



## **Anti-Money Laundering Policy**

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## Introduction

### Anti-money Laundering and Countering Financing of Terrorism Act 2008 (the "Act")

This act aligns with the IFSC Money Laundering and Terrorism (Prevention) Act, 2008. The Act sets out a pro-active risk-based management regime whereby reporting entities are considered best placed to identify their money laundering and terrorist financing risks in respect to their business operations.

SM-INVEST is committed to the highest standards set in following the precautionary measures of Anti Money Laundering. SM-INVEST requires all employees under it to follow the phases of accepting clients, adhering with the standards and policies, helping to prevent the use of SM-INVEST products to money laundering.

Adhering with the steps of AML Policy includes "Know your client" KYC Procedures, submission of valid documents for identity verification, screening, record keeping and ensuring that these records are updated in due course.

## Glossary of Terms

As per Anti-Money Laundering and Countering Financing of Terrorism Act 2008 (the "Act"). In this Act, unless the context otherwise requires:

**"Account"** means any facility or arrangement by which a financial institution does any one or more of the following:

- accepts deposits of currency
- allows withdrawals of currency or transfers into or out of the account
- pays cheques or payment orders drawn on a financial institution by, or collects cheques or payment orders on behalf of, a persona
- supplies a facility or arrangement for a safety deposit box
- accepts or headstocks, bonds or mutual funds

**"Customer"** means a person or entity purchasing or using a service or commodity and includes an applicant for the services of a business and a client.

**"Identification record"** means any reliable and independent source documents, data or information or other evidence as is reasonably capable of establishing the true identity and verifying the identity of the applicant of a reporting entity, including a valid driving license, a social security card, a valid passport and in the case of a body corporate, a certified copy of the memorandum and Articles of Association, a certificate of incorporation together with the latest annual return to the Registrar-General or other competent authority

**"Terrorism or Terrorist act"** means an act or omission, whether committed in or outside Belize,

which constitutes an offence within the scope of a counter terrorism convention listed in the Fourth schedule to this Acts or an act, or threat of action in or outside Belize which:

- involves serious bodily harm to a persona
- involves serious damage to property
- endangers a person's life
- involves the use of firearms or explosives
- involves releasing into the environment or any part thereof or distributing or exposing the public or any part thereof to
  - any dangerous, hazardous, radioactive or harmful substances
  - any toxic chemicals
  - any microbial or other biological agent or toxins

**"Terrorist"** shall mean any natural person who commits, or attempts to commit, terrorist acts by any means, directly or indirectly, unlawfully and willfully.

**"Transactions"** shall include

- opening of an account,
  - any deposit, withdrawal, exchange or transfer of funds in any currency whether in cash or by cheque, payment order or other instrument or by electronic or other non-physical means
- the use of a safety deposit box or any other form of safe deposits
- entering into any fiduciary relationships
- any payment made or received in satisfaction, in whole or in part, of any contractual or other legal obligations
- any payment made in respect of a lottery, bet or other game of chance
- an act or combination of acts performed for or on behalf of a client in connection with purchasing, using or performing one or more services

### **Money Laundering Definition**

Money laundering is the process of disguising the source and ownership of money or assets derived from criminal activity to make it appear to have originated from a legitimate source. If undertaken successfully, it allows criminals to maintain control over illicit funds and, ultimately, to provide a legitimate cover for their source of income.

### **Stages of Money Laundering**

Money laundering may be accomplished through different methods, ranging from purchasing and reselling of luxury assets (such as cars, yachts, artwork or precious metals and stones), to

passing money through a complex international web of legitimate businesses and “shell” companies. The criminal’s objective in laundering illicit proceeds is to conceal the origin and the ownership of the funds, change the form of the money to recycle it into the economy and control the movement of the funds to avoid detection. Regardless of the methods utilized, certain points of vulnerability have been identified in the laundering process, which the money launderer finds difficult to avoid. Accordingly, entry of cash into the financial system, cross-border flows of cash and transfers within and from the financial system are activities more predisposed to being recognized through vigilance on the part of the financial institution. The launderer’s effort to transform “dirty” money into “clean” money involves the following three stages which may occur separately, simultaneously, or overlap:

- I. **Placement** is the physical disposal of cash derived from criminal activity. The objective of this is to convert funds from cash to a financial instrument, such as a bank account or insurance product, in an effort to place the proceeds of crime into the financial system. Techniques such as purchasing and reselling high value goods for payment by cheque or bank transfer, structuring deposits to evade reporting requirements or co-mingling deposits of legal and illegal activities are some of the ways used to accomplish this.
- II. **Layering** is the separation of illicit proceeds from their source by moving them around the financial system, often in complex layers of transactions to create confusion, complicate the audit trail and sever links with the original crime. Methods used to accomplish this includes converting cash into monetary instruments, investing in real estate and other legitimate businesses, transferring deposited funds from one account to another or transferring funds abroad using shell companies.
- III. **Integration** is the attempt to attach legitimacy to illicit wealth by re-entry of the funds into the economy. If placement and layering is successful, the criminally derived proceeds appear as legitimate funds or assets.

#### **Suspicious Activities:**

- A customer who makes a large deposit and then withdraws it again having made no trades. Whereas customers will inevitably have a change of mind, we would expect to receive internal SARS from employees where this occurs frequently
- A customer makes or attempts to make multiple credits to their accounts through different methods.
- A customer who attempts to withdraw funds via different methods
- A customer who continually loses money and does not seem to mind.
- A customer who has used forged or fraudulent documentation or information in his application.

- A client who makes unnecessary account changes such as change in account leverage and currency.
- Anything unusual.

## Our Commitment

SM-INVEST is committed in ensuring that all AML policies are adhered upon. Being a foreign exchange, precious metals and CFD broker that provides a premium experience for all market traders worldwide, we must ensure that our company fights any act of money laundering, preventing the financing of terrorism, and enforcing internal and external measures deemed necessary to combat money laundering.

## Purpose

This policy is set out for the purpose of preventing money laundering and combating Terrorist Financing, therefore SM-INVEST will not accept or engage into any involvement with clients that have suspicious activities, crimes and fraudulent transactions as per IFSC Anti Money Laundering Act of 2008 No. 18 Section II, 2nd Schedule. SM-INVEST will only accept clients and affiliates that have legitimate source of funds and valid identification requirements. SM-INVEST will not compromise its integrity and will continue to enhance its reputation as a highly ethical financial institution.

## Compliance

SM-INVEST must designate an employee as an AML/CFT Compliance Officer to administer and manage its AML/CFT program. The AML/CFT compliance officer must be appropriately trained and report to a senior manager of the reporting entity.

The responsibility for the appointing the AML/CFT Compliance Officer sits with the director of SM-INVEST.

### Director's Role & Responsibilities:

- Approve the AML/CFT program and policy.
- Receive regular AML/CFT compliance reports.
- Receive and approve program review/changes.
- Approve the annual report prior to submission to the supervisor
- Establish and maintain the formal position of AML/CFT Compliance Officer.
- Ensure that business is conducted in conformity with high ethical and professional standards and that the laws and regulations pertaining to AML/CFT are adhered to.

- Ensure documented AML/CFT program, policies, procedures and resources have been communicated and are in place across all business units providing financial products and services.
- Undertake an annual review of the risk assessment, AML/CFT program, policies and procedures.

#### **Compliance Officer's Role & Responsibilities:**

- Initial and ongoing anti-money laundering training of relevant staff.
- Monitoring of day-to-day operation of the anti-money laundering policies.
- Receiving internal money laundering suspicion reports.
- Taking reasonable steps to access any relevant know your business information.
- Making annual report to the senior management of any relevant findings.
- The Compliance Officer must be able to respond promptly to request for information from any appropriate authority

#### **Staff's Role & Responsibilities:**

- All employees and representatives of SM-INVEST are responsible for assisting in SM-INVEST'S efforts to uncover and report any activity that constitutes, indicates or raises suspicions of money laundering or terrorist financing.
- All relevant employees are responsible for the day to day compliance of money laundering and terrorist financing risks including risk assessment of SM-INVEST customers, products, services and systems
- All relevant employees must follow approved policies, business procedures and controls to verify the identity of new customers and be confident they are who they claim to be. This includes the accurate input of all customer identification data into the system
- All relevant employees must report suspicious transactions to the AML/CFT Compliance Officer
- Employees must follow the retention requirements for customer identification and transaction records.
- Employees will need to be aware that disciplinary action may follow from non-compliance with the AML/CFT program.

## Risk Management System

SM-INVEST implements a wide-ranging AML Policy system that will help in managing and controlling risk associated with money laundering and terrorist financing. It acknowledges its responsibilities to close the channels being used for money laundering

## Obligation

Before establishing the AML/CFT program or conducting CDD the reporting entity first must carry out an assessment of the risk of money laundering and terrorism financing that it may reasonably expect to face in the course of its business.

In assessing the risks the entity must have had regard to:

- the nature, size, and complexity of its business;
- the products and services offered;
- the methods by which the entity delivers products and services to customers;
- the types of customers it deals with;  
the countries it deals with;  
the institutions it deals with;
- any applicable guidance material issued by the supervisors;
- any other considerations as set out in the regulations

**The risk assessment must be in writing and:**

- identify the risks faced in the course of its business;
- describe how it will ensure that the risk assessment remains current; and
- determine the level of risk involved in relation to the relevant obligations under the Act and regulations.

## Written Risk Assessment

The AML/CFT risk assessment will be reviewed and updated at least every year at the time of the annual report. This will consider:

- the adequacy, appropriateness and effectiveness of the ratings;
- any significant changes to the composition of SM-INVEST's business with respect to the Risk Categories and Types;
- industry guidance and indicators on typologies and emerging trends;



- external opinion / review feedback incorporated; and
- guidance and feedback from the supervisor.

The AML/CFT risk assessment may be reviewed more regularly if there is a material change which could include:

- changes to products and services offered to market;
- changes to the Act, regulations, or guidance which impact on SM-INVEST's business operations;
- changes to SM-INVEST's AML/CFT program;
- changes to the nature, size and complexity of SM-INVEST's business;
- prior to adopting any new methods of product or service delivery;
- prior to adopting any new or developing technologies used for the provision of a designated service.

### **ID, Verification, Screening, Know-Your-Client**

As a first step in controlling money laundering, SM-INVEST follows the process of accepting clients. SM-INVEST will require all customers to provide valid identification documents. These documents will then be verified and will undergo thorough screening process. The ID, Verification, Screening and KYC Procedures, are mandatory and will be strictly observed.

SM-INVEST uses the World-Check database in going beyond knowing the customer using of World check data to screen for heightened risk individuals and entities globally, and to uncover hidden risks in business relationships and human networks.

The customer upon his registration will either be accepted or prohibited to join SM-INVEST and its activities; this is upon the discretion of SM-INVEST and its employees corresponding to the requirements set out in this policy.

#### **KYC Details - Individual Customer:**

- Customer's full name;
- Customer's Proof of Identification;
  - Passport Copy
  - National ID/ Government ID
  - Driving License

- Customer's Proof of Address (must be less than 3 months old);
- Any information prescribed by regulations

Upon registration to SM-INVEST, a client is given 48 hours to complete the documentation requirements. If the client will not be able to give a clear identification document the account will be deactivated.

**KYC Details - Corporate Customer:**

- Certificate of Incorporation
- Passport copy of all the Authorized Signatories
- Signed Risk Disclosure Statement and Client Acknowledgment Form
- Copy of the company's Memorandum and Articles of Association
- Copy of the company's Certificate of Good Standing
- Copy of the company's Letter of Incumbency
- Corporate Board Resolution
- Completed Client Information form

For all the Directors of the Company:

- Passport Copy
- Proof of address (must be less than 3 months old)

For Shareholders holding 25% or more of the Company Shares:

- Passport Copy
- Proof of address (must be less than 3 months old)

**Restricted Regions**

SM-INVEST does not offer its services to the residents of certain jurisdictions such as:

- Afghanistan
- Cote d'Ivoire
- Cuba
- Iran
- Libya
- Myanmar
- North Korea

- Sudan
- Puerto Rico
- USA
- Syria
- Ecuador

### **Record Keeping**

SM-INVEST retains all the records in file and in systems and will continuously be updated in due course. Records must be kept of all transaction data and data obtained for the purpose of identification. This will include all accepted client registrations corresponding to SM-INVEST policy acceptance procedure.

Record keeping is a cornerstone of AML/CFT.

SM-INVEST records all decisions made and retains customer due diligence records in an auditable manner. Notes on the risk-based decisions made at customer establishment are recorded.

### **Identity and Verification records:**

SM-INVEST will retain the following client records:

- A copy of the CDD evidence used or if it is not practicable to retain that evidence, any information as is reasonably necessary to enable that evidence to be obtained.
- All records reasonably necessary to establish the nature and purpose of, and activities relating to, the customer relationship (including email communications and additional information provided by the customer).
- Any other records (for example, account files, business correspondence, and written findings) relating to, and obtained during the course of, a business relationship that are reasonably necessary to establish the nature and purpose of, and activities relating to, the business relationship.
- In relation to areas of examinations conducted, a detailed record of our AML/CFT examination and findings.

### **Transaction Records:**

SM-INVEST will also record all information relating to customer transaction history including:

- The nature of the transaction.
- The amount/currency.

- The date.
- The parties.
- The transaction facilities used (including third party facilities).
- The name of the person liaising with the customer.
- Any other information required to reconstruct the transaction.

## **Record Retention**

The records outlined above must be kept for a certain period.

## **Policy on Client's Funding and Withdrawal**

### **Client Funding**

SM-INVEST can receive incoming funds via the following methods:

- Bank Transfer
- Safe & Secured Online Payment Service Providers
- Debit/Credit Card

### **Policy on Third Party Payments**

SM-INVEST does not accept third party customer deposits. Considering that transfers can now be made for same day value, we wish to encourage our customers to transfer funds solely to and from their own account. If a customer wishes to transfer funds from his company, he should transfer the funds to his personal bank account and arrange for those funds to be transferred from his bank account to us directly.

### **Withdrawal Process**

The client submits a withdrawal transaction request to SM-INVEST's Accounts Department who will carefully reviews all transactions especially pertaining to withdrawal of funds. A client can only withdraw funds if the client submits a valid proof of address. The Accounts Department verifies and examines the withdrawal request if it matches the deposit history. If any suspicious withdrawal transactions are detected the withdrawal will be placed on hold pending investigation by the management

### **Range of Policies**

This policy is set out and will be observed by the following:

- Employees
- Members and Affiliates
- Partners

If the aforementioned has not given due diligence in client acceptance, SM-INVEST will impose warning and sanctions varying the negligence thereof.

### **Annual Report to the Directors**

The Compliance Officer will make a report in writing at least once a year to the board of directors in which he reports on the AML procedures and the suspicions that have been made and acted upon.

Changes may be made or suggested and then implemented on the back of the findings from this report to ensure that the company is always one step ahead of any criminals with regards to AML.

### **Training**

Besides this document SM-INVEST will provide ALL staff, regardless of their job title or seniority, with anti-money laundering training. This may be in the form of a seminar, one to one training or online course. A certificate will be provided as proof that the course has been completed and the employee has a reasonable understanding of the AML & Terrorism financing requirements.

SM-INVEST maintains an Internal Training register showing the following:

- Date of training seminar
- Employees in attendance
- Those unable to attend
- A summary of topics covered and notes of training session.

#### **Training includes, but not limited to:**

- Policies and procedures to prevent money laundering and for identification
- Record keeping and internal reporting
- Legal requirements

### **Cooperation with Authorities**

SM-INVEST takes suitable measures essential by law if there are judicious grounds for suspecting money laundering or terrorist financing including maintenance of customer data and transaction documents within specified time frames, reporting of suspicious clients and cooperating with investigations or complying with requirements of the authorized body, the IFSC Belize Regulation

### **Periodical Review**

SM-INVEST will conduct a periodic review set out in this policy, whether changes are needed to be done in order to improve the policies set herewith.

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