

Anti-Money Laundering and Combating Financing of Terrorism (CFT) Policy

Introduction

CIFDAQ Blockchain Ecosystem Global Inc (CIFDAQ) a company incorporated in Panama is a Virtual Digital Assets Service Provider which provides a trading platform for clients to buy and sell virtual digital assets, send and receive virtual digital assets and also a platform for storing their VDA.

As an organization, CIFDAQ is subject and committed to the observance of the Anti-Money Laundering (AML) legislative and regulatory regimes applicable in Panama. Legislation :- Panama's main money laundering laws are:

- a) Law 23 of 2015 – this is aimed at preventing money laundering and the proliferation of weapons of mass destruction
- b) Law 11 of 2015 – this deals with international judicial assistance in criminal cases
- c) Law 21 of 2017 – this adopted rules to regulate trusts under the supervision of the banking sector regulatory
- d) Law 70 of 2017 – this criminalized tax evasion as a predicate crime
- e) Law 129 of 2020 – this approved the creation of a beneficial ownership registry
- f) Law 81 of 2019 – this governs personal data protection

This document covers the systems and procedures adopted by CIFDAQ to ensure compliance with the prevalent AML regulations.

What is Money Laundering?

As per Law 23 of 2015, Money Laundering includes the following:-

- Transferring or moving proceeds or conducting any transaction with the aim of concealing or disguising their illegal source;
- Concealing or disguising the true nature, source, or location of the proceeds as well as the method involving their disposition, movement, ownership of or rights with respect to said proceeds;
- Acquiring, possessing, or using proceeds upon receipt;
- Assisting the perpetrator of the predicate offense to escape punishment.

Implementation at CIFDAQ

At CIFDAQ, we have implemented appropriate Anti-Money Laundering (AML) - Counter Financing of Terrorism (CFT) practices across our business in accordance with local AML legislations and best industry standards. We adopt the use of AML-compliant software that is meticulously tailored to meet Know Your Customer (KYC) and Customer Due Diligence (CDD) requirements within the digital assets' ecosystem. Our approach focuses on adopting a combination of measures under our AML Compliance Program to prevent our business from being used to introduce proceeds of crime into the financial system or as a means to perpetrate financial crime.

Anti-Money Laundering Compliance Policy Declarations

- CIFDAQ is fully committed to observing internationally accepted principles of AML-CFT compliance and adhering to local and international AML laws and regulations. We commit to observing and reflecting within our processes the relevant recommendations issued by bodies such as the Financial Action Task Force (FATF) on preventing the utilization of our operations for criminal purposes.
- Accordingly, we take necessary procedures and control measures to provide the optimum support in the fight against money laundering and financing of terrorism.
- Furthermore, CIFDAQ is committed to continually fulfilling its Anti-Money Laundering (AML) obligations to its local and foreign associates and correspondent banks/vendors that may sometimes require due diligence information on accounts and transactions.
- CIFDAQ will fulfill any such obligations in accordance with applicable legislation or regulations to which it is subject and under the guidelines and recommendations of the FATF.
- CIFDAQ pledges to examine, review, and update its AML processes and control on an ongoing basis and maintain high standards of processes through reporting and audit examinations and random testing of our AML Compliance Program.

Appointment of a Money Laundering Reporting Officer

CIFDAQ appoints at all times within its employment a Money Laundering Reporting Officer (MLRO) with full responsibility for establishing and maintaining our AML Compliance Program. The MLRO is responsible for implementing CIFDAQ' AML Compliance Program; effectively monitoring compliance with applicable AML legislations and regulations; overseeing the day-to-day operation of AML systems and controls, establishing and implementing an appropriate training program for CIFDAQ' employees; receiving and investigating internal

suspicious transaction reports and where appropriate, submitting external suspicious transaction reports to the relevant authorities.

Customer Identity Verification

Prior to opening an account on CIFDAQ and assessing the CIFDAQ platform, CIFDAQ will mandatorily verify each customer's identity and screen each customer against local and international blacklists and sanctions lists, PEP lists and adverse media. CIFDAQ meticulously adheres to its Know Your Customer/ Customer Due Diligence procedures and guidelines. This involves all necessary actions to ensure that its customers are real persons and that the risks of money laundering, financing of terrorism and other financial crimes are properly identified and mitigated.

CIFDAQ undertakes due diligence of its customers prior to account opening and on an ongoing basis throughout the business relationship. CIFDAQ may refuse to open an account or halt a customer's continued access to the CIFDAQ platform if the customer does not meet our initial or ongoing KYC requirements.

Establishment of Beneficial Ownership of Funds

CIFDAQ is required under applicable legislation and/or regulation to identify the beneficial owner of all transactions undertaken on the CIFDAQ platform and/or funds held in a CIFDAQ account. No customer is permitted to act on behalf of a third party while transacting on CIFDAQ. CIFDAQ considers all persons holding an account or transacting through CIFDAQ to be the beneficial owner of the funds held in a CIFDAQ account or transaction executed through CIFDAQ. CIFDAQ may halt a customer's continued access to the CIFDAQ platform if the customer is found to be acting on behalf of third parties.

Enhanced Know Your Customer/Due Diligence

Enhanced due diligence is conducted when a customer is deemed as exposing CIFDAQ to a high AML risk and/or when a transaction appears to be potentially suspicious based on well-defined red flag indicators. Our client relationship staff will request additional KYC documents such as proof of source of the fund or additional identification documents as may be necessary to appropriately mitigate the risk. In such cases, in-depth due diligence is conducted outlining the expected and actual transaction behavior and the ongoing monitoring of transactions that may reveal potentially suspicious activities. Senior management approval is required prior to approving customers with high AML risk exposure.

On-going Transaction Monitoring

On an ongoing basis, our platform enables us to analyze the transaction behavior of the users while monitoring the volumes and frequency of their transactions. In addition to the above, our tools enable us to identify the red flags based on different parameters we use for risk profiling of our customer base such as:

- Occupation/profession
- Expected transaction volumes and frequency
- Age
- Nationality
- Location
- Source of FIAT currency
- Source and Destination of VDA

Customers deemed as having high AML risk exposure are subject to more stringent and frequent ongoing transaction monitoring. CIFDAQ maintains the use of systems to effectively monitor its customers and all transactions executed through the CIFDAQ platform. Suspicious transactions or activity on CIFDAQ are subject to investigation.

Internal Reporting of Unusual/Potentially Suspicious Transactions

All client relationship staff liaising with the client(s) for increased limits requests and overseeing subsequent remittances in the client's account are required to report any potentially/actual suspicious or unusual transactions to the MLRO using our internal reporting system.

Reporting of Unusual/Suspicious Transactions/Activity

All CIFDAQ staff are required to monitor, detect and report unusual/potentially suspicious activities or transactions to the MLRO, who will in turn, conduct an in-depth investigation, and determine whether an external report should be made to the relevant authorities.

Record Keeping

CIFDAQ maintains a record of all information and documentation obtained from its customers during the customer onboarding process and thereafter throughout the duration of the relationship between CIFDAQ and the customer. Records maintained by CIFDAQ include customers' identification documents, transaction data, and any other related documents. Records are retained as long as the customer holds an account with CIFDAQ and

subsequently for a minimum period of eight years after the closure/redundancy of the account, in accordance with Law 23 of 2015 and other relevant regulations.

Confidentiality of Records and Suspicious Transactions

All customer records and transactional information are kept confidential and in compliance with Law 81 of 2019 on Panama Personal Data Protection at all times, and the customers are not intimated if their transactions are considered suspicious and being reported to the MLRO internally or are being filed as with regulatory authorities.

For any queries the MLRO can be contacted at mlro@cifdaq.com