



One Click Allocation of Global Assets

# GTC GLOBAL TRADE CAPITAL LTD.

## Anti – Money Laundering Policy



One Click Allocation of Global Assets

"Money laundering is principally a means to disguise the source of criminal funds".

Its secondary objectives include providing a safe haven for those funds, and providing a financial return on them by using legitimate business. The essence of the activity is concealment.

As a financial services company which intends to be licensed by the FSC, GTC has a special duty to ensure that it cooperates with the law and the enforcement authorities to enforce the FATF recommendations and the various laws that are in place in Mauritius at the present time and any time in the future.

## 1. INTRODUCTION

Definition:

Money laundering has been legally defined as the use of money derived from illegal activity by concealing the identity of the individuals who obtained the money and converted it to assets that appear to have come from a legitimate source. A simple definition is the washing of dirty money to make it appear legitimate.

Money laundering is the process by which criminals attempt to conceal the nature, location or ownership of the proceeds of their criminal activities. The process is generally seen as occurring in three stages:

- Placement the physical disposal of the initial proceeds claimed from illegal activity. (usually consists of cash payments into a bank account.)
- Layering establishes complex layers of financial transactions to disguise the audit trail. (Most layering is carried out using monetary instruments and electronic funds transfers.)
- Integration the provision of apparent legitimacy to criminally derived wealth. (Integration typically consists of a complex web of transactions designed to make tracing of the original source of funds impossible.)

One or more of these stages may occur consecutively or concurrently. There are no hard and fast rules as to how money laundering occurs, the only real limitations being the imagination of the money launderer and his perceptions of the risks of being caught.

GTC as a Financial Institution handling futures and foreign Exchange transactions globally may be seen as a legitimate target by the money launderer. To protect the financial and operational integrity of GTC, it is vital that all employees and senior management personnel are vigilant to



One Click Allocation of Global Assets

ensure that GTC is not unwittingly involved in money laundering. All staff must therefore take an active role in the recognition and reporting of suspicious counterparties and transactions.

In most countries and territories worldwide, the following acts are offences under standard money laundering deterrence legislation:

- (a) (b) assisting another to retain the benefits of crime acquisition, possession or use of criminal proceeds.
- (c) (d) concealing or transferring proceeds to avoid prosecution or a confiscation order failure to disclose knowledge or suspicion of money laundering; and
- (e) tipping off suspected money launderers.

The crimes covered are all serious crimes, and not just crimes related to drug trafficking or terrorism.

Compliance with these procedures will help avoid commission of the above offences. We must be particularly careful to report all our suspicions and to avoid alerting the counterparty.

This Money Laundering policy requires systems and training to be adopted by GTC to guard against money laundering including:

- internal control systems;
- identification and verification procedures;
- suspicion recognition procedures;
- record keeping procedures;
- reporting procedures; and
- education and training.

If there is any doubt or concern regarding incidents of money laundering and the working of the deterrence procedures please contact the Money Laundering Reporting Officer and/ or Compliance Officer or his Deputy.

GTC, like all financial institutions, is vulnerable to money laundering and the risk to the reputation of GTC, should it become caught up in a money laundering scheme, even incidentally, is high. GTC therefore requires all officers and staff to comply closely with these procedures.



One Click Allocation of Global Assets

GTC's money laundering deterrence policy is designed to achieve four aims:

- I. to protect the financial and operational integrity of GTC by taking all reasonable steps and exercising all due diligence to prevent use of GTC by money launderers;
- II. to protect GTC and its employees from unfounded allegations of money laundering;
- III. to avoid criminal sanctions, negative publicity or restriction of business which might otherwise follow from involvement of GTC in money laundering; and
- IV. to increase its protection against fraud, by institution of these procedures.

These procedures apply to all GTC's officers and employees anywhere in the world and in fact anyone acting as an agent or associate of GTC. They cover money laundering relating to the proceeds of crime in general and not just drug or terrorist related crime.

**FAILURE TO COMPLY WITH THESE PROCEDURES MAY CONSTITUTE GROUNDS FOR TERMINATION OF EMPLOYMENT AND COULD RENDER THE EMPLOYEE LIABLE TO CRIMINAL PROSECUTION.**

Within the GTC, it has been decided that dedicated personnel will be in charge of Compliance and Due Diligence and/or acting as the Money Laundering Reporting Officer (MLRO).

### **1. Internal controls, compliance procedures and money laundering deterrence policies.**

GTC will appoint a Money Laundering Reporting Officer (MLRO) once operations commence. Under no circumstances should any money laundering matters be discussed with any other GTC officer or employee.

The MLRO's and/ or Compliance Officers responsibilities include:

- a) Institution and maintenance of these procedures;
  - b) Liaison between Slipsys and the law enforcement authorities;
  - c) Acting as the central point within GTC for receiving Money Laundering Suspicion Reports;
- and



One Click Allocation of Global Assets

The role of MLRO and / or Compliance Officer is essentially that of coordination and guidance. The primary responsibility for deterrence still rests with the front line officers who are handling the business transactions personally..

### **Compliance Procedures**

The above notes give us guidance on the issue at hand from which we have drawn the key do's and don'ts. This will form the basis of the rest of the Policy manual on this subject. Following are the broad recommendations for Officers of GTC:

- Do not operate anonymous accounts or counts with fictitious names
- Know your customer; and
- Implement systems and controls, which assists this aim, namely the prevention and detection of money laundering

Following are the detailed recommendations pertaining to employees of GTC:

- Introduce procedures to verify and obtain identify for clients whether establishing business relationship's or conducting transactions;
- Introduce records retention procedures for transaction; customer identification etc;
- Introduce internal reporting procedures such that suspicious of criminal activity are reported promptly to the competent authorities( and the legislation allows such reporting); and
- Provide training to staff so that they understand their legal obligations and recognize warning signs of suspicious activity.

### **Know your customer:**

The only way that an Institution or an officer can implement the above is by first knowing the customer. This is one of the key factors to a successful money laundering deterrent policy.

The broad parameters of "know your customer" involve the following:

1. Make an effort to understand a customer's business when first entering a relationship. Be prepared to turn business away.
2. Build a profile of the type of account activity that is expected based on that activity.
3. Record in note from the information supplied for the future benefit;



One Click Allocation of Global Assets

4. Review the account activity periodically to check whether it is consistent with the earlier understanding;

5. Report if there is any suspicion in the transaction

## **2. Compliance procedures (general)**

Based on the above it has been decided that GTC will affect the following procedures in order that:

- 1) It takes due care when commencing business with a new customer;
- 2) It is alert and gives consideration to the possibility of money laundering by customers and prospective omers;
- 3) It has procedures to communicate suspicions of money laundering to the criminal authorities;
- 4) Senior management can affect oversight and control;
- 5) It secures the informed participation in these systems of all relevant employees in its business;
- 6) It keeps records that may prove significant for subsequent criminal investigations and prosecutions.

## **3. Inward wire remittance transactions:**

1. All incoming funds must require the client to provide an indemnity/undertaking that the client is the beneficial owner and that he is not acting as an intermediary for others and that the source of the funds is made available through legal sources.

2. Proceeds of inward remittance should be credited to none other than the beneficiary's account.

3. In the case of any large inward remittances to any of accounts against which the proceeds are to be settled in the beneficiary's account by way of currency transfer or direct credit, who is:

(1) Individual:

- Indemnity/Undertaking from the remitter as per prescribed format to be on file.
- Details of the remitter and beneficiary including identity, passport number, name etc to be on file.
- Purpose of such remittance of funds should be on file. The necessary reporting forms provided by laws or Enforcement authority must be duly filled and kept on record.



One Click Allocation of Global Assets

- Suspicious transactions should be reported to the Head Office where the MLRO or Compliance office will investigate and decide whether the transactions would be reported to the Monetary/Enforcement Authority.

(II) Company:

- Indemnity / undertaking from the remitter as per the prescribed format to be on file.
- Details of remitter including company registration and other relevant documentation to be on file.
- Purpose of such remittance of funds should be on file.
- Under no circumstance, should inward remittances of funds to company account be accepted by persons or companies not known to us and without exercising compliance and Due Diligence requirements as per the above procedures.
- The necessary reporting forms provided by the Monetary or Enforcement authority must be duly filled and kept on record.
- Suspicious transactions should be reported to the Head Office where the MLRO or Compliance officer will investigate and decide whether the transactions should be reported to the Monetary/Enforcement Authority.

**4. Outward wire transfer transactions;**

1. For any fund transfers related transaction, full details of the customer to be kept on record with copies of the documents.
2. Proceeds of outward wire remittances should be paid by the remitting party and not a third party.
3. While formatting payments via telex or SWIFT full details are suppressed.
4. The necessary reporting forms provided by the Monetary or Enforcement authority must be duly filled and kept on record.
5. Suspicious transactions should be reported to the Head Office where the MLRO or Compliance office will investigate and decide whether the transactions should be reported to the Monetary/Enforcement Authority.
6. The documents to be taken for outward remittances are:

1. In case the Remitter is a company:

.



One Click Allocation of Global Assets

- Local registrations like Memorandum of Association, Certificate of Incorporation, Local Trade Licenses other relevant documents to be kept on file.
- Instructions to remit funds must always be on the Company letterhead with proper details.
- Details of the nature of settlement of the proceeds to be kept on file. L.e. Check Number, Cash, bank draft, etc.

## II. In case the remitter is an individual:

- Copies of passport, identity card, or driving license to be kept on file.
- Remittance application to be completely filled and signed by the remitter.
- Details of the nature of settlement of the proceeds to be kept on file. Le. Cheque Number,
- Each remitter to be asked for the purpose of remittance and in case the proceeds have been Cash, Bank Draft, etc. settled in cash, the source of the funds to be inquired and all information put on record.

## **RECOGNITION AND REPORTING OF SUSPICIOUS TRANSACTIONS AND KNOWN INCIDENTS OF MONEY LAUNDERING**

It is difficult to define a suspicious transaction, however the following should be considered before entering into the transaction:

- is the counterparty well known within GTC (KYC-Know Your Counterparty)
- is the transaction keeping with the normal investment activity of the counterparty (KYB - Know Your Business)
- will payment be made in the normal way

### **1. Recognition of suspicious transactions**

Most money laundering schemes uncovered so far have comprised suspicious transactions. For you to be able to recognise suspicious transactions, you must be particularly aware of two key principles:

- (a) the usual nature of the counterparty's business (Know Your Counterparty - KYC"); and
- (b) the usual nature of the business carried on in your business area (Know Your Business KYB").

Where these two principles (KYC and KYB) do not coincide in relation to a particular transaction, the matter will certainly be unusual, and may be suspicious. What may be suspicious



One Click Allocation of Global Assets

to you may not be suspicious to others. However, you must report all your suspicions to the MLRO, whether you feel that others may share your view or not.

A list of types of transactions that may be suspicious in certain circumstances is listed in the Appendices. However, the transaction types on the list may not necessarily be suspicious, and there may be other types of transactions that you find suspicious which are not on the list. Therefore, you must make your own mind up as to whether you think a particular transaction makes sense or not, given your knowledge of the counterparty's business and trading objectives.

## **2. What to do when becoming suspicious**

If you become suspicious about a particular counterparty or transaction, you must report it to the MLRO immediately, giving as much detail as possible on the Money Laundering Suspicion Report. If you fail to report, you may be committing a criminal offence. The information on the Money Laundering Suspicion Report will enable the MLRO to validate the suspicion and report it to the relevant authorities.

## **3. How suspicious do you have to be?**

You must report all counterparties and transactions which you know or suspect to be involved in criminal activity (which may include fraud as well as money laundering). You are not allowed to turn a blind eye. This does not mean that you have to investigate as a detective would. Your responsibility is to recognise suspicious counterparties and transactions, and report those suspicions, no more.

Problems with obtaining identification, verification, delays, etc. may be suspicious. Knowledge or suspicion must be reported to the MLRO or his deputy. Once reported, you have satisfied any statutory obligation. You must not discuss such matters with anyone except the MLRO or his deputy.

## **4. Reporting**

Having become aware of suspicious criminal activity, you must complete a Money Laundering Suspicion Report. The golden rule is "if in doubt, report". Good faith reporting of suspicions usually carries protection from any civil legal action for breach of confidentiality laws and strict restrictions are placed on revealing the identity of those making disclosures, so you need have no fear of any comeback from the suspect.



One Click Allocation of Global Assets

## **5. Internal Reporting**

You must complete the Money Laundering Suspicion Report in as much detail as possible. A specimen report is contained in Appendices, which when completed contains all the information necessary for the MLRO and/or Compliance Officer to make his report. The report must be given or sent as soon as possible to the MLRO and /or Compliance Officer. Do not approach the suspect if you need further information to complete the report. Do not tell any of your colleagues that you have made a report.

If the matter is particularly urgent, you must telephone or speak to the MLRO and /or Compliance Officer immediately and send a completed report as soon as possible thereafter.

## **6. External Reporting**

Do not send the report to the authorities directly. The MLRO is responsible for reporting suspicions to the authorities and there is a special official form for doing so. It is vital that GTC co-ordinates its responses centrally in order to follow up reports properly and maintain the effectiveness of these procedures.

## **7. Counterparty Relations**

You should receive an acknowledgement of your report from the MLRO. If the MLRO has not responded within 5 working days you must telephone him to ensure he has received it. Do not report; ask you for clarification; or report. If he does decide to report the matter to the authorities, you may or may not be told. Continue to deal with the counterparty as normal until told otherwise. Do not under any circumstances tell the counterparty that you have made an internal report. Keep any documentation relating to the suspicion on a separate file - not on the counterparty file. Do not carry out your own investigation. If you find counterparty relations hard to handle after you have made an internal report, inform the MLRO and appropriate action will be taken.

## **8. Suspension or refusal to carry out transactions**

In most cases, reports will be acknowledged by the authorities and written consent given to continue with the transaction. In exceptional circumstances, however, consent may not be given, and matters may need to be suspended or other action taken.



One Click Allocation of Global Assets

In the case of prospective counterparties, which are suspicious, the MLRO and / or Compliance Officer may instruct you to refuse to continue with a matter and turn the prospective counterparty away. This may also happen with respect to existing counterparties, though rarely.

In both cases you will receive training in how to deal with these situations under the GTC Laundering Deterrence Training Programme. In addition, the MLRO and/ or Compliance Officer is able

to give you specific guidance as to how best to proceed in the case concerned.

## **9. Investigations**

You are required to give the MLRO and / or Compliance Officer full co-operation in relation to all Investigations, providing such access to files and records as requested. If you receive requests to cooperate with enforcement or regulatory authorities directly from the authorities, or receive production orders, restraint orders, or similar court orders, you must immediately inform the MLRO and / or Compliance Officer who will take care of the matter.

### **PROCEDURES FOR NEW ACCOUNTS**

When a business relationship is being established, the nature of the business that the customer expects to conduct with GTC should be ascertained at the outset to show what might be expected as normal activity. In order to be able to judge whether a transaction is or is not suspicious, GTC compliance needs to have a clear understanding of the legitimate business of their customers.

With the increased competition between brokerage houses, seen in recent years, the need to develop new business has become paramount. Care must, however, be exercised when opening new accounts either for Institutional, businesses or private individuals. Customer references have to be themselves checked for authenticity and reliability. GTC staff are duty bound to record detailed evidence of each customer's identity. The nature of the identity given to us should be photocopied and retained in our records along with the relevant dates when it was submitted. Where facilities are required, we must know the precise purpose (and subsequently check to see that the facility has been used for that purpose) and, of course, the terms and source of repayment or settlement of the facility. It is advisable, from time to time, to call on the business premises to see if it appears to be, prima facie, conducting itself within the description given to the GTC, e.g. manufacturer, Producer, hedger, retail trader, etc. It should be noted that corporate accounts are one of the most likely vehicles for money laundering.



One Click Allocation of Global Assets

Notes should always be prepared when customer contact has taken place, be it in person at either the GTC or the customer's premises or over the telephone. Such is admissible as evidence in a court of law. The evidence of a customer closing his account must be retained for five years and these should include details of how the transaction which closed the account was handled so that an audit trail is in place.

### **1. Account opening for Personal Customers:**

The following information should be established and independently verified:

- true name and/or names used
- correct permanent address including postcode.

Ideally, for applicants being seen face-to-face, the true name and names used should be verified by reference to a document that has been obtained from a reputable source that bears a photograph. Wherever possible, a current valid passport or national identity card should be requested and reference number recorded. Particular care should be taken in accepting documents that are easily forged or which can be easily obtained in false identities. In case face-to-face contact is not possible then a legally certified copy should be requested. An introduction from a respected customer personally known GTC to pay or from a trusted member of staff, may assist the verification procedure but must not replace the need for address verification procedures. A registered letter to the customer at the address given may prove sometimes regarding verification of the address.

### **2. Internet and Cyber trading/banking:**

Banking/Trading on the internet adds a dimension to brokerage risks, unlicensed deposit taking and tax evasion, and opens up new mechanisms for fraud and money laundering whose use is unregulated. In case accounts are opened on the internet, the identity of the customer should be established to the fullest satisfaction and also there is sufficient communication to confirm the address.

### **3. Account Opening for Institutions: (clubs and Institutions)**

In the case of accounts to be opened for clubs or societies, the constitution of the institution should be verified for its legitimate purpose. Where there is more than one signatory to the account, the identity of at least two signatories should be verified initially and, when signatories



One Click Allocation of Global Assets

change, care should be taken to ensure that the identity of at least one current signatory on the mandate has been verified.

#### **4. Trust, Nominee and Fiduciary Accounts:**

Trust, nominee and fiduciary accounts are a popular vehicle for criminals wishing to avoid the identification procedures and mask the origin of the criminal money they wish to launder. Particular care needs to be exercised when the accounts are set in offshore locations with strict bank secrecy or confidentiality rules. Trusts created in jurisdictions without equivalent money laundering procedures in place will warrant additional enquiries.

The declaration should be obtained from the trustees/nominees at the outset, the capacity in which they operate or make an application. Sight of original trust deed, and any subsidiary deed evidencing the appointing of the current trustees should be obtained. Any application to open an account or undertake a transaction on behalf of another without the applicant's identifying their trust or nominee capacity should be regarded as suspicious and further enquiries should be made.

#### **5. Account opening for Corporates and other financial services clients:**

The guidelines for GTC have been adequately highlighted in this document as per the guidance notes to financial Institutions and other principles. However, listed below are our own set of procedures, keeping in line with the same. This document forms an integral part of the earlier guidelines and should be followed in conjunction with the entire document as above.

5.1 Know your customer- as explained in this entire document.

5.2 Any new account should be entertained on the reference of at least one suitable person or business who is prepared to introduce the prospective account holder in writing or affix his signature on our account opening forms. (This is not mandatory but preferred).

5.3 Bank references from at least one bank of brokerage or trade referee should be obtained on the prospective account holder. In the event that for any reason a bank reference is not available, the customer should provide evidence of current dealing with any bank in a regulated country like bank statement etc.

5.4 GTC's Comprehensive Account opening documentation should be filled in entirety with all sections fully completed in full and signed in full.



One Click Allocation of Global Assets

5.5 Blanker Indemnity/Undertaking to be taken from all account holders for receiving remittances as per the prescribed forms.

5.6 Customers who wish to place securities and other assets against which they will use pays financial services should complete relevant section of our documentations as below:

- Charge Over deposit/funds/Assets
- Promissory Note
- Letter of guarantee

5.7 Annual audited accounts to be on file for every business/company account regardless of whether there is an exposure on the part of GTC or not.

5.8 Detailed compliance and due diligence report on all accounts to be maintained in the customer's files and updates periodically.

5.9 Any change in constitution or any matter of an account holder should be updated in the customer file within 60 days of such change.

## **6. Scrutiny of Accounts and monitoring**

When a new business account is established it must be established as to the names of the beneficial owners. GTC comprehensive account opening document provides for the beneficial owner to be disclosed. Patterns of transactions from the date of the opening of an account soon becomes apparent and regular scrutiny of statements and computer print-outs is essential in order to spot any untoward or unusual business transactions. An examination of debits/ transfers that have been drawn and paid relative to an account will very often prove helpful. All debits/ transfers should be crossed "Account Payee" to stop them being handed on and passed through a bank other than that of the bank holder. Business accounts require a special scrutiny especially those that are handling a fair amount of turnover and accounts which are very active. How do the activities compare with what the client has stated when opening the account and the types of financial services that he is using? One must also bear in mind that we may not be the sole broker in a business enterprise. An exchange of confidential information with another financial institution may be necessary in pursuing enquiries where there is a suspicious transaction involved but such action should only be taken in exceptional circumstances.



One Click Allocation of Global Assets

One of the important things to watch for is excessive trading by the customer, especially if he is losing a lot of money and continues to trade regardless. This may be a money laundering scheme and such accounts and transactions should most definitely be looked out for.

Likewise, vigilance is required on all incoming transfers of funds; to what do these relate? If as part of business activity the account has been opened for. Do these relate to the reasons the accounts were established for. Payments to agents for "commission" purposes also need careful verification by us. Similarly, deposits and transfers to offshore jurisdiction i.e. where wholesale deposits are fairly common should also be scrutinized.

## 7. Securities

All staff must be aware that bearer securities such as bonds are easily transferred from one person to another and can do so without trace. Special care should be taken if customers wish to deposit various types of security with GTC against trading their accounts with Bs and the authenticity and the origin of those securities must be ascertained, in advance. A word or two about forex transaction accounts. We maintain these for bonafide customers mainly for three reasons:

1. As a means of meeting Foreign Exchange demands rather than in undertaking purchases of such for smaller amounts.
2. To facilitate business transactions, e.g. where a trader is using US Dollars to pay for and sell his goods. This avoids him having to reconvert each transaction via the local currency.
3. To use the facility as a hedge for his business or currency conversion dealings.

Transactions that take place on these accounts should be carefully monitored especially as many such accounts are denominated in US Dollars which is the favourite currency of money launderers. Special care should be taken to ensure that non-resident customers are, in effect, such and are not using that guise for unauthorized purposes, e.g. tax evasion.



One Click Allocation of Global Assets

Monitoring program designed to detect and identify suspicious transactional activities as well as reporting of such activities to the appropriate law enforcement agency.

Prohibition of accounts or relationships with "shell companies" and "shell banks" as well as policies to reasonably ensure that your clients will not conduct transactions with or on the behalf of shell banks through any of the accounts or products.

Onboarding and ongoing screening of the client base against the US Department of Treasury's OFAC, UK HM Treasury, EU and United Nations sanctioned lists.

Screening of customers to identify and block transactions and accounts on behalf of persons or entities identified as "prohibited parties".

Policies covering relationships with PEPs or prohibition of establishing such.

Policies covering what would constitute a High Risk client as well as the additional due diligence measures applied to such clients.

Description of your company's Enhanced Due Diligence policies and measures.