



AML Policy

POLICY STATEMENT AND PRINCIPLES

FW Markets Ltd has adopted an Anti-Money Laundering (AML) compliance policy (“Policy”) as set forth in the Board minutes, dated 30 of January 2013.

SCOPE OF POLICY

This policy applies to all FW Markets officers, employees, appointed producers and products and services offered by FW Markets. All business units and locations within FW Markets will cooperate to create a cohesive effort in the fight against money laundering. Each business unit and location has implemented risk-based procedures reasonably expected to prevent, detect and cause the reporting of transactions. All efforts exerted will be documented and retained. The AML Compliance Committee is responsible for initiating Suspicious Activity Reports (“SARs”) or other required reporting to the appropriate law enforcement or regulatory agencies. Any contacts by law enforcement or regulatory agencies related to the Policy shall be directed to the AML Compliance Committee.

POLICY

It is the policy of FW Markets to prohibit and actively pursue the prevention of money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities. FW Markets is committed to AML compliance in accordance with applicable law and requires its officers, employees and appointed producers to adhere to these standards in preventing the use of its products and services for money laundering purposes.

For the purposes of the Policy, money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the unlawful proceeds appear to have been derived from legitimate origins or constitute legitimate assets.

Generally, money laundering occurs in three stages. Cash first enters the financial system at the “placement” stage, where the cash generated from criminal activities is converted into monetary instruments, such as money orders or traveler’s checks, or deposited into accounts at financial institutions. At the “layering” stage, the funds are transferred or moved into other accounts or other financial institutions to further separate the money from its criminal origin. At the “integration” stage, the funds are reintroduced into the economy and used to



purchase legitimate assets or to fund other criminal activities or legitimate businesses.

Terrorist financing may not involve the proceeds of criminal conduct, but rather an attempt to conceal the origin or intended use of the funds, which will later be used for criminal purposes.

CUSTOMER IDENTIFICATION PROGRAM

FW Markets has adopted a Customer Identification Program (CIP). FW Markets will provide notice that they will seek identification information; collect certain minimum customer identification information from each customer, record such information and the verification methods and results; and compare customer identification information with OFAC.

NOTICE TO CUSTOMERS

FW Markets will provide notice to customers that it is requesting information from them to verify their identities, as required by applicable law.

REQUIRED CUSTOMER INFORMATION

The following information will be collected for all new insurance and annuity applications:

Name,

Date of birth,

Address,

Passport number and country of issuance,

Alien identification card number or;

Number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or other similar safeguard.

VERIFYING INFORMATION

Based on the risk, and to the extent reasonable and practicable, FW Markets will ensure that it has a reasonable belief of the true identity of its customers. In verifying customer identity, appointed producers shall review photo identification. FW Markets shall not attempt to determine whether the document that the customer has provided for identification has been validly issued. For verification purposes, FW Markets shall rely on a government-issued identification to establish a customer's identity. FW Markets, however, will analyze the information provided to determine if there are any logical inconsistencies in the information obtained. FW Markets 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.

MONITORING AND REPORTING

Transaction based monitoring will occur within the appropriate business units of FW Markets. Monitoring of specific transactions will include but is not limited to transactions aggregating \$5,000 or more and those with respect to which FW Markets has a reason to suspect suspicious activity. All reports will be documented.

SUSPICIOUS ACTIVITY

There are signs of suspicious activity that suggest money laundering. These 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:

- The customer 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.
- The customer wishes to engage in transactions that lack business sense or apparent investment strategy, or are inconsistent with the customer’s stated business strategy.
- The information provided by the customer that identifies a legitimate source for funds is false, misleading, or substantially incorrect.
- Upon request, the customer refuses to identify or fails to indicate any legitimate source for his or her funds and other assets.
- The customer (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.
- The customer exhibits a lack of concern regarding risks, commissions, or other transaction costs.
- The customer 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.
- The customer has difficulty describing the nature of his or her business or lacks general knowledge of his or her industry.

- The customer 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.
- The customer 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.
- For no apparent reason, the customer has multiple accounts under a single name or multiple names, with a large number of inter-account or third-party transfers.
- The customer is from, or has accounts in, a country identified as a non-cooperative country or territory by the Financial Action Task Force.
- The customer's account has unexplained or sudden extensive wire activity, especially in accounts that had little or no previous activity.
- The customer's account shows numerous currency or cashiers check transactions aggregating to significant sums.
- The customer's account has a large number of wire transfers to unrelated third parties inconsistent with the customer's legitimate business purpose.
- The customer'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.
- The customer's account indicates large or frequent wire transfers, immediately withdrawn by check or debit card without any apparent business purpose.
- The customer 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.
- The customer 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 of the proceeds out of the account.
- The customer engages in excessive journal entries between unrelated accounts without any apparent business purpose.
- The customer requests that a transaction be processed in such a manner to avoid the firm's normal documentation requirements.
- The customer, 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 customer's activity.)
- The customer's account shows an unexplained high level of account activity with very low levels of securities transactions.
- Attempt to borrow maximum cash value of a single premium policy soon after purchase.



If the appointed producer:

- Exhibits a dramatic or unexpected increase in sales (particularly of single premium contacts)
- Has consistently high activity in single premium contracts in excess of company averages
- Exhibits a sudden change in lifestyle
- Requests client documentation be delivered to the agent

INVESTIGATION

Upon notification to the AML Compliance Committee an investigation will be commenced to determine if a report should be made to appropriate law enforcement or regulatory agencies. 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 assets and/or a SAR with the appropriate law enforcement or regulatory agency. 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.