SPONSY
AML/KYC Policy

Last updated: July 21, 2018

1. AML/KYC policy status and acceptance

1.1. This AML/KYC Policy (hereinafter referred to as the **"Policy"**) sets forth the general rules and procedures governing the implementation and conduct of Know-Your-Customer ("KYC") procedures in accordance with the relevant Anti-Money Laundering rules ("AML").

1.2. Each User must carefully read and comply with this Policy. It is understood and presumed per se that by the fact of the Website use and SPONS Tokens purchase during the Sponsy Token Sale or otherwise, the respective User fully read, understood and accepted this Policy. If any User does not agree with this Policy in general or any part of it, such User must not access and use the Website and/or purchase SPONS Tokens.

1.3. The Company reserves the right to modify or amend this Policy at its sole discretion. Any revisions to this AML/KYC Policy will be posted on the homepage of our Website. If we make changes, we will notify you by revising the date at the top of this Policy. We strongly recommend You to periodically visit the Website to review any changes that may be made to this AML/KYC Policy to stay updated on our AML/KYC practices. Your continued usage of the Website and/or services shall mean Your acceptance of those amendments.

1.4. In terms of the Sponsy Token Sale, this Policy shall be considered an inalienable part of the Sponsy Token Sale Agreement, Sponsy Privacy Policy and Terms of Use. In terms not regulated by this Policy, the Sponsy Token Sale Agreement shall apply to the relationships that arise hereunder.

1.5. This Policy is administered by Chief Operations Officer ("COO") personally.

1.6. It is the personal obligation and responsibility of each Employee to act in a manner consistent with this Policy.

1.7. All Employees must report any breaches, violations, risks, incidents and complaints, as appropriate.

2. Definitions

2.1. Applicable Law – laws of British Virgin Islands – applicable under this Policy to any and all relations between a User and Company.

2.2. Employee – a Sponsy employee.

2.3. Personal Information - information or totality of information that can be associated with a specific person (the User) and can be used to identify that person. The rules governing the Personal Information collection, processing and use by Sponsy are documented in a separate Privacy Policy, which are accessible through the following link:

https://www.sponsy.org/sponsy_privacy.pdf

2.4. AML/KYC Policy (also referred to as **"Policy"**) – this AML/KYC Policy posted on the homepage of our Website which may be revised or updated from time to time as stated in subsection 1.3 of this AML/KYC Policy.

2.5. Magic Stick Chain Inc. (also referred to as **"Company", "We"**, **"Us"**) – a company incorporated under the legislation of the British Virgin Islands for the purpose of Sponsy project development and implementation, not being a financial entity, stock, exchange, investment entity or a partner, employer, agent or adviser for any User OR a third party, which we hire to perform services on our behalf such as Identity Verification Company.

2.6. Sponsy (also referred to as **"Platform")** is a blockchain-based one-stop online solution for sponsors and sponsees to conduct sponsorship deals. By tokenizing sponsorship assets and decentralizing decision-making, Sponsy does not only reduce costs, but also provides sponsees with a wider choice of sponsorship opportunities and makes sponsorships available to every business.

2.7. Sponsy Token Sale (**"Token Sale", "Crowd sale"**) – an offering of SPONS Tokens to eligible Users to purchase SPONS Tokens during the Sale Period, according to the respective phases (launches) and SPONS Tokens Price described on the Website and in Whitepaper.

2.8. SPONS Tokens (**"SPONS"**, **"Tokens"**) – cryptographic tokens, which are software digital products (not being cryptocurrency), which are created by the Company and is a digital representation for participation in Sponsy project, including the participation in distribution of Platform rewards. The SPONS token is designed as a decentralized token on the Ethereum blockchain network.

2.9. User (also referred to as **"You"**) – any person, who uses the Website, with or without prior registration and authorization using the Account and purchases SPONS Tokens. The Company reserves its right to set forth at any time upon its own discretion special eligibility or other requirements to certain Users to participate in a certain phase of Sponsy Token Sale as shall be mentioned on the Website and Whitepaper.

2.10. Website – the website maintained and owned by the Company at www.sponsy.org.

2.11. Whitepaper – one of the official Accompanying Documents published by the Company on the Website, describing technical and marketing details of the Sponsy Token Sale, the idea and purpose of the Sponsy Platform, as well as SPONS Tokens Price and Tokens Sale Period.

3. AML/KYC POLICY

3.1. Sponsy is strongly committed to preventing the use of its operations for money laundering or any activity which facilitates money laundering, or the funding of terrorist or criminal activities.

3.2. On a global level, in order to prevent and combat money laundering and terrorism financing, there has been an introduction of the number of laws concerning the customer identification and verification procedures including but not limited to the EU AMLD5 Directive, which brings the virtual currencies under the scope of the Anti-Money Laundering Directive.

3.3. In the United States, regulation of the AML is carried out by a special government body under the US Treasury – FinCEN. In particular, FinCEN regulates so-called "money services business" (MSB). In 2013 FinCEN published the clarification on the regulation of persons administering, exchanging or using virtual currencies bringing the businesses dealing with virtual currencies under the scope of AML/KYC in terms of spotting suspicious financial behavior.

3.4. In order to ensure that our operations are compliant with the AML/KYC rules and procedures, we are implementing the AML/KYC policies detailed below.

3.5. As part of our AML (Anti-Money Laundering) Policy in order to combat money laundering and illegal financing activities the Company follows the customer risk assessment principles that include but are not limited to the following:

− raise awareness on money laundering issues;

− appoint a designated COO. The COO is to report any suspicious transactions to the appropriate Financial Authority;

− assist law agencies and authorities to trace, seize, and confiscate the proceeds of criminal activities;

− freeze any funds deemed suspicious and investigate the source of funds;

− introduce a Know-Your-Customer Policy (KYC);

− exercise reasonable measures to obtain information about the true identity of the persons on whose behalf a transaction is made;

− record keeping procedures – maintain, for a specific time period, all necessary records on transactions, both domestic and international;

− pay special attention to all complex, unusually large transactions;

− adopt economic, administrative, self-regulatory and other measures which can be taken to create an effective shield against money laundering;

− train staff accordingly;

− employ proper care in the hiring of new staff.

3.6. As a part of the obligatory due diligence process required prior to purchasing SPONS tokens, each User will have to provide the following information to purchase SPONS tokens (each piece of information shall be proved by the scans of the appropriate documents):

– Full name

– Date of Birth

– Address of Permanent Residence

– Source of Funds

– Company Name (if tokens are purchased on behalf of a company)

– Certificate of Incorporation (if tokens are purchased on behalf of a company)

– Company Address (if tokens are purchased on behalf of a company)

3.7. The risk profile of each User will be determined upon the country of his/her permanent residence.

3.7.1. All countries have a standard risk profile, except for the countries below:

– Lebanon

– Burundi

– Congo

– Somalia

– Yemen

– Zimbabwe

– Libya

– Venezuela

– South Sudan

The above will be deemed high risk, and Users from these countries will be required to provide additional proofs.

3.7.2. The following countries are FATF, US, EU sanctioned. Their residents are NOT permitted to participate in Sponsy token sale, however, nationals of these countries proving their permanent residency in the permitted jurisdiction may be permitted to participate but will need to go through enhanced due diligence:

– North Korea

– Syria

– Iran

– Iraq

– Ethiopia

– Burma

– Code d'Ivoire

– Sudan

3.7.3. Due to internal policies of Sponsy, we are not selling tokens to the residents of the following jurisdictions:

– United States of America (including green card holders and residents of any possessions of the United States of America)

– People's Republic of China

3.8. As a part of the customer risk assessment, the following will act as Money Laundering Warning Signs based on guidance provided by Financial Action Task Force (FATF) international body set up to combat money laundering:

– customer tells that the funds are coming from one source but then at the last minute the source changes;

– evasiveness or reluctance to provide information;

– incomplete or inconsistent information;

– unusual money transfer or transactions (e.g. when customer deposits unusual amounts (e.g. 9,990 euros) so as not to come under the threshold when KYC applies);

– complex group structures without obvious explanation that may be designed to disguise the true source and ownership of money;

– when money is coming from the list of 'high-risk and non-co-operative jurisdictions' according to FATF;

– negative public information available about the client or company.

3.9. The above principles and warning signs are aimed at determining the customer's risk in terms of propensity to commit money laundering, terrorist financing or identity theft.

3.10. Every Employee is required to act in furtherance of this policy statement to protect the Company from exploitation by money launderers or terrorists.

3.11. Company adopts the KYC (Know-Your-Customer) Policy and reserves the right to undertake KYC in order to verify the identity of its customers at any point.

3.12. As part of the exercise of this right, Company may require the following information to be sent:

– copy of passport or national ID;

– recent utility bill;

– recent bank account statement ('Recent' means no longer than 3 months from date of issue)

3.13. Please note that the list above is not exhaustive and we reserve the right to require additional information at any time to verify the client's identification and to fully satisfy the latest Anti-Money Laundering rules.

3.14. The Personal Information requested as part of the KYC procedure will be collected, processed, used and stored in accordance with the General Data Protection Regulation (GDPR), rules and principles of which have been reflected in the Sponsy Privacy Policy and implemented on the legal, technical and organizational level.

3.15. If any of the above documents are requested, prior to sending them to us we may require them to be certified as a true copy of the original by a Solicitor or a Lawyer who must use their company stamp. We require the documents to be sent to us in high quality color format. We reserve the right to reject any documents, which do not comply with the above or if we have doubts as to their veracity.

3.16. If any doubt arises we reserve the right to check the information provided, as part of the KYC Policy, using any other method including but not limited to contacting the customer directly.

3.17. COO has a right to freeze any funds already transferred should the suspicion as to the sources of those funds arises after they have been deposited and investigate the customer's transaction in retrospect.

4. CONTACT DETAILS

4.1. If you have any questions regarding this AML/KYC Policy, please contact us at info@sponsy.org.