

Know Your Customer (KYC) Policy

Customer and Business Partner Due Diligence :

Dealers in real estate and non-resident customers (especially those from high-risk countries), foreign and local politically exposed persons (PEP), complex legal entities and third-party buyers are examples of high-risk counterparties, which therefore require enhanced due diligence procedures.

Know Your Customer (KYC) :

The purpose of the KYC procedures is to provide a mechanism through which potential counterparties can be identified and resolved in a simple, streamlined fashion, but at the same time provide a mechanism which ensures that all interested parties have been consulted.

It is important for Capital Chain to obtain such information because this process effectively mitigates the risk of being exploited for the purpose of money laundering and terrorism financing, which can be reduced to a minimum. The process would also enable suspicious transactions to be detected because they are incompatible with the information received.

Capital Chain is required to undertake KYC measures for all proposed transactions and business relationships. Under general KYC measures, Capital Chain should:

- A. Verify the identity of the counterparty on the basis of original or properly certified documents, data or information issued by or obtained from a reliable and independent source;
- B. Identifying the ultimate beneficial owner, and taking reasonable measures to verify the identity of the ultimate beneficial owner such that Capital Chain is satisfied that it knows who the ultimate beneficial owner is. For legal persons and arrangements , this should include Capital Chain taking reasonable measures to understand the ownership and control structure of the counterparty. In the event of a counterparty claiming to be acting on behalf of another, it must be verified that this person has the proper legal authority to do so;
- C. Obtaining information on the purpose and intended nature of the business relationship to develop the counterparty risk profile;
- D. Seek to understand source of wealth and source of funds; and
- E. Undertake ongoing due diligence of the business relationship with the counterparty and scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with Capital Chain's knowledge of the counterparty, their business and risk profile.

Capital Chain should apply each of the KYC measures under Items (a) to (e) above, but may determine the extent of such measures on a risk sensitive basis depending on the type of counterparty, business relationship or transaction. It is recommended that measures taken should be consistent with any guidelines issued by competent authorities. For higher risk

categories, Capital Chain should perform enhanced due diligence. Records should be kept for a minimum of five years.

Where Capital Chain is unable to comply with Items (a) to (c) above, it must not commence business relations or perform the transaction; and it must terminate the business relationship; and must make a suspicious transactions report in relation to the counterparty.

These requirements should apply to all new counterparties and Capital Chain must also apply these requirements retrospectively to existing counterparties on the basis of materiality and risk, and should conduct due diligence on such existing relationships at least annually.

Identity :

Capital Chain will establish and verify the identity of any counterparty with or for whom it acts or proposes to act. Initially Capital Chain will adopt the following approach in establishing and verifying a counterparty's true identity. Capital Chain may update as appropriate any counterparty identification policies, procedures, systems and controls having considered its risk assessment in respect of the counterparty. The following list should be considered as guidance regarding the type of information and evidence which must be obtained by Capital Chain to establish and verify the identity of a counterparty before conducting any transactions or entering any business relationships:

Natural Persons :

- A. Full name
- B. Date of birth
- C. Nationality
- D. Legal domicile
- E. Current residential address (not a PO box)
- F. Name and address of employer
- G. Approval of higher management if the customer or beneficial owner is a PEP

Items (a) to (g) at minimum must be obtained from the "would-be" beneficial owner of the property. A beneficial owner is one who owns or exercises effective ultimate control, whether directly or indirectly, over a customer.

Items (a) to (c) above should be obtained from a current valid passport or, under exceptional circumstances where a counterparty does not possess a passport, an official identification document which includes a photograph.

Documentary evidence of address (any of the following):

- (a) Tenancy agreement
- (b) Utility bill
- (c) Letter from employer or sponsor (as the case may be) confirming residential address

Legal Persons and Arrangements

- (a) Full business name and any trading name
- (b) Registered or business address
- (c) Name and address of legal representative in the UAE, if person is located outside of the UAE
- (d) Date of incorporation or registration
- (e) Place of incorporation or registration
- (f) A copy of the certificate of incorporation or registration
- (g) A copy of the articles of association or any similar documents
- (h) A valid commercial or professional license
- (i) The identity of the directors, partners, trustees or equivalent persons with executive authority of the legal person
- (j) For a trust, a certified copy of the trust deed to ascertain the nature and purpose of the trust and documentary evidence to the appointment of the current trustees

Legal Representatives

- (a) Legalised power of attorney
- (b) Legalised memorandum of association or articles of association
- (c) If (a) or (b) do not provide for the authority of the legal representative, a legalised board resolution and power of attorney
- (d) Items (a) to (e) listed above under Natural Persons

Where identification documents cannot be obtained in original form, for example, because Capital Chain has no physical contact with the counterparty, the counterparty should be considered high-risk, and Capital Chain should always obtain a copy certified as a true copy by a person of good standing such as a registered lawyer or Notary Public, a chartered accountant, a bank manager, a police officer, an employee of the person's embassy or consulate, or other similar person.

Downloading publicly available information from an official source (such as a regulator's or other official government website) is sufficient to satisfy the requirements of counterparty verification. KYC information and research obtained from a reputable company or information-reporting agency may also be acceptable as a reliable and independent source as would banking references and, on a risksensitive basis, information obtained from researching reliable and independent public information found on the internet or on commercial databases.

Source of Wealth / Source of Funds

As a general rule, but particularly in the case of high-risk counterparties, Capital Chain should obtain:

- (a) Information regarding the origin of the funds
- (b) Information regarding the structure of the funds, if loans or credit finance
- (c) Information regarding the source of wealth and income

Where Capital Chain is unable to obtain satisfactory evidence of Items (a) - (c) above, it must not commence business relations or perform the transaction, or it must terminate the business

relationship; and should consider making a suspicious transactions report in relation to the counterparty.

Capital Chain should only accept payment from authorised and recognised banks.

Indicators of Suspicious Activity

- Non-transparent or unusually complex ownership structure
- Counterparty and/or its funds originate from high-risk countries
- Payment in cash • Counterparty has an unusual income (eg. the counterparty has no income or there is an inconsistency in the counterparty's income and standard of living)
- Unusual rise in counterparty's financial means
- Transactions are anonymous
- Use of front companies, shell companies, trusts and other corporate structures to purchase property
- Use of complex loans, credit finance, or mortgage schemes to purchase property
- Reliance on third parties to conduct a sale or purchase of a property on a counterparty's behalf
- Manipulation of the property's valuation (eg. successive sales on the same property at higher prices)

Once the identity of a counterparty has been determined, Capital Chain must ensure sanctions compliance by screening the counterparty on all applicable sanctions lists. This should be a mandatory process which must be followed by Capital Chain in respect of each counterparty prior to the establishment of a business relationship.

Where Capital Chain discovers the counterparty appears on any applicable sanctions list, it must not commence business relations or perform the transaction; it must terminate the business relationship; and must make a suspicious transactions report in relation to the counterparty.

High-level overview of the obligations for DNFBP's in the UAE in relation to sanctions as provided by the UAE Central Bank:

- (a) Maintain a continuously up-to-date awareness of the persons and organisation listed in the relevant UN Security Council Sanctions Committee's lists and comparing these on an ongoing basis with its counterparty databases;
- (b) Ensuring, prior to entering into business relationships or conducting any transactions with natural persons or organisations, that such persons or organisations are not included in the relevant sanctions list¹² as per the UAE's obligations as a member of the UN;
- (c) Freezing (or unfreezing when so instructed by the competent authorities) the funds of listed persons or organisations, which the supervised institutions hold, have access to, or otherwise control; and

(d) Immediately reporting to the supervisory authorities (federal or local regulator) when listed persons or organisations are identified and/or when the funds of such persons or organisations are frozen.