

# ANTI-MONEY LAUNDERING & KYC POLICY

SPACEGATE SERVICES – FZCO

## 1. Introduction

SPACEGATE SERVICES – FZCO hereinafter referred to as Company or SPACEGATE SERVICES – FZCO , recognizes its role as a corporate entity and endeavors to adopt the best practices with the highest standards of governance through transparency in business ethics, accountability to its customers, government and others.

SPACEGATE SERVICES – FZCO is committed to highest standards of AML, Counter Terrorism Financing (CFT), Anti –Fraud and other punishable criminal acts. The Board of Directors, Management and all employees shall adhere to these standards to protect the Company and its reputation from being misused for money laundering and/or terrorist financing or other illegal purposes.

## 2. Definitions

“Know Your Customer (KYC)” is defined as the process by which Financial Institutions (FI) obtain information about the identity and address of the customers. This process helps to ensure that FI’s services are not misused, intentionally or unintentionally by criminal elements for money laundering.

“Money Laundering” is defined as direct or indirect attempts to indulge or knowingly assist or knowingly be a party or be actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property.

“Proceeds of crime” means any property derived or obtained, directly or indirectly, by any person as a result of criminal activity relating to scheduled offence or the value of any such property.”

“Customer” is defined for the purpose of KYC Norms, as a person who is engaged in a financial transaction or activity with a reporting entity and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.

“Transaction” is defined as a purchase, sale, loan, pledge, gift, transfer, delivery or the arrangement thereof and includes- opening of an account, deposits, withdrawal, exchange or transfer of funds in whatever currency, whether in cash or by cheque, payment order or other instruments or by electronic or other non-physical means, any payment made or received in whole or in part of any contractual or other legal obligation and establishing or creating a legal person or legal arrangement.

“Suspicious Transaction” means a “transaction” as defined above, including an attempted transaction, whether or not made in cash, which, to a person acting in good faith

- a. gives rise to a reasonable ground of suspicion that it may involve proceeds of an offence specified in the Schedule to the Act, regardless of the value

- involved; or
- b. appears to be made in circumstances of unusual or unjustified complexity; or
- c. appears to not have economic rationale or bona-fide purpose; or
- d. gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.

Politically Exposed Persons" (PEPs) are individuals who are or have been entrusted with prominent public functions by a foreign country, including the Heads of States/Governments, senior politicians, senior government or judicial or military officers, senior executives of state-owned corporations and important political party officials.

#### Beneficial Owner (BO)

- a. Where the customer is a company, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical persons, has/have a controlling ownership interest or who exercise control through other means.

Explanation- For the purpose of this sub-clause-

1. "Controlling ownership interest" means ownership of/entitlement to more than 10 percent of the shares or capital or profits of the company.
  2. "Control" shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements.
- b. Where the customer is a partnership firm, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership of/entitlement to more than 10 percent of capital or profits of the partnership or who exercises control through other means.
  - c. Where the customer is an unincorporated association or body of individuals, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership of/entitlement to more than 15 percent of the property or capital or profits of the unincorporated association or body of individuals.

Explanation: Term 'body of individuals' includes societies. Where no natural person is identified under (a), (b) or (c) above, the beneficial owner is the relevant natural person who holds the position of senior managing official.

- d. Where the customer is a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with 10 percent or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

“Principal Officer” means an officer at the management level nominated by the RE, responsible for furnishing information as per rule 8 of the Rules.

“Customer Due Diligence (CDD)” means identifying and verifying the customer and the beneficial owner using reliable and independent sources of identification.

- (a) Explanation – The CDD, at the time of commencement of an account-based relationship or while carrying out occasional transaction of an amount equal to or exceeding rupees fifty thousand, whether conducted as a single transaction or several transactions that appear to be connected, or any international money transfer operations shall include: Identification of the customer, verification of their identity using reliable and independent sources of identification, obtaining information on the purpose and intended nature of the business relationship, where applicable;

Taking reasonable steps to understand the nature of the customer's business, and its ownership and control;

- (b) Determining whether a customer is acting on behalf of a beneficial owner, and identifying the beneficial owner and taking all steps to verify the identity of the beneficial owner, using reliable and independent sources of identification.

### 3. Objectives

The objective of this KYC/AML/CFT policy is to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities by complying with all applicable requirements under the applicable regulatory bodies and its regulations. Thus, SPACEGATE SERVICES – FZCO aims to establish adequate procedures and internal controls to ensure compliance with all applicable regulations.

### 4. Applicability

All the monetary transactions between SPACEGATE SERVICES – FZCO and other parties (including its customer) will be covered under this policy. The management of SPACEGATE SERVICES – FZCO as well as a Board of Directors are responsible to ensure adherence of the provisions mentioned in this policy. All the employees of SPACEGATE SERVICES – FZCO shall come under the purview of this policy.

This policy will be effective from the date of approval by the Board of Directors of the company.

### 5. Preventive Measures

The minimum standards shall be specific procedures for Customer identification, Know Your Customer, Household and/or Business verification, Referral check and Credit Bureau checks. All the employees shall be responsible to identify and report unusual and suspicious activity revealed during the following processes:

- Customer Acceptance Policy (CAP): Clear customer acceptance policies and procedures shall be defined in the operational policies/manual.
- Customer Identification: The Customer identification procedure (CIP) shall be defined in the operational policies/manual.
- In order to identify customers, recent photos of the customer will be collected and the same will be verified during household and/or Business verification.

- KYC documentation: The operation process shall be designed to ensure that the norms of UAE AML Law, related to the KYC documentation are adhered. The KYC documents shall be preserved systematically as per guidelines of the UAE AML Law.
- Household and/or Business verification: Verification of customers for any form of financial services from SPACEGATE SERVICES – FZCO, will be done at either their home (preferably) and/or their place of business.
- Reference Check: Before granting any credit facility to the proposed customers, reference check shall be done. The feedback of the reference shall be documented.
- Credit Bureau Check: Before granting any credit facility, credit worthiness of the proposed customers shall be checked through Credit Bureaus. The Credit bureau report shall be kept along with the loan documents for future reference & scrutiny.
- Recording in MIS: Relevant information related to the individual customers shall be recorded in the MIS system while account creation and before making any financial transaction.
- Hiring of employees: At the time of recruiting, the KYC norms/AML standards/ CFT measures shall be adhered to and adequate screening mechanism will be exercised. The KYC documents of employees will be collected by the Human Resource Department. In addition, in the case of recruitment of field staff, household verification will also be conducted within 30 days from the date of his/her joining. If any unusual and suspicious activity comes into notice the same will be reported immediately to the Principal/Compliance Officer.
- Training: Employee training programme shall be introduced to adequately train employees in AML/KYC/CFT policy. The training will be designed according to the different job roles & requirements for frontline staff, compliance staff and staff dealing with new customers.
- Properly staffing the audit function with persons adequately trained and well-versed in AML/KYC/CFT policies of SPACEGATE SERVICES – FZCO, regulation and related issues shall be ensured.
- Technology requirements: The IT systems of SPACEGATE SERVICES – FZCO shall be enabled with features to generate/ throw alerts when the transactions are inconsistent with the risk categorization and profile of the customers. The software shall be enabled to generate alerts for effective identification and reporting of suspicious transactions.
- Fund raising: While entering in to a deal for raising funds from anybody, other than a Bank or recognized Financial Institution the management of SPACEGATE SERVICES – FZCO shall also do sufficient due diligence before signing the agreement. Any unusual and suspicious activity, if noticed, shall also be reported to the Compliance Officer.

The Management of SPACEGATE SERVICES – FZCO as well as Board of Directors are responsible to ensure that the above- mentioned conditions shall be considered while designing/revising any policy related to any financial products.

## 6. A. Standard KYC Procedure

The KYC procedure shall be completed while opening accounts and also has to be periodically updated. SPACEGATE SERVICES – FZCO shall design and follow the KYC policy in line with the guidelines issued by the UAE AML Law from time to time.

- At a minimum, two standard KYC documents need to be collected and captured in MIS. Staff or Representative of SPACEGATE SERVICES – FZCO shall ensure that all photocopies are certified by the customer (by signing/thumb impression on them). The Staff or Representative of SPACEGATE SERVICES – FZCO shall also verify photocopies against the original and put a stamp on the photocopies marking "Original Seen & Verified", with his/her employee ID and sign it.
- KYC for the MFI segment: The KYC IDs shall be as per guidelines of UAE AML Law. The Operational manual and policies shall also be in lines to these UAE AML Law guidelines as updated from time to time. KYC for other segments: Refer Annexure 1

Updation of KYC: KYC exercise shall be done at the time of opening accounts of customers. Updation of KYC shall be done at least every two years for high risk customers, every eight years for medium risk customers and every ten years for low risk customers or every time facility is renewed/replenished, whichever is earlier. KYC documents shall be preserved for at least 8 years after account closure. Further, the identification records and transaction data shall be made available to the competent authorities upon request. SPACEGATE SERVICES – FZCO shall advise the customers that in order to comply with the PML Rules, in case of any update in the documents submitted by the customer at the time of establishment of business relationship/account-based relationship and thereafter, as necessary, customers shall submit to the SPACEGATE SERVICES – FZCO the update of such documents. This shall be done within 30 days of the update to the documents for the purpose of updating the records at SPACEGATE SERVICES – FZCO end.

- A Unique Customer Identification Code (UCIC) shall be issued to identify the customers, avoid multiple identities, track the facilities availed, monitor financial transactions in a holistic manner and enable a better approach to risk profiling of customers. SPACEGATE SERVICES – FZCO shall allot UCIC while entering into new relationships with individual customers as also the existing customers.
- In case of KYC document changes / updation, the physical copies of these KYC documents shall also be obtained from the customers in lines of compliance to the UAE AML Law guidelines.
- SPACEGATE SERVICES – FZCO shall also additionally submit the KYC data to the Credit Information Companies at a frequency and format as stipulated by UAE AML Law or any other regulatory authority, which comes into force post implementation of this policy.

"Digital KYC" has been defined in Section 3 as capturing live photo of the customer and officially valid document or the proof of possession of SPACEGATE SERVICES – FZCO, where offline verification cannot be carried out, along with the latitude and longitude of the location where such live photo is being taken by an authorised officer of the Reporting Entity (RE) as per the provisions contained in the Act. Steps to carry out the Digital KYC process have also been stipulated.

- "Equivalent e-document" has been defined in Section 3 as an electronic equivalent of a document, issued by the issuing authority of such document

with its valid digital signature including documents issued to the digital locker account of the customer.

## 7. Reliance on Third party for Customer Due Diligence

For the purpose of verifying the identity of customers at the time of commencement of an account-based relationship, SPACEGATE SERVICES – FZCO , shall at their option, rely on customer due diligence done by a third party, subject to the following conditions:

- a. Records or the information of the customer due diligence carried out by the third party is obtained immediately from the third party or from the Central KYC Records Registry.
- b. Adequate steps are taken by SPACEGATE SERVICES – FZCO to satisfy itself that copies of identification data and other relevant documentation relating to the customer due diligence requirements shall be made available from the third party upon request without delay.
- c. The third party is regulated, supervised or monitored for, and has measures in place for, compliance with customer due diligence and record-keeping requirements.
- d. The third party shall not be based in a country or jurisdiction assessed as high risk.
- e. The ultimate responsibility for customer due diligence and undertaking enhanced due diligence measures, as applicable, will be with SPACEGATE SERVICES – FZCO

## 8. Risk categorization of customers

Customers in SPACEGATE SERVICES – FZCO shall be categorized into various risk categories. This risk categorization shall apply to all the customers under the operational business segments under SPACEGATE SERVICES – FZCO. The risk categorization shall be reviewed at Executive committee level on a half yearly basis in order to timely identify and meet the need of enhanced due diligence measures.

The customers of SPACEGATE SERVICES – FZCO will be categorized into low, medium and high risk category based on their assessment and risk perception.

### a. Low Risk Customers:

Individuals (other than High Net Worth) and entities, whose identity and source of income, can be easily identified and customers in whose accounts the transactions confirm to a known profile, would be categorized as low risk. This shall include customers or entities operating in industry segments not mentioned under the negative list / caution profiles as defined by the existing Credit Policies of SPACEGATE SERVICES – FZCO and/or Operational manual and policies.

### b. Medium Risk Customers:

Individuals and entities who are listed under the negative list / caution profiles as defined by the existing Credit Policies of SPACEGATE SERVICES – FZCO and/or Operational manual and policies, shall be categorized as Medium risk customers.

Illustrative examples include Jewelers, Taxi Operators, etc.

c. High Risk Customers:

High Net worth individuals and entities, who are likely to pose a higher than average risk would be categorized as high risk depending on the background, nature and location of activity, country of origin, sources of funds, customer profile, etc.

Customers requiring very high level of monitoring, e.g., Politically Exposed Persons (PEPs) of foreign origin, shall also be categorized as high risk.

## 9. Identification of Beneficial Owner

For opening an account of a Legal Person who is not a natural person, the beneficial owner(s) shall be identified and all reasonable steps in terms of Rule 9(3) of the Rules to verify his/her identity shall be undertaken keeping in view the following:

- a. In cases of trust/nominee or fiduciary accounts whether the customer is acting on behalf of another person as trustee/nominee or any other intermediary is determined. In such cases, satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting, as also details of the nature of the trust or other arrangements in place shall be obtained.

## 10. Monitoring of transactions

Special monitoring shall be in place for the following:

- Large and complex transactions with unusual patterns, which have no apparent economic rationale or legitimate purpose.
- Transactions which exceed the thresholds prescribed for specific categories of accounts.
- Transactions involving large amounts of cash inconsistent with the normal and expected activity of the customer.
- In case unusual operations in any accounts, the matter shall be immediately reported to appropriate authorities.

## 11. Preservation of Records

- SPACEGATE SERVICES – FZCO shall maintain transaction records for at least 8 years, from the date of transaction between SPACEGATE SERVICES – FZCO and the client. All necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved, if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal

activity.

- SPACEGATE SERVICES – FZCO shall ensure that records pertaining to the identification of the customers and their address (e.g. copies of documents like passports, identity cards, driving licenses, utility bills, etc.) obtained while opening the account and during the course of business relationship, are properly preserved for at least 8 years after the business relationship is ended. The identification of records and transaction data will be made available to the competent authorities upon request.
- All documents/office records/memorandums pertaining to transactions, as far as possible, will be examined and any findings at branch as well as Principal Officer level shall be properly recorded.

## 12. Combating Financing of Terrorism

- I. SPACEGATE SERVICES – FZCO shall ensure that it does not have any account in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC). The details of the two lists as available under the below links:
  - II. The "ISIL (Da'esh) & Al-Qaida Sanctions List", established and maintained pursuant to Security Council resolutions 1267/1989/2253, which includes names of individuals and entities associated with the Al-Qaida is available at <https://scsanctions.un.org/ohz5jen-al-qaida.html>
  - III. The "Taliban Sanctions List", established and maintained pursuant to Security Council resolution 1988 (2011), which includes names of individuals and entities associated with the Taliban is available at <https://scsanctions.un.org/3ppp1en-taliban.htm>

SPACEGATE SERVICES – FZCO shall ensure referring to the lists as available in the Schedules to the Prevention and Suppression of Terrorism, UNSC Sanctions Lists and lists as available in the Schedules to the Prevention and Suppression of Terrorism, as amended from time to time, shall be verified on daily basis with the help of the automated tool known as "Sumsb" and any modifications to the lists in terms of additions, deletions or other changes shall be taken into account by the SPACEGATE SERVICES – FZCO for meticulous compliance.

In addition to the above, other UNSCRs circulated in respect of any other jurisdictions/ entities from time to time shall also be taken note of.

In view of the above amendment, the Company will comply with the below clauses:

- a) SPACEGATE SERVICES – FZCO shall ensure not to carry out transactions in case the particulars of the individual /entity match with the particulars in the designated list.
- b) SPACEGATE SERVICES – FZCO shall run a check, on the given parameters, at the time of establishing a relation with a customer and on a periodic basis to verify whether individuals and entities in the designated list are holding any funds, financial asset, etc., in the form of bank account, etc.
- c) In case of match in the above cases, SPACEGATE SERVICES – FZCO shall immediately inform the transaction details with full particulars of the funds, financial assets or economic resources involved to the regulated authority.

### 13. Reporting

SPACEGATE SERVICES – FZCO is required to report the following information regarding funds and suspicious transactions to the relevant regulator:

#### Suspicious Transaction Report

- Suspicious Transaction Report (STR) shall be furnished within 7 days of arriving at a conclusion that any transaction, whether cash or non-cash, or a series of transactions integrally connected are of suspicious nature.
- The Principal Officer will record his/her reasons for treating any transaction or a series of transactions as suspicious.
- It shall be the responsibility of the Branch Heads and the concerned Area Manager to update the same to the Principal Officer.
- All other instructions as mentioned in the guideline will be adhered to.

### 14. Internal Control System

All the employees of SPACEGATE SERVICES – FZCO shall conduct themselves in accordance with the highest ethical standards and conduct business in accordance with this policy and other relevant policies framed on the basis of this policy.

The following shall be ensured for effectively implementing the AML/CFT requirements:

- Using a risk-based approach to address management and mitigation of various AML/CFT risks.
- Allocation of responsibility for effective implementation of policies and procedures.
- Independent evaluation by the compliance functions of policies and procedures, including legal and regulatory requirements.
- Concurrent/internal audit to verify the compliance with KYC/AML policies and procedures.
- Putting up consolidated note on such audits and compliance to the Audit Committee at quarterly intervals.

Failure to adhere to this policy may attract disciplinary action, including termination of employment against the concerned employee. The employees who suspect unethical behavior shall refer the matter to appropriate personnel (Principal Officer) as directed by

their businesses' policies and procedures.

## 15. Principal Officer and Designated Director

In SPACEGATE SERVICES – FZCO, Managing Director shall be the Designated Director for the purpose.

The "Principal Officer" shall be designated by SPACEGATE SERVICES – FZCO and shall be responsible for ensuring compliance, monitoring transactions and sharing and reporting information as required under the law/regulations.

In SPACEGATE SERVICES – FZCO, the designated Principle Officer shall be the Company Secretary and Chief Compliance Officer.

The Principal Officer shall ensure that adequate measures are taken to update the provisions of other relevant policies framed in lines to the guidelines mentioned in this policy. The Principal officer shall be custodian of this policy. His/her other responsibility includes share periodical reports related to AML with the Executive Committee of the Management and /or Board, submission of unusual and suspicious activity, if noticed, to the regulatory/law enforcement authorities and also building adequate awareness among the organization about the requirement of the provision, stated in this policy.

## 16. CTR and STR Process through software

### A. Screening Process & Customer Monitoring:

A fast and seamless customer onboarding process is essential for SPACEGATE SERVICES – FZCO in terms of customer experience. However, as an organization, we must protect ourselves from risks and meet the AML obligations in customer onboarding processes. For this reason, we perform customer risk screening in order to determine the risks of our customers during the customer account opening processes.

The purpose of customer screening and customer monitoring is to identify customer risks by making a risk assessment. The procedures implemented for this purpose are generally called "Know Your Customer" and "Customer Due Diligence" procedures. Know Your Customer (KYC) procedures are how customer information is collected, and customer information accuracy is checked. After the accuracy of the customer information is confirmed, customer due diligence check procedures is implemented. Some of the controls SPACEGATE SERVICES – FZCO has implemented for risk assessment in customer screening and monitoring processes are sanctions, PEP, and adverse media screening. Our AML software, Sum sub, makes customer risk screening and monitoring businesses faster and easier. Its database contains sanction, PEP, and adverse media data from various sources which helps SPACEGATE SERVICES – FZCO to perform a global comprehensive risk control.

Where the Company is suspicious of money laundering or terrorist financing, and it reasonably believes that performing the CDD process will tip-off the customer, it shall not pursue the CDD process, and instead file an STR.

### B. Transaction Monitoring:

Transaction monitoring refers to the monitoring of customer transactions, including assessing historical/current customer information and interactions to provide a complete picture of customer activity. The Sumsb software will typically use information from know your customer (KYC) processes to account for the customer risk. The risk measures are then used as part of rules/scenarios to identify certain account-based activities for investigation and possible disclosure.

## **20. Other Requirements**

SPACEGATE SERVICES – FZCO shall identify and assess the ML/TF risks that may arise in relation to the development of new products and new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and pre-existing products. Accordingly, SPACEGATE SERVICES – FZCO shall undertake the risk assessments prior to the launch or use of such products, practices, services and technologies; and take appropriate measures to manage and mitigate the risks.

## **21. Conclusion**

This policy is framed to take adequate measures for Anti Money Laundering activities. This policy specifies the preventive measures, required to identify unusual and suspicious activity before providing or taking financial assistance to/from the customers/other parties. It also specifies about the requirement of adequate internal control system for ensuring the adherence of the preventive measures, required for AML activities.

In addition to that this policy also summarized the role of AML Compliance Officer in relation to the measures as well as reporting requirement as per different regulatory bodies.

## Annexure 1: Officially Valid Documents for other business segments of SPACEGATE SERVICES – FZCO

|                               |  |
|-------------------------------|--|
| Accounts of individuals       | (a) Passport   |
|                               | (b) Identity Card  |
|                               | (c) Driving License  |
| Accounts of Companies         | (a) Certificate of incorporation;  |
|                               | (b) Memorandum and Articles of Association;  |
|                               | (c) A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf; and         |
|                               | (d) officially valid document in respect of managers, officers or employees holding an attorney to transact on its behalf.                               |
|                               | (e) the names of the relevant persons holding senior management position; and  |
|                               | (f) the registered office and the principal place of its business, if it is different.   |
| Accounts of Partnership firms | (a) registration certificate;  |
|                               | (b) partnership deed; and  |
|                               | (c) officially valid document in respect of the person holding an attorney to transact on its behalf.  |
|                               | (d) the names of all the partners; and   |
|                               | (e) address of the registered office, and the principal place of its business, if it is different.   |
| Accounts of Trusts            | (a) registration certificate;  |
|                               | (b) trust deed; and  |
|                               | (c) officially valid document in respect of the person holding a power of attorney to transact on its behalf   |
|                               | (d) the names of the beneficiaries, trustees, settlor and authors of the trust   |
|                               | (e) the address of the registered office of the trust; and   |
|                               | (f) list of trustees and documents, as specified in Section 16, for those discharging role as trustee and authorised to transact on behalf of the trust. |



  
 Director of  
 SPACEGATE SERVICES – FZCO  
 Islam Otegulov