

DSX ANTI-MONEY LAUNDERING AND COUNTER-TERRORIST FINANCING POLICY

OVERVIEW

All Financial Services Providers have an obligation to assist in the efforts to combat Money Laundering and Terrorist Financing, and to minimise the risks of their product or service being used for those purposes.

In order to achieve this, firms must have in place detailed and robust policies and procedures for Anti-Money Laundering and Counter-Terrorist Financing (AML/CTF), covering all parts of the customer journey, to identify and mitigate the risks associated with the product or service in terms of Money Laundering and Terrorist Financing.

Money Laundering can be defined as:

'the conversion or transfer of property, knowing that such property is derived from criminal activity, or from an act of participation in such activity, for the purposes of concealing or disguising the illicit origin of the property, or assisting any person who is involved in the commission of such activity to evade the legal consequences of his action.'

Terrorist Financing can be defined as:

'the wilful provision or collection, by any means, directly or indirectly, of funds with the intention that the funds should be used, or in the knowledge that they are to be used, in order to carry out terrorist acts.'

All firms must adhere to the Money Laundering Regulations 2007 (MLRs), and be aware of the guidance set down by the Joint Money Laundering Steering Group (JMLSG) which provides guidelines within the UK on how firms should conduct Due Diligence on their customers, and the recommendations from the Financial Action Task Force (FATF), an inter-governmental body whose purpose is the development and promotion of national and international policies to combat money laundering and terrorist financing.

Other key pieces of legislation in relation to AML/CTF are:

The Proceeds of Crime Act (POCA), which covers all crimes and any dealing in criminal property, and creates investigative powers for law enforcement agencies and criminal offences in relation to Money Laundering, for the criminal, the firm and individual employees.

The Terrorism Act, which details a series of offences related to the involvement in arrangements for facilitating, raising or using funds for terrorism purposes.

POLICY

All Digital Securities Exchange Limited (DSX) users will be provided with an e-wallet serviced by ePayments Systems Limited (ePayments), a partner business. As a regulated entity, ePayments is required to conduct relevant due diligence on all of its customers. Therefore, all DSX customers will be required to go through ePayments on-boarding process, in terms of identity verification, to ensure that ePayments, and by extension, DSX, can provide them financial services, and to ensure the company is meeting its obligations.

The policy includes details relating to:

- Establishing a customer's identity and verifying the information provided
- enabling the identification of unusual activity and facilitating the reporting of suspicious activity
- record keeping of customer documentation and transactional history
- internal responsibility for all AML activities

SANCTIONS

DSX is prohibited by law from conducting business with individuals or entities that appear on official Sanctions lists. Therefore all applicants are screened prior to a service being offered, and on an ongoing basis, to ensure that the company is authorized to have a business relationship with that customer.