ANTI-MONEY LAUNDERING (AML) AND COUNTER-TERRORIST FINANCING (CTF) POLICY

1 Company Information s Introduction

Company Name: AR Markets Limited

Trading Name: ARENA

Registered Address: Hamchako, Mutsamudu, The Autonomous Island of Anjouan, Union of Comoros

Regulatory Status: Regulated in Anjouan Offshore Finance Authority (AOFA), license NO. L 15674/ARM.

1.1 Introduction

1.1.1 The Company, registered in Autonomous Island of Anjouan, Union of Comoros, Regulated in Anjouan Offshore Finance Authority (AOFA), license NO. L 15674/ARM, is committed to preventing money-laundering, terrorist financing and proliferation financing.

1.1.2 The Company is authorized to conduct all types of brokerage activities by the Anjouan Offshore Finance Authority (AOFA), in accordance with Government Notice No. 005 of 2005 and its associated regulations.

1.1.3 This policy sets out a high-level framework for the Company to comply with AML/CFT obligations.

2 Purpose

2.1 To set out the Company's approach for identification, mitigation, monitoring and reporting of money-laundering and terrorist financing risks.

2.2 To ensure compliance with domestic law and international standards (including the Financial Action Task Force (FATF) recommendations).

3 Scope s Responsibilities

3.1 The policy applies to all employees, directors, officers, contractors and agents of the Company.

3.2 The Money Laundering Reporting Officer (MLRO) will be responsible for overseeing the effectiveness of the policy, receiving internal reports, escalate issues and making suspicious transaction reports (STRs) to the Financial Intelligence Centre (FIC).

3.3 All business units must apply the policy when onboarding, servicing and monitoring clients.

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4 Legal and Regulatory Framework

The Company operates under the Financial Intelligence Centre Act (FIC Act) 38 of 2001, as amended, including the General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Act No. 22 of 2022, which establishes South Africa's AML/CFT regulatory framework.

AR Markets Limited operates in accordance with the following legislation and guid AR Markets Limited ance:

- Financial Intelligence Centre Act (FICA), 2001
- Financial Sector Regulation Act, 2017
- Prevention of Organized Crime Act, 1998
- Protection of Constitutional Democracy Against Terrorist and Related Activities Act, 2004
- FIC Guidance Notes and Directives
- Financial Action Task Force (FATF) Recommendations
- United Nations Security Council Resolutions
- Wolfsberg Group Principles

5 Definition of Money Laundering and Terrorist Financing

5.1 "Accountable institution" means a business which is required under the FIC Act and regulations to implement CDD, record-keeping and reporting obligations.
5.2 "Money-laundering" means the process of concealing or disguising the nature, source, location, disposition, movement or ownership of proceeds of unlawful activities.
5.3 "Terrorist financing" means the provision or collection of funds with the intention that they be used, or knowing that they will be used, for terrorist acts.
5.4 "Politically Exposed Person (PEP)" means an individual who is or has been entrusted with prominent public functions, or their immediate family/close associates, as defined by the FIC Act schedules.
5.5 "Beneficial owner" means the natural person(s) who ultimately own or control a client or on whose behalf a transaction is being conducted.
5.6 "EDD / enhanced due diligence" means additional measures applied where risk is elevated.

6 Roles and Responsibilities

Board of Directors

- Approves and oversees the AML/CTF framework.
- Ensures sufficient resources are allocated for compliance.

MLRO

- Main contact with the Financial Intelligence Centre (FIC).
- Reviews internal reports of suspicious activity.
- Submits STRs (Suspicious Transaction Reports).
- Conducts training and awareness programs.

Employees

- Must comply with all AML obligations.
- Report suspicious activity promptly to the MLRO.
- Participate in periodic training sessions.

7 Risk-Based Approach and Risk Assessment Framework

ARENA applies a risk-based approach (RBA) to identify, assess, and mitigate risks related to money laundering (ML), terrorist financing (TF), and proliferation financing. This approach ensures that resources, controls, and monitoring are proportionate to the level of risk identified, in line with the Financial Intelligence Centre Act (FIC Act) and relevant guidance.

7.1 Risk Categories

The Company's AML/CFT risk assessment covers the following key risk categories:

- Customer Risk: Nature, background, type, and beneficial ownership of clients, including identification of Politically Exposed Persons (PEPs).
- Product and Service Risk: Complexity, leverage, novelty, and cross-border nature of products or services offered (e.g., FX and cross-border transactions).
- Geographic Risk: Countries of operation, client location, or origin of funds particularly jurisdictions identified as high-risk, sanctioned, or listed by FATF.
- Delivery Channel Risk: Methods of interaction, such as online or non-face-to-face onboarding, use of intermediaries, or third-party service providers.
- Transaction Risk: Volume, frequency, size, and nature of transactions relative to the customer's known profile or expected activity.

7.2 Risk Assessment Process

The Company conducts a comprehensive, documented AML/CFT risk assessment to evaluate exposure across the above categories. This assessment will be:

- Reviewed at least annually, or
- Updated upon significant changes in the business model, regulatory environment, or external risk factors.

7.3 Risk Rating and Controls

Based on the outcomes of the risk assessment, clients are assigned a risk rating of Low, Medium, or High. The level of customer due diligence (CDD), ongoing monitoring, and internal controls will be scaled according to the assigned risk level to ensure effective mitigation.

8 Customer Due Diligence (CDD) s Enhanced Due Diligence (EDD)

8.1 Client identification s verification

- For natural people: full name, date of birth, nationality, identity document or passport, address, contact details
- For legal persons/arrangements: registration number, constitution documents, names of directors/ trustees, beneficial ownership, nature of business, source of funds/wealth
- Verification: Use reliable independent source documents/information. For high-risk clients provide enhanced checks (for example, independent database verification, site visits).

8.2 Beneficial ownership

- Identify any natural person owning or controlling 25% or more of shares/voting rights or control. If none, identify people exercising ultimate control.
- If beneficial owner cannot be identified, document reasons and apply additional mitigation.

8.3 Risk categorization

- The Company will categorize clients by risk level (low/medium/high) based on the risk assessment.
- Factors increasing risk include PEP status, high risk jurisdiction, complex ownership, unusual transactions, negative media.

8.4 Enhanced Due Diligence (EDD)

Enhanced measures may include:

- obtaining additional information on the client/beneficial owners (e.g., nature of business, source of wealth/funds)
- requiring senior management approval before onboarding or continuing relationship
- applying higher frequency of transaction reviews/monitoring
- requiring that the first payment be made from an account held in the client's name at a bank

8.5 Ongoing monitoring

- Review of client's profile, risk rating and transaction patterns on an ongoing basis.
- Trigger reviews when client behavior deviates from expected profile or risk rating changes.

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9 Transaction Monitoring s Screening

9.1 The Company will implement systems/procedures to monitor transactions and relationships to detect unusual or suspicious activity.
9.2 All customers, beneficial owners and relevant parties will be screened against sanctions lists, PEP registers and adverse media.
9.3 Red flags (examples) may include: unexpected large volumes, frequent withdrawals/ deposits, transactions inconsistent with business or personal profile, high risk jurisdictions, unusual patterns of transfers.
9.4 The Company will escalate any unusual or suspicious activity for investigation by the MLRO.
9.5 If required, the Company will file a report with FIC (STR/UTR/TPR).

10 Reporting Obligations

10.1 The Company must comply with its reporting obligations under the FIC Act, including:

- Suspicious or unusual transactions (STR/UTR) when there is knowledge or suspicion of ML/TF.
- Cash Threshold Reports (CTR) for cash transactions above the set threshold.
- Terrorist Property Reports (TPR) when property belongs to or is controlled by a person subject to targeted financial sanctions.

10.2 Reports must be submitted within the timeframes prescribed by the FIC.
10.3 The MLRO is responsible for review and timely submission of reports to FIC via the appropriate mechanism.
10.4 The Company will not inform the customer or third party that a report has been filed (no "tipping-off").

11 Record-Keeping s Retention

11.1 The Company will keep for at least five (5) years: customer identification and verification documents, business relationship and transaction records, internal risk assessments, investigations, reports filed and responses.
11.2 Records should allow reconstruction of individual transactions to provide evidence for investigations or audits.
11.3 Records shall be stored securely, electronic or paper, with appropriate access controls, backups and disaster recovery.
11.4 If the relationship continues, the 5-year period commences from the termination of the relationship or last transaction.

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12 Internal Controls, Governance s Compliance Function

12.1 Governance structure: Board of Directors / senior management approves this policy and receives periodic reports from the MLRO.
12.2 The MLRO is appointed by senior management (here: W Neale) and has overall responsibility for the AML/CFT program: flagging issues, submitting reports, liaising with regulators, monitoring compliance.
12.3 The AML/CFT compliance unit is independent of front-line business operations.
12.4 The Company will establish written procedures covering: CDD/EDD, risk assessment, transaction monitoring, escalation, filing reports, sanctions screening, record-keeping, training, audit.
12.5 The Company will carry out independent audit or review of the AML/CFT controls at least annually (or more frequently if risk changes) and implement remediation plans.
12.6 KPI's to monitor: e.g., number of high-risk clients onboarded, number of STRs filed, time to resolve investigations, training completion rate.

13 Sanctions, Politically Exposed Persons (PEPs) s High-Risk Jurisdictions

ARENA is committed to ensuring that its products and services are not used to facilitate transactions involving sanctioned entities, high-risk jurisdictions, or politically exposed persons (PEPs). The Company adheres to all applicable domestic and international sanctions obligations and applies enhanced due diligence to higher-risk relationships.

13.1 Sanctions Screening

The Company maintains up-to-date sanctions and PEP databases and screens all clients, beneficial owners, and transactions against the following:

- United Nations (UN) Sanctions Lists
- European Union (EU) and OFAC Sanctions Lists
- Financial Intelligence Centre (FIC) Domestic Sanctions and PEP Lists
- Any additional lists issued by competent authorities or regulatory bodies.

13.2 Screening Process

All clients and beneficial owners will be screened onboarding and periodically thereafter to identify sanctions exposure, PEP status, or links to high-risk jurisdictions. Screening will also apply to transactions, particularly cross-border or high-value ones.

13.3 Politically Exposed Persons (PEPs)

The Company recognizes that PEPs, both domestic and foreign, as well as their immediate family members and close associates, represent higher ML/TF risk. Accordingly, the Company will apply:

- Enhanced Due Diligence (EDD) procedures,
- Senior management approval prior to establishing or continuing a relationship, and
- Enhanced ongoing monitoring of related accounts and transactions.

13.4 High-Risk Jurisdictions

Business relationships or transactions involving jurisdictions identified by the Company, the FIC, FATF, or other regulatory bodies as high-risk will be subject to enhanced controls and monitoring.

13.5 Risk Mitigation and Termination

Where the risk associated with a client, transaction, or jurisdiction is deemed unacceptable or cannot be effectively mitigated, the Company may decline to establish or terminate the relationship in accordance with its AML/CFT policies and regulatory obligations.

14 Training s Awareness

The Company is committed to ensuring that all relevant personnel understand and effectively apply its Anti-Money Laundering and Counter-Terrorist Financing (AML/CFT) obligations. Comprehensive training is provided to all employees — including front-line staff, compliance officers, internal auditors, and senior management — during induction and on an ongoing basis.

14.1 Training Content

Training programs will cover, at a minimum:

- AML/CFT legislative and regulatory obligations (including the FIC Act and related laws).
- The Company's internal policies, procedures, and risk-based approach.
- Customer Due Diligence (CDD) and Enhanced Due Diligence (EDD) requirements.
- Sanctions screening procedures and controls.
- Recognizing and reporting suspicious activity.
- Money laundering and terrorist financing typologies and current trends.
- Internal reporting obligations and identification of red flags.
- Individual responsibilities under FICA and related frameworks.

Training is conducted at least annually and refreshed whenever there is significant legislative, regulatory, or business changes that affect AML/CFT obligations or risk exposure.

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14.2 Frequency and Updates

Training is conducted at least annually and refreshed whenever there is significant legislative, regulatory, or business changes that affect AML/CFT obligations or risk exposure.

14.3 Record Keeping and Oversight

The Compliance function is responsible for maintaining records of attendance, training materials, and knowledge assessments to demonstrate staff competence and compliance.

15 Confidentiality s Data Protection

15.1 The Company ensures that client information and AML/CFT records are treated as confidential and secured in accordance with applicable data protection legislation.
15.2 Access to AML/CFT records is restricted and managed.
15.3 The Company may disclose information to regulators, law enforcement or other authorized people in accordance with law and internal policy.

16 Internal Audit s Independent Review

16.1 The AML/CFT program will be subject to independent review by internal audit or an external party at least annually.
16.2 The review will assess the adequacy and effectiveness of the risk assessment, CDD/EDD processes, monitoring systems, reporting, training and governance.
16.3 Findings will be reported to senior management and the Board, and remediation plans tracked to completion.

17 Policy Breaches

Any non-compliance or breach of this policy may result in disciplinary action and possible regulatory penalties.

18 Policy Review

This policy is reviewed annually or upon material legal or regulatory change.All updates require Board approval.
Approved by: Board of Directors – AR Markets Limited
MLRO:
Effective Date: 01/07/2024

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APPENDICES

Appendix A: Customer Risk-Rating Matrix

Risk Factor	Low Risk	Medium Risk	High Risk
Customer Type	Salaried individuals	SMEs	Offshore companies, PEPs
Geography	South Africa	FATF-compliant countries	High-risk/non-compliant countries
Products	Domestic transfers	FX trades	Cross-border remittances
Channel	Face-to-face onboarding	Online	Introduced via intermediary
Source of Funds	Salary, savings	Business income	Unclear or complex structure

Risk Rating Outcome:

Overall customer risk is derived from weighted scoring of these factors.

Appendix B: CDD/EDD Checklist

CDD Checklist:

- Obtain ID and proof of address
- Verify customer against sanctions lists
- Confirm purpose of account and source of funds
- Record relationship start date

EDD (if applicable):

- Senior management approval
- Enhanced verification of identity and ownership
- Detailed source of wealth
- Ongoing transaction reviews

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Appendix C: Transaction Monitoring s Escalation Flow-Chart

1. Transaction Occurs

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2. System/Manual Review detects anomaly

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3. Employee raises internal alert

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4. MLRO reviews and assesses

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5. STR filed with FIC (if suspicious)

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6. Records retained and management informed

Appendix D: Sanctions/PEP Screening Procedure

1. All clients screened pre-onboarding and periodically thereafter.

2. Screening includes names, aliases, and beneficial owners.

3. Positive matches escalated to MLRO for investigation.

4. No transaction proceeds until clearance is obtained.

5. Sanctions list updates incorporated daily or as issued.

Appendix E: Training Program s Record Template

Training Topics:

- AML/CTF regulations and company policy
- Suspicious behavior indicators
- STR reporting procedures
- Record-keeping obligations

Record Template:

| Employee Name | Department | Training Date | Trainer | Completion Confirmed (Yes/No) |

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Appendix F: AML/CFT Governance s Reporting Structure

Board of Directors

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Compliance Committee (if applicable)

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MLRO

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Department Heads s Team Leads

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Employees (Frontline s Operations)

Reports flow upward from staff → MLRO → Board, with feedback and training flowing downward.

Appendix G: Internal Audit Plan for AML/CFT Controls

Audit Area	Frequency	Method	Responsible Party	Objective
CDD/EDD Compliance	Annual	File sampling	Internal Audit	Verify adherence to onboarding rules
STR Reporting	Annual	Review STR logs	MLRO	Ensure timely and accurate reporting
Training Compliance	Annual	Review attendance records	HR & Compliance	Confirm all staff trained
Sanctions Screening	Quarterly	System review	IT & Compliance	Ensure effective and current screening
Policy Review	Annual	Full review	Board	Maintain legal compliance and updates