



KNOW YOUR CLIENT POLICY AND PROCEDURES

Introduction

Know Your Client (KYC) policy is a special client oriented enquire procedure and a part of Client Due Diligence (CDD)/ Risk based approach (RBA) strategies, developed for LLC VIPTRADE P. O. Box 1574 First Floor, First St.Vincent Bank Ltd Building, James Street, Kingstown St.Vincent & the Grenadines. (Registration Number : 384 LLC 2020, www.viptrade.eu 's Clients and correspondent parties rendering services for both parties.

The present policy is reflecting norms with AML policy, Privacy Policy and AML policy manual.

All Company's staff members shall be acknowledging with all upper stated policies recalling the KYC procedure and attempting with Clients.

Any verification procedure shall have reasonable time period to identify the person, but is not to be more than 30 working days time limits. If presented documents had failed the cause to verify the person or were rejected the procedure of compliance and verification shall be recognized as failed with relevant consequences to the Client.

Objectives

KYC is developed to prevent LLC VIPTRADE., its subsidiary and affiliate persons to be used, intentionally or unintentionally, by criminal individually or criminal groups for money laundering activities or terrorist financing or other illegal activities (taking into account special measures and illegal supposed results of such activities e.i. sanctioned activities and PEP's warrants). KYC procedures shall also enable the Company to know and understand its Clients to:

- fulfill with laws in force and regulatory best world practices guidelines
- ensure appropriateness of staff procedure awareness due to KYC/AML/CFT commitments
- enable Company to understand its Client's profile and their core activity, risk management, financial dealings better which, in turn, would help the Company to manage its risks prudently
- assist Company to know more of Client's needs within the Company's product, that in return shall render more information on final usage, Client's suppliers and clients, financial structure in operation, corporative group membership, market risk on core business activities with the final aim of research and better product development
- put in place appropriate procedures and controls methods for any detection, monitoring and reporting of suspicious activities in accordance with law in force
- prevent criminals from using Company services and products with any illegal aim

The Policy includes four key elements:

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1. Client Acceptance Policy(CAP)
2. Client Due Diligence
3. Monitoring of Transactions and
4. Risk based approach

Updating KYC Policy of Company

Company shall make the necessary amendments/modifications in the KYC/ AML/ CFT Policy or such other related guidance notes of Company, to be in accordance with law in force or other regulatory commitments /updates/ amendments from time to time on the web-site.

1. CLIENT ACCEPTANCE POLICY(CAP)

- No persona (physical, legal, partnerly affiliated or other) shall use the Company's services or products other than in accordance with present guidance.
- No service rendering is presented for anonymous or fictitious / benami name(s) /entity(ies), having not ended the identification process
- No product shall be available unless Client is able to apply appropriate Client Due Diligence measures, either contrary due to non-cooperation of the client or non-reliability of the documents/information furnished by the client
- Company shall accept clients only after verifying their identity, as laid down in CDD Procedures, ensuring all necessary checks before opening a new account so that the identity of the client does not match with any person with known criminal background or with banned entities such as individual terrorists or terrorist organizations, etc.
- Company shall not open an account or close an existing account where the company is unable to apply appropriate client due diligence measures i.e. company is unable to verify the identity and / or obtain documents required as per the risk emerging form the client analysis.
- The Company shall have a databased profile for each new client during the CDD procedure. The client profile shall contain the information relating to the client's identity, social/financial status, nature of business activity, information about his clients' business and their location, etc. The nature and extent of due diligence will depend on the risk perceived.
- The first requirement of knowing your Client for money laundering purposes is to be satisfied that a prospective Client is who they claim to be.
- As much information as possible should be obtained from new and regular Clients, such as the nature of business, nature of transactions, source of funds and proofs of identity, beneficiary owner.

2. CLIENT DUE DILIGENCE

• PRINCIPALS

- All Clients must provide identification to establish accounts as described below. It should be kept in mind that identifying documents may be presented
- Client identification means identifying the client and verifying his/her identity by using reliable, independent source documents, data or information. Company shall obtain sufficient information necessary to verify the identity of each new client along with brief details of its promoters and management, wherever applicable, whether regular or occasional and the purpose of the intended nature of Business relationship.

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- All Client information and data used through Client Due Diligence procedure shall be kept in special data file account.

- **ACCOUNTS FILES**

An account file must be prepared for each account established. The file must include the following:

- Compliance checklist;
- Documentary Evidence of source of wealth and/or source of funds;
- Education and experience of beneficiary and, for legal entities, education and experience of management;
- Documentary Evidence of Address:
- Recent utility bill or a certificate from a supplier of utilities confirming the arrangement to pay for the services on pre-payment terms; or
- Bank or Building society statement or pass book containing current address.
- Copy of sole trader / partners / Clients / directors and shareholders identification (as appropriate);
- Verification that the individual, business or the businesses beneficial owners do not appear on government lists of known or suspected terrorists;
- All other documentation depending on the type of business established; and
- Any record of reviews made and / or decisions taken.

2.3. PHYSICAL PERSONS IDENTIFICATION

2.3.1. Regarding the physical persons the following is confirmed:

- Name;
- Surname;
- Patronymic (when applicable to national custom);
- Citizenship;
- Date of birth, personal ID number;
- ID document data;
- Place of residence;
- Personal tax number (if applicable);
- Occupation;
- Reason for initiated commercial relations;
- Contact information – phone number, email address.

2.3.2 During identification, the documents are checked for accuracy of the information provided and the following is confirmed:

- Whether the identification document is legally valid;
- Is the photo on it accurate;
- Whether the personal ID code corresponds to the client's gender and age.

2.3.3 Should there be any doubt regarding the document, the state authorities that issued the document may be contacted in order to obtain the necessary confirmation.

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- All beneficiary owners shall be identified strictly and as physical persons.

2.4 BUSINESS OWNERSHIP AND REQUIREMENTS

The types of ownership explained in this section include:

- Sole trader;
- Partnership;
- Limited liability partnership (LLP); and
- Limited company.

Each one is explained in detail below.

- **Sole Trader / Sole Proprietor**

A sole trader (or sole proprietor) is a business owned by one person. The owner operates the business under their name or a trade name and has complete control over the business.

The following documentation is required to establish a relationship with a Sole Trader.

- Business Account Application signed by sole trader;
- Photographic ID of sole trader – Current passport or photo- card driving license;
- Current address verification (bank statement or utility bill) of business address, generally no more than three [3] months old;
- Copy of Registration of sole trader with HMRC as self-employed – Self Assessment letter or VAT certificate issued when trading commenced; and
- VAT number if applicable
 - **Partnerships**

In a partnership, two or more people share the risks, costs, and responsibilities of being in business. Each partner is self-employed and takes a share of the profits. Unlike a limited company, a partnership has no legal existence distinct from the partners themselves.

The following documentation is required to establish a relationship with a Partnership.

- Business Account Application signed by a partner;
- Photographic ID for all partners – current passport or photo-card driving license;
- Current address verification (bank statement or utility bill) of both personal and business addresses, no more than three [3] months old;
- Copy of Registration of each partner with the HMRC as self-employed – Self Assessment letter or VAT certificate issued when trading commenced;
- Partnership Agreement (if available); and
- VAT number if
 - **Limited Liability Partnership (LLP)**

A Limited Liability Partnership (LLP) is a mixture of an ordinary partnership and a limited company. It is an alternative corporate business vehicle that gives the benefits of limited liability but allows its

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owners the flexibility of organising their internal structure as a traditional partnership. The LLP is a separate legal entity and, while the LLP itself will be liable for the full extent of its assets, the liability of the owners will be limited.

The following documentation is required to establish a relationship with a Limited Liability Partnership (LLP).

- Business Account Application signed by a Client: Someone who has the authority to bind the partnership;
- Copy of LLP certificate registered with Companies House;
- Current address verification (bank statement or utility bill) of personal and business addresses, no more than three [3] months old;
- VAT number if applicable; and
- Identification of at least two designated owners, and identification any further owners who hold a beneficial interest in the company.
 - **Limited Company**

Limited companies exist, distinct from the shareholders who own them. This means their finances are clearly separate from the personal finances of their owners. Shareholders may be individuals or other companies. They are not responsible for the company's debts (unless they have personally guaranteed a bank loan, for example) however, they may lose the money they have invested in the company if it fails. The main types are:

- Private Limited Companies – Can have one or more shareholders and cannot offer shares to the public;
- Public Limited Companies (Plc) – Must have at least two shareholders and can offer shares to the public; and
- Private Unlimited Companies – Are rare and usually created for specific reasons.

The following documentation and identification is required to establish a relationship with a Limited Company.

- Corporate Account Application signed by a Shareholder or Director of the company or any other person who has the authority to bind the company;
- Registered office address, registered number and principal place of business;
- Board of directors;
- Senior persons responsible for its operations;
- Identification of at least one Director and identification for any shareholder who holds a beneficial interest in the company of greater than twenty-five [25] %.
- Certificate of incorporation (if a Client is a foreign company, a certified copy of an equivalent document from a lawyer of the home country);
- Current address verification (bank statement or utility bill) of business address, no more than three [3] months old; and
- VAT number if
 - **Trusts**

The following documentation is required to establish a relationship with a trust.

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- Full name of the trust;
- The date when the trust was set up;
- A statement of account for the trust, describing the trust assets and identifying the value of each category of the trust assets at the date of which the information is first provided;
- The country where the trust is resident for tax purposes;
- The place where the trust is administered;
- A contact address for the trustees;
- It will name any address who are being paid to provide legal, or advice to the trustees in relation to the
 - **Money Service Businesses (“MSBs”)**

MSBs can exist as any of the entities listed above, and Company has a specific application form and documentary requirement for this type of business.

In addition to the standard documentation required dependent on the business entity, the following documentation is required for Company to establish a relationship with an MSB.

3. MONITORING OF TRANSACTIONS

- **Principals**

3.1.1 Company guaranty the Ongoing monitoring as an essential method within aim of effective KYC procedure. Monitoring of transactions and Client behavior will be conducted taking into consideration the risk profile and risk sensitivity in each case file separately.

3.1.2 Company shall make endeavors to understand the normal and reasonable activity of the client so that the transactions that fall outside the regular/pattern of activity can be identified. Special attention will be paid to all complex, unusually large transactions and all unusual patterns, which have no apparent economic or visible lawful purpose. 3.1.3 Company shall prescribe threshold limits for a particular category of accounts and pay particular attention to the transactions which exceed these limits within the law risk level, meddle risk level and high risk level.

Deposits / Withdrawals

Before an employee can accept a deposit or action a withdrawal from or for a Client, they must be entered on the system as an “account” and the employee must have a complete file for them. Company obtains and retains the original form of all receipts and payments, including the following:

- The name and address of the originator / sender;
- The amount of the deposit or withdrawal;
- The execution date;

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- Any payment instructions received from the originator; and
- The identity of the beneficiary's bank.

In addition, we will retain as many of the following items received with the order:

- The name and address of the beneficiary or recipient;
- The account number of the beneficiary or recipient; and
- Any other specific identifier of the beneficiary or recipient.

Company shall ensure that a record of transactions in the accounts is preserved and maintained

- **Control methods**

3.3.1 Company shall apply control methods in the event that the Client changes the conditions of the transaction, increasing the risk level:

- If the transaction serves no rational purpose;
- If the transaction is financially irrational;
- If the same type of transaction is repeated multiple times over a short period;
- Should the client refuse to provide information without giving a reason for the refusal or should the client express unusual concern with the matters of confidentiality;
- Should the Client decide to alter the transaction in a manner that is not the usual practice of the organisation;
- Should the client express unreasonable hurry to carry out the transaction;
- Should the client implement changes into the transaction conditions shortly before it is performed;
- Should the client prove impossible to contact;
- Should there be any information that the data provided by the client is false or inaccurate;
- In case of absence of any association between the activities of the Client and the planned transaction;
- Should the planned transaction be needlessly complicated and lacking any legal purpose.

3.3.2 Additional methods for the control of a suspicious transaction:

- Receipt from the client with the necessary explanation and confirmation that clarify the purpose of the transaction;
- Implementation of increased monitoring in accordance with the present policy regarding all the transactions of the Client in order to confirm if they are in any way connected to money laundering or the finance of terrorism.

4. RISK BASED APPROACH

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4.1. The MLRO under the supervision of the senior management of the Company shall ensure that an effective KYC Policy is put in place by forming effective procedures and ensuring all round implementation. It will cover proper management oversight, systems and controls, segregation of duties, training and other related matters.

4.2. Responsibility will be explicitly allocated within the Company for ensuring that the policies and procedures are implemented effectively.

4.3 The Company shall devise procedures for creating Risk Profiles of their existing and new clients and apply various Anti Money Laundering measures keeping in view the risks involved in a transaction, account or business relationship.

4.4. The Regulations require Company to adopt a risk-based approach to the application of measures to prevent money laundering and terrorist financing.

4.5. Additionally, Company and its employees must monitor each Client and ascertain the risk posed by each Client. The tables below highlight some indicators that employees may use to determine the risk posed by a Client. The table is not exhaustive, and employees must liaise with the MLRO if they are concerned about any Client.

4.6. The risk evaluation is performed by giving each risk group a status on a three-point scale:

- Risk is considered low if no category has a risk factor and the transaction is clear;
- Risk is considered medium if there are risk factors, but the transaction itself is clear, though there are suspicions that all of the risk factors together may indicate money laundering or finance of terrorism;
- Risk is considered high if there are multiple risk factors and the transaction itself is not clear.

4.7. Overall result is achieved by adding the factor of each category, whereas risks regarding client and partner is multiplied by two and then the whole sum is divided by a factor of 4.

- If the sum is 2 or lower, the risk is low;
- If the sum is 2 to 2,75, the risk is medium;
- If the sum is higher than 2,75, the risk is high.

4.8. If the risk in any category is high, the overall risk is considered high no matter the overall sum.

4.9. If an employee deems a Client to be a high-risk of money laundering or terrorist financing, they must inform the MLRO immediately. The MLRO may direct the employee to carry out extensive due diligence on the Client to acquire additional evidence regarding their identity or the source of the funds involved in the transaction. The transactions and activity of any high-risk Clients should be carefully monitored on an ongoing basis.

4.10 Identifying a Client or transaction as being of a higher risk does not mean that the Client is involved in money laundering or terrorist financing. Furthermore, if a Client is deemed to be a lower risk, it does not mean that the Client is not involved in money laundering or terrorist financing. Employees must be vigilant always and report any suspicions to the MLRO.

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4.11 Characteristics that will define the client into a high risk level:

- Non-resident legal person client;
- Un-Beneficiary Legal persons or arrangements including non-governmental organizations (NGOs), not-for-profit organizations (NPOs) and trusts/charity organizations;
- Clients is from jurisdictions where CDD/KYC and anti-money laundering regulations are lax or if funds originate or go to those countries;
- Clients whose business or activities present a higher risk of money laundering;
- Clients with links to off-shore tax havens;
- High net worth clients with no clearly identifiable source of income;
- Non face-to-face or online clients;
- Client is involved in dealing in high value items (based on declared or known occupation);
- Jurisdictions subject to a Financial Action Task Force (FATF) call on its members and other jurisdictions to apply counter-measures to protect the international financial system from the on-going and substantial money laundering and terrorist financing (ML/FT) risks emanating from the jurisdictions;
- Unlisted private financial institution not domiciled in a FATF member country. 11 Politically exposed persons (PEPs) or clients holding public or high profile positions.

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