

AML/COMPLIANCE POLICY

INTRODUCTION

The purpose of this Policy is to highlight the commitment of **Royal CM LIMITED** to comply with the **Vanuatu Financial Intelligence Unit Act, the Anti-Money Laundering and Counter-Terrorism Financing Regulations**, related AML/CFT legislations and generally the highest level of best industry practices in terms of AML/CFT measures and controls.

By adopting this Policy, **Royal CM LIMITED** strongly aspires to formalizes the day-to- day measures taken to combat ML and TF and enhance the board's, senior management's and all employees' understanding of relevant laws, rules, regulations and codes of conduct on ML and TF applicable to **Royal CM LIMITED** operations.

This Policy has also been designed to guide and assist **Royal CM LIMITED** and its employees to fully apply a more effective, risk based and focused approach in the course their day to day operations and duties respectively.

Royal CM LIMITED adopts an AML/CFT approach that corresponds to the risks it is exposed to as a result of the nature of its business, customers, products, services and any other matters which are relevant in the context of AML/CFT and ensures such risk-based assessments are: (i) objective and proportionate to the risks; (ii) based on reasonable grounds; (iii) properly documented; and (iv) reviewed and updated at appropriate intervals.

VERIFICATION PROCEDURES

Royal CM LIMITED is required to identify its customers, and where applicable, their beneficial owners and then verify their identities, which **Royal CM LIMITED** deems essential to the prevention of money laundering and combating the financing of terrorism.

Proof of Residence Requirements

- Recent Utility Bill (i.e. electric, water, telephone, gas) - The bill must be less than three (3) months old. Please note that a mobile phone will be accepted as a valid Proof of Residence only if the name on the bill matches the name of the registration and same for the telephone number.
- Recent Bank Statement - Must be less than three (3) months old

Screen shots of bank statements are only acceptable in cases where the bank account being used for proof of address is the same as the one used to fund the account.

- Recent Mortgage Statement
- Signed Lease Agreement still within term
- Bank, Investment Letter

NOTE that all documents provided in any other language excepting English should be translated. Translation should be provided for each non-English document.

NOTE that all documents provided in any other language excepting English should be translated. Translation should be provided for each non-English document.

- Deed or Other Evidence of Property;
- Bill for Homeowner's or Renter's Insurance Policy (less than six (6) months old);
- Security System Bill/Statement (less than six (6) months old);
- Government-Issued Letters or Statements Establishing Current Address (less than twelve (12) months old).

For example:

- Tax Letters and notices;
- Letters or notices from government housing authorities;
- Jury duty notices;
- Voter registration notices;
- Other official government letters or notices showing customer name and address being verified.

The proof of residence must:

- Show current address
- Show name as indicated on the account application
- Be from a credible source (with a visible logo)
- Be dated within the last three (3) months

NOTE: P.O. Box as Proof of Residence is not acceptable. In case none of the above are available, the following are acceptable as other forms of Proof of Residence for the locals:

- Proof of residence from Municipality, Land registry
- Valid Lease Agreement (one year) between the client and the land lord or between the company which employee our client and the land lord associated with the contract of employment or a letter from the company declaring our client employment duly signed by the company.

Corporate Account Information

- Certificate of Incorporation
- Certificate of Registered Office
- Memorandum and Articles of Association
- Certificate of Good Standing/ Incumbency
- Certificate of Incumbency
- Certificate of Directors and Secretary
- Certificate of Shareholders
- A resolution of the board of directors for the opening of the account and granting authority to those who will operate it
- Proof of Identification for Shareholder(s)/Director(s)/Secretary/UBO
- Proof of Residence for Shareholder(s)/Director(s)/Secretary/UBO

SANCTIONS AND PEP LISTS SCREENING

Royal CM LIMITED screens applicants against recognised Sanctions and Politically Exposed Persons (PEPs) lists. Individuals and legal entities are screened against mentioned lists:

- on the onboarding stage when the user is submitting the application.
- on each anti-fraud and AML alerts manually by Compliance Officer.
- daily by running automatically with a script to re-check all DB of customers.

For the screening process performing **Royal CM LIMITED** uses inhouse system supported by sumsub

COMPLIANCE OFFICER

Pursuant to the **Vanuatu** Regulations, the main functions of the CO comprise the following:

- a. To ensure continued compliance with the requirements of the **Vanuatu Anti-Money Laundering and Counter-Terrorist Financing** Regulations subject to the ongoing oversight of the board of the financial institution **Royal CM LIMITED** and senior management;
- b. To undertake day-to-day oversight of the program for combatting money laundering and terrorism financing;
- c. To regularly report, including reporting of non-compliance, to the board and senior management; and
- d. To contribute to designing, implementing and maintaining internal compliance manuals, policies, procedures and systems for combatting money laundering and terrorism financing.

The **Royal CM LIMITED** defines the beneficial owner as the natural person who ultimately owns or controls a customer; on whose behalf a transaction is being conducted; and includes those natural persons who exercise ultimate control over a legal person or arrangement. The responsibilities of the MLRO comprise the following:

- a. undertaking a review of all internal disclosures in the light of all available relevant information and determining whether or not such internal disclosures have substance and require an external disclosure to be made to the authorities
- b. maintaining all related records;
- c. giving guidance on how to avoid tipping off the customer if any disclosure is made;
- d. liaising with the **Financial Services Commission (VFSC)** and participating in any other third party enquiries in relation to ML or TF prevention, detection, investigation or compliance; and
- e. providing reports and other information to senior management.

MONITORING TRANSACTIONS

The clients are known not only by verifying their identity but, more importantly, by analysing their transactional patterns. Therefore, **Royal CM LIMITED** relies on data analysis as a risk-assessment and suspicion detection tool. **Royal CM LIMITED** performs a variety of compliance-related tasks, including capturing data, filtering, record-keeping, investigation management, and reporting. System functionalities include:

- a. Daily check of Users against recognized "black lists" (e.g. OFAC), aggregating transfers by multiple data points, placing

Users on watch and service denial lists, opening cases for investigation where needed, sending internal communications and filling out statutory reports, if applicable;

b. Case and document management.

Regarding the AML/KYC Policy, RBS CML will monitor all transactions and it reserves the right to:

- ensure that transactions of suspicious nature are reported to the proper law enforcement through the Compliance Officer.
- request the client to provide any additional information and documents in case of suspicious transactions.
- suspend or terminate Client's Account when **Royal CM LIMITED** has reasonable suspicion that such client engaged in illegal activity.