

AML & KYC POLICIES

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MUGAN MARKETS



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1. Definition of money laundering

Modern society currently faces a serious challenge in preventing money laundering, e.g. making the possession, use, or disposal of money or other property obtained from criminal activities appear to be legal, and terrorism financing - providing or gathering money or rendering financial services with the knowledge that the money is intended to finance the organization, preparation for, or execution of terrorist acts or to support a criminal society (criminal organization) created or being created to perform terrorist acts.

Individuals and legal entities whose income is earned illegally make various attempts to legalize their income. For example, they may use other people's personal data, including data that has been acquired fraudulently. This may become a problem for people who become victims of fraud and are uninvolved in these parties' criminal activities.

2. Laws against money laundering

The Company MEYDAN LTD, operating under the brand Mugan Markets, is dedicated to safeguarding its business against the risks of financial crime. To prevent money laundering, organizations performing operations with money or other property are obligated to comply with anti-money laundering laws, verify the identity of clients, and assist government agencies and financial organizations working to combat money laundering.



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The Company does everything required to ensure compliance with laws against money laundering and financing terrorism.

3. Compliance with the Privacy Agreement

The personal data the Company receives is handled in accordance with the provisions of the Privacy Agreement. Please note that the reason for the identification procedure is to comply with laws against money laundering and financing terrorism, not because the Company suspects you of committing illegal acts. Accordingly, your cooperation and understanding of these steps is necessary to effectively combat money laundering and financing terrorism.

4. Mugan Markets AML Policy

Mugan Markets adheres strictly to the provisions of our Anti-Money Laundering and Combating the Financing of Terrorism Policy and requires our employees to fully comply with these standards. The Company therefore takes all necessary measures to detect and combat money laundering and terrorist financing. Internal regulations are complied with in accordance with relevant international requirements.



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4.1 Mugan Markets Anti-Money Laundering Procedures:

4.1.1 Implemented Procedures

The purpose of the anti-money laundering procedures implemented by Mugan Markets is to identify clients involved in a particular activity on an appropriate basis, minimizing the compliance burden and impact on legitimate clients. Mugan Markets is committed to helping governments combat the threat of money laundering and terrorist financing around the world. To this end, Mugan Markets has set up a sophisticated electronic system. This system documents and verifies client identification records and tracks and maintains detailed records of all transactions.

Mugan Markets diligently tracks suspicious and material trading activity and reports such activity to law enforcement "to provide timely and comprehensive information." To maintain the integrity of the reporting system and protect businesses, the legal framework provides legal protections for providers of such information. To minimize the risks of money laundering and terrorist financing, Mugan Markets does not accept cash deposits or issue cash under any circumstances. Mugan Markets reserves the right to refuse to process a transfer at any time if we believe that the transfer is in any way related to money laundering or criminal activity. Mugan Markets is prohibited from notifying clients that suspicious activity has been reported.



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4.1.2 Identification

To comply with anti-money laundering laws, Mugan Markets requires two different documents from clients to verify their identity. The first document required is a government-issued ID with a photo. This can be a government-issued passport, driver's license (for countries where the driver's license is the primary form of identification), or local ID card (not a corporate access card). As a second document, the Company needs an invoice with the client's name and physical address issued within the last 6 months. This can be a utility bill, bank statement, affidavit, or other document with the client's name and address from an internationally recognized organization.

To deposit using a bank card, the client must submit a full-size color copy of the front and back side of the bank card within two days. If the client refuses to provide such a copy in a timely manner, the trading account will be blocked, and the funds returned to the card. The face of the bank card must show the last 6 digits of the front side of the card number, as well as the owner's name and expiry date. The client needs to cover the 3 digits CVV code. If the card does not have the holder's name or if a virtual card is used, the client must provide a screenshot of their profile along with a bank or bank statement showing the card number and holder's name.

To change the phone number associated with the client's profile, the client must provide a document confirming ownership of the new phone number (contract with the mobile operator) and a copy of their identification document next to their face.



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A photo must be provided. The client's personal data is the same in both documents. Clients must provide timely and updated identification and contact information in the event of any changes.

Documents in non-Western scripts must be translated into English by an official translator. Translations must be stamped and signed by the translator and must be sent with the original document with a clear photo of the client.

4.2 Identifying politically exposed persons

The company does not permit certain individuals to open a trading account, including Politically Exposed Persons, residents of sanctioned countries, individuals who are unable to pass the online verification process provided by the online verification platform, individuals who possess counterfeit identification documents or passports, anyone who uses false information to create an account, and individuals who create an account using someone else's identity.

A Politically Exposed Person is a natural person who holds or has held a prominent public office, including:

- Head of State, Head of Government, Minister, Deputy or assistant Ministers;
- Member of Parliament or similar legislative bodies;
- Members of the governing bodies of political parties;



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- Member of the Supreme Courts, Constitutional Courts, or other higher judicial bodies, the decisions of which are not subject to further appeal, except in exceptional cases;
- Members of courts of auditors or the boards of central banks;
- Armed Forces Ambassadors, Deputy Ambassadors, and Senior Officers;
- Members of the administrative, management or supervisory bodies of state-owned enterprises;
- Directors, deputy directors and members of the board or equivalent functions; and
- Mayors.

Public function within the meaning of bullets shall not be construed as directed to middle or junior officers.

- Family includes:
 - a spouse or person treated as a spouse of a person of political importance;
 - children and their spouses, or persons treated as spouses of politically important persons; and
 - Parents of politically exposed persons.
- Those involved are:
 - a natural person known to have a common beneficial owner of a legal entity, legal arrangement, or other close business relationship with a person of political significance; and



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- Individuals who have sole beneficial ownership of a legal entity or legal arrangement known to have been created for the benefit of a person of political significance.

If the Political Exposed Person (PEP) does not provide documentation explaining the origin of the deposited funds, the company is legally obligated to refuse service and return the funds. The company commits to repeating the confirmed identification of her PEP status annually to update the data.

4.3 Payment Policy: Deposits and Withdrawals

Kindly note that it is not permissible to initiate a chargeback to Skrill payment system and bank cards. In order to withdraw funds from a trading account to either of these systems, you must submit a request through your client portal. The transferred funds will be credited to your account within three business days. It is important to note that if you have incurred losses while trading, they cannot be reimbursed via a chargeback. We strongly advise you to read our risk disclosure statement before beginning your trading journey.

Please note that Mugan Markets only accepts deposits that originate from the account holder, whose name matches that of the client in our records. We do not accept third-party payments.



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Regarding withdrawals, funds can only be withdrawn from the same account and in the same manner in which they were deposited. For withdrawals where the recipient's name is mentioned, it must match the name of the client in our records exactly. In the case of wire transfers, funds can only be withdrawn via wire transfer to the same bank and account from which the deposit originated. For electronic currency transfers, funds can only be withdrawn through the same system and to the same account from which the deposit originated.

To comply with our Anti-Money Laundering (AML) policies, withdrawals can only be made in the same currency as the deposit was made.

If a bank card is used to withdraw funds, we require that the client's profile, including their ID, phone number, email, and address, is fully verified to meet the payment processing center requirements.

In the case of cryptocurrency withdrawals, we require that the client's profile is fully verified, including their ID, phone number, email, and address, to ensure secure payments and protect the client's funds.

If you have any questions or concerns, please reach out to us via email at info@muganmarkets.com.



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We conduct our operations with utmost diligence and verify clients through a comprehensive database using Refinitiv World-Check, which includes the main lists of sanctions and terrorist attacks. This ensures that dishonest individuals are unable to access our platform.

➤ **Monitoring of client activity** Furthermore, apart from collecting information from our clients, Mugan Markets also carries out ongoing monitoring of every client's activity to detect and prevent any potentially suspicious transactions. A transaction is deemed suspicious if it deviates from the client's usual business practices or transaction history, as established through client activity monitoring. To prevent the use of our services by individuals with criminal intent, Mugan Markets has instituted a system to monitor such transactions, utilizing both automated and manual measures.

➤ **Reporting:** When the Company's employees provide information regarding suspected money laundering or terrorist financing activities, it is received in written form as an "Internal Suspicion Report." The Compliance Officer will evaluate and examine the information received by cross referencing it with other relevant information, and will discuss the circumstances of the case with the informant, and if appropriate, with the informant's superiors. An "Internal Evaluation Report" will be prepared based on the findings. Any suspicious transactions that are identified will be reported to the relevant authorities as required by law, and all records of suspicious transactions and reports made to the authorities will be maintained. The company will fully cooperate with law enforcement agencies and other relevant authorities in the investigation and prosecution of financial crime.



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- Record keeping All transaction data and identification-related information, along with documents pertaining to anti-money laundering (AML) issues such as suspicious activity reports and AML account monitoring documentation, must be recorded and preserved for a period of at least seven years following the closure of the account.
- Measures taken If Mugan Markets suspects that a transaction is related to money laundering or other criminal activity, we will comply with applicable laws and report the suspicious activity to the appropriate regulatory authority. Mugan Markets reserves the right to suspend any operation of a client account that may be considered illegal or could be linked to money laundering in the opinion of our staff. Mugan Markets has full discretion to temporarily block a suspicious client account or terminate an existing client relationship.
- Suspicious activity There are certain indicators of suspicious activity that may indicate money laundering, known as "red flags." If any red flag is detected during a transaction, additional due diligence will be conducted before proceeding with the transaction. If a satisfactory explanation is not obtained, the suspicious activity will be reported to the AML Compliance Committee.



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➤ **Staff Training and Awareness:** Our company is committed to preventing financial crime, and we provide our staff with regular training to increase their awareness of the risks and our measures to prevent it. We ensure that each employee understands their individual responsibility to implement the AML policy. The Compliance Officer plays an important role in educating staff on money laundering and terrorist financing, and continuously improves the procedures for detecting, preventing, and stopping suspicious transactions or activities. They identify which departments and employees need further training and organize seminars and sessions accordingly, as part of an annual staff training program. The effectiveness of the training provided is evaluated to ensure that it adequately meets our company's requirements.

Examples of red flags are: a) Unusual concern about AML policies and reluctance to provide information about business activities or furnish proper identification documents

b) Transactions that lack business sense or are inconsistent with the client's stated business strategy

c) False or misleading information provided by the client about the legitimate source of funds

d) Refusal to identify or failure to indicate any legitimate source of funds upon request



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- e) A questionable background of the client or person publicly associated with them, or news reports indicating possible criminal, civil, or regulatory violations
- f) Lack of concern regarding risks, commissions, or other transaction costs
- g) Reluctance to provide information or being evasive regarding an undisclosed principal or entity
- h) Difficulty describing the nature of the client's business or lack of general knowledge of their industry
- i) Frequent or large deposits of currency, insistence on dealing only in cash equivalents, or requesting exemptions from policies relating to deposit of cash and cash equivalents
- j) Multiple accounts under a single name or multiple names with a large number of inter-account or third-party transfers
- k) Sudden extensive activity in accounts that had little or no previous activity
- l) Large number of wire transfers to unrelated third parties inconsistent with the client's legitimate business purpose



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- m) Wire transfers to or from a country identified as money laundering risk or a bank secrecy haven, without any apparent business purpose
- n) Large or frequent wire transfers that are immediately withdrawn by check or debit card without any apparent business purpose
- o) The client makes a deposit and promptly asks for a transfer to another entity without any apparent business purpose.
- p) The client deposits funds to purchase a long-term investment, but soon after asks to liquidate the position and transfer the proceeds out of the account.
- q) The client requests to process a transaction without following the standard documentation requirements of the firm. The client makes a funds deposit followed by an immediate request that the money be wired out or transferred to a third party, or to another firm, without any apparent business purpose.
- r) The client makes a funds deposit for the purpose of purchasing a long term investment followed shortly thereafter by a request to liquidate the position and transfer the proceeds out of the account.
- s) The client requests that a transaction be processed in such a manner to avoid the firm's normal documentation requirements.



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5. Mugan Markets KYC Policy

The Company has implemented strong Know Your Customer (KYC) policies and procedures. The purpose of these policies is to outline specific measures that will prevent, detect, and report financial crime. The KYC process is essential in preventing illegal activities such as money laundering and fraud. As part of the Client Identification Procedure, all employees must take certain steps to ensure regulatory compliance and prevent financial crime. This includes making every reasonable effort to determine the true identity and beneficial ownership of accounts, knowing the source of funds, understanding the correct location, address, and nature of the client's business, and identifying and verifying the client's identity using reliable and independent sources of documents, information, and data. Failure to comply with these measures may result in the company suspending or cancelling trading transactions and accounts. Additionally, the Company will report any suspicious transactions to relevant authorities as required by law and maintain records of all such transactions and reports. The company will fully cooperate with law enforcement agencies and other relevant authorities in the investigation and prosecution of financial crime.



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5.1 Process for Individual persons to open an account

The company's client due diligence process involves verifying the identity and address of new clients through appropriate KYC checks using acceptable identification documents. To start using the services, clients are required to pass both the KYC checks and the online verification checks conducted by online identity verification platform.

Employees should verify the identity of the client by means of an ID card, passport, social Insurance card, or any other documentation issued by a trustworthy and unbiased source that displays the client's photograph. The Company retains copies of the relevant pages that contain all necessary information, which are validated by the Head of the Back Office Department as true copies of the original documents. Additionally, the client must provide a recent utility bill (e.g., electricity or telecommunications bill) that matches the address indicated on the agreement, a local authority tax bill (dated within the last six months) - with the originals presented to the Company and copies kept that are certified by the Head of the Back Office Department as authentic duplicates of the original documents, a telephone directory, a bank statement (issued within the last six months) - with the originals presented to the Company and copies kept that are certified by the Head of the Back Office Department as authentic duplicates of the original documents, or an in-person visit to the client's residence (in which case, the Company's agent who conducts the visit prepares a memo that is stored in the client's file). The client may also provide an introduction from an employee, officer, or established client of the Company (if feasible) or a reference from any bank, law firm, attorney, or other entity with which the client has a business relationship (if feasible).



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Note that using the same data or information for verifying the client's identity and residential address is not permissible, and therefore, separate processes and documents are used to authenticate both.

5.2 Process for Legal persons (companies) to open an account

To verify the identity of a legal person (company), the company must obtain original or certified true copies of several documents, including the Certificate of Incorporation and the Memorandum and Articles of Association. The Board of Directors' resolution to open an account and authorize those who will operate it, as well as the Certificate of registered office, Certificate of directors and secretary, and Certificate of registered shareholders, are also required. If the ultimate beneficial owners of the company are different from the shareholders, a declaration must be submitted. In cases where the registered shareholders act as nominees of the beneficial owners, a copy of the trust deed/agreement concluded between the nominee shareholder and the beneficial owner must be provided. To verify the legal person's good standing, a Certificate of good standing and a certified copy (recent up to 6 months) of a bank statement, utilities bill (Electricity authority, Telecommunication authority, etc.), and local authority tax bill must be obtained. Additionally, different public information materials, such as annual reports, press releases, and website materials, may be reviewed.



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The company may also carry out a search and obtain information from the records of the Registrar of Companies and Official Receiver of the Republic, or a corresponding authority in the legal person's country of incorporation. If the beneficial owner of a legal person is a trust set up in the Republic or abroad, the company implements the procedure described for "Trusts accounts." The identification of persons who have ultimate control over the legal person's business and assets is also required. If the ultimate control rests with persons who have the power to manage the funds, accounts, or investments of the legal person without requiring authorization, the company must verify their identity, even if they have no direct or indirect interest or an interest of less than 10% in the legal person's ordinary share capital or voting rights.

Kindly note that the procedure for obtaining appropriate identification documents for legal entity shareholders/directors is similar to the one mentioned above, and it extends to the identification of the ultimate beneficial owner.

5.3 Process for clients when they deposit money

If a client deposits more than 2,000 USD, we are required to obtain documentation that proves the source of funds for the deposited amounts. Acceptable documents may include pay slips from the last three months, bank statements that clearly show the receipt of the last three most recent regular salary payments from a named employer, copies of contracts (such as rental or lease agreements) along with title deeds that show the owner, bank statements that show transfer of amounts for a certain period of time, copies of contracts that show the sale of real estate, dividend resolutions, any agreement that justifies the amount deposited, or any other relevant supporting document.



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If the Back Office Department requests the necessary documentation from the client and it is not provided within 7 days, then the Client's trading account will be restricted to read-only mode. This means that the Client will not be able to conduct any trading activities until they have provided the required supporting documentation.

5.4 Procedure that are in place to achieve company's KYC

5.4.1 Ongoing Monitoring:

To ensure compliance with risk management policies, the company implements ongoing monitoring measures. This includes conducting on-site visits to different departments and periodically reviewing clients' transactions, activities, and behavior to ensure consistency with their risk profile and expectations. Additionally, enhanced due diligence is conducted on high-risk clients, and necessary corrective guidance is given if shortcomings or weaknesses are identified. The company also reviews clients' documentation and information periodically and updates it where necessary. In the event that a client is unable to provide a recent proof of address document, they have thirty days to do so. If the client does not provide the document within the given timeframe, the account will be closed, and any remaining balance will be returned to the customer. If there are changes in the structure or ownership status of the legal entity or suspicions arising from changes in the nature of transactions, further investigations will be made to update the financial profile of the legal entity.



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5.4.2 Preparation of client's List:

Guarantees the creation and upkeep of client registers arranged according to a risk-based methodology (Low, Normal, High risk) that encompass, inter alia: the identities of clients, their account identifiers, the date of commencing business dealings. Additionally, makes certain that the said registers are kept current with all current and prospective clients, based on further intelligence acquired.

5.4.3 Detection, recording and evaluation of risks and updating of procedures:

The Corporation is committed to identifying and evaluating potential risks associated with current and prospective clients, novel financial products, and services. As part of this effort, the Corporation conducts an annual review of its protocols and methodologies to ensure effective handling of such risks. The Corporation also examines the protocols and methodologies implemented by any third-party relied upon for client identification and scrutiny and collaborates with such third parties. Additionally, the Company reports any suspicious transactions to the relevant authorities as required by law and maintains records of such reports. The Company also cooperates fully with law enforcement agencies and other relevant authorities in the investigation and prosecution of financial crime.



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6. Conclusion

An effective AML policy is critical for a forex broker to comply with regulatory requirements and mitigate the risk of its services being used for money laundering and terrorism financing. The company is dedicated to upholding elevated levels of KYC practices in order to safeguard ourselves from the hazards of financial malfeasance. The Company will also provide training to its staff to ensure that they understand their roles and responsibilities in implementing the KYC policy. The Company will conduct frequent reviews of our policy and protocols to guarantee that they remain efficient and in accordance with regulatory stipulations