UAE Local Terrorist List or UNSC Consolidated List is identified, E G C Bullion Gold Trading LLC will take the following necessary action:

- Suspend without delay any transaction and refrain from offering any funds or services.
- Report the 'Potential Match' via GoAML platform by selecting the Partial Name Match Report (PNMR);
- Ensure all the necessary information and documents regarding the name match is submitted.
- Uphold suspension measures related to the 'Potential Match' until further instructions are received from Executive Office – IEC or the relevant supervisory authority.

C. IMPLEMENT TFS

- Freezing and suspension measures shall be taken immediately without delay.
- You don't need any pre-approval from the government authorities to freeze or suspend upon identifying any confirmed or potential match.
- A person (natural or legal) who, in good faith, freezes funds, or refuses to provide services or report information in relation to designated individuals, groups or entities in the UAE Terrorist List or UN consolidated list, shall be exempt from any damages or claims, resulting from such actions.

NON-COMPLIANCE

- Violating UAE Cabinet 74 of 2020 can expose E G C Bullion Gold Trading LLC to administrative penalties and criminal prosecutions including:
 - Increased scrutiny of future actions from the UAE Government
 - Supervisory authority may determine a ban of certain individuals from employment within the relevant sectors for a period of time.



- A suspension, restriction, or prohibition of activity, business, or profession causes either revocation or withdrawal of the business license.
- Decree Federal Law No. (20) of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organizations.
 - Art. 60. Every natural or legal person shall immediately comply with the instructions issued by the Competent Authorities in the State concerning the implementation of the resolutions issued by UN Security Council.

D. INTERNAL CONTROLS

- E G C Bullion Gold Trading LLC is having the appropriate internal controls to ensure compliance with the most recent publication of targeted financial sanctions of the UNSC Consolidated lists and the Local Lists.
- E G C Bullion Gold Trading LLC is having the Internal controls and procedures to ensure compliance with the obligations arising from Cabinet Resolution 74/2020.
- E G C Bullion Gold Trading LLC has implemented Policies and procedures that prohibit staff from, directly or indirectly, informing the customer or any third party that freezing action or any Other Measures as per provisions of Cabinet Resolution 74/2020.

18. RECORD – KEEPING

The Company will principally retain the following records from an AML perspective for five years:

- A. All CDD/EDD records from the date of closure of relationship
- B. Records of all AML/CTF training delivered.
- C. Details of actions taken in respect of internal and external suspicion reports.
- D. Details of information considered by the Compliance Officer in respect of an internal report where no external report is made.
- E. Screening Logs

19. PROGRAM TO INDEPENDENTLY TEST AML/CFT PROGRAM

The testing of our AML/CFT program will be performed at least annually (on a calendar year basis), by an independent third party. We will evaluate the qualifications of the independent third party to ensure they have a working knowledge of applicable requirements under the AML/CFT Law and its implementing regulations. Independent testing will be performed more frequently if circumstances warrant.



20. DISCIPLINARY ACTIONS

E G C Bullion Gold Trading LLC is committed to follow strict compliance with the law and a corporate culture that values and promotes honesty and integrity in operations. E G C Bullion Gold Trading LLC has taken measures to detect and prevent fraud, abuse, and other non-complaints practices. The Compliance Program's Disciplinary Policy applies to all employees including executives, functional heads and managers who are active participants.

STAGES OF DISCIPLINARY ACTIONS

Stage 1 – Improvement Note: Unsatisfactory Performance

If the performance does not meet the acceptable standards, the employee will be given for an improvement note. The note will mention what improvement is required, the timescale and any help if needed. This is the first stage of performance improvement plan advised to the individual. The same will be recorded and kept for 6 months unless considered spent subject to satisfactory performance improvement showcased.

Stage 2 – First Warning: Failure to Comply

If the employee fails to comply with any of the guidelines in this policy or does not meet acceptable standards, then the employee will be given a written warning. The warning will also mention the nature of violation and the type of improvement needed. It will also inform the employee that a final warning may be considered provided the employee does not show any sustained satisfactory improvement.

Stage 3 – Dismissal

The employment will be dismissed, if the employee's performance or conduct continues to be unsatisfactory - even after the final warning. Only the general manager can make the decision to dismiss an employee. The employee will receive the full written confirmation of the decisions that led to his/her termination along with the date of termination. The letter will also set out the employee's right to appeal. The letter will be recorded in the employee's HR file.

21. SENIOR MANAGEMENT APPROVAL

Senior management has approved this AML/CFT compliance program in writing as reasonably designed to achieve and monitor our Company's ongoing compliance with the requirements of the AML/CFT law and the implementing regulations under it. This approval is indicated by signatures below.



REFERENCES

- Federal Decree-law No. (20) of 2018 on anti-money laundering and combating the financing of terrorism and financing of illegal organisations.
- Cabinet Decision No. (10) of 2019 concerning the implementing regulation of decree law no. (20) of 2018 on anti- money laundering and combating the financing of terrorism and illegal organisations.
- Anti-Money Laundering and Combating the Financing of Terrorism and the Financing of Illegal Organisations Guidelines for Designated Non-Financial Businesses and Professions (“DNFBPs”) (“Guidelines”) dated 1st April 2019.
- Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organisations Guidelines for Designated Non-Financial Businesses and Professions- Supplemental Guidance for DPMS dated 23 May 2019.
- Cabinet Decision No. (58) of 2020 Regulating the Beneficial Owner Procedures
- Cabinet decision no 74 regarding Terrorism Lists Regulation and Implementation of UN Security Council Resolutions on the Suppression and Combating of Terrorism, Terrorist Financing, Countering the Proliferation of Weapons of Mass Destruction and its Financing and Relevant Resolutions

Signed: Chairman/Managing Director/General Manager

Staff Declaration:

Name of Staff Member:

Role:

I confirm that *:

- I have read and understood the Company’s AML/CFT Policies and procedures
- I confirm that I will fully comply with these policies and procedures.



- I understand my obligation to report knowledge or suspicion of money laundering or terrorist financing and will make sure I report as required.

- I am aware of my obligation, not make any disclosure, which could amount to tipping off or prejudicing an investigation.

Signature:

Date:

* Staff member to tick all boxes which apply

List of annexures

1. Customer Registration Form for Individuals
2. Customer Registration for Legal Entities
3. Customer Risk Assessment for Individuals
4. Customer Risk Assessment for Legal Entities
5. List of Suspicious Transaction Indicators
6. Internal STR