



AGK FIRST DMCC

Anti-Money Laundering and Combating the Financing of Terrorism Policy & Procedures ("AML-CFT Policy") Revision History

Version	Date	Highlight
Original	14 July 2022	Policy implementing AML CFT Laws and Regulations
Version 2	01 March 2023	Amended to reflect adoption of change of name from AGK Consulting DMCC to AGK First DMCC
Version 3	31 July 2023	Revised as part of the ongoing updating of policies and procedures to meet the UAE's legal and mandatory regulatory requirements and directives on AML/CFT.

Approved by

**AGK FIRST DMCC
Management**



1. INTRODUCTION:

AGK FIRST DMCC ("The Company") is a Limited Liability Company established under the United Arab Emirates Laws and Regulations. The company is specialized in trading in Gold, Silver and other precious metals with the licensed activities as Non-Manufactured Precious Metals Trader. The company is classified as a Designated Non-Financial Business and Profession under the Anti-Money Laundering and Combating the Financing of Terrorism laws of the United Arab Emirates because of its business model and target market.

2. POLICY STATEMENT:

The company is dedicated to fully complying with all applicable laws and regulations related to Anti-Money Laundering and Countering the Financing of Terrorism. The policy aims to prevent the use of our services for carrying out the Money Laundering and Terrorist Financing activities. AGK is committed not to, Accept funds, that are known or believed to be derived from crime, enter into business engagement with or continue to maintain with entities or individuals who are suspected to be a terrorist or a criminals organization whether or not listed in any sanction list, maintain fictitious, anonymous or private accounts and develop business relationships with entities or individuals from prohibited jurisdictions or individuals, finally, the company will also alert regulatory authority to any suspicious transaction or activity and cooperate in the investigations.

3. LEGAL FRAMEWORK:

The following are the laws and regulations that AGK is adhered to in the "United Arab Emirates".

- ❖ Decree Law No. 20 of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organizations.
- ❖ Cabinet Decision No. 10 of 2019 regarding Implementing Regulations of Decree Law No. 20 of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organizations (the "AML-CFT Decision").
- ❖ Any other laws, regulations, notices, circulars issued by the Supervisory Authorities, National Committee for Combating Money Laundering and the Financing of Terrorism and Illegal Organizations and The Financial Intelligence Unit in United Arab Emirates.

4. AML-CFT GOVERNANCE:

To guarantee that the AML and CFT framework is effectively implemented throughout the enterprise, the company constituted a Compliance Committee. The members of the Compliance Committee are:

- One of the Board member/Owner – Responsible for Overall Compliance in the company
- Compliance Officer / MLRO – Responsible for Day-to-day Compliance
- Internal/ External Auditor – Responsible for ensuring and verifying effective implementation.
- Head of other departments, if required.

The Committee is headed by Head of Legal and Compliance and meets every quarter and reviews the effectiveness of AML Compliance Function to ensure that:

- The requisite policy, procedures and systems are in place to mitigate the risks;
- Resources, systems and tools available to the MLRO and ensure that they are appropriate to the nature, size and complexity of the business; and
- Findings of internal/ external audit.

5. RISK BASED APPROACH:

The importance of Risk Based Approach for Dealers in Precious Metals and Stones (DPMS) is understood due to nature of the business and vulnerability of risk. The Company shall identify and assess the risk profiles of its clients and the result of risk rating applied to the customers shall be used in determining the efficient allocation of AML/CFT resources, as well as the appropriate application of reasonable and proportionate risk-mitigation measures, including customer due-diligence measures.

The regulation on AML/CFT specify risk factors that should be taken into consideration by DPMS when identifying and assessing ML/FT risk at both the enterprise and the customer levels. The Company considers the factors such as:

- Customer / Counterparty Risk
- Geographic Risk
- Delivery Channel Risk
- Product Risk (Including New Product, Service & Technology Risk)
- Transaction Risk
- ML/FT Risk as per the UAE National Risk Assessment

Following a risk-based approach, the Company applies two degrees of due diligence as part of KYC process according to the risk identified of relationship with customer.

- Simplified Due Diligence: For Low-Risk Customers only.
- Customer Due Diligence For Medium-Risk Customer only.
- Enhanced Due Diligence: For High-Risk Customers and/or where there is a suspicion of financial crime.

1.1. KNOW YOUR CUSTOMER:

Know-Your-Customer (KYC) is a process of identifying and verifying customer's identity and its intended nature of business relationship with the Company. An adequate KYC process ensures that the Company deals with legitimate customers and prevents any possibility of financial crime risks.

1.2. CUSTOMER DUE DILIGENCE:

The Company is dedicated to conducting thorough investigations and continual surveillance of the business association with the client, beneficial owner of the company, or individual exercising effective control over the relevant entity during our operations. Client due diligence encompasses various components:

- Verifying the identity of the customer;
- Determining the ultimate beneficial owners;
- Gathering details about the purpose and intended nature of the business relationship;
- Evaluating potential risks. The execution of client due diligence and continuous monitoring is conducted with consideration for risk sensitivity. The risk-oriented strategy entails AGK FIRST DMCC concentrating on areas of the highest risk. The risk-oriented strategy entails AGK FIRST DMCC concentrating on areas of the highest risk; and
- Sustained oversight of the business association.

1.3. ENHANCED DUE DILIGENCE:

In keeping with a risk-based approach to customer due diligence, the Company is obliged to enhance its customer due diligence measures with regard to customers identified as high-risk, including the specific categories of customer as provided for in the relevant articles of the AML-CFT Decision, such as politically exposed persons (PEPs), customers associated with high-risk countries, in any situation in which there are doubts about the accuracy or appropriateness of a customer's ML/FT risk classification, or in which there are red-flag indicators of potentially unusual

or suspicious activity. In all cases in which EDD is applied, ensuring to take reasonable measures to obtain adequate information about the customer, commensurate with the level of the risks identified.

In general, EDD involves a more rigorous application of customer due diligence measures, including, but not limited to, such elements as:

- Increased scrutiny and higher standards of verification and documentation from reliable and independent sources regarding customer identity.
- More detailed inquiry and evaluation of reasonableness about the purpose of the Business Relationship, the nature of the customer's business, the customer's source of funds, and the purpose of individual transaction
- Increased supervision of the Business Relationship, including the requirement for higher levels of management approval, more frequent monitoring of transactions and more frequent review and updating of customer due diligence information.
- Obtain the approval of senior management to commence or continue the business relationship.

1.4. SIMPLIFIED DUE DILIGENCE:

Simplified Due Diligence is applied only in case of low-risk customer, often domestic customers and FATF member countries are considered low risk.

6. TRANSACTION MONITORING:

The Company is obliged to monitor clients' instructions and robustly implement policies, controls and procedures to address the risks relating to money laundering and terrorism financing, and where necessary, enhance them on a regular basis. It is the policy of the firm to maintain a system of regular, independent reviews to understand the adequacy and effectiveness of the ML/TF, and to monitor clients' instructions and transactions in relation to their CDD information and risk profile, to ensure consistency with those anticipated and with the client risk profile

7. REPORTING OF SUSPICIOUS TRANSACTION OR ACTIVITY:

AGK FIRST DMCC shall routinely monitor the activity over client's dealings to perform identification of patterns of unusual deal size, trading volume, the form or type of transactions, and geographic factors such as whether jurisdictions identified as "non-cooperative" are involved, or if any of the "Red Flags" are indicated. AGK FIRST DMCC will monitor transactions, including deposits and wire transfers, in the context of any dealings with the client to determine if a transaction lacks financial sense or is suspicious because it might be an unusual transaction for that customer.

AGK FIRST DMCC shall institute a system for the mandatory reporting of suspicious transactions, any transactions settled in cash and which has a value of **Fifty-Five Thousand Dirhams (AED 55,000/-)** or above should be accompanied by a certificate of source of funds such as bank cash payment certificate or slip, customs declaration certificate, etc. If AGK FIRST DMCC has reasonable grounds to suspect that a Transaction, attempted Transaction, or funds constitute crime proceeds in whole or in part, or are related to the Crime or intended to be used in such activity, regardless of the amount, AGK FIRST DMCC shall adhere to the following without invoking professional or contractual secrecy (i) directly report STRs to the FIU without any delay, via the electronic system of the FIU or by any other means approved by the FIU; (ii) respond to all additional information requested by the FIU.

8. ONGOING MONITORING:

Following a risk-based approach, the Company shall scrutinize customers' transactions to ensure that such transactions are in line with the customer's profile, source of funds, and in high-risk cases, the source of customer's wealth.

Transaction monitoring shall be carried out on a risk sensitive basis by the Compliance Department at Head Office which consists of the following:

- Any inconsistency with the transaction/red flag indicators shall be reported to the Money Laundering Reporting Officer (MLRO) in the form of internal Suspicious Transaction Report to the FIU through the goAML website.
- Article 27 of the Decretal Law states that designated nonfinancial businesses and professions, their board members, employees and legally authorized representatives are exempted from criminal, civil or administrative responsibility in relation to their providing any requested information or violating any obligation under legislative, contractual and administrative directives aimed at securing confidentiality of information unless the disclosure is made in bad faith or with the intent of causing damages to others

9. TRAINING

All Employees are expected to be fully aware of the AGK FIRST DMCC's AML/CFT and KYC policy and procedures. The company shall provide education and training for all its staff and personnel, including directors and officers, to ensure that they are fully aware of their personal obligations and responsibilities in combating money laundering and to be familiar with its system for reporting and investigating suspicious matters

AGK FIRST DMCC shall, at least once a year, make arrangements for refresher training to remind key staff and officers of their responsibilities and to make them aware of any changes in the laws and rules relating to money laundering, as well as the internal procedure of AGK FIRST DMCC. New employees will receive appropriate training within 30 days of their hire date. Training for all employees includes not only the legal elements of AML/CFT laws and regulations but also covers job specific applications of these laws. Ongoing training is provided and updated regularly to reflect current developments and changes to laws and regulations

10. RECORD KEEPING:

The Company shall maintain records related to Customer Due Diligence documentation for any transaction, customer identification, verification, due diligence, and enhanced due diligence, internal reporting of unusual or suspicious transactions, along with the investigation outcomes and decisions, training sessions, encompassing session dates, descriptions, and employee names, annual reports and other relevant reports that reflect compliance levels, deficiencies, actions taken, and reports submitted to Senior Management and records demonstrating adherence to AML/CFT Laws, Regulations, Notices/Circulars, Standards, and Directives for a minimum duration of five (05) years, commencing from the inception of the relationship or the culmination of the transaction, irrespective of whether the account or business relationship remains active or has been terminated. Also, transactions and identification data must be accessible to the Competent Authority upon request.

11. AUDIT:

AGK FIRST DMCC is required to designate an independent internal or external auditor who will assume the responsibility of conducting audit functions. This auditor will serve as the third line of defense within the Company's AML & CFT compliance framework. Their role entails performing periodic assessments to gauge the effectiveness of the AML & CFT compliance program. Subsequently, the auditor will present the assessment report to the Owner/Senior Management during an audit committee meeting.

AGK FIRST DMCC is also obligated to document a written follow-up procedure to ensure that any deficiencies identified during its annual review are adequately addressed and rectified. The audit program implemented by AGK FIRST DMCC encompasses the examination of AML/CFT records. This comprehensive program covers the following aspects:

- Audit objectives and scope of examination
- Recommendations on improving the AML/CFT program
- A discussion of any noted deficiencies and an action plan for implementation by management

- to address these deficiencies.
- An overall opinion of the adequacy of AGK FIRST DMCC AML/CFT program

12. SANCTION SCREENING:

The Company has implemented effective systems to instantly screen customer names against Sanctions Lists. When establishing a business relationship, names of customers, beneficial owners, and relevant parties are checked against relevant sanction lists, notably the UN Sanction List by the UN Security Council and local regulators' lists. Established protocols for escalating and resolving potential sanction matches are in place

13. NON-COMPLIANCE CONSEQUENCES:

This AML-CFT and KYC Compliance Manual covers all employees, clients, affiliates and officers of AGK FIRST DMCC. Any staff, client, affiliate, or officer who violates this Compliance Manual will be subject to disciplinary action, and the Company reserves the right to take whatever measures it deems necessary to ensure the diligent and proper implementation and enforcement of this Compliance Manual.

In the event that the Company, its personnel, or premises are inadvertently involved in money laundering or other unlawful activities, the Company may face significant civil and/or criminal consequences. Thus, it is vital for all employees, management, officers, and directors to be acquainted with and adhere to the guidelines and protocols outlined in this Compliance Manual, which apply to transactions exceeding AED 55,000 among others.

14. RED FLAG INDICATORS

The following list of red-flag indicators of potentially suspicious transactions and is therefore by no means exhaustive.

- Suddenly cancels the transaction when asked for identification or information.
- Is reluctant or refuses to provide personal information, or the DPMS has reasonable doubt that the provided information is correct or sufficient.
- Is under investigation, has known connections with criminals, has a history of criminal indictments or convictions, or is the subject of adverse information (such as allegations of corruption or criminal activity) in reliable publicly available information sources.
- Is a designated person or organization (i.e. is on a Sanctions List).
- Is related to, or a known associate of, a person listed as being involved or suspected of involvement with terrorists or terrorist financing operations.+
- Involves the use of a large sum of cash, without an adequate explanation as to its source or purpose.
- Involves the frequent trading of PMS (especially diamonds and gold) or Jewellery for cash in small incremental amounts.
- Involves the barter or exchange of PMS (especially diamonds and gold) or Jewellery for other high-end Jewellery.
- Appears structured so as to avoid the cash reporting threshold

APPENDIX I – COVERED TRANSACTIONS

The following are some of the examples of covered transactions when application of AML/CFT measures is or are required

- ✓ A Cash purchase of range of PMS (precious metals and stones) simultaneously, whether in loose form or mounted and customer requests separate invoices for each piece. Though no single invoice meets the AED 55,000 threshold, the total purchase value surpasses the limit. These transactions fall under the category of covered transactions
- ✓ A customer intends to acquire one or more items valued at or above AED 55,000 threshold and makes an advance cash payment of 25%. Over the subsequent weeks, they pay two additional 25% cash installments. Although each payment is below threshold. However, as they are interconnected and qualify under covered transactions category.
- ✓ A gold trading company acquires a consignment of gold bullion valued at AED 350,000 from a wholesale merchant. A cash deposit of AED 50,000 is placed, and the remaining balance is to be paid upon bullion pickup. The next day, a courier delivers a cashier's cheque from a reputable local company for the AED 300,000 balance. Despite the initial cash deposit falling below the threshold, cashier's cheques (like negotiable instruments) are considered cash equivalents, rendering this a covered transaction.
- ✓ A gold bullion dealer sells coins to a retail customer for AED 55,100 in cash. Despite the coins' market or book values not reaching the threshold, the actual cash payment exceeds AED 55,000, prompting the application of AML & CFT measures, thus categorizing it as a covered transaction.

APPENDIX II HIGH RISK FACTORS

A. Customer Risk Factors:

- a. The business relationship is conducted in unusual circumstances.
- b. Non-resident customers.
- c. Legal persons or arrangements that are personal asset-management vehicles.
- d. Companies that have nominee shareholders or shares in bearer form.
- e. Businesses or activities that are cash-intensive or particularly susceptible to money laundering or terrorism financing.
- f. The ownership structure of the company appears unusual or excessively complex given the nature of the company's business.
- g. Business relationships and transactions conducted other than "face to face".
- h. Business relationships conducted in or with countries as identified in (b) below.
- i. Politically exposed persons ("PEP").
- j. High net worth customers, or customers whose source of income or assets is unclear.

B. Country of Geographic Risk Factors:

- a. Countries classified by credible sources, such as mutual evaluation reports or published follow-up reports, as not having adequate AML/CFT systems.
- b. Countries identified by the Committee as high risk.
- c. Countries subject to sanctions, embargos or similar measures issued by the United Nations.
- d. Countries classified by credible sources as having significant levels of corruption or other criminal activity.
- e. Countries or geographic areas classified by credible sources as providing funding or support for terrorist activities, or that have designated terrorist organizations operating

within their country.

C. Product, Service, Transaction, Technology or Delivery Channel Risk:

- a. Cash and other bearer or negotiable instruments.
- b. Accounts opened, business relationships or transactions conducted with customers that are not physically present for the purpose of identification.
- c. Payment received from unknown or un-associated third parties.
- d. New Product, Service and Technology Risk.

APPENDIX III – LIST OF FATF HIGH RISK JURISDICTIONS

BLACKLISTED COUNTRIES:

1. Iran
2. Democratic Republic of North Korea (DPRK)
3. Myanmar

COUNTRIES UNDER INCREASED MONITORING

Sr	Countries	Sr	Countries
1	Bulgaria	12	Nigeria
2	Burkina Faso	13	Philippines
3	Cameroon	14	Senegal
4	Democratic Republic of the Congo	15	South Africa
5	Croatia	16	South Sudan
6	Haiti	17	Syria
7	Jamaica	18	Turkey
8	Kenya	19	Tanzania
9	Mali	20	Vietnam
10	Mozambique	21	Yemen
11	Namibia		