

AML Policy

Red Arrow Ltd. diligently enforces the highest levels of adherence to Anti-Money Laundering (AML) standards and Counter-Terrorism Financing (CTF) protocols. This commitment is integral to supporting global and national efforts to combat the financing of terrorism and the proliferation of money laundering activities. Underpinning this commitment, regulations necessitate that all financial institutions undertake a rigorous process to collect, authenticate, and document information that accurately identifies each individual or entity initiating an account.

Definition and Process of Money Laundering

Money laundering involves the sophisticated process of transforming capital acquired from criminal activities, such as fraud, corruption, or terrorism, into assets that seem legitimate. This transformation obfuscates the illicit origins of these funds, making them appear as legitimate financial resources within the economy.

The laundering operation unfolds through a structured three-stage process:

- **Placement Stage:** Here, illicit funds are discreetly introduced into the financial ecosystem. This could be achieved through various means, including but not limited to, the purchase of financial instruments (e.g., checks, bank drafts), or the investment in high-value commodities that can be easily liquidated. These assets may then be deposited into financial institutions or spent on purchasing luxury goods. A common tactic, known as smurfing, involves breaking down large sums of money into smaller, less conspicuous deposits to evade detection.
- **Layering Stage:** At this juncture, the laundered money undergoes a series of complex financial maneuvers designed to further conceal its origins. This includes transferring funds across multiple accounts, often internationally, converting them into various financial instruments, and making intricate financial investments to disrupt the traceability of these funds. This phase is critical for distancing the funds from their initial illicit source.
- **Integration Stage:** The final phase reintegrates the laundered funds back into the economy as ostensibly clean money. This is achieved through making legitimate purchases or investments, thereby completing the cycle of laundering and making the originally illicit funds indistinguishable from legitimate financial assets.

Anti-Money Laundering (AML) Policy of Red Arrow Ltd.

Red Arrow Ltd. stands firm in its resolve against any activities that facilitate or engage in the legalization of funds obtained through unlawful means. The cornerstone of our AML

policy is to deter the utilization of our services for purposes of money laundering, terrorism financing, or any form of criminal activity.

As part of our unwavering commitment to this cause, Red Arrow Ltd. unequivocally prohibits the acceptance or disbursement of cash under any circumstances. We assert the right to freeze or suspend any client transaction that is suspected of being illegal, or which may have ties to money laundering activities based on the judgment of our personnel.

Comprehensive Company Protocols

Ensuring the integrity and legality of our operations, Red Arrow Ltd. rigorously verifies the identities of all individuals and legal entities engaging with our services. This is in strict compliance with the prevailing laws and regulatory mandates issued by monetary and financial authorities. Our AML policy is meticulously implemented through the following pillars:

- Rigorous adherence to Know Your Customer (KYC) guidelines and due diligence practices
- Continuous and vigilant monitoring of client transactions
- Systematic record-keeping of all transactional and identification data

Detailed Know Your Customer (KYC) and Due Diligence Procedures

In alignment with our dedication to the principles of AML and KYC, Red Arrow Ltd. mandates a comprehensive verification process for all prospective clients. This ensures that prior to establishing any form of business relationship, conclusive evidence is obtained confirming the identity of the customer or counterparty. This includes implementing enhanced due diligence measures for clients hailing from or residing in jurisdictions known to have insufficient AML controls, or which pose a heightened risk of corruption and criminal activities. Such measures are critical for identifying and scrutinizing the backgrounds of beneficial owners and individuals exerting control over financial transactions and accounts.

Verification Processes for Individual Clients

Upon registration, clients are required to provide detailed personal information, including their full name, date of birth, country of origin, and a verifiable residential address. To authenticate these details, clients must submit the following documents:

- A current and valid passport, or a driver's license with a clear photograph and signature
- A national identity card, displaying both the front and back sides

- Recent proofs of residence, such as utility bills or bank statements, which must not be older than three months from the submission date, to verify the client's address

Verification Requirements for Corporate Clients

For entities listed on recognized stock exchanges or proven subsidiaries of such corporations, identity verification may be streamlined. However, for unlisted entities, comprehensive documentation is required to establish the company's legitimacy and operational status. This documentation includes, but is not limited to:

- Certificates of Incorporation or their national equivalents
- Memorandum and Articles of Association, or similar foundational documents
- Certificates verifying the company's standing and its registered address
- Board resolutions authorizing account operations and signatory powers
- Identification proofs for directors and beneficial owners in line with individual verification standards

Ongoing Monitoring of Client Activities

Beyond the initial information gathering, Red Arrow Ltd. engages in persistent monitoring of client activities to identify and preempt any transactions that may be deemed suspicious. A transaction qualifies as suspicious if it diverges significantly from the client's established business activities or historical transaction patterns. To this end, Red Arrow Ltd. employs both automated systems and manual oversight to ensure rigorous scrutiny of transactions, thereby preventing the misuse of our services for illicit purposes.

Record-Keeping Practices

Red Arrow Ltd. maintains a comprehensive archive of all transactions, identification data, and documents pertinent to AML considerations. This includes, but is not limited to, reports on suspicious activities, AML account monitoring documentation, and any related records. These records are preserved for a minimum duration of seven years following the termination of the account, ensuring compliance with regulatory requirements and aiding in any future investigations.

Deposits and Withdrawal Policies

Consistent with stringent AML/CTF regulations, Red Arrow Ltd. imposes strict criteria for all deposit and withdrawal transactions. These measures are designed to ensure that all financial transactions are conducted transparently and are traceable back to their originators, thereby safeguarding against the misuse of our platforms for money laundering or terrorist financing.

Enforcement and Compliance Measures

Should there arise any suspicion of transactions being related to money laundering or other forms of criminal activity, Red Arrow Ltd. is committed to acting in accordance with applicable laws, including reporting such activities to the relevant regulatory authorities. We reserve the unilateral right to suspend or terminate client accounts suspected of engaging in illegal activities, with the ultimate aim of maintaining the highest standards of legal and ethical compliance.

By instituting these comprehensive policies and procedures, Red Arrow Ltd. reaffirms its dedication to upholding the integrity of the financial system and contributing to the global fight against money laundering and terrorism financing.