

AML and KYC Policy

NeoTraders.io

Introduction

NeoTraders.io (further «NeoTraders») has put in place an Anti-Money Laundering / Counter-Terrorist Financing Policy and a Know Your Customer Policy (collectively, the “AML Policies”). Policies are revisited periodically and amended from time to time based on prevailing industry standards and international regulations designed to facilitate the prevention of illicit activity including money laundering and terrorist financing. All senior management and employees of NeoTraders are required to acknowledge and be familiar with the Policies. This document covers AML Policies regarding NeoTraders exchange, depositing, withdrawal, trading services, which are NeoTraders main business activity.

Money Laundering Risks

Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the proceeds appear to have derived from legitimate origins or constitute legitimate assets. Terrorist financing is an attempt to conceal either the origin of the funds or their intended use, which could be for criminal purposes.

NeoTraders uses third party crypto transaction monitoring and source of funds software to track and tag funds deposited into its platform, preventing any sorts of illegal activities. NeoTraders requires KYC identification documents from all Clients before any transaction is made as an extra measure of risk reduction and compliance.

AML/KYC

The Policies are designed to:

- Prevent NeoTraders from being used, intentionally or unintentionally, by criminal elements for money laundering or financing terrorist activities;
- Enable NeoTraders to know and understand its customers, contributors, and other contacts with which NeoTraders has any financial dealings with (collectively, “Clients”) and their financial background and source of funds better, which in turn would help it to manage its risks prudently;
- Put in place appropriate controls for detection and reporting of suspicious activities in accordance with applicable laws, procedures and regulatory guidelines;
- Equip employees and contractors of NeoTraders with the necessary training and measures to deal with matters concerning KYC/AML procedures and reporting obligations.

Our Policies will be reviewed and updated on a regular basis to ensure appropriate procedures and internal controls are in place to account for both changes in regulations and changes in our business.

Risk-Based Approach

NeoTraders adopts and maintains a Risk-Based Approach (“RBA”) towards assessing and containing the money laundering and terrorist financing risks arising from any transactions it has with Clients. The guidelines are as follows:

- Before entering into any transaction or proposed transaction, necessary checks shall be conducted in line with the RBA so as to ensure that the identity of the Clients does not match with any person with known criminal background or with banned entities such as individual terrorists or terrorist organizations;
- For the purpose of risk categorization of the Clients, the relevant information shall be obtained from the Clients at or before the time of entering into a transaction;
- The risk categorization process for different types of Clients may take into account the background of the Clients, country of origin, sources of funds, volume of turnover or deposits, as well as social and financial background;
- The outcome of the risk categorization process shall be decided based on the relevant information provided by the Clients at the time of commencement of business relationship;
- Enhanced due diligence would be required for higher-risk Clients, especially those for whom the sources of funds are not clear, or for transactions of higher value and frequency, which shall be determined by NeoTraders at its sole and absolute discretion;
- NeoTraders must be able to satisfy the competent authorities that due diligence was observed based on the risk profile of the NeoTraders in compliance with the relevant legislations in place.

Customer Identification

The Customer Identification Program is to be carried out:

- Before any financial transaction can be made;
- When there is any doubt about the authenticity, veracity, or adequacy of the previously obtained Clients’ identification data.

NeoTraders:

- Requires Clients to provide proof of identification and proof of residence;
- Does not under any circumstances permit any transaction to be made with incomplete identity and residence verification information.

When there shall be any suspicion of money laundering or terrorism financing activities, or where there shall be any doubt about the adequacy or veracity of previously obtained Clients' identification data, the due diligence measures shall be reviewed, including verifying the identity of the Client again and obtaining information regarding the purpose and intended nature of the relationship with NeoTraders.

NeoTraders does not serve clients from certain regions that are deemed high-risk or unwelcoming from a legal or regulatory perspective, including Cuba, North Korea, Syria, USA, Canada, Japan, Australia and Republic of Crimea.

Politically Exposed Persons

NeoTraders does not open accounts or transact with individuals who are Politically Exposed Persons (PEPs), or their family members. NeoTraders screens all Clients against global PEP lists before they are allowed to establish a relationship with NeoTraders.

Required Information

NeoTraders accepts only natural persons as Clients, not legal entities. Upon registration, Clients go through an automated verification process where they submit:

- Full name;
- Date of birth;
- A unique photo of a Client holding government-issued ID;
- Proof of residence.

All submitted client information is manually reviewed by a Compliance Officer.

Government-issued ID

Verification of identity is required by obtaining a high-resolution, non-expired copy of the Client's government-issued ID (passport, national identity card, or a driver's license). The submitted imaged requirements include:

- Full color image;
- All information on the ID must be completely clear and readable.

The edges of the ID document must be clearly visible on a contrasting background.

Proof of residence

Verification of residence is required by obtaining a copy of an acceptable address proof document issued in the 3 months prior to establishing an account. The document must carry the Client's name and address. A valid proof of residence document can be:

- Bank statement;
- Debit or credit card statement;
- Utility bill (water, electricity, gas, internet, phone);
- Payroll statement or official salary document from employer;
- Insurance statement;
- Tax document;
- Residence certificate.

Proof of residence documents must contain the Client's name, address, and be dated less than 3 months ago.

Verification

Based on the risk, and to the extent reasonable and practicable, we ensure that we have a reasonable belief that we know the true identity of our customers by using risk-based procedures to verify and document the accuracy of the information we get about Clients. Our AML Compliance Officer analyzes the information we obtain to determine whether the information is sufficient to form a reasonable belief that we know the true identity of the customer.

We may decide to use the following non-documentary methods of verifying identity:

- Independently verifying the customer's identity through the comparison of information provided by the customer with information obtained from a consumer reporting agency, public database or other source;
 - Checking references with other financial institutions;
 - Analyzing whether there is logical consistency between the identifying information provided, such as the Clients' name, street address, postal code, and date of birth;
 - Utilizing complex device identification (such as "digital fingerprints" or IP geolocation checks);
 - Obtaining a notarized or certified true copy of an individual's birth certificate or government-issued ID for valid identification.

Internal controls

NeoTraders implements and maintains internal controls for the purpose of ensuring that all of its operations comply with AML legal requirements and that all required reports are made on a timely basis.

Compliance Officer

The Compliance Officer is the person, duly authorized by NeoTraders, whose duty is to ensure the effective implementation and enforcement of the AML/KYC Policy. It is the Compliance Officer's responsibility to supervise all aspects of NeoTraders anti-money laundering and counter-terrorist financing, including but not limited to:

- Collecting Clients' identification information;
- Establishing and updating internal policies and procedures for the completion, review, submission and retention of all reports and records required under the applicable laws and regulations;
- Monitoring transactions and investigating any significant deviations from normal activity;
- Implementing a records management system for appropriate storage and retrieval of documents, files, forms and logs;
- Updating risk assessment regularly;
- Providing law enforcement with information as required under the applicable laws and regulations.

Monitoring and Reporting

NeoTraders diligently monitors transactions for suspicious activity. Transactions that are unusual are carefully reviewed to determine if it appears that they make no apparent sense or appear to be for an illegal purpose. When such suspicious activity is detected, the Compliance Officer will determine whether a filing with any law enforcement authority is necessary.

Suspicious activity can include more than just suspected money laundering attempts. Activity may be suspicious, and NeoTraders may wish to make a filing with a law enforcement authority, even if no money is lost as a result of the transaction. The Compliance Officer initially makes the decision of whether a transaction is potentially suspicious. Once the Compliance Officer has finished his review of the transaction details, he makes the decision as to whether the transaction meets the definition of suspicious transaction or activity and whether any filings with law enforcement authorities should be made.

For the purpose of the Policies, a "Suspicious Transaction" means:

- Gives rise to a reasonable ground of suspicion that it may involve proceeds of criminal or other illegal activity, regardless of the value involved;
- Appears to be made in circumstances of unusual or unjustified complexity;
- Appears to have no economic rationale or bona fide purpose;

- Gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.

Ongoing monitoring is an essential element of effective implementation. NeoTraders diligently monitors transactions for Suspicious Transactions and other suspicious activity.

Record-keeping

Our AML Compliance Officer is responsible for ensuring that AML records are maintained properly. We document our verification, including all identifying information provided by a Client, the methods used and results of verification, and the resolution of any discrepancies identified in the verification process. We keep records containing a description of any document that we relied on to verify a Client's identity, noting the type of document, any identification number contained in the document, the place of issuance, and if any, the date of issuance and expiration date. With respect to non-documentary verification, we retain documents that describe the methods and the results of any measures we took to verify the identity of a Client.

We also keep records containing a description of the resolution of each substantive discrepancy discovered when verifying the identifying information obtained. We retain records of all identification information for seven years after the account has been closed, or as long as reasonably necessary to comply with applicable regulations; we retain records made about verification of the customer's identity for seven years after the record is made, or as long as reasonably necessary to comply with applicable regulations.

Training

All new employees receive anti-money laundering training as part of the mandatory new-hire training program. All applicable employees are also required to complete AML and KYC training annually. Participation in additional targeted training programs is required for all employees with day-to-day AML and KYC responsibilities.

This training includes:

- How to identify signs of money laundering that arise during the course of the employees' duties;
- Steps needed to be done once the risk is identified (including how, when and to whom to escalate unusual customer activity);
- What employees' roles are in NeoTraders compliance efforts and how to perform them;
- NeoTraders record retention policy;
- The disciplinary consequences (including civil and criminal penalties) for non-compliance.

Our operations are regularly reviewed to check whether certain employees require specialized additional training. Written procedures are updated to reflect any such changes.