



XTrade International Ltd

AML & KYC Procedures

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**1. Duty to cooperate for prevention of Money Laundering and other criminal activities**

- i. The Company shall comply with the guidelines of IFSC for the implementation of the legislative requirements.
- ii. The Company shall develop and implement policies and procedures to identify and avoid money laundering transactions and to ensure compliance with the requirements of any relevant Belize legislation.
- iii. The Company shall, on a regular basis, evaluate the effectiveness of their policies and control procedures in complying with the legislative requirements and any relevant guidelines.

The Company shall establish procedures to obtain appropriate evidence of client identity, and shall maintain adequate records of client identity and transactions involved in such a manner as to assist, if necessary, in the investigation of criminal offences.

**A. The role of the Board and Management**

- i. The Board has the responsibility for the effectiveness of the Company's AML framework. The Board's oversight role is intended to ensure, inter alia, that there is compliance with all the relevant laws and regulations and international standards. Such compliance should assist in the detection of suspicious transactions and permit the creation of an audit trail if an investigation is deemed necessary.
- ii. Understanding the statutory duties placed upon it, their staff and the entity it represents;
- iii. Approving AML policies and procedures that are appropriate for the risks faced by the Company.
- iv. Seeking assurance that the Company is in compliance with its statutory responsibilities as it relates to AML framework.
- v. The development of internal policies, procedures and controls for, inter alia:
  - The opening of customer accounts and verification of customer identity;
  - Internal reporting; and
  - Records retention.
    - a) An ongoing training programme designed to ensure employees adhere to the legal and internal procedures and become familiar with the dangers they and the business entity face and on how their job responsibilities can encounter specified money laundering and terrorist financing risks.
    - b) Policies should be periodically reviewed for consistency with the business model, and product and service offering.

**2. Recognition and reporting of suspicious transactions**

- i. The Company shall promptly report suspicious transactions relating to any account to the Supervisory Authority - IFSC.

- ii. The Company shall pay special attention to all complex, unusual or large business transactions, or unusual patterns of transactions whether completed or not, and to insignificant but periodic transactions, which have no apparent economic or lawful purpose.
- iii. Where there is suspicion that the source of funds may be criminal or that a client may be involved in criminal activity, the Company shall follow established procedures for assessing the evidence and determining what course of action should be pursued.
- iv. The Company shall make a report in any case in which he knows that funds are connected with criminal activity.
- v. The Company shall have internal procedures to ensure that suspicions about the source of funds or transactions are reported to the Supervisory Authority and they shall be aware of the importance of cooperation with the Supervisory Authority – IFSC.
- vi. The Company shall cooperate fully with law enforcement authorities and the IFSC to ensure that money laundering or other criminal activities are fully investigated and prosecuted.

### **3. Customer Due Diligence**

- i. In accordance with the AML Framework, the Company shall establish the identity and verify the identity of any customer of the Company by requiring the customer to produce an identification record or such other reliable, independent source document.
- ii. the Company shall:
  - a) When establishing a business relationship, obtain information on the purpose and nature of the business relationship and the source of funds;
    - b) if the transaction is conducted by a natural person, adequately identify and verify his identity including information relating to:
      - the person's name and address;
      - the national identity card, social security document, passport or other applicable official identifying document;
      - the source of funds;
    - c) if the transaction is conducted by a legal person or legal arrangement, obtain information on that legal person or legal arrangement, adequately identify the company, the beneficial owner and ultimate natural persons providing the funds of such legal person or legal arrangement and take reasonable measures to identify and verify the legal status, ownership and control structure, including information relating to:
      - proof of incorporation or similar evidence of establishment or existence; and;
      - the customer's name, name of trustee and ultimate settler (for trusts) and of persons providing funds and council members (for foundations), legal form, head office address and identities of directors (for legal persons) and source of funds;

- iii. The Company must avoid the acceptance of anonymous accounts or accounts in fictitious names.
  - A. KYC Documentation for natural persons
    - i. The Company must obtain and document the following basic information when seeking to verify identity:
      - a) True name/names used and correct permanent residential address
      - b) Valid photo-bearing identification, with unique identifier, (e.g. passport)
      - c) Date and place of birth and nationality
      - d) Contact details e.g. telephone number and e-mail address;
      - e) Purpose of the account and the nature of the business relationship.
    - ii. The following information may also be required when the Company seeks to verify identity:
      - a) Occupation and name of employer (if self-employed, the nature of the self-employment);
      - b) Estimated level of account activity including:
        - Size in the case of investment and custody accounts;
        - Balance ranges, in the case of current and deposit accounts;
        - An indication of the expected transaction volume of the account;
      - c) Source of funds; and
      - d) Any other information deemed appropriate and relevant.
    - iii. Identification documents, either original or copies, should be pre-signed and bear discernable photograph of the applicant, for example:
      - a) Current valid passport;
      - b) Armed forces ID card;
      - c) Driver's license bearing the photograph and signature of the applicant (to be used along with a passport or social security card);
  - B. KYC Documentation for corporate customers (if applicable)
    - i. To satisfy itself as to the identity of the corporate customer, the Company obtain:
      - a) Name of corporate entity;
      - b) Principal place of business and registered office; c. Mailing address;
      - c) Contact telephone and fax numbers;
      - a) Board resolution authorizing the opening of the account and conferring authority on signatories to the account;
      - b) The original or a copy of the Certificate of Incorporation, authenticated where the body is incorporated outside of Belize, or Certificate of Registration where the body was incorporated abroad but registered under the Companies Act;

- c) Satisfactory evidence of the identity of all account signatories, details of their relationship with the company and if they are not employees, an explanation of the relationship. All signatories must be verified in accordance with the identification and verification of identity requirements of natural persons;
- d) Identity information on the natural persons with a controlling interest in the corporate entity. This information should extend, as far as practicable, to identifying those with a minimum of 10% shareholding, those who ultimately own and have principal control over the company's assets, including anyone who is giving instructions to the financial

#### 4. **Risk based approach**

- i. The Company's risk-based approach requires an assessment of the risk posed by the nature of the business and the implementation of appropriate mitigation measures, while maintaining an overall effective programme. This should be evidenced by categorization of the customer base, products and services by risk rating and identification of assigned actions by risk types.
- ii. Prior to establishing a business relationship, the Company should assess the potential risk inherent in each new client relationship. This assessment should take into account the products or facilities to be used by the customer and whether and to what extent a customer may expose the Company to risk.
- iii. The Company categorises customers in terms of risk in 3 groups, namely:
  - A. Low Risk
  - B. Medium Risk
  - C. High Risk
- iv. The Company's risk based approach take into account customer acceptance and on-going monitoring policies and procedures that assist the Company in identifying the types of customers that are likely to pose higher than average money laundering and terrorist financing risk.
- v. The Company adopted reasonable criteria for assessing the risks (e.g. whether the customer is a PEP etc).
  - A. Enhanced customer due diligence
- i. The Company should give particular attention to the following business relations and transactions:
  - a) Where a customer has not been physically present for identification purposes;
    - b) Correspondent relationships;
    - c) Business relationships or occasional transactions with a PEP;
    - d) Business relations and transactions with persons from or in countries and jurisdictions known to have inadequate AML measures; Corporate customers able to issue bearer shares or bearer instruments.

- ii. In particular, the Company defines the following types of customers as high risk clients and therefore enhanced due diligence are applied:
  - (a) Non-Profit Organizations
  - (b) Non-Face to Face Customers
  - (c) Introduced Business
  - (d) Professional Service Providers
  - (e) Politically Exposed Persons
  - (f) High-Risk Countries
- i. Records required shall be kept by the Company for a period of at least 5 years from the date the relevant business or transaction was completed, or termination of business relationship or any longer period if requested by the regulator in specific cases and upon proper authority and the requirement to keep the record shall apply whether the account or business relationship is ongoing or has been terminated.
- ii. The Company shall report to the IFSC not later than five business days after the event whenever the Company or any of its employees:
  - a) is the subject of any written customer complaint involving allegations of forgery, fraud, theft or misappropriation of funds or securities, together with the action taken to address the complaint;
  - b) is named a defendant or respondent in any criminal or regulatory proceeding or any civil proceeding exceeding US\$25,000, whether in Belize or abroad.
- iii. The Company is prohibited from conducting any banking business such as receiving money from the public through the acceptance of deposits on current account, deposit account or other similar accounts which may be withdrawn on demand by cheque, draft, order or notice by customers and using that money to make advances, loans, extensions of credit, guarantees and investments.

##### **5. Reporting of suspicious transactions by the Company**

- i. The Company shall pay special attention to:
  - a) all complex, unusual or large business transactions, or unusual patterns of transactions, whether completed or not, and to insignificant but periodic transactions, that have no apparent economic or lawful purpose;
  - b) business relations and transactions with persons including legal persons and arrangements, from or in jurisdictions that do not have adequate systems in place to prevent or deter money laundering or terrorist financing;
  - c) electronic funds transfer that do not contain complete originator information and shall adopt effective risk-based procedures to identify and handle any such transfer.