Internal control rules for preventing the legalization of proceeds from crime, financing of terrorist activities and financing the proliferation of weapons of mass destruction in FTM Brokers OOO

1. GENERAL PROVISIONS

1.1. These internal control rules are developed based on:

- Law of the Republic of Belarus dated June 30, 2014. No 165-3 "On measures to prevent the legalization of proceeds from crime, the financing of terrorist activities, and the financing of the proliferation of weapons of mass destruction" (hereinafter — Law No165-3),

- Law of the Republic of Belarus dated June 13, 2016. No 376-3 “On amendments and additions to the Law of the Republic of Belarus "On measures to prevent the legalization of proceeds from crime, the financing of terrorist activities, and the financing of the proliferation of weapons of mass destruction»,

- Resolutions of the Council of Ministers of the Republic of Belarus of March 16, 2006 No 352 "On General requirements to rules of internal control" (hereinafter — Resolution No352),

- Resolutions of the Council of Ministers of the Republic of Belarus of March 16, 2006 No 367 "On approval of the form of the special form for registration of the financial transaction which is subject to special control, and the Instruction about procedure for filling, transfer, registration, accounting and storage of special forms of registration of the financial transactions which are subject to special control" (hereinafter-Resolution No367),

- Resolutions of the Council of Ministers of the Republic of Belarus of March 11, 2006 No. 336 "On the procedure of compiling the list of parties to financial transactions known to be involved in terrorist activities or controlled by persons involved in terrorist activities and communicating the list to entities engaged in financial transactions",

– Other legislative acts of the Republic of Belarus and international documents in the field of preventing the legalization of proceeds from crime, financing of terrorist activities, and financing the proliferation of weapons of mass destruction.
The rules are developed taking into account the recommendations contained in the FATF (financial action task force on money laundering) documents. When adopting new or changing existing legislative acts regulating relations to prevent the legalization of proceeds from crime, the financing of terrorist activities, and the financing of the proliferation of weapons of mass destruction, the provisions of these Rules shall apply to the extent that they do not contradict the new legislative acts.

1.2. For these Rules, the following terms and abbreviations are used:

- prevention of money laundering, financing of terrorist activities, and financing of proliferation of weapons of mass destruction (hereinafter referred to as AML/CFT) - a system of measures implemented by the Forex company FTM brokers OOO (hereinafter referred to as the Company) to comply with the legislation of the Republic of Belarus;

- internal control for AML/CFT purposes — a set of measures to prevent and detect financial transactions related to the legalization of proceeds from crime, the financing of terrorist activities, and the financing of the proliferation of weapons of mass destruction, taken by persons engaged in financial transactions;

- special control — a set of measures taken by the financial monitoring body to control financial transactions based on information received from persons engaged in financial transactions to prevent the legalization of proceeds from crime, the financing of terrorist activities, and the financing of the proliferation of weapons of mass destruction;

- amount of a financial transaction — the amount of funds or cash equivalent of funds of a financial transaction, including those established by agreement of participants of a financial transaction providing for the transfer of rights to funds;

- participant in a financial transaction — an organization, individual, including an individual entrepreneur, related to the financial transaction, as well as their representatives;

- financial transaction — a transaction with funds regardless of the form and method of its implementation;

- suspicious financial transaction — a financial transaction in respect of which the Company has suspicions that it is being carried out to legalize the proceeds of crime, financing terrorist activities, and financing the proliferation of weapons of mass destruction;

- freezing of funds — a ban on the disposal or use of funds (except for the use of the real estate for their own needs), if the owner of the funds is an organization, individual, including an individual entrepreneur, included in the list of organizations and individuals involved in terrorist activities determined under the established procedure, or an organization whose beneficial owner is an individual included in this list;

- blocking of a financial transaction — a ban on performing a financial transaction (except for
receipt of money (Bank, postal) transfers, crediting securities to depo accounts), the participant or beneficiary of which is an organization, an individual, including an individual entrepreneur, included in the list of organizations and individuals involved in terrorist activities determined under the established procedure, or an organization whose beneficial owner is an individual included in this list;

- beneficial owner— an individual (if it is impossible to establish it – an organization) who is the owner of the organization's property or owns shares (stocks) in the authorized Fund of the organization in an amount equal to or exceeding 10 per cent, including through other individuals and (or) other organizations, and can influence its decisions;

- a client is a participant in a financial transaction that is served by a person performing financial transactions, including based on a written financial transaction agreement;

- funds — monetary funds, securities, electronic money, other property, including property rights, as well as exclusive rights to the results of intellectual activity;

- responsible official — a person responsible for organizing internal control over AML/CFT in the Company and implementing the internal control rules;

- questionnaire — preparation of a questionnaire in electronic form by the Company containing information about the client and his/her activities established by these Rules;

- Client area — a confidential section on the Company's web server where the client's identification data is stored and through which the client can generate notifications for the Company about sending documents and funds, send orders for debiting funds from the client’s account, and perform other operations to manage their client's account. The Client area is located on the Company’s website in a special section, which is equipped with special cryptographic protection tools to restrict access and ensure the confidentiality of information.

2. GOALS, TASKS AND BASIC REQUIREMENTS OF INTERNAL CONTROL FOR AML/CFT purposes

2.1. Internal control for AML/CFT purposes is carried out to ensure compliance with the requirements of legislative and other regulatory legal acts of the Republic of Belarus and is aimed at identifying and managing risks associated with the legalization of proceeds from crime, the financing of terrorist activities, and the financing of the proliferation of weapons of mass destruction.

2.2. The objectives of internal control for AML/CFT purposes are:

- Preventing the company from intentionally or unwittingly engaging in the process of
legalizing proceeds of crime, financing terrorist activities, and financing the proliferation of weapons of mass destruction.

- Ensuring that all employees of the Company implement and comply with these Rules.

- Ensuring the completeness and timeliness of submission to the financial monitoring body of information provided by law.

2.3. The internal control system is implemented in the following main areas:
- identification, in cases stipulated by the legislation of the Republic of Belarus, of all clients of the Company performing financial transactions, monitoring their activities in the course of service;
- identification and documenting of a financial transaction subject to special control, and the transfer of relevant information to the financial monitoring body.

2.4. The internal control in the Company is divided into:

- Preliminary control.

- collecting the necessary documents (questionnaires) and recording the relevant information to form an image of the client. This information is stored separately for each client of the Company in the Client area. If necessary, data is collected on the beneficial owners, as well as the nature of the client's business and estimated turnover.

– Current control.

- Monitoring of financial transactions carried out by the client, taking into account the information available to the Company after preliminary control, to identify financial transactions subject to special control.

– Subsequent control.

- Analysis of the client's transactions carried out during the previous period to identify suspicious financial transactions that are of a long-term nature and are not identified at the stage of current control as subject to special control.

3. ORGANIZATION OF WORK AND REQUIREMENTS FOR QUALIFICATION AND TRAINING OF OFFICIALS FOR INTERNAL CONTROL IN THE COMPANY
3.1. Internal control for AML/CFT purposes is part of the Company's internal control system and is performed by the company's divisions and employees on an ongoing basis.

3.2. The General meeting of participants is responsible for creating, organizing and operating an effective internal control system. The company's Director performs the functions of controlling the organization of AML/CFT work in the Company. Responsible for compliance by the Company's employees with these Rules and the procedure for their implementation are responsible officials and employees of the internal control Sector as part of their duties.

3.3. By order of the company's Director, persons responsible for conducting and documenting financial transactions subject to special control are appointed. Officials who register financial transactions subject to special control, transfer, record and store special forms and other documents related to the implementation and (or) performance of financial transactions subject to special control must have a higher economic or legal education and work experience in an organization that performs financial operations, or its structural division that performs operations with money or other property, for at least six months. If a person does not have a higher education, he / she must have at least one year of work experience in an organization that performs financial transactions or its structural division that performs operations with money or other property.

3.4. To effectively implement the internal control system, responsible officials responsible for organizing internal control in a structural division should perform the following functions:

- carry out preliminary control by collecting the necessary documents and recording relevant information to form a picture of the client;
- carry out current control by monitoring financial transactions performed by the client, taking into account the information available to the Company after preliminary control;
- when identifying a financial transaction of the calling suspicion to fill a special form in the order established by the Instruction about procedure for filling, transfer, registration, accounting and storage of special forms of registration of the financial transactions which are subject to special control, approved by the Resolution of Council of Ministers of the Republic of Belarus from March 16, 2006, No 367;
- perform follow-up monitoring of clients to identify suspicious financial transactions that are of a long-term nature and are not identified at the stage of current control as subject to special control;
- perform other functions under the legislation of the Republic of Belarus, these Rules and other regulations of the Company.

When performing their functions, responsible officials have the right to:

- make copies of the received documents;
- have access to databases, information about clients and their operations;
- submit proposals to improve the internal control system and participate in the development of amendments and additions to these Rules.

In the exercise of their functions, responsible officials must:

- maintain confidentiality concerning information received in the course of performing their
functions;
- perform other duties under the regulations and administrative documents of the Company.

3.5. Employees of the Company who become aware of violations of AML/CFT legislation during operations (transactions), immediately bring these facts to the attention of their direct Manager or the head of the internal control sector in writing.

3.6. Responsible for ensuring compliance with these Rules in the Company's divisions are their managers.

4. PROCEDURE FOR IDENTIFYING PARTICIPANTS IN A FINANCIAL TRANSACTION

4.1. Identification of clients is assigned to responsible officials who directly carry out financial transactions and carry out subsequent control.

4.2. Identification of persons performing financial transactions is carried out based on a questionnaire — a record of data in the Client area containing information about the person performing financial transactions. In this case, a shortened form questionnaire (Appendix No1 to these Rules) is used, the data for which is stored for at least 5 years after the termination of the agreement to perform operations with OTC non-deliverable financial instruments in electronic form, in the client area. The following information is recorded in the abbreviated questionnaire:

4.2.1. For Individuals, based on an identity document:
– Last name, proper name, patronymic (if available)
– Citizenship.
Date and place of birth
– Place of residence and (or) place of stay.
- Details of the identity document (name, series, number, personal (identification) number, date of issue and name of the issuing authority).
– Information about the beneficiary (if any).

4.2.2. For individual entrepreneurs based on an identity document, registration documents:
– Last name, proper name, patronymic (if available)
– Citizenship.
Date and place of birth.
– Place of residence and (or) place of stay.
- Details of the identity document (name, series, number, personal (identification) number, date of issue and name of the issuing authority).
– The registration number and date of state registration of the individual entrepreneur, the name of the registering authority.
– The payer's registration number.
– Types of business activity.
– Information about the beneficiary (if any).

4.2.3. For organizations based on constituent and registration documents:
– Name.
– The registration number and date of state registration of the organization, the name of the registering authority.
- Legal address (location).
– The payer's registration number.
– Last name, proper name, patronymic (if any) of the head, chief accountant of the organization and (or) other authorized officials who are authorized by law or by the head to act on behalf of this organization.

4.3. Re-identification of the person performing a financial transaction is carried out when there is suspicion of the reliability of previously obtained information, as well as for clients whose financial transactions the Company has suspicions that they are carried out to legalize income obtained by criminal means, financing terrorist activities, and financing weapons of mass destruction. In this case, the extended form of the questionnaire is used. Data on the extended questionnaire is stored for at least 5 years after the termination of the agreement on transactions with OTC non-deliverable financial instruments in writing. In the extended form questionnaire Appendix 2 of these Rules, in addition to data from the abbreviated form questionnaires, the following information must be recorded:

4.3.1. for individuals:
- Previous surnames (when registering birth, marriage(s), etc.).
– Information about persons who are able and (or) indirectly (through other persons) to determine (influence) the decision of an individual, about persons whose decision-making is influenced by an individual.
– Information about the entry visa (for persons who are not citizens of the Republic of Belarus, if an international agreement does not provide for visa-free entry to the territory of the Republic of Belarus), including the period for which the visa was issued.
– The payer's registration number (based on a document confirming registration with the tax authority) (if available).
– Place of work, position, work phone number.
– Contact phone number (home/mobile).
– E-mail address.
– Service information.
- Date of filling in.

4.3.2. For individual entrepreneurs:
- Previous surnames (when registering birth, marriage(s), etc.).
– Information about representatives, persons who are able and (or) indirectly (through other persons) to determine (influence) the decision of an individual entrepreneur, about the persons on whose decision-making the individual entrepreneur exerts such influence.
– Information about the entry visa (for persons who are not citizens of the Republic of Belarus, if an international agreement does not provide for visa-free entry to the territory of the Republic of Belarus), including the period for which the visa was issued.
– Estimated average monthly turnover on the account.
– Contact phone number (home/mobile).
– E-mail address.
– Website address on the Internet.
– Service information.
- Date of filling in.

4.3.3. For organizations:
– Contact phone numbers, email address.
– Website address on the Internet.
– Information about the founders, beneficial owners, and persons who have the right to give mandatory instructions to the organization or otherwise can determine its actions.
– Estimated average monthly turnover on the account.
– The size of the registered authorized capital.
– Information about organizations that can and (or) indirectly (through other organizations) determine the decisions of this organization, or influence their adoption by this organization, as well as about organizations whose decision-making is influenced by this organization.
– Service information.
- Date of filling in.

4.4. In the “Service information” section of the client’s questionnaire, the following are specified:
– The risk level for the client assigned under sub-clause 5.2 of clause 5 of these Rules.
– The decision of the responsible official on further actions of the Company concerning the client provided for in sub-clause 5.4 of clause 5 of these Rules.

5. THE PROCEDURE FOR RISK ASSESSMENT

5.1. Based on the information about the client received at the stage of preliminary control (when interviewing clients), an employee of the Company’s structural division performs a preliminary risk assessment of working with the client. In this case, in the “Service information” section of the client’s questionnaire, a corresponding entry is made, which is certified by the employee’s signature, indicating the full name and position.

5.2. To assign a risk level to a client 2 risk levels are used:
- low;
– a high degree of risk.

The following information is analyzed in the risk assessment:

Risk by geographical factor:
– Indication of the client ’s residency;
– The client's place of residence (registration, location).
– The country of location (registration), residence (stay) of persons who can and (or) indirectly (through other persons) determine (influence) the client ’s decision, as well as information about the countries of registration, residence (stay) of persons whose decision-making is influenced by the client.
– The geography of the client ’s business.

The risk profile of the client:
– Main type (s) of the client's activity (for individuals — place of work, the position held).
– Information about persons who can directly and (or) indirectly (through other persons) determine (influence) the client's decision- making, about persons whose decision- making the client exerts such influence.
– Information about the founders, beneficial owners, and persons who have the right to give mandatory instructions to the organization or otherwise can determine its actions.
- Completeness of the identification information provided by the client, as well as their compliance with the information available in the Company obtained during the survey activities conducted under these Rules.
– Information about the client's business reputation.
- Other information that the Company considers necessary for inclusion in the analysis.

5.3. Clients who are initially associated with factors that increase the risk level when assessing the risk based on the client's profile include:

5.3.1. Persons concerning whom there is information about their participation in terrorist activities or being under the control of persons involved in terrorist activities.

5.3.2. Persons who are registered, have their place of residence or location in a state (territory) that does not participate in international cooperation in the AML/CFT sphere, or persons who have information about operations performed through an account with a Bank or non-Bank credit and financial organization registered in such a state (territory).

5.3.3. Persons who are registered, have a place of residence or location in a state (territory) that is known from international sources to be a foreign state (territory) with an increased level of corruption, illegal arms trafficking, human trafficking, illegal migration, or in which narcotic substances are illegally produced or transported, as well as the free circulation of narcotic substances is allowed, except for the use of narcotic substances exclusively for medical purposes.

5.3.4. Persons who are registered, have their place of residence or location in a state (territory) in which there is a preferential tax regime and (or) there is no provision for disclosure and provision of information about financial transactions (hereinafter referred to as offshore zones).
5.3.5. Residents and non-residents who have accounts in offshore zones.

5.3.6. Politically exposed persons from foreign countries, family members, or persons close to them.

5.3.7. Organizations whose beneficial owner is the person specified in subparagraphs 5.3.1-5.3.6 of this paragraph.

When assessing the risk by a geographical factor, information about countries is analyzed for their classification as States (territories) and is associated with factors that increase the risk level listed in subparagraphs 5.3.2, 5.3.3, 5.3.4 of paragraph 5.3 of these Rules.

5.4. To identify **politically significant persons** (hereinafter - PSP) the Company may use the following sources of information:

- documents and information obtained during client identification;
- PSP included in the list of state positions of the Republic of Belarus determined by the President of the Republic of Belarus, members of their families and persons close to them, as well as organizations whose beneficial owners are these persons;
- commercial lists developed by third parties;
- public sources of information (mass media, Internet, etc.).

The Company can decide on whether a client belongs to a PSP taking into account the specifics of a foreign country (state system, political system, state authorities, economy, religion, etc.).

In identifying PSP, the Company is required:

- conclude **financial transactions agreements in writing** with foreign public officials, organizations whose beneficial owners they are, with officials of public international organizations, persons holding positions included in the list of government posts, only **after** received written permissions of the head (an authorized person from among the heads) of the person performing financial transactions, and if the client has acquired the appropriate status and (or) became the beneficial owner of the organization after the conclusion of the contract;
- obtain written permission from the relevant Manager (an authorized person from among the managers) to continue (extend) this agreement;
- take reasonable and available measures in the circumstances to determine the sources of origin of the client’s funds, including foreign public officials, officials of public international organizations, persons holding positions included in the list of public positions, their family members and persons close to them;
- take reasonable and accessible in the circumstances to identify from the number of participants in financial transactions PSP of foreign states and international organizations;
- regularly update the information available to the Company about PSP clients located in The Company’s database.

5.5. As a result of analyzing the information that the Company has concerning the client, a
risk level (low or high) is assigned for each risk factor. Based on their values, the responsible official uses a matrix under Annex No3 to these Rules to assign the final risk level to work with the client. The Company updates (updates) all information contained in customer Profiles:

– for clients with a final low-risk rating — at least once within 3 calendar years;
– for clients who are assigned a final high-risk level — at least once during a calendar year;

As the information specified in the client's Questionnaire changes, the Company, if necessary, reviews the final risk level of working with the client.

6. PROCEDURE FOR CLASSIFYING FINANCIAL TRANSACTIONS AS FINANCIAL TRANSACTIONS SUBJECT TO SPECIAL CONTROL

Financial transactions are subject to special control regardless of whether they were carried out or not if at least one of the following conditions is met:
– if the person performing the financial transaction has suspicions that the financial transaction is related to the receipt and (or) legalization of proceeds of crime, the financing of terrorist activities, the distribution or financing of the proliferation of weapons of mass destruction;
- if the financial transaction does not meet the goals of the client's non-profit organization, established by the constituent documents, types and (or) nature of the client's activities;
- performed by a participant of a financial transaction repeatedly to avoid registration in a special form;
– if the participant or beneficiary of a financial transaction is an organization, an individual, including an individual entrepreneur, included in the list of organizations and individuals involved in terrorist activities determined under the established procedure, or an organization whose beneficial owner is an individual included in this list;
– if the participant of financial transaction is registered, has a place of residence or location in the state (in a territory) which does not participate in international cooperation in the field of prevention of legalization of proceeds from crime, terrorist financing and financing of proliferation of weapons of mass destruction, or not fulfilling the FATF recommendations and if the financial operations are executed using a Bank account registered in such state (territory), and if the amount of the financial transaction is equal to or exceeds 500 basic units for individuals or is equal to or exceeds 1000 basic units for organizations and individual entrepreneurs;
– if the amount of the financial transaction is equal to or exceeds 2000 base values for individuals or is equal to or exceeds 20,000 base values for organizations and individual entrepreneurs and thus refers to one of the following types of financial transactions: financial transactions with cash; money postal transfer; financial transactions with the movable and immovable property; financial transactions with securities; financial transactions on loans; financial transactions on the transfer of debt and assignment of claims. The list of other financial transactions subject to special control is determined by the President of the Republic of Belarus.
6.1. When identifying a financial transaction that is subject to special control, the person who carried it out makes a report on the form of a special form approved by Instruction No367, the form is filled in separately for each financial transaction in two copies. Second copies of special forms and other documents related to the implementation and (or) execution of financial transactions subject to special control are stored in the safe for 5 years from the date of their compilation. Access to these documents is available only to persons who register financial transactions subject to special control, transfer, record and store special forms and other documents related to the implementation and (or) financial transactions subject to special control, and are responsible for taking organizational measures and general guidance on internal controls.

6.2. The company keeps records of the number of registered financial transactions subject to special control. This accounting is performed by a responsible official who performs General management and supervision of internal control by order of the head of the organization. Information obtained as a result of such accounting is confidential and is provided to state authorities only in cases stipulated by law. Employees of the Company are obliged to inform the relevant responsible official about operations subject to special control and other operations in respect of which they have suspicions that they are being carried out to legalize proceeds of crime, financing terrorist activities and financing the proliferation of weapons of mass destruction.

6.3. Signs of suspicious financial transactions on the OTC FOREX market are:
- unmotivated refusal of the client to provide the information outlined in these Rules, or excessive concern of the client for the privacy issues;
- unjustified haste of the operation, which the client insists on;
- complexity, arising from the Company when checking provide the required client's information, undue delays in providing the required information, providing information that cannot be verified or where the check is too expensive, the inability to communicate with the client at the indicated addresses and phones;
- the client has difficulty describing the nature of their business or does not have enough General knowledge about their industry;
- a participant in a financial transaction is registered or has a location in an offshore zone, or transfers funds from a Bank account opened in an offshore zone;
- the participant of a financial transaction has a dubious reputation or is the subject of news that indicates possible criminal prosecution;
- the client shows no concern about the risks, fees or other costs of a transaction on the OTC FOREX market.

7. THE PROCEDURE FOR FREEZING OF FUNDS, PROCEDURE OF BLOCKING OF FINANCIAL TRANSACTIONS

7.1. To prevent the financing of terrorist activities and the financing of the proliferation of
weapons of mass destruction, the Company must:

– immediately, but no later than one business day from the date of bringing the list to the attention of persons engaged in financial transactions under the established procedure, identify funds belonging to organizations, individuals, including individual entrepreneurs included in the list, organizations whose beneficial owners are individuals included in the list, and freeze these funds;

- block a financial transaction with funds that have been frozen;

- block a financial transaction if during the identification process it is established that its participant or beneficiary is an organization, an individual, including an individual entrepreneur included in the list, or an organization whose beneficial owner is an individual included in the list;

- at least once every three months to check the presence of the company's clients - organizations, individuals, including individual entrepreneurs included in the list, organizations whose beneficial owners are individuals included in the list, and if such clients are identified immediately, but no later than one business day from the date of identification, to freeze their funds.

7.2. If the Company freezes funds or blocks a financial transaction, the responsible official on the day of freezing funds or blocking a financial transaction forms a separate special form containing information about this operation and sends it to the financial monitoring body with a feature in the file name that determines the submission of information about operations related to the financing of terrorist activities.

7.3. The financial monitoring body sends relevant information and materials to the criminal prosecution body within three working days upon the freezing of funds and/or blocking of a financial transaction, under its competence, and informs about this in the form of an electronic document or in writing the person performing financial transactions who has taken measures related to the freezing of funds and/or blocking of a financial transaction.

8. PROCEDURE FOR ENSURING THE STORAGE AND CONFIDENTIALITY OF INFORMATION

8.1. Company in the framework of the implementation of this regulation shall retain the data and documents( their copies) received in result of identification of clients, their representatives, and received and compiled with the use of the enhanced internal control measures, at least five years after the termination of contracts for financial transactions in written form, in the absence of such contracts — not less than five years from the date of implementation of the financial transactions and information about financial operations of clients, documents that were the basis for financial transactions, information about other
participants in the financial transaction, documents (copies thereof) received and compiled during internal control, copies of special forms in the form of an electronic document — not less than five years from the date of financial transactions. The specified information and documents or copies replacing them must be stored on paper and (or) electronic media in a format that ensures their timely reproduction and submission to the authorized state bodies and the financial monitoring body. All special forms submitted to the financial monitoring body are subject to storage: both accepted for processing and not accepted. The company records the receipts received on the results of monitoring of special forms, by specifying the receipt number, the date it was received and the result of the control in the "receipts received" record of the appropriate special form, which received the receipt. This column also specifies the number and date of the special form, which is sent in return if the special form is not accepted for processing.

8.2. To ensure confidentiality, access to information resources containing information related to AML/CFT is strictly restricted and controlled. Employees of the Company must comply with the requirements of these Rules for non-disclosure of information obtained as a result of internal control measures to counteract the legalization of proceeds from crime, the financing of terrorist activities and the financing of the proliferation of weapons of mass destruction.