

PNK COMMODITIES LLC FZ

ANTI MONEY LAUNDERING – COMBATING FINANCING OF TERRORISM (AML-CFT) AND DUE DILLIGENCE POLICY

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AML – CFT & DD POLICY

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1. INTRODUCTION & LAW REFERENCE

PNK COMMODITIES LLC FZ is committed to adhering to the highest standards of anti-money laundering (AML) and countering the financing of terrorism (CFT) as per the UAE regulations. This policy is formulated in accordance with Article 44.11 of Cabinet Decision No. (10) of 2019, Decree Law No. (20) of 2018, Cabinet Decision No. (74) of 2020, and Cabinet Decision No. (58) of 2020. A summary of the decrees are as follows:

1.1. ARTICLE 44.11 OF CABINET DECISION NO. (10) OF 2019

This article charges Supervisory Authorities with the responsibility of providing Financial Institutions with guidelines and feedback to enhance the effectiveness of implementing crime-combatting measures¹².

1.2. DECREE LAW NO. (20) OF 2018

This law focuses on Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT). It outlines the obligations of financial institutions and Designated Non-Financial Businesses and Professions (DNFBPs) to implement measures to prevent money laundering and terrorist financing. It includes requirements for customer due diligence, record-keeping, and reporting suspicious transactions.

1.3. CABINET DECISION NO. (74) OF 2020

This decision details the requirements regarding terrorism lists and the implementation of UN Security Council Resolutions on the suppression and combating of terrorism, terrorist financing, and countering the proliferation of weapons of mass destruction and its financing.

1.4. CABINET DECISION NO. (58) OF 2020

This decision introduces minimum obligations for registrars and legal persons in the UAE. It aims to enhance the transparency of entities registered in the UAE by requiring them to maintain up-to-date and accurate beneficial ownership information³.

These laws and decisions collectively establish a comprehensive framework for AML-CFT compliance, emphasizing the importance of due diligence, transparency, and cooperation with regulatory authorities.

2. PNK COMMODITIES LLC FZ PRINCIPLES TO ADHERE TO THE AML-CFT REGULATIONS OF UNITED ARAB EMIRATES

PNK COMMODITIES LLC FZ is a company registered in MEYDAN NAD AL SHEBA, DUBAI, UNITED ARAB EMIRATES; and trading in Precious Metals, Jewellery Products. Accordingly, we are covered under the United Arab Emirates Federal Decree Law No. 20 on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organizations (the "AML Law"). Under this law, we are obligated to establish a set of policies and procedures to ensure that we do not participate or facilitate money laundering and/or the financing of terrorist/criminal activities. PNK COMMODITIES LLC FZ is strictly committed to adhere to the policies, rules, regulations and guidance provided by the Government of UAE (Ministry of Economy, Financial Intelligence Unit/ Central Bank). PNK COMMODITIES LLC FZ

continue to train our staff on the vulnerability of our sector and regulations on the anti-money laundering and combating financing of terrorism & criminal activities with a specific emphasis on the KYC (Know Your Customer) and due diligence principle. Our staff are also encouraged to participate in the various seminars organized by the various authorities and local bodies such as Dubai Gold & Jewellery Group

We commit to rejecting or immediately suspending and discounting engagement with suppliers or customers where we identify a reasonable risk that they are sourcing (or are linked) to parties committing any of the crimes described above.

We will not tolerate any direct or indirect support to non-state armed groups or their affiliated who:

- (a) Illegally control mine sites, transportation routes or other points in the supply chains
- (b) Illegally tax or extort money or minerals at points in the supply chain, such as mining sites, or points where minerals are traded or exported.

We commit to reject or immediately suspend and discontinue engagement with suppliers or customers where we identify a reasonable risk that they are providing direct or indirect support to non-state armed groups as described above by ensuring:

2.1. Compliance: Full compliance with UAE AML-CFT laws and regulations.

2.2. Integrity: Conduct business with integrity and transparency.

2.3. Risk Management: Implement robust risk management practices to identify and mitigate AML-CFT risks.

3. PROCEDURES & CONTROLS

The procedures and controls of PNK COMMODITIES LLC FZ is based on the aforementioned Article 44.11 of Cabinet Decision No. (10) of 2019 Concerning the Implementing Regulation of Decree Law No. (20) of 2018 On Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organizations charges Supervisory Authorities, Minimum Statutory Obligations of Supervised Institutions stated in the Guidelines for Designated Non- Financial Businesses and Professions, Supplemental Guidance for Dealers in Precious Metals and Stones and various notification and circulars issued by the supervising Authority (Ministry of Economy) for DPMS

3.1. Internal Controls: Establish internal controls to detect and prevent money laundering and terrorist financing.

3.2. Transaction Monitoring: Regularly monitor transactions to identify suspicious activities.

3.3. Audit: Conduct periodic audits to ensure compliance with AML-CFT policies.

4. KYC- CLIENT ON-BOARDING

Client On-boarding based on

Identification (ID), Verification (VR) and Know-Your-Customer (KYC)

a. Identification Document collection, Verification and KYC together form the first key step in the 'Procedures and Controls' and are to be conducted prior to entering into any transactions with the customers. It enables us to obtain basic background information about our customers, their business, source of funds, source of precious metals products and their reasonably expected level of activity.

b. The carrying out of ID, VR and KYC procedures are mandatory to onboard any client to transact with our company.

KYC procedure applicable for customer/supplier who is an Individual Person(s)

The ID, VR and KYC process must, in order to be valid, cover the following details regarding each individual customer/supplier:

- Customer's full name (as per valid ID - Emirates ID/Passport)
- Nationality (As per passport/given ID)
- Physical address (residential and business /home country and UAE)
- Contact details (Phone and Email (if available))
- Beneficial owner of funds/precious metals products supplied (UBO information)

4.1. KYC PROCEDURE APPLICABLE FOR CUSTOMER/SUPPLIER WHO IS A CORPORATE TRADER/REFINERIES/MINING COMPANY.

The aforementioned ID, VR, and KYC process is carried out mandatorily, further the following details regarding the corporate customer/supplier:

- Company registration documents (Trade license copy, VAT Certificate)
- List of shareholders/directors/manager/authorized persons/beneficial owners (as may be applicable)
- Physical address and contact details (Ejari, Utility bills)

- Source of funds used to buy the precious metals products from us and related declaration
- Source of gold sold to us and related declaration

4.2. KYC INFORMATION UPDATING

In case of a regular customer, reasonable steps must be taken to ensure that ID, VR and KYC information is updated as and when required. As a minimum standard, KYC information must be updated every year. 4.1. Identification: Verify the identity of clients using the UAE IDENFO Screening Application.

4.3. Documentation: Collect and maintain all necessary documentation for client identification.

4.4. Risk Assessment: Perform risk assessments for all new clients.

5. DUE DILIGENCE & ENHANCED DUE DILIGENCE

5.1. DUE DILIGENCE PROCESS

KYC process is to be carried out after obtaining the above-mentioned information about customers/suppliers. The existing law in the U.A.E. forbids us to deal with shell companies. A 'shell company' shall mean an institution that has no physical presence in any country and which merely exists on paper.

5.2. SANCTION & PEP SCREENING

An integral part of the due diligence process is the carrying out of customers/suppliers screening and relative risk assessment. Screening (in sanction lists, PEP) ensures that the customer is not listed on those official sanction lists issued by UN, Central Bank, EU, OFAC, UN, EU, UKHMT Governments and other law enforcement agencies. The sanction screening is integrated into the accounting and bookkeeping system.

5.3. PROCEDURAL GUIDANCE

KYC- Due diligence has framed the following procedural guidance for KYC and it should be strictly followed by the staff while entering into any transaction with customers/ suppliers.

5.4. Standard Due Diligence: Apply standard due diligence measures for all clients.

5.5. Enhanced Due Diligence: Apply enhanced due diligence for high-risk clients, politically exposed persons (PEPs) and transactions exceeding AED 55,000.

5.6. Examples of Enhanced Due Diligence (EDD) Measures

a. Additional Identification Information

- i. Detailed Verification: Obtain additional identification information such as passport copies, utility bills, and bank statements to verify the client's identity.
- ii. Beneficial Ownership: Identify and verify the beneficial owners of the client, especially if the client is a legal entity.

b. Source of Funds and Wealth

- i. Source Verification: Verify the source of the client's funds and wealth to ensure they are legitimate and not proceeds of crime.
- ii. Supporting Documents: Request supporting documents such as tax returns, salary slips, or business contracts to substantiate the source of funds.

c. Purpose and Nature of Business Relationship

- i. Business Rationale: Establish the purpose and intended nature of the business relationship, including the expected type and level of transactions.
- ii. Client Interviews: Conduct interviews with the client to understand their business operations and transaction patterns.

d. Ongoing Monitoring and Reviews

- i. Frequent Reviews: Conduct more frequent reviews of the client's transactions and activities to detect any unusual or suspicious behavior.
- ii. Transaction Thresholds: Implement stricter transaction thresholds for high-risk clients and monitor transactions that exceed these thresholds.

e. Adverse Media and Sanctions Checks

- i. Adverse News Checks: Perform regular checks for any adverse media or negative news related to the client.
- ii. Sanctions Screening: Screen the client against international sanctions lists and ensure they are not involved in any sanctioned activities.

f. Enhanced Record Keeping

- i. Detailed Records: Maintain detailed records of all EDD measures taken, including the rationale for any decisions made.
- ii. Accessibility: Ensure that these records are easily accessible for audits and regulatory inspections.

g. Third-Party Information

- i. External Verification: Obtain information from third-party sources such as credit agencies, financial institutions, or public databases to verify the client's information.
- ii. Reference Checks: Conduct reference checks with other businesses or financial institutions that have dealt with the client.

5.7. CUSTOMERS / SUPPLIERS ACCOUNTS OPENING

After KYC process is completed and if found satisfactory, customers/suppliers account is opened for transaction purpose. Copy of all KYC documents must be obtained and be verified with the original before opening any new account. Due attention must be given to validity of the documents. Review of these documents must be made every year.

5.8. TRANSACTIONS WITH CUSTOMERS/SUPPLIERS

After an account is opened, the customer/supplier can transact with the company. All transactions must follow the following procedures.

- Copy of Identity Document (trade license, passport, residence ID, driving license etc.) must be obtained. The ID copy must be verified with original.
- Where the customer is represented by his representative then proper authority letter authorizing the representative to sign and act on his behalf should be obtained.
- The source of precious metals products should not be of criminal origin or sanctioned countries.
- The dealers must ensure that account of customer/supplier related to transaction is in active status and all KYC is update.
- No transaction should be entered in case of providing insufficient details by the customer/supplier in filling the prescribed forms or failure to provide the required documents. If such a lapse is due to carelessness of customer/supplier then he should be properly advised to fulfill the requirement.

However, if it is an apparent case of transfer for fraudulent purpose violating the Anti-Money Laundering Law then the Compliance Officer should be consulted immediately.

The Compliance Officer will in turn assess the case and if he is convinced of Money Laundering/terrorist financing/criminal activities then he in turn shall report to the Central Bank's Anti Money Laundering & Suspicious Cases Unit (AMLSCU) in the prescribed form.

All such reporting should be kept secret from the customer/supplier. Normally AMLSCU provide their immediate guidance on such reporting and further action like freezing of funds, reporting to local police authority etc. to be taken accordingly.

- No transaction should be entered with or for the benefit of persons / entities / organizations / institutions blacklisted and advised by the various authorities vide their frequent circulars. The name of customer / beneficiary of all large transactions must be screened from the data base of blacklist persons/ entities stored in our computer. Any transaction by or for the blacklisted entities should be treated as suspicious transaction and should be dealt with accordingly.