



RSFINANCE

ANTI-MONEY LAUNDERING POLICY

This document outlines the Anti-Money Laundering (AML) and Counter Financing of Terrorism (CFT) policy of RS Finance Limited (Registration Number: 27122 BC 2024), a company incorporated in Saint Vincent and the Grenadines, with its registered address at Suite 310, Griffiths Corporate Centre, Beachmont, Kingstown ("RS Finance"). This policy is established to ensure compliance with international AML/CFT regulations and the recommendations of the Financial Action Task Force (FATF). It is designed to ensure that RS Finance understands and adheres to its legal obligations. RS Finance prohibits the use of its services for money laundering or terrorism financing (ML/TF). Additionally, this policy ensures

A. Definition

1. Money laundering refers to the processes, procedures, or activities intended to legitimize funds obtained through unlawful or criminal activities. The services offered by financial services companies may be exploited for money laundering purposes, posing a risk to the integrity, trust, and public confidence in the financial services industry. The consequences of money laundering extend beyond the financial system and can lead to severe social and economic impacts.

2. Stages of Money Laundering (a) Placement: The initial stage where illicit proceeds are introduced into the financial system, often by physically disposing of or dealing with the funds derived from illegal activities.

3.(b) Layering: In this stage, the illicit funds are separated from their origin by creating complex layers of financial transactions, designed to obscure the audit trail and disguise the funds' illicit source, providing anonymity and the appearance of legitimacy.

4.(c) Integration: The final stage, where the successfully laundered funds are reintroduced into the financial system as legitimate assets, often through investments or the acquisition of property or businesses.

B. Financing of Terrorism

I. Terrorist financing involves conducting financial transactions using funds that may or may not belong to terrorists but are intended to facilitate the commission of terrorism.

2. Unlike money laundering, terrorist financing may involve funds from legitimate sources, with the primary focus being on the use or intended use of those funds to support terrorism.

C. Anti-Money Laundering and Counter Financing of Terrorism Risk Assessment

I. AML and CFT Risk Assessment

I.I. RS Finance's AML and CFT program establishes a riskbased approach to assessing risks.

1.2. The key components of the risk assessment process are:

- (a) Identifying risks,
- (b) Managing and mitigating risks, and
- (c) Reporting on the risk assessment.

1.3. In identifying ML/TF risks, RS Finance evaluates the risks posed by:

- (a) The types of customers it serves, including Politically Exposed Persons (PEPs),
- (b) The nature of the services it offers,
- (c) The methods used to deliver its services.

1.4. The risk assessment forms the basis for:

- (a) Categorizing customers into various levels of due diligence under the Know Your Customer (KYC) process,
- (b) Identifying cases that require enhanced monitoring or additional risk mitigation measures.

2. Risk Factors Considered

RS Finance Limited

acknowledges that certain customer types, services, delivery methods, foreign jurisdictions, and business structures may present a heightened risk for money laundering (ML) and terrorism financing (TF). The following risk factors, which may reasonably arise, are identified:

2.1. Customer Type:

- (a) Customers whose identity, source of wealth, or source of funds cannot be easily verified;
- (b) Customers or entities with structures that obscure the true controlling owner, or where there is no legitimate commercial rationale for such structures;
- (c) Politically Exposed Persons (PEPs);
- (d) Customers engaged in businesses involving the physical handling of large amounts of cash (e.g., currency exchange bureaus, money transmitters, dealers in high-value goods, online auction sites, casinos, betting, and other gambling-related activities that routinely receive payment in cash);
- (e) Customers who appear on government sanctions lists, or other credible sources, which suggest risks related to corruption or criminal activity;
- (f) Customers, not limited to PEPs, operating in or through high-risk geographic locations known for higher levels of corruption, organized crime, or drug production/distribution;
- (g) Charities and other non-profit organizations that are not subject to regulatory oversight or supervision;
- (h) Professional service providers (e.g., lawyers, accountants, investment brokers) holding accounts for customers or acting on their behalf, where undue reliance must be placed on the professional service provider;
- (i) Customers requesting an undue level of secrecy concerning a transaction;
- (j) Customers with infrequent or occasional transactions as opposed to long-standing clients;
- (k) Customers engaged in high-risk business activities, such as the military industry or casinos.

2.2. Types of Services Provided: RS Finance provides asset management, and wealth management services to both retail and wholesale clients. While not inherently risky, certain products, services, and transactions may present higher risks under specific conditions, such as:

- (a) Services involving large investments;
- (b) Services utilizing structures that could obscure the identity of the customer, such as accounts held in the names of trusts or third-party nominees;
- (c) Third-party, client, or pooled accounts; (d) Correspondent banking services.

2.3. Methods of Service Delivery:

Providing products and services through non-face-to-face channels, where the customer has not been physically present for identification purposes, may increase the risk of ML/TF.

2.4. Foreign Jurisdictions:

Customers operating from or conducting business through certain foreign jurisdictions may present heightened risks. Criteria for identifying high-risk jurisdictions include:

- (a) Countries identified by credible sources as providing support for terrorism or having active terrorist groups;
- (b) Countries subject to sanctions or embargoes imposed by the United Nations;
- (c) Countries identified by credible sources as having high levels of corruption or criminal activity;
- (d) Countries identified by credible sources as lacking adequate AML/CTF legislation;
- (e) Countries designated by the Financial Action Task Force (FATF) as non-cooperative.

2.5. Business Structure and Process: The straightforward organizational and business structure of RS Finance, along with clearly defined business and operational processes, allows the company to assess its AML and CTF risk under this criterion as low.

3. Management and Mitigation of Risks

3.1. Based on the risk assessment framework, the following measures shall be implemented:

- (a) Assigning a risk level (low, medium, or high) to all customers, in accordance with the risk assessment framework;
- (b) Applying enhanced due diligence measures for customers classified as high-risk;
- (c) Increasing staff awareness and expertise in AML and CTF matters, as well as RS Finance's preventive measures, through regular and comprehensive training programs;
- (d) Monitoring customers' activities and transactions, both manually by the client relationship manager as part of ongoing customer due diligence, and electronically by AML and CTF Compliance Officers;

- (e) Escalating decisions regarding the establishment of relationships with high-risk customers, or, where appropriate, executing specific actions, including procedures for rejecting or terminating customer relationships; and
- (f) Reviewing and amending AML and CTF procedures and routines as necessary.

3.2. Whenever a specific risk is identified that requires mitigation, appropriate risk mitigation measures shall be considered and implemented for both new and existing customers, as well as new and existing products and services. If the identified risks cannot be mitigated immediately, an action plan shall be established to address them.

4. Compliance Function in AML and CTF

4.1. RS Finance has established a dedicated compliance function, reporting directly to the Board of Directors, led by the Chief Compliance Officer, with a team of specifically designated AML & CTF Compliance Officers.

4.2. Responsibilities of AML & CTF Compliance Officer(s):

- (a) Monitoring compliance with the obligations of the AML and CTF Act;
- (b) Receiving and investigating reports of suspicious activities;
- (c) Adopting a risk-based approach to monitoring customer activity to identify suspicious transactions;
- (d) Ensuring proper maintenance of AML and CTF records;
- (e) Reporting suspicious activities to the Financial Intelligence Unit of Saint Vincent and the Grenadines (FIU);
- (f) Providing advice to company Representatives;
- (g) Executing directions or orders issued by the Chief Compliance Officer and/or relevant authorities; and
- (h) Liaising with regulatory bodies and law enforcement regarding suspicious activity and threshold reporting.

4.3. AML & CTF Responsibilities of the Chief Compliance Officer:

- (a) Preparing and reviewing the AML Policy and Program;
- (b) Overseeing communication and training programs for employees;

- (c) Providing advice to AML & CTF Compliance Officers and other Representatives;
- (d) Submitting reports to the Board of Directors, at least annually;
- (e) Submitting an annual compliance report to the relevant authorities;
- (f) Executing directions or orders issued by the authorities; and
- (g) Liaising with regulatory bodies and law enforcement regarding suspicious activity and threshold reporting.

4.4. The Chief Compliance Officer and AML & CTF Compliance Officers are authorized to act independently in fulfilling their respective roles and have full access to all necessary information required to perform their compliance functions, as provided by company Representatives.

4.5. The compliance function must be consulted before RS Finance introduces:

- (i) a new designated service to the market;
- (ii) new methods of delivering a designated service; and/or
- (iii) any new or developing technology used in the provision of designated services. This consultation enables AML & CTF Compliance Officers to assess any significant changes in ML/TF risks and formulate appropriate controls to mitigate and manage those risks.

5. Risk Assessment Reporting

5.1. It is the responsibility of the AML & CTF Compliance Officers to report any suspicious activity or transactions and file incident reports with the relevant authorities. They must also keep the Chief Compliance Officer informed daily of any AML and CTF-related issues, defaults, or incidents.

5.2. The Chief Compliance Officer shall provide ongoing updates to the Managing Director and the Board of Directors concerning any material events related to the management and mitigation of money laundering risks within RS Finance.

5.3. Relevant AML and CTF information will be included in an annual compliance report prepared by the Chief Compliance Officer and presented to the Board of Directors. The report shall include details of incidents, areas in need of improvement, and any deficiencies or proposals for corrective actions, along with a plan to address them.

5.4. All reports and related documentation shall be retained in accordance with applicable record-keeping requirements.

6. AML and CTF Training Program

6.1. Proper training on money laundering and terrorist financing is essential for managing ML/TF risks. Therefore, all Representatives of RS Finance are required to undergo training in AML and CTF laws, as well as the company's internal policies. Training programs will be tailored to each Representative's level of responsibility and position to ensure effective ML/TF controls.

6.2. Refresher training will be provided as needed, depending on staff promotions or the level of assessed ML/TF risk associated with the designated service.

6.3. Training may be conducted internally or externally through contracted training organizations. Specific external AML and CTF training will be provided to certain Representatives based on their responsibilities, such as the Chief Compliance Officer and AML & CTF Compliance Officers. The Chief Compliance Officer is responsible for organizing internal training, which will be conducted on a periodic basis.

6.4. At a minimum, the AML and CTF training program shall ensure that Representatives understand the following:

- (a) The AML and CTF Policy;
- (b) The AML and CTF Program;
- (c) RS Finance's obligations under the AML and CTF Act and relevant legal requirements;
- (d) The types of ML/TF risks RS Finance may face and their potential consequences;
- (e) How to identify signs of ML/TF that may arise during their duties;
- (f) Escalation procedures, including steps to take once an ML/TF risk is identified;
- (g) Each employee's role in the company's compliance efforts, including the processes and procedures relevant to their role;
- (h) The company's record-keeping and retention policies; and
- (i) The consequences, including civil and criminal penalties, for non-compliance with the AML and CTF Act and supporting rules.

6.5. Training records must be maintained, including the names of attendees, training dates, a brief description of the training subject matter, and the number of hours (or level of accreditation) for each course or session.

6.6. Training Frequency:

(a) Annually: All employees dealing with client-related matters or those with a specific need for AML knowledge due to their role must undergo annual training and receive updates on relevant AML regulations and internal procedures. Newly onboarded Representatives must complete training within three months.

(b) Ongoing: For employees in high-risk areas (e.g., correspondent banking), the Chief Compliance Officer, in collaboration with the business, will continuously assess the need for specialized training. Where a need is identified, appropriate action will be taken.

7. MONITORING PROCESS AND SUSPICIOUS MATTER REPORTING

7.1. RS Finance has implemented a transaction monitoring process with appropriate riskbased systems and controls to scrutinize transactions that are inconsistent with the information held regarding the business relationship with the reporting entity. This monitoring system is designed to identify transactions that appear suspicious, complex, unusual, or lacking an apparent economic or lawful purpose.

7.2. RS Finance also maintains a customer monitoring process to ensure that the customer's activities align with the company's knowledge of the customer, including the customer's business, source of funds, and risk profile.

7.3. Customer activities and transactions will be monitored based on a risk-based approach by the Client Relationship Manager in day-to-day activities and through ongoing customer due diligence, as well as electronically by the AML/CTF Compliance Officer(s). Any payment that falls outside of the expected profile for a customer shall be flagged and reviewed by the AML/CTF Compliance Officers. Additionally, during the onboarding process, RS Finance will screen customer names against the United Nations Security Council Consolidated List ("UNSC Consolidated List"). Ongoing customer screening will be conducted each time the UNSC Consolidated List is updated, with a minimum screening frequency of once annually.

7.4. All monetary transactions, including related data such as accounts, involved parties, and relationships, are to be reviewed individually, and their purpose verified by supporting documentation (e.g., contracts, invoices, loan agreements). This requirement may be exempt in

cases of small transactions, based on the risk-based approach applied by the company. All incoming and outgoing payments must be screened against World Check's sanctions lists or any other reliable sources available to the Representative.

7.5. Initial or ongoing due diligence and monitoring may raise concerns requiring a review. Examples of such circumstances include:

- (a) Refusal to disclose details concerning business activities, such as the source of funds or names of owners or individuals with significant control over the entity;
- (b) Divergence of the customer's behavior from previous or stated patterns, such as large transactions in previously inactive accounts;
- (c) Promises of a trading volume by a prospective customer that seems economically unreasonable;
- (d) Unclear commercial rationale for a transaction or service;
- (e) Suspicion that the customer or the customer's agent is not who they claim to be;
- (f) Suspicion that the transaction or service is preparatory to terrorist financing.

7.6. The determination of suspicion will be based on the information received about the customer and the Representative's knowledge of suspicious transaction patterns.

7.7. If any review raises an actual or potential suspicion of Money Laundering, the Representative must immediately report the matter to the compliance function, which will initiate an investigation and decide whether to report it to the Financial Intelligence Unit (FIU). Matters deemed serious and reported to the FIU must also be communicated to the Board of Directors.

7.8. AML/CTF Compliance Officer(s) are responsible for submitting reports to the FIU. 7.9. The reporting obligations under the AML/CTF Act Part 6 include:

- (a) Suspicious Transaction Reports (STR);
- (b) Suspicious Activity Reports (SAR);
- (c) Reports of transactions conducted by prescribed entities (as defined in AML/CTF Act Rules Article 11);
- (d) Reports of transactions involving terrorist property;
- (e) Reports of transactions with no legitimate purpose;

(f) Other reporting obligations, including those related to international currency transfers and large cash transactions (though not applicable to RS Finance as it does not permit cash transactions).

7.10. The procedure for reporting suspicious matters is outlined below.

7.11. A STR must be filed for any transaction or attempted transaction that RS Finance suspects, or has reasonable grounds to suspect, involves proceeds of crime, relates to terrorist financing, is complex or unusual, or lacks an apparent economic or lawful purpose.

7.12. A SAR must be filed for a series of transactions or attempted transactions that form a pattern, which RS Finance suspects, or has reasonable grounds to suspect, involve proceeds of crime or relate to terrorist financing.

7.13. It is crucial to identify, investigate, and report any attempt to circumvent reporting requirements by conducting multiple transactions below the threshold to avoid reporting.

7.14. Reports filed with the FIU on suspicious Money Laundering or terrorist financing activities must be recorded and retained in accordance with the requirements outlined in this Program.

7.15. It is prohibited to disclose to the customer or any third parties outside of RS Finance that a report has been filed or that a Money Laundering investigation is underway or may be initiated.

8. RECORD KEEPING

8.1. In accordance with legislative obligations, RS Finance shall retain all records related to its AML and CTF Program, including but not limited to:

- (a) The AML and CTF Program, including all reviews and amendments;
- (b) The AML and CTF Policy, including all reviews and amendments;
- (c) Transactional records;
- (d) Customer identification and verification records;
- (e) Audits and compliance reviews;
- (f) Suspicious matter and other reports submitted to the FIU;
- (g) Inquiries from the FIU or law enforcement agencies regarding money laundering (ML) or terrorism financing (TF);
- (h) Management approvals;
- (i) Customer account and relationship records;

- (j) Annual compliance reports and other management reports;
- (k) Training and compliance monitoring reports;
- (l) Information on the effectiveness of training programs.

8.2. Records of customer identification and verification shall be retained for six (6) years after the closure of the customer's account.

8.3. Where RS Finance or its agent conducts customer identification and verification procedures for a prospective customer, the company shall retain records of:

- (a) The procedure itself (i.e., Checklist);
- (b) Information obtained during the procedure (i.e., supporting documents verifying customer identification); and
- (c) Any other information specified under the AML and CTF Act.

8.4. Financial transaction records shall be retained for six (6) years following the date of the transaction.

8.5. The AML and CTF Program and any amendments, including relevant documentation related to the reasons for such amendments, shall be retained for six (6) years after the program or its amendments cease to be in effect.

9. FINANCIAL INTELLIGENCE UNIT (FIU) FEEDBACK

9.1. The FIU serves as the principal regulator of AML and CTF compliance. It monitors RS Finance's adherence to AML/CTF legislation.

9.2. The FIU may provide feedback to RS Finance regarding its performance in managing ML/TF risks and has the authority to require the production of certain information.

9.3. Any notice, direction, or recommendation received from the FIU shall be immediately referred to the AML and CTF Compliance Officer.

9.4. Notices issued by the FIU may include: 10.

- (a) Requests for the production of information or documents; 11.

- (b) Warrants permitting entry to premises for monitoring purposes; 12.
- (c) Requirements for external audits or AML/CTF risk assessments; 13.
- (d) Remedial directions; and 14.
- (e) Enforceable undertakings. 9.5. The Chief Compliance Officer, along with AML and CTF Compliance Officer(s) and other representatives, shall take all necessary steps to comply with any feedback, notices, orders, or directions from the FIU.

9.6. The AML and CTF Compliance Officer shall prepare and submit any reports required by law or by the FIU within the timeframes specified in the applicable law, notice, or order. If the FIU grants an extension, such reports shall be submitted within the extended period.

9.7. The Chief Compliance Officer and AML/CTF Compliance Officer(s) shall take into account any feedback from the FIU regarding RS Finance's performance in managing ML/TF risks. Such feedback shall be incorporated into ongoing monitoring programs, and the AML and CTF Program shall be amended as necessary.

9.8. The Chief Compliance Officer shall oversee the implementation of any specific recommendations made by the FIU concerning RS Finance's ML/TF risk management performance.

9.9. The AML and CTF Compliance Officer(s) shall monitor FIU information sources, circulars, and guidance notes, including updates on financial sanctions and lists of terrorist groups, to ensure compliance with domestic and international regulations that may impact the business.

10. INDEPENDENT REVIEW OF AML AND CTF PROGRAM

10.1. An annual review of the AML and CTF Program shall be conducted by the Chief Compliance Officer, which will include a comprehensive evaluation of the entire Program and Policy or may occur as part of an independent AML/CTF risk assessment.

10.2. The review of the Program and/or independent AML/CTF risk assessment may also be performed by an external service provider retained to conduct the review, thereby constituting an outsourced independent assessment as a third line of defense.

10.3. The objectives of the review shall include:

- (a) Evaluating the effectiveness of the AML and CTF Program with specific regard to the ML/TF risks faced by RS Finance;
 - (b) Ensuring compliance of the AML and CTF Program with the provisions of the AML and CTF Act;
 - (c) Assessing the effective implementation of the AML and CTF Program; and
 - (d) Evaluating RS Finance's compliance with the AML and CTF Program.
- 10.4. The outcomes of the review, along with any reports generated, shall be submitted to the Board of Directors.

11. SYSTEMS TO RE-ASSESS RISK

11.1. RS Finance shall continuously review all areas of its business to identify potential ML/TF risks that may not be adequately addressed in the existing procedures. Such additional ML/TF risks may arise from new products, services, distribution channels, and developing technologies.

11.2. Additional procedures to address these ML/TF risks include:

- 12.(a) The Chief Compliance Officer shall be consulted by any individual responsible for a new service, delivery method, or technology (hereinafter referred to as "the project manager") during the design stage or prior to the introduction of the new service, delivery method, or technology. The Chief Compliance Officer shall advise on the relevant ML/TF risk factors to be considered, including:
- o (i) The target market (customer type);
 - o (ii) The features of the service;
 - o (iii) Foreign jurisdictional characteristics or offerings;
 - o (iv) Any electronic access to or the delivery method of the service;
 - o (v) The business structure and process.

11.3. The Chief Compliance Officer or an appointed responsible AML and CTF Compliance Officer shall, in consultation with the project manager, undertake a risk assessment and develop controls and systems to manage any identified ML/TF risks.

11.4. The Chief Compliance Officer or appointed responsible AML and CTF Compliance Officer shall review the AML and CTF Program, policies, and procedures to ensure that any newly identified ML/TF risks are incorporated into the AML and CTF Program. Any amendments shall require approval from the Board of Directors.

11.5. The Chief Compliance Officer or appointed AML and CTF Compliance Officer shall develop staff awareness and training programs addressing changes in ML/TF risks and shall oversee the delivery of such training programs.

11.6. All records pertinent to the risk assessment, any amendments to the AML and CTF Program, and training programs shall be maintained.

11.7. The Chief Compliance Officer or appointed AML and CTF Compliance Officer shall ensure that any findings from government or FATF evaluations concerning the approach to preventing money laundering and terrorism financing in specific countries or jurisdictions are assessed, and appropriate amendments are made to the AML and CTF Program. Furthermore, all compliance procedures shall be implemented and communicated to all representatives.