

AML Policy

Anti Money Laundering and Counter Terrorist Financing Policy

Introduction

Electrocoin Ltd (hereinafter, “Electrocoin Ltd”) is Estonian company and must follow European and Estonian rules for detecting and managing financial crime.

The compliance team monitors the compliance of the internal rules and procedures with the EU and Estonian laws.

The AML Policy is designed to prevent money laundering by meeting the European standards on combating money laundering and terrorism financing, including the need to have adequate systems and controls in place to mitigate the risk of the firm being used to facilitate financial crime.

We strongly oppose money laundering and take extensive measures designed to ensure that our services are used by registered and verified Users only. Our company maintains risk-based Customer Due Diligence (CDD), identification, verification and Know Your Customer (KYC) procedures, including enhanced due diligence for customers presenting a higher risk, such as Politically Exposed Persons (PEPs).

Electrocoin Ltd is prohibited from transacting with individuals, companies and countries that are on prescribed sanctions lists. Electrocoin Ltd will therefore screen against United Nations, European Union, UK Treasury and US Office of Foreign Assets Control (OFAC) sanctions lists.

AML/CTF Framework

Estonian Cryptocurrency Exchanges are defined in the Estonian law as Virtual Currency Exchange Operators and Depository Virtual Currency Wallet Operators, holding a Cryptocurrency exchange license and Crypto wallet and custodian services license from the Estonian Financial Crime Investigation Service.

The AML requirements and Know your customer (KYC) due diligence measures for Estonian Cryptocurrency Exchanges are set forth in the Republic of Estonia Law on the Prevention of Money Laundering and Terrorist Financing and other legal guidelines given by the Estonian Minister of Finance.

Electrocoin Ltd has implemented measures, which protect Electrocoin Ltd from involvement in money laundering or terrorist financing activities by performing compliant due diligence procedure (the KYC) for every user who registers on the platform, making risk assessment for every verified user, monitoring suspicious transactions, reporting suspicious transactions to the authorities.

Our platform is equipped with anti-money laundering security systems. The screening process of all users undergoes upon creating a new user account and to ensure that all users are genuine individuals on using our online Service in order to engage in legitimate activities using funds the origins of which are verified and traceable.

KYC procedure

Every person creating a new account at our platform is required to provide proof of identification as well as documentation showing that they truly reside at the address the details of which they provide us with.

Required documents should be uploaded to by client to the appropriate section of user account. All uploaded documents should be clear, readable, without blur, without flash, without crossed out, painted over or erased information. Also, no pictures or copies of pictures of documents are accepted, as well as pictures of monitor. If document contains handwritten signature, it should be clear enough to be compared with signature on person's ID.

Electrocoin Ltd identifies a user based on the following documents (proof of identity):

a valid passport, identity card (ID card);

a valid travel document issued in a foreign country;

a valid driving license.

The user must upload front and back colored copy of a valid ID card/ passport/ travel document/ driving license showing all 4 corners of the document, and the document must be valid for at least next six months. If the country of residence and country that issued ID/ passport/ travel document/ driving

license are different, and if residence is temporary, the user needs to provide a copy of legal right to remain in the country of residence (e.g. visa, residence permit).

Upon AML policy, the user needs to provide documentation that verifies his/her place of residence.

The document (proof of residence) is the official document from last 6 months, addressed to the place of residence of the client/user. The document must contain on one page the following attributes: full name and logo of issuing institution, full name of recipient of the document and address of recipient of the document (being the residence address of the client).

Electrocoin Ltd identifies place of residence of user based on the following documents (proof of residence):

Bank statement;

Utility bill (gas/water/electricity/phone/internet/TV/mobile);

Letter or other document from state authorities (tax office, municipality).

The users must regularly update relevant documents and data in the account.

Electrocoin Ltd identifies the user and, where relevant, their representative and retains the following data on the person and, where relevant, their representative:

name;

personal identification code or, where none, the date of birth and the place of residence or seat;

personal identification code or, where none, the date of birth and the place of residence or seat;

information on the identification and verification of the right of representation and scope thereof and, where the right of representation does not arise from law, the name of the document serving as the basis for the right of representation, the date of issue, and the name of the issuer.

Electrocoin Ltd verifies the correctness of the provided data, using information originating from a credible and independent source for that purpose.

Electrocoin Ltd verifies e-mail address and phone number of the client / user upon registration.

In case if there is a need to change verified e-mail of the user, user has to provide selfie with an ID card/ passport/ driving license and a written application (e-mail) to change verification details.

Upon registration the account of private individual, we ask that the following documentation be provided:

For users that deposited funds via Wire deposits – provide / upload into account selfie with proof of identity. The photo should be a colored picture of good quality, the person should be without sunglasses or other items that hide parts of face, the person should look at camera and the information at proof of identity must be readable).

Upon depositing funds into an account, we ask that the following additional documentation be provided:

For users that deposited funds via Credit card deposits – provide picture of credit card (front side colored copy, showing only the last 4 digits and card holder name and back side colored copy, showing only last 4 card digits).

For all users – signed Declaration of deposit. It should be signed by digital signature.

Documentation required upon registration of corporate clients:

Upon registration the account of corporate client, the following documentation should be provided for identification of legal person and collection of data prescribed by Money Laundering and Terrorist Financing Prevention Act:

Certificate of Incorporation, official document that proves that a company has been legally created and officially exists;

Extract from Business Registry (maximum 6 months old), that shows that company is legally registered and operating;

Memorandum and Articles of Association or other document that sets up company's structure, governance and shareholder's control, defines kind of activities, structure of capital;

Recent bank statement from the current bank (for a period of last 3 months);

Official list of Directors/ Authorised Signatories – document must contain names of members of the management board or other body replacing the management board (if applicable); names of the directors/ authorised signatories, structure of management;

Documents for identification and verification of Authorised Signatories, who open account with us
(Proof of identity, Proof of residence, Power of attorney;

Company group structure, company ownership structure, including information on shareholders and ultimate beneficiary owner;

If company was established less than 3 months before registration at our platform, the company should provide information and evidence of source of wealth and source of funds, used to form equity of the company.

Resume of Director/ Chief executive officer;

Business license (if applicable);

Tax payer information;

In case if the company has official website, provide proof that company is the legal owner of the domain name;

Internal decision (Order, Minutes of committee) that authorizes opening crypto currency account with Electrocoin Ltd.

We may request additional information to explain business activities and purpose of possible business relationship.

All signatures on documents must be hand written.

All official documents issued in a foreign country must be legalized or confirmed with a certificate (an Apostille), i.e. an internationally recognized official certification of the authenticity of the document has been issued for use of an official document issued in one country in another country, whilst legalization and the attachment of an Apostille does not confirm that the information in the document is true.

Evidence of source of funds requirements

Evidence of Source of funds of private individuals is required for deposits over 30 000 Euro or in equivalent. Depending on individual cases, Compliance might request to provide evidence for deposits over 5 000 Euro or in equivalent.

As evidence of source of funds for private individuals we may accept Bank statement or other document that shows the source of income if the source of funds is clear from the statement or

document. Bank statement should show that client owns incoming or accumulated funds that will be used for deposit to Electrocoin Ltd account. If funds are transferred from another account of the client, for that account bank statement should also be provided, and all requirements to clarity of origin of money apply to it.

Documents that contain client's handwriting should be filled in by the person themselves and no fields can be empty or contain wrong information.

Evidence of Source of funds for corporate clients is required for all deposits (Bank statement or other document that shows the source of income).

Additional verification and request of additional documents

In case of enhanced KYC procedure, or a suspicion of any kind of fraudulent activity, client has to complete an additional verification.

Additional verification of identity and ID card/ passport or driving license with special online verification service is required for deposits over 30 000 Euro or in equivalent.

Additional verification of user may be done by personal call to the client.

Additional documents may be requested, including Proof of payment or crypto transfer, but not limited to.

Crypto withdrawal

Upon withdraw funds from the account (either through Withdrawal request or crypto request) a client must sign Declaration of crypto withdrawal (in case of crypto request).

Other due diligence measures

Electrocoin Ltd provides due diligence and verification of personal data, bank account details, as well as other information provided by client to ensure compliance with the relevant rules and laws.

Electrocoin Ltd does not accept wire transfers from anonymous accounts or dubious bank accounts. Electrocoin Ltd monitors and provides screening of money transferring, therefore we refrain from processing money transfer requests when the path of funds is unclear.