

FXFair Ltd.

ANTI-MONEY LAUNDERING POLICY AND KNOW YOUR CUSTOMER PROCEDURES

FXFair Ltd. ("FXFair") is committed to complying with all applicable regulations and laws that apply to its business and, in furtherance of its past anti-money laundering efforts, has developed and initiated a comprehensive program to combat money laundering.

FXFair will take all necessary steps to ensure that the investors, clients, agents, and intermediaries with whom we do business will not be a party to illegal, money laundering transactions in support of terrorism or otherwise; and FXFair will engage in such activities and measures as are necessary to frustrate and prevent money laundering.

Every employee at FXFair is responsible for protecting FXFair from money laundering activity. FXFair management is committed to training FXFair employees about the consequences of money laundering to each employee and the firm, including criminal, civil and disciplinary penalties, up to and including termination, and the very significant harm that is likely from any connection with money laundering activity by the firm.

It will be the policy of FXFair to accept checks and bank wires in its name for Forex accounts only. No checks or bank wires will be accepted in any other name other than that of FXFair.

FXFair businesses must:

- protect FXFair and its clearing institution from being used for money laundering;
- adhere to the Know Your Customer policies and procedures;
- take appropriate action once suspicious activity is detected and make reports to government authorities in accordance with applicable laws; and
- comply with applicable money laundering laws, regulations and firm policies and procedures.

1. INTRODUCTION

In the global marketplace, the attempted use of financial institutions to launder money is a significant problem that has caused great concern in the international and domestic community, which has resulted in the passage of strict laws and increased penalties for money laundering worldwide.

This Policy establishes governing principles and standards to protect FXFair and its clearing firm and its businesses from being used to launder money. All FXFair employees, wherever located, must be vigilant in the fight against money laundering and must not allow FXFair or its clearing firm to be used for money laundering activities.

1.1. What Is Money Laundering

Money laundering is not just an attempt to disguise money derived from the sale of drugs. Rather, money laundering is involvement in any transaction or series of transactions that seek to conceal or disguise the nature or source of proceeds derived from illegal activities, including drug trafficking, terrorism, organized crime, fraud, and many other crimes.

1.2. The Importance of This Policy to the Individual Employee of Registered Person

In adhering to this Policy, as with every aspect of its business, FXFair expects that its employees will conduct themselves in accordance with the highest ethical standards. FXFair employees shall

not knowingly provide advice or offer assistance to individuals who attempt to violate or avoid money laundering laws or this Policy.

Money laundering laws apply not only to criminals who try to launder their ill-gotten gains, but also to financial institutions and their employees who participate in those transactions if the employees know that the property is criminally derived. "Knowledge" includes the concepts of "willful blindness" and "conscious avoidance of knowledge." Those employees of financial institutions whose suspicions are aroused, but who then deliberately fail to make further inquiries, wishing to remain ignorant, may be considered under the law to have the requisite "knowledge." FXFair employees and registered persons who suspect money laundering activities should refer the matter to their supervisor and FXFair's Anti Money Laundering Compliance Officer.

Failure to adhere to this Policy may subject FXFair employees to disciplinary action up to and including termination of employment.

1.3. Wire Transfers

When FXFair transfers funds of \$20,000 or more, FXFair maintains a wire transfer advice that contains at least the following information: the name and address of the transmitter and recipient, the amount of the transmittal order, the execution date of the transmittal order; payment instructions received from the Client, the identity of the recipient's financial institution (i.e., the name and address of the recipient and the account number of the recipient). **FXFair will not wire money from a Client's account to a third party under any circumstance even if the Client makes a request to do so.** FXFair understands that certain events in the future may warrant the need for a third party wire to be made by FXFair. In the event a third party needs to be made, the wire must first be approved by the AML Compliance Officer.

Wire advises will be retained for at least five years and such information will be retrievable by the names and account numbers belonging to the FXFair Client involved in the transfer.

1.4. Know Your Customer

The requirement to know your customer is one born of sound business practices and established regulatory oversight. Presently, industry regulations require firms to undertake reasonable efforts to obtain and maintain the essential facts relative to each Client and each account opened. For ease of use, all Client information captured is maintained in the firm's new account documentation for five years, which includes the Client account application, corporate resolutions (if applicable), governmental photo identification for investors (e.g., driver's license, passport, national identity card) or other such documentation as may be appropriate to ascertain and verify a person's identity. Therefore, all employees are reminded to obtain valid government issued photo identification on all natural person accounts as well as directors on institutional accounts. FXFair also requires the Client to provide a current utility bill (no older than 6 months) such as an electric bill, telephone bill, water bill, or some other utility bill evidencing service being provided at the residence. A cell phone bill and a credit card bill are not satisfactory forms of residency.

In cases where the account is that of an institution (e.g., corporation, limited liability company, partnership, trust, etc.), FXFair will ask the Client to provide the legal documents to form the institution (e.g., Articles of Incorporation, Partnership Agreement, Articles of Organization, Trust Agreement, etc.), register of all directors and shareholders (in relation to whom all natural person documentation KYC requirements will apply) and may ask for a financial statement.

FXFair's AML Compliance Officer must be notified of all attempts to open an account by individuals or firm originating from an NCCT jurisdiction.

The process of "knowing" one's Client is not concluded once the initial account opening information has been obtained. Even after the account is established, registered persons are

required to update their Client's information in the normal course of the relationship.

For situations where FXFair cannot form a reasonable belief as to the Client's identity, the account should not be opened. FXFair's AML Compliance Officer will determine if a suspicious activity report needs to be filed. UNDER NO CIRCUMSTANCES WILL A CLIENT BE PERMITTED TO FUND THEIR ACCOUNT OR PLACE TRADES IN THEIR ACCOUNT UNTIL THE ACCOUNT HAS BEEN APPROVED AND THE CLIENT HAS REASONABLY DEMONSTRATED ITS IDENTITY PURSUANT TO THESE POLICIES AND PROCEDURES.

If a potential or existing Client either refuses to provide the information described above when requested, or appears to have intentionally provided misleading information, FXFair will not open a new account and, after considering the risks involved, consider closing any existing account. In either case, the Anti-money Laundering Compliance Officer will be notified so that we can determine whether we should report the situation to the regulator.

FXFair is a company with a global scope and thus numerous applications are submitted in languages other than English that are not able to be read by the AML compliance officer and several of the account opening personal. If an account is opened in a foreign language, then it must be reviewed for approval by an FXFair employee or third party translator proficient in the aforementioned language. All correspondence between the foreign applicant and the FXFair employee regarding Client identification problems / issues must be described and translated in detail to a principal of the firm and maintained in the applicant's file for five years. If an applicant's language is not spoken or understood by an employee or interpreter of FXFair then the account should not be opened.

1.5. Suspicious Individuals and Restricted Regions

If a Client attempts to use bribery, coercion, undue influence, or other inappropriate means to induce the firm to open an account or proceed with a suspicious or unlawful activity or transaction, and any other situation that FXFair reasonably determines requires immediate government intervention, then FXFair will immediately notify appropriate law enforcement authorities.

The Company does not open accounts for Clients that are located in Non-Cooperative Countries and Territories ("NCCT"), as identified by the Financial Action Task Force ("FATF.") FXFair will also typically not establish Client relationships with Clients that originate from countries on OFAC's blocked country list.

FXFair has also implemented in-house policy for blocking citizens or institutions or naturalized residents of European countries, the United States, Cuba, Japan, Myanmar, North Korea, Sudan and Syria.

FXFair will not open an account under any circumstances from an individual currently residing in one of these countries, with the exceptions noted below. FXFair will also not open any account from a citizen of one of these countries who is currently domiciled in a different unblocked country.

Although by no means exhaustive, the following is a list of potential indicators of a suspicious activity, which, if unexplained, may evidence money laundering activity. All employees that work in areas susceptible to money laundering activities must play an active role in the monitoring of account activity. All such employees must monitor account activity to aid in the detection and identification of unusual size, volume, pattern or type of transactions. All such employees must be cognizant of geographic factors, such as whether jurisdictions designated as "non-cooperative" are involved, any of the "red flags" or suspicious activities outlined below:

Indicators at the Account Opening Stage

- A Client exhibits an unusual concern regarding the firm's compliance with government

reporting requirements, particularly with respect to his or her identity, type of business and assets, or is reluctant or refuses to reveal any information concerning business activities, or furnishes unusual or suspect information or business documents;

- A Client wishes to engage in transactions that lack business sense, apparent investment strategy, or are inconsistent with the Client's stated business/strategy;
- A Client (or a person publicly associated with the Client) has a questionable background or is the subject of news reports indicating possible criminal, civil or regulatory violations;
- A Client appears to be acting as the agent for another entity, but declines, evades or is reluctant, without legitimate commercial reasons, to provide any information in response to questions about that entity; and
- A Client has difficulty describing the nature of his or her business or lacks general knowledge of his or her industry.

Indicators Related to Account Activity

- A Client engages in multiple transfers of funds or wire transfers to and from countries that are considered bank secrecy or "tax havens" that have no apparent business purpose or are to or from countries listed as non-cooperative by the Financial Action Task Force ("FATF") on Money Laundering, or are otherwise considered by the firm to be high-risk;
- A Client's account has unexplained or sudden extensive wire activity, where previously there had been little or no wire activity without any apparent business purpose;
- A Client makes a funds deposit followed by an immediate request that the money is wired out or transferred to a third party, or to another firm without any apparent business purpose;
- A Client makes a funds deposit, for the purpose of purchasing a long-term investment, followed shortly thereafter by a request to liquidate the position and a transfer of the proceeds out of the account;
- For no apparent reason, a Client has multiple accounts under a single name or multiple names, with a large number of inter-account or third party transfers;
- A Client engages in excessive journal entries between unrelated accounts without any apparent business purpose;
- A Client requests that a transaction is processed in such a manner so as to avoid the firm's normal documentation requirements;
- A Client engages in transactions involving certain types of securities, such as penny stocks, bearer bonds, which, although legitimate, have been utilized in connection with fraudulent schemes and money laundering; and
- A Client exhibits a total lack of concern regarding risks, commissions or other transaction costs.

Suspicious activities or transactions should be immediately reported to the individual's supervisor and to FXFair's Compliance Officer. The AML Compliance Officer will advise and be responsible for determining whether the transaction, attempted transaction or account activity warrants further investigation and, in conjunction with others, for making the final determination with respect to reporting the activity to the relevant law enforcement authorities.

From time to time, FXFair encounters Clients from certain countries that may exhibit unusual activity or may cause a general concern. Therefore, FXFair as a general policy will not allow any future Clients from these countries. In effect, FXFair will internally block Clients from these internally blocked countries. This list of blocked countries will be provided to all employees,

particularly those operating in FXFair's new accounts department. FXFair's AML compliance office will maintain this list and update whenever a new country is added or deleted.

1.6. Senior Foreign Government and Public Officials

Additional scrutiny is required to identify accounts maintained for senior foreign government/public officials, their immediate family members, and close associates that may involve the proceeds of foreign official corruption.

1.7. For the Purpose of This Policy, the Following Definitions Apply:

- A "senior foreign political figure" is a senior official in the executive, legislative, administrative, military or judicial branches of a foreign government (whether elected or not), a senior official of a major foreign political party, or a senior executive of a foreign government-owned corporation. This definition includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure.
- The "immediate family" of a senior foreign political figure typically includes the figure's parents, siblings, spouse, children and in-laws.
- A "close associate" of a senior foreign political figure is a person who is widely and publicly known to maintain an unusually close relationship with the senior foreign political figure, and includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of the senior foreign political figure.
- Foreign clients (new and established) who appear to be in any of the above categories must be asked if they are, in fact, a senior foreign political figure, a member of the figure's immediate family, or a close associate of the figure. If the client answers in the affirmative, or is uncertain in answering this question, the matter should be discussed with your supervisor/branch office manager and FXFair's AML Compliance Officer.
- FXFair will not accept any account for a senior foreign political figure, the figure's immediate family or a close associate of the figure unless approved by senior management. If approved, the registered person and supervisor, in consultation with the AML Compliance Officer, shall develop and maintain appropriate methods of monitoring the account.

1.8. Hiring New Employees

FXFair recognizes that a successful AML Program is only as effective as the people who perform its functions. Therefore, any applicant that has a derogatory, suspicious or criminal background will not be hired.

1.9. Record-Keeping

FXFair will retain records pertaining to its Client identification and verification efforts, including all identifying information provided by a Client, all identifying information obtained about a Client from third-party databases, the methods used and results of verification, and the resolution of any discrepancy in the identifying information. FXFair will maintain all these records for five years after the account has been closed. Furthermore, FXFair will maintain all records pertaining to suspicious activity reporting on file for a period of five years.

1.10. Additional Resources

Any questions relating to this AML policy and procedures shall be referred to FXFair's AML Compliance Officer. The AML Compliance Officer shall take the appropriate steps to answer all inquiries and assist in the investigation of suspicious activities. Where necessary, the firm's senior management, General Counsel, governmental authorities, including law enforcement, shall be

consulted on specific anti-money laundering issues. On rare occasion, there will be a legitimate need to approve exceptions for a given client. The AML Compliance Officer and other appropriate Senior Management must approve any exception or deviation from the standards set forth in this Policy. Exceptions to this Policy, if any, will be maintained by the AML Compliance Officer.