

Client Identification Policy

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1. Introduction

1.1 iFX Brokers (also referred to as “iFX, the Company”, “us”, “we”, “our”, “ours”, “ourselves” as appropriate) is the trading name of iFX Brokers Holdings (Pty) Ltd. (Registration No. 2017/027249/07). iFX Brokers Holdings is an Issuer of OTC Derivatives and acts as Counterparty/Principal to client transactions. Our distribution and market conduct is regulated by the Financial Sector Conduct Authority (Authorised Financial Service Provider number 48021. The issuance of OTC Derivatives is regulated by The Financial Market Act, 2012. Our registered office and principal place of business is at 79 Da Gama Road, Jeffreys Bay, 6330

2. Scope of Policy

2.1 iFX Brokers Holdings (Pty) Ltd. has adopted a Client Identification Program (CIP). iFX Brokers Holdings (Pty) Ltd will provide notice that they will seek identification information; collect certain minimum client identification information from each client, record such information and the verification methods and results; and compare customer identification information with external verification entities.

3. Notice to Clients

3.1 iFX Brokers Holdings (Pty) Ltd. will provide notice to customers that it is requesting information from them to verify their identities, as required by applicable law.

4. Verifying Information

4.1 Based on the risk, and to the extent reasonable and practicable, iFX Brokers Holdings (Pty) Ltd. will ensure that it has a reasonable belief of the identity of its customers.

4.2 In verifying customer identity, appointed producers shall review photo identification. iFX Brokers Holdings (Pty) Ltd. shall not attempt to determine whether the document that the customer has provided for identification has been validly issued. For verification purposes, iFX Brokers Holdings (Pty) Ltd. shall rely on a government-issued identification to establish a client’s identity.

4.3 iFX Brokers (Pty) Ltd., however, will analyse the information provided to determine if there are any logical inconsistencies in the information obtained. iFX Brokers Holdings (Pty) Ltd. will document its verification, including all identifying information provided by the customer, the methods used and results of the verification, including but not limited to sign-off by the appointed producer of matching photo identification.

5. Clients who refuse to provide information

5.1 If a client either refuses to provide the information described above when requested, or appears to have intentionally provided misleading information, the appointed agent shall notify their Compliance team. iFX Brokers (Pty) Ltd. Compliance team will decline the application and notify the AML Compliance Committee.

6. Checking the office of foreign assets control OFAC list

6.1 For all (1) new applications received and on an ongoing basis, (2) disbursements (3) new producers appointed or (4) new employees, iFX Brokers (Pty) Ltd. will check to ensure that a person or entity does not appear on Treasury’s OFAC

"Specifically Designated Nationals and Blocked Persons" List (SDN List) and is not from, or engaging in transactions with people or entities from, embargoed countries and regions listed on the OFAC Web Site.

7. Monitoring and reporting

7.1 Transaction based monitoring will occur within the appropriate business units of iFX Brokers Holdings (Pty) Ltd. Monitoring of specific transactions will include but is not limited to transactions aggregating \$5,000 or more and those with respect to which iFX Brokers Holdings (Pty) Ltd has a reason to suspect suspicious activity. All reports will be documented and retained in accordance with the FIAMLA requirements.

8. Suspicious Activity

8.1 Signs of suspicious activity that suggest money laundering are commonly referred to as "red flags." If a red flag is detected, additional due diligence will be performed before proceeding with the transaction. If a reasonable explanation is not determined, the suspicious activity shall be reported to the AML Compliance Committee. Examples of red flags are:

8.1.1 The client exhibits unusual concern regarding the firm's compliance with government reporting requirements and the firm's AML policies, particularly with respect to his or her identity, type of business and assets, or is reluctant or refuses to reveal any information concerning business activities or furnishes unusual or suspect identification or business documents.

8.1.2 The client wishes to engage in transactions that lack business sense or apparent investment strategy or are inconsistent with the client's stated business strategy. The information provided by the client that identifies a legitimate source for funds is false, misleading, or substantially incorrect.

8.1.3 Upon request, the client refuses to identify or fails to indicate any legitimate source for his or her funds and other assets.

8.1.4 The client (or a person publicly associated with the customer) has a questionable background or is the subject of news reports indicating possible criminal, civil, or regulatory violations.

8.1.5 The client exhibits a lack of concern regarding risks, commissions, or other transaction costs.

8.1.6 The client appears to be acting as an agent for an undisclosed principal, but declines or is reluctant, without legitimate commercial reasons, to provide information or is otherwise evasive regarding that person or entity.

8.1.7 The client has difficulty describing the nature of his or her business or lacks general knowledge of his or her industry.

8.1.8 The client attempts to make frequent or large deposits of currency, insists on dealing only in cash equivalents, or asks for exemptions from the firm's policies relating to the deposit of cash and cash equivalents.

8.1.9 The client engages in transactions involving cash or cash equivalents or other monetary instruments that appear to be structured to avoid the \$10,000 government reporting requirements, especially if the cash or monetary instruments are in an amount just below reporting or recording thresholds.

8.1.10 For no apparent reason, the client has multiple accounts under a single name or multiple names, with many inter-account or third-party transfers. The client is from, or has accounts in, a country identified as a non-cooperative country or territory by the Financial Action Task Force.

8.1.11 The client's account has unexplained or sudden extensive wire activity, especially in accounts that had little or no previous activity.

- 8.1.12** The client's account shows numerous currencies or cashier's check transactions aggregating to significant sums.
- 8.1.13** The client's account has many wire transfers to unrelated third parties inconsistent with the customer's legitimate business purpose.
- 8.1.14** The client's account has wire transfers that have no apparent business purpose to or from a country identified as money laundering risk or a bank secrecy haven.
- 8.1.15** The client's account indicates large or frequent wire transfers, immediately withdrawn by check or debit card without any apparent business purpose.
- 8.1.16** 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.
- 8.1.17** 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.
- 8.1.18** The client engages in excessive journal entries between unrelated accounts without any apparent business purpose.
- 8.1.19** The client requests that a transaction be processed in such a manner to avoid the firm's normal documentation requirements.
- 8.1.20** The client, for no apparent reason or in conjunction with other red flags, engages in transactions involving certain types of securities, such as penny stocks, and bearer bonds, which although legitimate, have been used in connection with fraudulent schemes and money laundering activity. (Such transactions may warrant further due diligence to ensure the legitimacy of the client's activity.)

9. Investigation

- 9.1** Upon notification to the AML Compliance Committee of a match to the OFAC SDN List or possible suspicious activity, an investigation will be commenced to determine if a report should be made to appropriate law enforcement or regulatory agencies.
- 9.2** The investigation will include, but not necessarily be limited to, review of all available information, such as payment history, birth dates, and address. If the results of the investigation warrant, a recommendation will be made to the AML Compliance Committee to file a blocked asset and/or a SAR with the appropriate law enforcement or regulatory agency.
- 9.3** The AML Compliance Committee is responsible for any notice or filing with law enforcement or regulatory agency. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. Under no circumstances shall any officer, employee or appointed agent disclose or discuss any AML concern, investigation, notice or SAR filing with the person or persons subject of such, or any other person, including members of the officer's, employee's or appointed agent's family.

10. Record Keeping

- 10.1** The AML Compliance Committee will be responsible to ensure that AML records are maintained properly, and that SARs and Blocked Property Reports are filed as required. iFX Brokers (Pty) Ltd. will maintain AML records for at least five years.

11. Training

- 11.1** iFX Brokers (Pty) Ltd. shall provide general AML training to its officers, employees, and appointed producers to ensure awareness of requirements

under the FIAMLA. The training will include, at a minimum: how to identify red flags and signs of money laundering; what roles the officers, employees and appointed producers have in the iFX Brokers (Pty) Ltd. compliance efforts and how to perform such duties and responsibilities; what to do once a red flag or suspicious activity is detected; iFX Brokers (Pty) Ltd. record retention policy; and the disciplinary consequences for non-compliance with the Act and this Policy. In addition, each affected area will provide enhanced training in accordance with the procedures developed in each area for officers and employees reasonably expected to handle money, requests, or processing that may bring them into contact with information designated above. Training will be conducted on an annual basis. The AML Compliance Committee will determine the ongoing training requirements and ensure written procedures are updated to reflect any changes required in such training. iFX Brokers (Pty) Ltd. will maintain records to document that training has occurred.

12. Testing of the policy

12.1 The testing of the Policy may be conducted by an outside independent third party annually. Any findings will be reported to the AML Compliance Committee for appropriate action.

13. Administration

13.1 The AML Compliance Committee is responsible for the administration, revision, interpretation, and application of this Policy. The Policy will be reviewed annually and revised as needed.