

Choise AML/KYC Policy

Introduction

Choise Services UAB, a legal entity duly registered in Lithuania with No. 305964183 with a registered office at Vokieciu gatve 18a-7, Vilnius.

Crypterium AS, a legal entity duly registered in Estonia with No. 14352837 with a registered office at Harju maakond, Tallinn, Kesklinna linnaosa, A. Lauteri tn 5, 10114.

The Anti-Money Laundering and Know Your Customer Policy (the “**AML/KYC Policy**”) of Choise Services UAB, a legal entity duly registered in Lithuania with No. 305964183 with a registered office at Vokieciu gatve 18a-7, Vilnius creating and existing under the laws of Lithuania (“Company”, “Choise”, “we” or “us”) is established to prevent and mitigate possible risks of Choise Services UAB being involved in illegal or illicit activities and to enable Choise Services UAB to meet its legal and regulatory obligations in this area (if any, where applicable). This AML/KYC Policy is subject to changes and updates by Choise from time to time to ensure compliance with any applicable legislation and global AML/KYC practices.

Therefore, Choise Services UAB is regulated and compliant to the laws and regulations to combat money laundering and terrorist financing:

- Law on the Prevention of Money Laundering and Terrorist Financing of the Republic of Lithuania
- Order of FCIS Director No. V-240 on approval of “Money laundering and suspicious monetary operations or transactions recognition criteria list”
- Order of FCIS Director No. V-129 on the approval of “Recommendations for the information
- submission forms, submission scheme and filling of submission forms according to the
- requirements of the Law on the prevention of money laundering and terrorist financing”
- Order of FCIS Director No. V-5 issued 2020-01-10 on the approval of “Instructions for deposit
- network operators to prevent money laundering and/or terrorist financing “
- Order of FCIS Director No. V-129 on the approval of “Recommendations for the information
- submission forms, submission scheme and filling of submission forms according to the
- requirements of the Law on the prevention of money laundering and terrorist financing”
- Recommendations for Money Laundering of FATF

Definitions

“**Beneficial Owner**” means any natural person or persons who ultimately own or control the User (as defined below) and, or the natural person or persons on whose behalf a transaction or activity is being conducted, and

- (a) in the case of a body corporate or a body of persons, the beneficial owner shall consist of any natural person or persons who ultimately own or control that body corporate or body of persons through direct or indirect ownership of twenty-five per centum (25%) plus one (1) or more of the shares or more than twenty-five per centum (25%) of the voting rights or an ownership interest of more than twenty-five per centum (25%) in that body corporate or body of persons, including through bearer share holdings, or through control via other means, other than a company that is listed on a regulated market which is subject to disclosure requirements consistent with European Union law or equivalent international standards which ensure adequate transparency of ownership information:

Provided that a shareholding of twenty-five per centum (25%) plus one (1) share or more, or the holding of an ownership interest or voting rights of more than twenty-five per centum (25%) in the customer shall be an indication of direct ownership when held directly by a natural person, and of indirect ownership when held by one or more bodies corporate or body of persons or through a trust or a similar legal arrangement, or a combination thereof:

Provided further that if, after having exhausted all possible means and provided there are no grounds of suspicion, no beneficial owner in terms of this paragraph has been identified, subject persons shall consider the natural person or persons who hold the position of senior managing official or officials to be the beneficial owners, and shall keep a record of the actions taken to identify the beneficial owner in terms of this paragraph.

- (b) in the case of trusts the beneficial owner shall consist of
 - i. the settlor;
 - ii. the trustee or trustees;
 - iii. the protector, where applicable;
 - iv. the beneficiaries or the class of beneficiaries as may be applicable; and
 - v. any other natural person exercising ultimate control over the trust by means of direct or indirect ownership or by other means;
- (c) In the case of legal entities such as foundations and legal arrangements similar to trusts, the beneficial owner shall consist of the natural person or persons holding equivalent or similar positions to those referred to in paragraph (b).

“**High Risk Jurisdiction**” means the jurisdictions designated by Chose as a high risk jurisdiction in respect of any Sale or Service from time to time.

“**Politically Exposed Person**” means a natural person who is or has been entrusted with prominent public functions, other than middle ranking or more junior officials. For the purposes of this definition, the term “natural person who is or has been entrusted with prominent public functions” includes the following:

- (a) Heads of State, Heads of Government, Ministers, Deputy or Assistant Ministers, and

Parliamentary Secretaries;

- (b) Members of Parliament or similar legislative bodies;
- (c) Members of the governing bodies of political parties;
- (d) Members of superior, supreme, and constitutional courts or of other high-level judicial bodies whose decisions are not subject to further appeal, except in exceptional circumstances;
- (e) Members of courts of auditors or of the boards of central banks;
- (f) Ambassadors, charges d'affaires, consuls and high ranking officers in the armed forces;
- (g) Members of the administrative, management or supervisory boards of State-owned enterprises;
- (h) Anyone exercising a function equivalent to those set out in paragraphs (a) to (f) within an institution of the European Union or any other international body;

Furthermore, Politically Exposed Person includes also family members or persons known to be close associates of any individual identified in (a) – (h) above.

The term “family members” includes:

- the spouse, or a person considered to be equivalent to a spouse;
- the children and their spouses, or persons considered to be equivalent to a spouse; and
- the parents.

“Persons known to be close associates” means:

- a natural person known to have joint beneficial ownership of a body corporate or any other form of legal arrangement, or any other close business relations, with that politically exposed person; or
- a natural person who has sole beneficial ownership of a body corporate or any other form of legal arrangement that is known to have been established for the benefit of that politically exposed person.

“**Prohibited Jurisdiction**” means the jurisdictions designated by Choise as a prohibited jurisdiction in respect of the Sale or Service from time to time.

“**Sanctioned Jurisdiction**” means any country or territory to the extent that such country or territory is the subject of any sanction issued by the United Nations, United States and/or the European Union.

“**Sanctioned Person**” means any individual or entity (a) identified on a sanctions list issued by the United Nations, United States and/or the European Union; (b) organized, domiciled or resident in a Sanctioned Jurisdiction; or (c) otherwise the subject or target of any sanctions, including by reason of ownership or control by one or more individuals or entities described in clauses (a) or (b).

“**Service**” means any other services provided by Choise to the Users from time to time, including, without limitation, its payment and cryptocurrency exchange services, wallet services, Instachange.com services, and any other services or functionalities, past, present, or future.

“**Transaction**” means any transaction with any assets that is conducted by a user through any of the Choise’s websites, applications, client accounts, cryptocurrency wallets, Services, or functionalities, and the word “transact” shall be interpreted accordingly.

“**User**” means a person using Choise’s Services.

Initial and ongoing screening

- a) Choise will (and will always reserve a right to) screen a User prior to enabling any Transaction with such User and will continue to screen such User on an ongoing basis, to ensure that such User is not a Sanctioned Person, from a Sanctioned Jurisdiction and/or a person from a Prohibited Jurisdiction (through third parties, including Crypterium AS).
- b) Choise will screen a User prior to providing any Service to such User, and will continue to screen such User on an ongoing basis, to ensure that such User is not a Sanctioned Person, from a Sanctioned Jurisdiction and/or a person from a Prohibited Jurisdiction. If a User is a Sanctioned Person, from a Sanctioned Jurisdiction and/or a person from a Prohibited Jurisdiction, Choise will refuse to provide Services to such User or discontinue the provision of Services .

In carrying out this screening Choise shall ensure to adopt software to enable comprehensive screening to be carried out and which captures all sanctions that Choise is bound to follow.

KYC/AML identification procedures

Choise adopts a risk-based approach to combating money laundering and terrorist financing. By adopting a risk-based approach, Choise is able to ensure that measures to prevent or mitigate money laundering and terrorist financing are commensurate to the identified risks.

Prior to enabling or entering into a Transaction with or for or on behalf of a User or providing any Service to a User, Choise will, if so required by applicable law or if it is otherwise deemed necessary or expedient:

- a) identify the User and verify the User’s identity on the basis of documents, data or other information based on a reliable and independent source (through third parties, including Crypterium AS);
- b) if there is a Beneficial Owner in relation to the User, identify the beneficial owner and take reasonable measures to verify the beneficial owner’s identity;
- c) obtain information on the purpose and intended nature of the business relationship with the User, unless the purpose and intended nature are clearly stipulated in the relevant documentation between Choise and the User. As part of this process, Choise shall obtain, amongst other matters, information on the source of funds and source of wealth of the User; and
- d) if a person purports to act on behalf of the User, (i) identify the person and take reasonable measures to verify the person’s identity on the basis of documents, data or information based on a reliable and independent source; and (ii) verify the

person's authority to act on behalf of the User.

To identify a User who is an individual, Choise will collect information from the User, including but not limited to, his full name, date of birth, place of birth, nationality, place of residence, email address, and the identity document type. Choise will verify the identity of the User with documents such as his national ID, passport and/or driver's licence and utility bill (through third parties, including Crypterium AS).

To identify a User who is a legal entity, Choise will collect information from the User, including but not limited to, its full legal name, registration number, date of incorporation / registration, country of incorporation / registration and lists of directors (as applicable to the entity). Choise will verify the User with documents such as Memorandum and Articles of Association (or equivalent), additional beneficial ownership information and documents, and a detailed corporate chart (as applicable to the entity).

If the User is not physically present for identification purposes, Choise may adopt more stringent standards to verify the identity of the User.

Documents in languages other than English must be translated into English; the translation must be notarized and sent along with a copy of the original document with a clear photograph.

For additional verification, We duly perform User verification using the following method - Skype, Zoom conference calls or other types of communication regarding «Face to Face» procedure of verification.

Ongoing monitoring of Users

Choise reserves the right to continuously monitor, on a risk sensitive basis, the business relationship with a User (as applicable) by:

- a) reviewing from time to time documents, data and information that have been obtained by Choise to ensure that such documents, data and information are up to date (through third parties, including Crypterium AS);
- b) conducting appropriate scrutiny of Transactions and activities carried out by Users to ensure that they are consistent with Choise's knowledge of the User's business and risk profile, and to ensure that such Transactions and activities are in line with Choise's knowledge of the User's or User's source of funds and source of wealth; and
- c) identifying transactions that are unusually large in amount or of an unusual pattern and have no apparent economic or lawful purpose.

For the avoidance of doubt, Choise may undertake ongoing monitoring on Users in order to ensure that any Transactions equal to or in excess of € 500 (or its equivalent in any other currency) shall be subject to enhanced due diligence in relation to the source of funds and source of wealth of the User.

To continuously monitor the business relationship with a User (as applicable), Choise may carry out a file review to ensure that information held about the User is up-to-date and that identification documents held are still valid. In addition, on a more frequent basis, Choise

may also monitor transactional activity to identify any red-flags or ‘out of the norm’ activity.

As part of the second line of defense, the Money Laundering Reporting Officer will carry out checks to ensure that regular and effective on-going monitoring is being effected and ensure that irregular or suspicious activities are effectively escalated.

AML online check services that are based on the AML Global Watchlist (global AML risk data sources including sanction lists (such as OFAC, UN, HMT, EU, DFAT, and many more), law enforcement lists (Interpol, country-specific government and state agencies, and police forces), and international governing regulatory bodies (financial and securities commissions).

Sanctioned Jurisdictions, Prohibited Jurisdictions and High Risk Jurisdictions

Choise will establish and maintain the following lists of jurisdictions (i) Sanctioned Jurisdictions (ii) Prohibited Jurisdictions and (iii) High Risk Jurisdictions. In determining the list of Sanctioned Jurisdictions, Prohibited Jurisdictions and High Risk Jurisdictions, Choise shall take into account the lists issued by the Financial Action Task Force and by other organizations issuing guidelines and lists relating to the adequacy of legislative measures adopted by jurisdictions in relation to money laundering, funding of terrorism and transparency.

Users which are (i) resident or domiciled in, or (ii) have their source of wealth or source of funds linked to a Sanctioned Jurisdiction and/or a Prohibited Jurisdiction shall not be accepted as clients of Choise.

Users which are (i) resident or domiciled in, or (ii) have their source of wealth or source of funds linked to High Risk Jurisdictions shall be subject to additional checks and measures by Choise.

High risk situations

In certain circumstances, the risk may be higher and Choise will need to take additional checks. These include, for example, situations where the User is from a High Risk Jurisdiction, where the User is a Politically Exposed Person, or the User’s or User’s behavior and activities raise other red flags.

In a high risk situation, Choise will:

- a) where a business relationship has not yet been established, obtain approval from senior management to establish the business relationship and take reasonable measures to verify the User’s or beneficial owner’s source of wealth and source of funds that will be involved in the business relationship; and
- b) where a business relationship has been established, obtain approval from senior management to continue the business relationship, take reasonable measures to verify the beneficial owner’s identity, and take reasonable measures to verify the User’s or beneficial owner’s source of wealth and source of funds that will be involved in the business relationship.

Record-keeping

Choise will keep (a) transaction records, for a period of ten (10) years beginning on the date on which a transaction is completed, or for such other minimal period as may be required by applicable law; and (b) other information collected by Choise for AML/KYC purposes, throughout the continuance of the business relationship with the User and for a period of ten (10) years beginning on the date on which the business relationship with the User ends, or for such other minimal period as may be required by applicable law.

Money Laundering Reporting Officer

The Money Laundering Reporting Officer shall be the person, duly authorized by Choise, whose duty is to ensure the effective implementation and enforcement of the AML/KYC Policy. It is the Money Laundering Reporting Officer's responsibility to supervise all aspects of Choise's anti-money laundering and counter-terrorist financing. Once such officer is appointed, all our employees will report any suspicious behavior or activities to the Money Laundering Reporting Officer.

Reporting

Where Choise suspects that a User is involved in any money laundering, terrorist financing or other illegal activities, it will report any relevant knowledge or suspicion to governmental and regulatory authorities. Choise shall not notify any Users of any such suspicious transaction report. Rather, in the event that Choise and its employees notify such Users, they may be held liable for tipping off. This is a criminal offense punishable by a fine and/or imprisonment.