

# **Anti – Money Laundering Policy**



## **General Definition of Money Laundering**

The policy is formulated in accordance with the provisions of the Anti-Money Laundering and Anti – Terrorism Financing Act 2001 (AMLATFA) and the Financial Action Task Force 40 Recommendations and is intended to ensure that reporting institutions under Labuan IBFC understands and comply with the requirements and obligations imposed on them.

Money laundering and terrorism financing (ML/TF) continues to be an on-going threat which has the potential to adversely affect the country's reputation and investment climate which may lead to economic and social consequences.

Since the formation of the National Coordination Committee to Counter Money Laundering (NCC), efforts have been undertaken to effectively enhance the Anti – Money Laundering and Counter Financing of Terrorism (AML/CFT) compliance framework in the introduction of the Standard Guidelines on AML/CFT.

Besides bringing the recommendation up to date in addressing new and emerging threats, the 2012 revision of the International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation (FATF 40 Recommendations), sought to clarify and strengthen many of its existing obligations as well as to reduce duplication of the Recommendations.

One of the new Recommendations introduced is on the obligation of countries to adopt a risk – based approach in identifying, assessing and understanding the countries' ML/TF risks, which places further expectation to assess and mitigate ML/ TF risks. Labuan IBFC has issued necessary directives vide circulars from time to time, covering issues related to Know your Client (KYC norms), Anti-Money Laundering (AML), Client Due Diligence (CDD) and combating Financing

Terrorism (CFT).

Pursuant to: Section 13,14,15,16,17,18,19,20,66E and 83 of the AMLATFA; and Section 4B of the Labuan Financial Services Authority Act 1996 (LFSAA)

When a person or an entity engages in a transaction that involves proceeds of unlawful and illegal activity to convert money or other material values, it is considered money laundering.

Money laundering activity includes but is not limited to:

- Acquiring unlawful property
- Entering into an arrangement to convert any illegal assets
- Receiving illegal property involved terrorism, drug dealing, or human trafficking

Section 4 of the Malaysia AML /CFT Act 2001 has defined the “Offence of money laundering” as under: “Any person who engages, directly or indirectly, in a transaction that involves proceeds of an unlawful activity or projecting it as untainted property shall be guilty of offence of money laundering”

Money launderers use the Mutual Fund / financial institutions for cleansing ‘dirty money’ obtained from criminal activities with the objective of hiding / disguising its source. The process of money laundering involves creating a web of financial transactions to hide the origin and the true nature of these funds.

For the purpose of this document, the term ‘money laundering’ would also covers

financial transactions where the end use of funds goes for terrorist financing irrespective of the source of funds.

### **Obligations under AML / CFT Act 2001**

Section 13 of AML / CFT Act 2001 places certain obligations on every Financial Institution / Intermediary / banking company which include:

- (i) Maintaining a record of prescribed transactions
- (ii) Furnishing information of prescribed transactions to the specified Authority
- (iii) Verifying and maintaining records of the identity of the investors /customers
- (iv) Preserving records in respect of (i), (ii), (iii) above for a period of six years from the date of cessation of transactions i.e. the date of termination of account or business relationship between the client / investor and the intermediary.

### **Policy Statement**

This Anti-Money Laundering Policy is based on Anti-Money Laundering and Terrorist Financing Regulations, 2014 made by Saint Vincent and the Grenadines.

Accordingly, KJ Glovice VC LLC is committed to:

- Prevent criminal elements from using the Mutual Fund System for money laundering activities.

- Enable KJ Glovice VC LLC as an intermediary to keep track of the financial transactions of the investors and report them to the Financial Intelligence Unit.
- Put in place appropriate controls for detection and reporting of suspicious activities in accordance with applicable laws / laid down procedures.
- Comply and assist Saint Vincent and the Grenadines in complying with laws and regulatory guidelines.
- Take necessary steps to ensure that the concerned staff is adequately trained in KYC and AML procedures.

### **Scope of Policy**

This policy is for KJ Glovice VC LLC officers, employees, and appointed officers handling the services in conjunction with operational guidelines/regulations issued by Anti-Money Laundering and Terrorist Financing Regulations, 2014.

### **Policy/Guidelines On 'Know Your Customer' (KYC)**

With a view to bringing uniformity in the KYC requirements for the securities markets, LFSA has introduced the usage of uniform KYC by all LFSA registered institution.

In this regard, LFSA, Bank Negara Malaysia (BNM) vide a gazette notification dated 5 July 2001 AML /CFT Act 2001, an act to provide for the offense of money laundering, the measures to be taken for the prevention of money laundering and terrorism financing.

By virtue of the above Regulations, an investor (client) who is desirous of opening an account/trade/deal with the LFSA registered intermediary is required to submit the KYC details through the KYC Registration form and supporting documents. The intermediary shall perform the verification and upload the details in a customer relationship manager system. Apart from carrying out the KYC as explained above, the intermediary is required to perform a final verification including via third-party source verification.

### **Customer Due Diligence Measures**

KJ Glovice VC LLC obeys the regulations of customer due diligence according to Section 6 of Anti-Money Laundering and Terrorist Financing Regulations, 2014 as follow:

- “ 6. (1)"Customer due diligence measures" are measures for -
- (a) identifying a customer;
  - (b) determining whether the customer is acting for a third party and, if so, identifying the third party;
  - (c) verifying the identity of the customer and any third party for whom the customer is acting;
  - (d) identifying each beneficial owner of the customer and third party, where either the customer or third party, or both, are not individuals;
  - (e) taking reasonable measures, on a risk-sensitive basis, to verify the identity of each beneficial owner of the customer and

third party so that the service provider is satisfied that it knows who each beneficial owner is including, in the case of a legal person, partnership, foundation, trust or similar arrangement, taking reasonable measures to understand the ownership and control structure of the legal person, partnership, foundation, trust or similar arrangement; and

(f) obtaining information on the purpose and intended nature of the business relationship or occasional transaction.

(2) Customer due diligence measures include -

(a) where the customer is not an individual, measures for verifying that any person purporting to act on behalf of the customer is authorised to do so, identifying that person and verifying the identity of that person; and

(b) where the service provider carries on insurance business, measures for identifying each beneficiary under any long term or investment linked policy issued or to be issued by the service provider and verifying the identity of each beneficiary.

(3) Where a service provider is required by these Regulations to verify the identity of a person, it shall verify that person's identity using documents, data or information obtained from a reliable and independent source.

(4) Where customer due diligence measures are required by this regulation to include measures for identifying and verifying the identity of

the beneficial owners of a person, those measures are not required to provide for the identification and verification of any individual who holds shares in a company that is listed on a recognised exchange.”

## **Obligations of Record-Keeping**

Section 21 and 22 of Anti-Money Laundering and Terrorist Financing Regulations, 2014 requires a service provider to keep specified records which include:

- “ (a) a copy of the evidence of identity obtained pursuant to the application of customer due diligence measures or ongoing monitoring, or information that enables a copy of such evidence to be obtained;
- (b) the supporting documents, data or information that have been obtained in respect of a business relationship or occasional transaction which is the subject of customer due diligence measures or ongoing monitoring;
- (c) a record containing details relating to each transaction carried out by the service provider in the course of any business relationship or occasional transaction;
- (d) all account files; and
- (e) all business correspondence relating to a business relationship or an occasional transaction.”

Moreover, a service provider shall keep the records:

- “ (a) in a form that enables them to be made available on a timely basis, when lawfully required, to the supervisory authority, the Financial



Intelligence Unit or law enforcement authorities in the State; and

(b) for at least the minimum retention period.”

Accordingly, the minimum period for the retention of records for the purposes of these Regulations is 7 years.

Essentially, KJ Glovice VC LLC will follow the guidelines listed above.

## **Monitoring and Reporting**

In order to maintain a safe trading environment for the customers, KJ Glovice VC LLC shall:

- Monitor the transactions carried out by the customers on an ongoing basis throughout the business relationship
- Keep the documents and information for the sake of customer due diligence
- Maintain sufficient monitoring measures

Nonetheless, there are few reasons to suspect the transaction regardless of the amount as follows:

- appears unusual;
- appears illegal;
- involves proceeds from an unlawful activity; or
- indicates that the customer involved in illegal activity.

The criterion for identifying the Suspicious Transactions is reviewed by Financial

Intelligence Unit.

If KJ Glovice VC LLC discovers any suspicious transactions by its customers, it will comply with the Anti-Money Laundering and Terrorist Financing Regulations, 2014.

Overall, KJ Glovice VC LLC reserves the right to refuse to proceed with a transaction at any time if it is suspected of involving money laundering or illegal activity.

The transactions as per the specified criterion shall be reported to AMLC – LFSA in the format prescribed by FIU. Once the AML – LFSA identify a transaction as suspicious, we have to prepare a Suspicious Transaction Report (FIU format) and provide the same to FIU, Malaysia.

The Compliance Manager is responsible for channeling all internal suspicious transaction reports received from the employees. Upon receiving any internal suspicious transaction, the Compliance Manager must evaluate the grounds of suspicion, once it is confirmed, the Compliance Manager must submit the STR. In case, there is no reasonable grounds, Compliance Manager must document and file the decision, supported by relevant documents.

## **KYC Norms**

For securities and AML reasons, customers who intend to open an account/trade/deal with KJ Glovice VC LLC are required to submit KYC documents during the registration process.

Retrospectively, KJ Glovice VC LLC shall verify and manage the supporting KYC

documents provided by the customer in a customer relationship management system.

1.1. Know Your Customer (KYC) is the platform on which KJ Glovice FX System operates to avoid the pitfalls of operational, legal and reputation risks and consequential losses by scrupulously adhering to the various procedures laid down for opening and conduct of Retail and Business account.

1.2. Know Your Customer is the key principle for identification of any individual/corporate opening an account.

1.3. The customer identification should entail verification on the basis of documents provided by the customer. The objectives of KYC are as under:

1.3.1. To ensure appropriate customer identification.

1.3.2. Monitor the transactions of a suspicious nature.

1.3.3. Satisfy that the proposed customer is not an un-discharged insolvent.

1.3.4. Minimize frauds.

1.3.5. Avoid opening of accounts with fictitious name and addresses and

1.3.6. Weed out undesirable customers.

## **Review of the Policy**

KJ Glovice VC LLC reserves the right to edit and update this policy at any time.

The Compliance Manager along with the Internal Audit Head or any other authority responsible for over – all monitoring of the level of compliance activities by KJ Glovice FX Limited shall review this policy as and when any changes take place either in the AML Act and/ or the regulations issued by Labuan FSA.

### **Relevant Department**

If you have any questions related to this policy, please contact the below email address for support:

[info@kj-glovicevc.com](mailto:info@kj-glovicevc.com)