

ANTI-MONEY LAUNDERING & COUNTER TERRORISM FINANCING POLICY

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1. Introduction

This policy outline Forx Markets Ltd. approach to prevention, mitigation, and detection of Money Laundering and Terrorist Financing.

Based off Forx Markets Ltd. assessment, in our view, we believe that our products and services are at very low risk for individuals or groups seeking to launder criminal proceeds or facilitate funds designated for the financing of terrorism. However, we are committed to foster and promote a compliance culture throughout the firm which underpins the importance of preventing Money Laundering and Terrorist Financing.

2. Scope

All employees, directors, officers and associated agents are required to comply with these policies. Failure to do so may result in disciplinary action.

3. Objective

The objectives of the policy are to

- Emphasise our stringent commitment to preventing Forx Markets Ltd being used as a conduit to deposit, conceal and transfer criminal proceeds or funds intended for orchestrating terrorism
- Summarize the main procedures, systems and controls Forx Markets Ltd has implemented to prevent and detect Money Laundering and Terrorist Financing
- Clearly outline the responsibilities of the firm's senior management and other key individuals in relation to the firm's AML/CFT strategy
- Explain the most up-to-date Money Laundering and Terrorist Financing risks and how the firm intends to counteract these risks
- Confirm that the firm will take steps to monitor compliance with this policy throughout the firm

4. What is Money Laundering?

Forx Markets Ltd views Money Laundering to be 'The process by which illegally gained proceeds or funds are cleansed and sanitised to disguise their illicit origins'.

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

Money Laundering activity can include

- 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 property
- Entering into arrangements to facilitate laundering criminal property

Three Stages of Money Laundering

The Money Laundering process traditionally follows three stages

Placement

The placement stage represents the initial entry of proceeds derived from illegal activity into the financial system. It is during the placement stage when criminal transactions are most vulnerable to detection.

Layering

Layering is the most complex stage of the process, where criminals aim to separate the illegal proceeds from their illicit origin. This is traditionally done via several complex transactions within the international financial systems. It is common for criminals at this stage to transfer funds electronically between jurisdictions and invest them into advanced financial products or overseas markets. This is done repeatedly to obscure the audit trail and decrease the probability of law enforcement authorities tracing the proceeds to their original crime.

Integration

It is at this final stage where the money is returned to the criminal as 'clean' funds as they appear to come from a legitimate source. Having been 'placed' as cash and 'layered'

through several complex financial transactions, the criminal proceeds are now 'integrated' into the financial system and can now be used for any purpose.

5. What is Terrorist Financing?

Forx markets Ltd views Terrorist Financing to be 'The use of funds, or the making available of funds, for the purpose of terrorism'. This constitutes the funds that both individuals and organizations contribute towards financing terrorist activities or terrorist organization.

The source of terrorist financing can take many forms, including

- Self-financing from individuals, including but not limited to income from employment, savings, borrowed money from families or friends and bank loans
- Fund raising by legitimate charities affiliated to or sympathetic to terrorist ideology
- States directly or indirectly sponsoring terrorist groups

Forx Markets Ltd is committed to ensuring that

- Our Clients are not terrorist organisations themselves
- We are not providing the means through which terrorist organizations can be funded

6. Responsibilities of Forx Markers Ltd Management

- Ensuring that the firm's AML/CFT policies, procedures and controls are appropriately designed and implemented to reduce the firm's vulnerability to Money Laundering and Terrorist Financing
- Being fully engaged in the decision-making process regarding the firm's AML/CTF strategy and take ownership of their risk-based approach
- Being involved in the design of the firm's policies, procedures and controls and approving them
- Being aware of the level of Money Laundering and Terrorist Financing risk the firm is subject to

7. Offences

Concealing: It is an offence to help conceal, disguise, convert, transfer or remove funds if you know, should have known, suspect or should have suspected that the funds were the proceeds of criminal conduct.

Arrangements: It is an offence to enter into or become concerned with an arrangement if you know, should have known, suspect or should have suspected that the arrangement facilitates the acquisition, retention, use or control of criminal property.

Acquisition, use and possession of funds: Regardless of any attempt to conceal or disguise the criminal origin of property, it is an offence to acquire, use or possess criminal property. This offence does not require the laundering process to be actively undertaken.

Tipping Off: It is an offence for anyone to take any action likely to prejudice an investigation by informing the person who is subject of a suspicious activity report, or anybody else, that a disclosure has been made, or that the police or any other relevant authorities are carrying out or intending to carry out a Money Laundering investigation.

Failure to Report: It is an offence to 'Blind eye' to money laundering by making it a criminal offence for persons to fail to report where they have knowledge, suspicion or reasonable grounds for knowledge or suspicion that another person is engaged in Money Laundering.

8. Laundering Terrorist Property

It is an offence to enter into or become concerned in an arrangement which facilitates the retention or control of terrorist property by concealing, removing it from the jurisdiction, transferring it to nominees or in any other way.

9. Risk-Based Approach

Forx Markets Ltd applies a risk-based approach with regard to its AML/CTF strategy and routinely identifies and assesses the Money Laundering and Terrorist Financing risk the business is exposed to.

Even though our products and services are at a very low risk of ML&TF we will ensure to conduct a regular risk assessment to examine all risks of Money Laundering and Terrorist

Financing to which to business is subject. In assessing and identifying such risks, the firm will take into consideration the following factors

- Risk posed by the firm's Clients
- Products and services offered by the firm
- The geographical areas of the firm's Clients
- Delivery channels the firm uses
- The volume and complexity of the Client's transactions

Once the risks have been identified and assessed, Forx Markets Ltd pledges to amend its policies, procedures and controls in accordance with the underlying risk.

10. Main components of the AMF and CTF framework for High-Risk Clients

Customer Due Diligence: Undertake enhanced customer due diligence measures before entering into a transaction or business relationship or during a business relationship with a designated high-risk person.

Ongoing Monitoring: Undertake enhanced ongoing monitoring of any business relationship with a designated high-risk person.

Systematic Reporting: Collect enhanced information and documents and perform enhanced reporting to senior management in relation to transactions and business relationship with a high-risk person.

Limiting or Ceasing Business: Do not enter or discontinue a transaction or business relationship with a high-risk person when directed by the Senior Management.

11. Due Diligence

Forx Markets Ltd implements appropriate due diligence measures across its client base to ensure a comprehensive appraisal of all potential clients has been undertaken. To do this, the firm will establish and verify their identity, assets, the nature and intended purpose of the relationship and liabilities. The firm adopts a risk-based approach to determine the

level of due diligence required for each type of customer and the potential Money Laundering and Terrorist Financing Risk they pose to the business.

Simplified and Enhanced Levels of Customer Due Diligence

Simplified Due Diligence (SDD)

SDD is the lowest level of due diligence that can be completed on a customer. Before conducting SDD on a customer, a degree of risk assessment is required to demonstrate that the customer presents a lower degree of risk and requires suitable ongoing monitoring. As such, SDD is reserved for customers who present a low risk of money laundering or terrorist financing and where this low risk can be evidenced.

When applying SDD we need to verify customer's identity and comprise the risk profile of the customer. To complete SDD, the customer's ID must be sought. This could include requesting a physical copy of the customer's government issued ID and/or by performing electronic Know Your Customer (KYC) checks. Further we need to obtain at least a Proof of Address (POA) document.

When the Client is categorised as medium risk the ID verification is enhanced by requesting an additional ID document from the client for cross reference and requesting information about the customer's source of wealth/funds.

Should there be any doubt about the validation of the customer's identity, Enhanced Due Diligence measures should be undertaken.

Enhanced Due Diligence.

Enhanced Due Diligence (EDD) will be required when the risk assessment has ascertained that the customer poses a high risk of Money Laundering to mitigate the increased risk to the business. This includes, but is not limited to, customers that are or may be Politically Exposed Persons and/or Sanctioned individuals.

In addition, customers found to be residing in/transferring to high-risk countries and customers performing large or complex transactions that cannot be explained.

What EDD entails will be dependent on the nature and severity of the identified heightened risk. This could include, but is not limited to, obtaining additional ID evidence,

ID verification, and full description of source of wealth and funds, internet searches for potential negative screening, verifying additional information from the customer about the purpose and intended nature of the transaction or the business relationship and after establishing the relationship.

All EDD customers must be approved by the firm Senior Management before the relationship is finalized and before any transactions take place.

Individuals or legal entities sanctioned by the EU or the UN are not accepted as Clients.

12. Politically Exposed Persons (PEPs)

When a valid PEP, or family member or close associate of a PEP, has been identified, Senior Management is required to approve the initiation of the bespoke business relationship. This includes the continuation of a relationship with an existing client who may be identified as a PEP following the initial client onboarding process. If Forx Markets Ltd identifies a PEP, the firm will conduct EDD measures determined on a risk-sensitive basis.

Forx Markets Ltd agrees with the definition of PEP given by the Financial Action Task Force (FATF), and the 4th EU AML Directive which is 'an individual who is or has entrusted with a prominent public function'.

The firm will initially be made aware of a potential PEP status as a result of the AML checks which is completed across the firm's entire customer base during the initial onboarding process. Forx Markets Ltd will then conduct a full media search on the potential PEP before assessing whether it is a 'True match'. The results of this search are to be submitted to the Senior Management for consideration.

13. Beneficial Ownership

A 'beneficial owner' is defined as the individual who ultimately owns or controls the entity (in general with a percentage of 25% or more) or arrangement on whose behalf a transaction is being conducted. The regulatory framework places an obligation on financial institutions to identify and verify the identity of any beneficial owner of any entity on whose behalf a transaction is being conducted.

14. Sanctions Screening

Forx Markets Ltd recognizes the European Union (EU) and the United Nations (UN) financial sanctions regime and recognises its responsibility to deny services and products to individuals who pose a significant Money Laundering and Terrorist Financing risk to the international financial system.

To comply with the regime, Forx Markets Ltd screens all persons being onboarded by the firm against the most-up-to-date consolidated list of sanctions targets issued by the EU or the UN. The firm also screens all clients on a weekly basis to ensure someone has not been added to the sanction list after they have been onboarded as a client. In addition, the Firm allocates adequate resources on areas of the business that carry a greater likelihood of involvement with targets or their agents. As part of the firm's controls, the firm monitors payment instructions to ensure that proposed payments to targets or their agents are not made.

Forx Markets Ltd pays close attention to jurisdictions which have been earmarked by international organisations, such as FATF, as having AML/CTF regimes considered to be strategically deficient. FATF frequently publishes documentation available on its website which identifies and evaluates such jurisdictions.

FATF published a list of jurisdictions which have strategic AML/CFT deficiencies for which they have developed an action plan with FATF. This list can be found at [https://www.fatf-gafi.org/publications/high-riskandnon-cooperativejurisdictions/?hf=10&b=0&s=desc\(fatf_releasedate\)](https://www.fatf-gafi.org/publications/high-riskandnon-cooperativejurisdictions/?hf=10&b=0&s=desc(fatf_releasedate))

15. Terrorist List

The acts of terrorism committed against the USA in September 2001 have increased the international efforts to locate and cut off funding for terrorists and their organisations. Terrorist often control funds from a variety of sources around the world and employ increasingly sophisticated techniques to move those funds between jurisdictions. In doing so, they require the services of skilled professionals such as bankers, accountants and lawyers.

The sites below confirm lists of international terrorists

<https://www.statewatch.org/observatories/2001-2009-terrorist-blacklists-monitoring-proscription-designation-and-asset-freezing/current-eu-un-uk-and-us-lists/>

<https://home.treasury.gov/policy-issues/financial-sanctions/specially-designated-nationals-and-blocked-persons-list-sdn-human-readable-lists>

https://www.fbi.gov/wanted/wanted_terrorists

Forx Markets Ltd understands it is an offence to provide services to any suspected or known terrorist and implements measures to prevent this eventuality.

16. Ongoing Monitoring of Customer Activity

Forx Markets Ltd conduct an ongoing monitoring of the business relationship with all of its customers.

- Scrutiny of transactions undertaken throughout the course of the relationship to ensure that the transactions are consistent with the firm's knowledge of the Client
- Ensuring that the documentation obtained for the purpose of applying Client Due Diligence remains up to date

It is essential for the firm's monitoring system to have the following features

- Flag up transactions for further examination
- These transactions are reported to and reviewed by the Senior Management
- Appropriate action is taken on the findings of any further review

Forx Markets Ltd monitoring system for customer activity is based on the following risk factors

- The unusual nature of the transaction
- The number of a series of transactions
- The geographical origin of a payment
- The payment party concerned

17. Record Keeping

Forx Markets Ltd will retain customer information for five years following the termination of a business relationship or occasional transfer, except for situations where legal obligations placed upon the firm demanding otherwise.

18. Review of Policy

Forx Markets Ltd Senior Management will review this policy at least annually and any change shall be approved by the BOD.

APPENDIX 1

INTERNAL SUSPICION REPORT FOR MONEY LAUNDERING AND TERRORIST FINANCING

INFORMER'S DETAILS

Name: Tel:

Department: Fax:

Position:

CLIENT'S DETAILS

Name:

Address:

..... Date of Birth:

Tel: Occupation:.....

Fax: Details of Employer:

.....

Passport No.: Nationality:

ID Card No.: Other ID Details:

INFORMATION/SUSPICION

Brief description of activities/transaction:

.....

Reason(s) for suspicion:.....

.....

Informer's Signature Date

.....

FOR MLCO USE

Date Received: Time Received: Ref.

Reported to the Unit: Yes/No Date Reported: Ref

APPENDIX 2

INTERNAL EVALUATION REPORT FOR MONEY LAUNDERING AND TERRORIST FINANCING

Reference: Client's Details:

Informer: Department:

INQUIRIES UNDERTAKEN (Brief Description)

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ATTACHED DOCUMENTS

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MLCO DECISION

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.....
.....

FILE NUMBER

MLCO SIGNATURE DATE

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