

## KYC (KNOW YOUR CUSTOMER)

An effective anti-money laundering compliance program must include “know your customer” procedures. Information must be provided to learn the true identity of the customer, the nature of the customer’s business, and the intended purpose of the customer’s transactions.

- (a) Providing the account application
- (b) Conducting AML and KYC procedures
- (c) Clearing and monitoring of all trades
- (d) Being the custodian of the accounts, funds and paperwork.

Each trading account applicant must first be approved and accepted by the HS Group Ltd. before funding the trading account and trading.

## IDENTITY

For each new customer, who is an individual, we will collect:

1. (a) The customer’s name
2. (b) Date of birth
3. (c) Residential or business address
4. (d) Proof of address such as utility bill, etc.
5. (e) Unexpired government identification card number

showing nationality or residence, and photo id.

For each new customer which is an entity, we will collect: (a) The customer’s business name

- (b) Principal place of business
- (c) Proof of business address such as utility bill, etc.
- (d) Government issued identification or tax number
- (e) Other government issued documentation certifying the existence of the business or enterprise such as certified articles of incorporation, a government issued business license, a partnership agreement or a trust instrument

We will not accept an account without the required identification information. If the entity is a trust or similar, personal identification information as outlined in the previous paragraph will be needed for the account controller.

In the event a customer does not present a valid government ID; or the firm is not familiar with the documents the customer provides; or the customer opens the account without appearing in person; and any other circumstances that increase the risk that we will not be able to verify the true identity of the customer through documents an account will not be opened, or will be blocked until the above requirements are met.

## BUSINESS

We will be verifying all information given pertaining to business and source of income of a customer. We will not be opening correspondent accounts. We do not open private banking accounts.

## PURPOSE

We will be verifying all information given pertaining to the purpose of the trading account.

Although not all inclusive, some examples of behavior that should cause concern at the account opening stage are:

- (a) A customer exhibits an unusual level of concern for secrecy, particularly with regarding to the customer's identity, type of business or sources of assets;
- (b) A corporate customer lacks general knowledge of its own industry.
- (c) A customer is unconcerned with risks, commissions or other costs associated with trading.
- (d) A customer appears to be acting as an agent for another entity or individual but is evasive about the identity of the other entity.
- (e) A customer is from a country identified as a haven for bank secrecy, money laundering, or narcotics production.

## SUSPICIOUS TRANSACTIONS

Suspicious transactions are those that have no business or apparent lawful purpose, are unusual for the customer, or lack any reasonable explanation.

A few examples of "red flags" are:

- (a) A customer engages in extensive, sudden or unexplained wire activity (especially wire transfers involving countries with bank secrecy laws);
- (b) A customer makes a funds deposit followed by a request that the money be wired out, (in and out).
- (c) For no apparent reason, a customer has multiple accounts under single name or multiple names, with a large number of inter-account transfers.

For all accounts, a determination of whether any transaction or series of transactions is suspicious will depend on the customer and the particular transaction(s) compared with the customer's normal business activity. All accounts will be monitored for suspicious activity every 30 days.

We do not accept third party funds. Also, incoming and outgoing bank wires must be to the same banking institution having the customer's name on the account.

#### CUSTOMER IDENTIFICATION PROGRAM

HS Group Ltd must ascertain the identity of their customers, learn the nature of the customer's business and learn the intended purpose of customers' transactions.

The Company's anti-money laundering procedures mandate that individuals and entities that refuse to provide information verifying their identities, will not be permitted to open accounts HS Group Ltd.

All new accounts will be subject to the stringent approval process by "COMPLIANCE". "COMPLIANCE" will ensure that the new account form is complete. "COMPLIANCE" will review all new accounts for financial credit worthiness and trading suitability purposes. However, he will also review for anti-money laundering purposes. "COMPLIANCE" will check to ensure that identifying information is listed for all individuals named on the new account form and that none of the individuals named on the third-party customer screening service list or any other watch lists are opened at the Company.

The stated purpose of customers in placing funds with us is set forth in our customer agreement, to wit: speculation in, and/or purchase, and/or sell, Forex, Contracts for Differences (hereinafter referred to as "CFDs"), in commodities, metals, currencies and indices. Any conduct or account activity that is inconsistent with trading Forex, CFDs, in commodities, metals, currencies and indices with a goal of profiting thereby, must be considered suspicious activity and reported immediately to "COMPLIANCE" who will evaluate the situation and determine whether to take further action consistent with these procedures.

We may consider the following factors, among others, in assessing the risks of violating Anti-Money Laundering Policies posed by particular customers or transactions:

- (a) Whether the customer is an individual, an intermediary, public, private, domestic or foreign corporation, a financial or non-financial institution, or regulated person or entity;
- (b) Whether the customer has been an existing customer for a significant period of time;
- (c) How the customer became a customer of the Company; (d) Whether the business of the customer or the particular type of account, is the type more likely to be involved in illicit activity (e.g., cash intensive businesses);

(e) Whether the customer's home country is listed on UN's list of non-cooperative countries or sanctioned countries or is otherwise subject to adequate anti-money laundering controls in its home jurisdiction; and

(f) Whether the customer resides in, is incorporated in or operates from a jurisdiction with bank secrecy laws, or one that has otherwise been identified as an area worthy of enhanced scrutiny.

If it is determined to accept a foreign customer account where the country of residence is listed on UN's list of non-cooperative countries or UN's list of sanctioned countries, additional monitoring of the customer's trading and cash activity will be conducted by "COMPLIANCE". He will

review, in detail, all transactions and cash activity by examining the monthly account statements to ensure that none of the "red flags" set forth in the Wire Activity and Management Review Sections below should be raised.

Subject to the Company's own assessment of any additional due diligence necessary to assess risk, the following procedures are ordinarily appropriate for the following types of accounts:

#### COMMERCIAL ENTITIES

As part of the requirement to open account, the Company will obtain information sufficient to ascertain the identity of the corporate or business entity opening the account and the authority of the business representative to act on the corporation's or entity's behalf. This information will also be checked against existing lists and current databases. The type of documentation obtained by Company may vary depending upon the nature of the corporate or business entity. Accounts that lack this information may not be permitted to continue to do business with the Company. Below is the basic information we require:

(a) Unexpired photo id of all directors

(b) Taxpayer identification number;

(c) Articles of Incorporation

(d) Bylaws stating that they can trade multi-class instruments and that the officer trading has the authority to trade in the company's behalf.

(e) Business Registration for current address

#### TRUSTS

The Company will identify the principal ownership of a trust. Identities will be checked against our lists and current databases. In addition, the Company will obtain information regarding the authorized activity of the trust and the persons authorized to act on behalf of

the trust. Accounts that do not provide this information on a timely basis will be forbidden to conduct business with the Company.

## OMNIBUS ACCOUNTS

If such an account is presented to Company management, the Company will first investigate the Financial Institutions to ascertain whether it has adequate anti-money laundering procedures in place to comply with the current regulations and our policies.

Personal Investment Corporations, Personal Holding Company or Qualified Individuals.

Accounts must identify the principal beneficial owner(s) of offshore corporate accounts where such owners are personal investment corporations or personal holding companies. The names of the holding company and the principal owner will be compared against the third-party customer screening service's list and a current database.

All employees should be alert for any situations that may be "indicators" for potential money laundering activities.

(a) Customer exhibits an unusual concern regarding the Company's compliance with government reporting requirements, 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.

(b) Customer wishes to engage in transactions that lack business sense, apparent investment strategy, or are inconsistent with the customer stated business or strategy.

(c) Customer has a questionable background or is the subject of news reports indicating possible criminal, civil or regulatory violations.

(d) Customer has difficulty describing the nature of his business or lacks general knowledge of his or her industry. Employees who become aware of any such situations when accounts are being opened, should promptly notify "COMPLIANCE" of the potential suspicious activity. "COMPLIANCE" will make the decision if the account should be opened as is, request additional information, reject the account and/or report the activity to the law enforcement agencies.