



AML/CFT POLICY

Introduction

Al Razouki International Exchange Company (LLC) (“Al Razouki Exchange, “Exchange House”) places the utmost importance on complying with all applicable laws and regulations for the prevention of money laundering and will use the policies and procedures set out in this Manual to prevent its business from being used for criminal activities.

Scope

This Anti-Money Laundering & Combating Financing of Terrorism Policy and Procedures (“AML/CFT Policy”) applies to Board, Senior Management and all Employees of Al Razouki Exchange.

This AML/CFT Policy / Manual has been prepared to provide Employees with a good understanding of what they and the Exchange House must or must not do to comply with the laws and regulations for the prevention of money laundering and terrorism financing in UAE and how to recognize and report if such instance comes to fore.

Purpose

The purpose of this Policy / Manual is to prevent the Exchange House from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities. KYC procedures also enable the Exchange House to know, understand the customers and their financial dealings better which in turn help to manage the risks prudently.

Policy Statement

The exchange house shall:

- Perform an ML/FT risk assessment on a regular basis and at least annually in order to identify, assess and understand the ML/FT risks associated with its business.
- Design, document and effectively implement comprehensive AML policy and procedures that are based on Exchange House’s risk assessment, tailored to its business needs and aligned with regulatory requirements.
- Establish an AML function that is independent of the business and operations unit and reports directly to the Board of Directors.
- Constitute a Compliance Committee.
- Appoint a compliance officer in accordance with requirements of the supervisory authority.
- Not to outsource the AML function or the role of the Compliance Officer under any circumstances except document retention.



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- Put in place adequate management and information systems, internal controls, policies, procedures to mitigate risks and monitor implementation.
- Put in place indicators to identify suspicious transactions.
- Report suspicious activity and cooperate with competent authorities.
- Promptly apply directives of competent authorities for implementing UN Security Council Decisions under Chapter 7 of the UN Convention for the prohibition and suppression of the Financing Terrorism and Proliferation.
- Promptly applying Cabinet Resolution No 74 of 2020 which sets the procedures to implement the Targeted financial Sanctions of the UNSC those related to the combatting of Terrorism, Terrorist financing & Financing proliferation of weapons of mass destruction.
- Establish record retention procedures for all documents related to customers and transactions.
- Publish the company's AML/CFT compliance statements on its website.

The AML policy and procedures shall be:

- Reviewed and updated at least annually and approved by the Board of Directors to ensure it is continually aligned with laws, regulations, industry standards, and international best practices and adequate for mitigating existing and emerging risks.
- Circulated to all employees upon each periodic review and amendment for written confirmation of their reading and understanding of its contents.
- Accessible to all employees at all times.
- Maintained in soft and hard copy at every branch and office of the exchange house in UAE.

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Applicable Laws and Regulations:

The ARIECO's AML/CFT policy and procedures are based on the regulations and guidance issued by the CBUAE, FATF, MENAFATF, and international industry better practice and form the minimum standard for employees in carrying out their responsibilities and ensure that ML/FT risks are taken into consideration in the company's daily operations.

These procedures should be read in conjunction with UAE laws and CBUAE regulations.

The main laws and regulations applicable to Al Razouki Exchange and its Employees are:

- Federal Law No (13) of 2007 related to commodities subjected to import and export control.
- Federal Decree Law No. (20) of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Financing of Illegal Organizations.



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- Cabinet decision No. 10 of 2019 – Concerning the implementing regulation of Decree-Law no 20 of 2018 Anti Money Laundering and Combating the Financing of Terrorism and Illegal Organizations
- Cabinet Decision No. 74 of 2020 – 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. (Cabinet Decision 74)
- Cabinet Decision No. (58) of 2020 Regulating the Beneficial Owner Procedures.
- Cabinet Resolution 50 of 2020 concerning the control list annexed to Federal Law 13 of 2007 related to commodities subjected to import and export control.
- Federal Decree No. 26 of 2021 on Anti-Money Laundering and Combating the Financing of Terrorism and Financing of Illegal Organizations
- Targeted Financial Sanctions (TFS) relevant rules, Notices, and Guidance issued by the Supervisory Authorities and the Executive Office for Control and Non-Proliferation
- Guidelines on Anti Money laundering and Combating the Financing of Terrorism and illicit Organisations for Financial Institutions issued by Notice 79/2019 Dated 27.06.2019
- Updated guidelines on Anti- Money laundering & Combating the Financing of terrorism and illegal organization for financial institutions – July 2023
- CBUAE 2018 “The standards for the regulations regarding licensing and monitoring of Exchange Business, Version 1.20 of November 2021 amending version of February 2018”.
- Notice No. 4593/2021 re Guidance for Licensed Financial Institutions Providing Services to Cash-Intensive Businesses
- Notice No. 3157.2022 re Guidance for Licensed Financial Institutions on the Risks relating to Politically Exposed Persons.
- Thresholds for conducting know you customer (KYC) process. Notice No CBUAE/BIS/N/2023/4931 DTD 8 October 2023
- Thematic review on Suspicious transaction report Notice No: 2197/2023
- Guidance for Licensed Institutions on Transaction Monitoring and Sanctions Screening Notice No:4368.2021
- Notice No. 4762/2020 re Enhanced Due Diligence on Third Party Transactions
- International Laws, regulations, and industry standards including but not limited to:
 - Resolutions and sanctions issued by the UN Security Council and other bodies.
 - Recommendations of the Financial Action Task Force (“FATF”).



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- Egmont Group of Financial Intelligence Units.
- Wolfsburg principles for private banking.
- Recommendations of Middle East & North Africa Financial Action Task Force (MENAFATF).
- Bank Secrecy Act.
- USA Patriot Act.
- Office of foreign Assets Control (OFAC) of the US Department of the Treasury
- UK's His Majesty Treasury List

In addition to the laws and regulations, the UAE Central Bank issues circulars from time to time to reflect local, regional and global changes in the anti-money laundering and countering terrorism financing (AML/CTF) framework and there are mandatory AML/CTF procedures issued by various supervisory bodies.

Confidentiality And Data Protection:

ARIECO is obliged to report suspicious transaction to the competent authority. In reporting such suspicion, shall maintain confidentiality with regard to both the information being reported and to the act of reporting itself, and make reasonable efforts to ensure the information and data reported are protected from access by any unauthorized person.

Under no circumstances, Exchange House or their managers or employees, permitted to inform a customer or the representative of a business relationship, either directly or indirectly, that a report has been made under penalty of sanctions.

The Exchange House is not permitted to object to the statutory reporting of suspicions on the grounds of Customer confidentiality or data privacy, under penalty of sanctions.

AML Compliance Program :

Al Razouki Exchange is having a robust and comprehensive AML compliance program that is:

- Aligned with the accepted international standards, local laws and CBUAE regulations.
- Commensurate with the level of ML/FT risk present within the exchange house.
- Proportionate to the size and complexity of the organization's business.
- Adequate in preventing the exchange house from being used, intentionally or unintentionally, for criminal activities.

The Program will constitute the company's basic framework for its day-to-day operational compliance with AML/CFT requirements.



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The AML compliance program is based on the following five basic rules, also known as the '5 pillars':

Designated AML Compliance Officer:

The Exchange House shall designate/appoint a Compliance Officer who will have the primary responsibility for managing the AML function and ensuring on-going compliance with the AML and CFT regulations.

Internal policies, procedures and controls:

The Exchange House shall have a documented policies and procedures designed to detect, deter and prevent ML/FT and Fraud as well as the other components during the day-to-day operations. The policy will act as the foundation of the company's AML function.

On-going employee training:

The Exchange House shall provide a comprehensive AML/CFT training program to all employees, including Senior Management, BOD on an annual basis at a minimum.

Independent testing of the AML compliance program: — ESTD.1981

The Exchange House's AML compliance program shall be subject to periodic review by both Internal & External auditor to assure its adequacy in meeting regulatory obligations.

CDD, EDD & Customer risk assessment:

ARECO focus particular attention on CDD as acritical means of mitigating AML/CFT risk. The fifth pillar requires appropriate risk-based procedures for conducting ongoing CDD. These procedures include; Understanding the nature and purpose of customer relationship s for the purpose of developing a customer risk profile. Conducting ongoing monitoring to identify and report suspicious transactions and maintaining and updating customer information's.

Customer Onboarding:

Customer Onboarding Individuals / Corporate



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- Customer registration is mandatory for all transactions (remittance transactions for foreign currency exchange, formal customer registration is obligatory for any transactions).
- All registered customers will be identified by a unique customer number and duplicate registration of customers is not allowed and it is always required to check if a customer has already been registered at any ARIECO branch.

General Policies on Customer On-Boarding

- ARIECO shall not conduct transactions in anonymous or fictitious names.
- ARIECO shall not conduct business with shell banks/companies.
- ARIECO shall not conduct business with religious institutions/organizations.
- ARIECO shall not conduct business with charitable organizations.
- ARIECO shall not conduct business with offshore companies unless the same is approved by the Compliance Committee.
- ARIECO shall not conduct business with entities whose physical presence, Eg branches, subsidiaries or representative offices located in countries/regions against which UN, OF, OFSI, EU and G7 member countries have enacted comprehensive jurisdiction-based sanctions.
- Approval of Senior management shall be obtained prior to commencing a relationship with Politically Exposed Person or Foreign Politically Exposed Person (PEP/FPEP).
- Introducing new products and enhancing existing products must go through compliance check and be approved by the Compliance Officer or an authorized representative of the Compliance Department.
- Compliance Department is responsible for screening of all parties that are involved as business partners in the development and launch of the product, against the Company's Sanctions and PEP /FPEP databases and run negative media searches.

Customs Declaration Forms (CDF)

ARIECO shall comply with Regulations on Currencies, Bearer Negotiable Instruments, and Precious Metals and Stones in possession of travellers entering or leaving the UAE which was issued in the official Gazette No 703 dated 31/05/2021. These regulations set requirements for individuals entering or departing the UAE carrying currencies, precious metals or stones, or bearer negotiable instruments with a value AED 60,000. Such persons must declare these goods by completing the Customs Declaration Form (CDF).

Transaction Monitoring & Screening



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Transaction monitoring is the analysis of customer transactions and the matching of these against risk profiles so as to identify unusual or suspicious transactions. The primary objective is to prevent, to the greatest extent possible, the exchange house from being used for criminal activities.

ARIECO monitoring program is based on its customer, product, geographical and delivery channel risks so as to reduce the likelihood of the exchange house being misused by criminals. This program will:

- Ensure that all transactions conducted through the exchange house are in compliance with its policies and procedures and the local and international regulatory framework.
- Scrutinize all transactions and assess whether they are in line with the customer's risk profile or known business activity.
- Re-assess the risks associated with the customer, product or service as appropriate.
- Identify unusual or suspicious transactions that may ultimately require the filing of an STR.
- Strengthen its KYC and CDD procedures.

Sanction Screening

ARIECO adheres to Sanction laws and programs of various nations and intergovernmental bodies. Our program laws and regulations include and follow several obligations and expectations such as those managed by the United Nation Sanctions, US Treasury Department's Office of Foreign Assets Control (OFAC), HMT sanctions, EU Sanctions and Central bank of the UAE as a local regulatory.

ARIECO follows the instructions provided in the 'search notices' immediately in case the name of a party to a transaction is an exact match to a name or names in such notices issued by the Central Bank.

Our sanctions compliance program is designed to ensure that ARIECO complies with applicable economic sanctions laws in every jurisdiction with which it may choose to trade or operate.

Record Retentions

Al Razouki Exchange's record keeping objectives are to ensure that:

- Any Customer or third party can be identified.
- Any transaction which was processed by or through the Exchange House on behalf of a customer or other third party can be reconstructed.
- To provide the identification, verification and KYC information about the customer when required within an appropriate time at the request of the relevant authorities.



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- The statutory retention period for all records is at least five (5) years, depending on the circumstances, from the date of the most recent of any of the following events:
 - Termination of the Business Relationship or the closing of a customer's account with the Exchange House.
 - Completion of the transaction.
 - Completion of an inspection of the records by the supervisory authorities.
 - The issue date of a final judgement by the competent judicial authorities.
 - Liquidation, dissolution, or other form of termination of a legal person or arrangement.

AML Training

Employee training is the fourth pillar of an effective AML program and key to any financial institution's fight against money laundering and terrorist financing. The exchange house shall provide comprehensive AML/CFT training to all employees, senior management, including Board on an annual basis at a minimum.

