

ANTI-MONEY LAUNDERING POLICY 2024

Dropmeister Limited

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ANTI-MONEY LAUNDERING POLICY

Dropmeister Limited (hereafter the “Company”), is an entity which main expertise are services focusing on prop trading solutions and providing variety of services and challenges for potential traders.

This Anti-Money Laundering Policy (hereinafter as “AML Policy”) is established to ensure that Company, a Hong Kong based, complies with all applicable laws and regulations related to anti-money laundering, counter-terrorism financing, and sanctions.

This AML Policy outlines the Company’s commitment to preventing money laundering activities and sets guidelines for employees, contractors, and other relevant parties to follow.

1. BACKGROUND AND THE COMPANY’S OBLIGATIONS

1.1. DEFINITIONS AND INTERPRETATION

The following words and expressions have the following meanings:

“Law”	Shall mean following acts: <ul style="list-style-type: none">a. Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU;b. Regulation (EU) 2015/847 of the European Parliament and of the Council of 20 May 2015 on information accompanying transfers of funds and repealing Regulation (EC) No 1781/2006;c. The Risk Factors Guidelines - to the Guidelines EBA/GL/2021/16 on the characteristics of a risk based approach to anti-money laundering and terrorist financing supervision, and the steps to be taken when conducting supervision on a risk-sensitive basis under Article 48(10) of Directive (EU) 2015/849;d. Guidelines on risk based supervision;e. Guidelines on policies and procedures in relation to compliance management and the role and responsibilities of the AML/CFT Compliance Officer under Article 8 and Chapter VI of Directive (EU) 2015/849;f. International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation - The FATF Recommendations (updated November 2023);g. Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) (“AMLO”) with amendments.
“Company”	Dropmeister Limited

“MLRO”	shall mean Money Laundering Reporting Officer; is an individual who is responsible for enforcing and overlooking a company’s anti-money laundering (AML) compliance requirements.
“Regulations”	shall mean international regulations and standards on AML;

1.2. POLICY STATEMENT

- a. Money laundering and terrorist financing are serious threats to the security and integrity of the global financial system. Company has a responsibility to its customers, shareholders and regulators to prevent Company from being used to facilitate money laundering and terrorist financing. Company is committed to detect, deter, manage and identify the financial crime risks that it is exposed to and to take the proportionate measures required to manage these risks across all jurisdictions in which it operates, applying a risk-based approach. The Company will endeavour to implement all policies and procedures necessary to prevent the laundering of money and to comply with all applicable legislation both in those countries where the Company conducts its business.

Money laundering is commonly linked to drug-related activities such as smuggling, distribution, and sales. However, it is just as prevalent in terrorism, tax evasion, bribery, and various other criminal enterprises. A variety of techniques are employed to clean illicit funds, ranging from buying and reselling high-value assets to intricate schemes involving the movement of money through networks of companies, frequently based offshore.

However, three stages can generally be identified in a money-laundering scheme:

- Placement: This is the physical disposal of cash proceeds derived from criminal activity. For example, the dirty cash may be paid into a financial institution or be used to buy high value goods, property or business assets.
 - Layering: Illegal proceeds are separated from their criminal source by creating layers of financial transactions to disguise the audit trail and provide anonymity. For example, goods or other assets may be resold or funds wire-transferred abroad.
 - Integration: The laundered proceeds re-enter the financial system as normal business funds. For example, income from property appears “clean”, or a complex series of transfers makes tracing the source of illegal funds extremely difficult.
- b. The directors, officers and employees of the Company shall at all times make every effort to maintain the highest standards of ethics, integrity, and prudence in the Company’s operation and administration so as to ensure that the Company creates and maintains a good reputation and standing.

- c. This AML Policy and procedures to be adhered to by the Company are contained in this manual and any amendments thereto.

1.3. GENERAL MONEY LAUNDERING PROVISIONS

Liability for criminal conduct can attach to both individual employees, subcontractors and the Company itself if any of the offences below are brought by prosecuting authorities. Money laundering offences can be summarized as follows:

- a. No involvement with criminal property – It is illegal to engage in any arrangements that facilitate the acquisition, retention, or use of criminal property. However, an employee may be protected if they report their knowledge or suspicion to law enforcement through internal reporting channels at the earliest opportunity.
- b. No tipping off – It is a criminal offense to reveal information about a money laundering investigation to the suspect or anyone other than law enforcement, as this could jeopardize the investigation.
- c. No acquiring, using, or possessing criminal property – Acquiring, using, or possessing criminal property is a criminal offense.
- d. No handling proceeds of corruption – Corruption involving government officials or public sector leaders is a serious crime. Handling such proceeds not only poses significant reputational risks but can also lead to criminal charges and constructive trust claims.
- e. Failure to report – It is an offense for someone who knows, suspects, or has reasonable grounds to suspect another person is involved in money laundering not to report it to authorities through internal procedures as soon as reasonably possible.

1.4. CLIENT CONFIDENTIALITY

1.5. SPECIFIC MONEY LAUNDERING PROVISIONS FOR CONDUCTING THE REGULATED ACTIVITIES

The following apply to the Company so that suspicions of money laundering may be recognized and reported to the national or/and international authorities and so that the Company may produce its part of the audit trail to assist in official investigation. In particular, the Company:

- a. must have procedures to verify the identity of new counterparties;
- b. must have procedures for employees to report any suspicious transactions;
- c. must have record keeping procedures relating to the identity of clients and transactions effected for them;
- d. has responsibility to ensure that employees are suitably trained and made aware of the above procedures and in the recognition and handling of suspicious transactions;

- e. must appoint a senior person as a designated MLRO to whom reports of suspicious transactions are to be made. This person must be free to act on his own authority and to make further investigations to determine whether a suspicion can be discounted or must be reported. The MLRO will be able to delegate duties, but will be responsible for the activities of such delegates; and
- f. should stress to its employees the potential for personal liability as well as that of the Company for failure to observe any aspect of the international Regulations.

These procedures have been put in place to satisfy these requirements.

1.6. MONEY LAUNDERING REPORTING OFFICER (the "MLRO")

a. Main responsibilities

The MLRO will have responsibility for oversight of its compliance with the international Regulator's rules on systems and controls against money laundering. The MLRO will have a level of authority and independence with access to resources and information sufficient to enable him to carry out that responsibility.

The MLRO's responsibilities are:

- Acting as the appropriate person to whom a report is to be made of any information or other matter concerning an employee's relevant suspicions;
- To report suspicions to the international authorities as he/she considers appropriate;
- To respond promptly to any reasonable request for information made by the international authorities; and
- To take reasonable steps to establish and maintain adequate arrangements for awareness and training.

b. Compliance

Compliance with the Company's anti-money laundering policies and procedures will be the responsibility of the MLRO in cooperation with Company's compliance officer or any other person indicated by Company. Specifically, MLRO in cooperation with the compliance officer or chosen person will be responsible for:

- oversight of the Company's anti-money laundering policies and procedures including upgrading or amending such policies and procedures to conform with changes in the international Regulations;
- ensuring that all relevant employees are made aware of the anti-money laundering policies and procedures of the Company; ensuring that all relevant employees are made aware of regulations in respect of anti-money laundering;

- ensuring that all relevant employees receive training in the recognition and handling of transactions carried out by or on behalf of any person who is or appears to be engaged in money laundering;
- ensuring that all new relevant employees receiving training as soon as practicable after their appointment;
- ensuring that the employees, management and directors of the Company adhere to the policies and procedures set out in this manual.

2. CUSTOMER'S OBLIGATIONS

As our client you irrevocably agree with the following rules and undertake to observe them:

- a. You are obliged to follow our AML Policy and the KYC Policy requirements while you are our client. Upon the request of the Company the additional documents and information should be provided by you. Filing of the respective KYC questionnaire may also be an obligatory requirement under Company's sole decision. You agree with such requirements of the Company and undertake to follow them;
- b. The withdrawal of any assets is carried out only to the account that belongs to you. The withdrawal of assets to third parties is prohibited. Internal transfers between the Company's customers are also forbidden;
- c. The Company is obliged and has the right without obtaining prior consent to share with financial institutions and law enforcement agencies any information about you, as required by applicable law, and you give the Company your consent to these actions. In order to comply with this paragraph, the Company holds a records about your transactions for the last five years at least;
- d. You undertake to follow the legislation, including international ones, aiming to combat illicit trafficking, financial fraud, money laundering and legalization of funds obtained by illegal means. You should use your best efforts to avoid direct or indirect participation in illegal financial activities and any illegal transactions using the Company's website and its services;
- e. You guarantee the legal origin, legal ownership and the right to use the assets transferred to your account. In case of the evidence of suspicious transactions in your account, cash replenishments from untrusted sources and / or any actions with attributes of fraud (including any refunds or cancellation of payments), the Company reserves the right to conduct an internal investigation, to block or close your ongoing trading session or any account, cancel any payment or trading order and to suspend operations on the accounts before the end of the official investigation. When making the decision the Company is guided by the provisions of the applicable law, Financial Action Task Force ("FATF") recommendations or by common practice;
- f. The Company has the right to request additional information about you if the method of withdrawal is different from the depositing method. The Company also reserves the right to block your ongoing trading session or any account during the investigation if you refused to provide the additional information requested by the Company;
- g. In the course of investigation, the Company has the right to request additional copies of documents confirming your identity or identity of other individuals in corporate structure, as well documents confirming place of living and lawful possession and legal

origin of funds. The Company also has the right to demand the provision of original documents for review in case of any doubts from Company's side;

- h. The Company does not provide services to the persons and legal entities who located at the jurisdictions that are "blacklisted" by FATF. Also the Company does not provide services to citizens and residents of United States of America;
- i. The Company refuses to perform the operations that from Company's point of view are considered to be a suspicious. The use of preventive measures (such as blocking or closing of a customer's account) is not the reason for civil liability of the Company for failure to fulfill obligations to you;
- j. The Company is not obliged to inform you or other persons about the measures taken to fulfill the AML/CFT legislation. Also the Company is not obliged to inform you or other persons about any suspicions, about the reasons for refusal of execution of your trading order, refusal to open the account, need for providing any documents, etc;
- k. This document is just a summary, which goal is to clarify our rights and our intention to contribute in worldwide AML initiative. However, each Company has its own internal AML Policy and KYC Policy procedures and rules, that may supplement rules specified in this summary. Nothing in this summary should be understood as an immutable rule that cannot be supplemented by a local AML Policy of respective Company;
- l. This AML Policy and KYC Policy are an integral part of the any agreement concluded between you and the Company. Non-compliance with these documents can be a ground for termination of the agreement at the Company's sole discretion.

3. THE COMPANY'S PROCEDURES AND OBLIGATIONS

3.1. DUTY ON ESTABLISHING BUSINESS RELATIONSHIPS

The Company may not carry out a one-off transaction or form a business relationship in the course of relevant financial business unless:

- a. It has money laundering procedures in place, meaning:
 - identification procedures;
 - record keeping procedures; and monitoring; recognizing suspicious transactions;
 - internal reporting procedures and such other procedures of internal control and communication as may be appropriate for the purpose of forestalling and preventing money laundering.
- a. It makes its employees aware of the statutory duties and of the Company's procedures; and
- b. It maintains training procedures.

For these purposes, a one-off transaction is a transaction other than a transaction carried out in the course of an established business relationship.

Media request – any request for a statement or information from the media or other source must be directed to the MLRO for handling.

3.2. IDENTIFICATION PROCEDURES

The Company must ensure as soon as reasonably practical after the first contact has been made, and in any event before transferring or paying any money out to a third party, that satisfactory evidence is produced or such other measures are taken as will produce satisfactory evidence of the identity of any customer or counterparty (hereinafter referred as an “applicant”). If a client appears to be acting on behalf of another, identification obligations extend to obtaining sufficient evidence of that third party’s identity.

Where satisfactory evidence is not supplied, the firm will not proceed with any further business and bring to an end any understanding it has reached with the client unless in either case the firm has informed the competent authority. If there is knowledge or a suspicion of money laundering, it will be reported without delay as provided under these procedures to the MLRO.

a. Methods of Identification

The Company will make sure that it is dealing with a real person or legal entity and obtain sufficient evidence to establish that the applicant is that person or organization. When reliance is being placed on any third party to identify or confirm the identity of any applicant, the overall legal responsibility to ensure that the procedures and evidence obtained are satisfactory rests with the Company.

As no single form of identification can be fully guaranteed as genuine, or representing correct identity, the identification process will need to be cumulative, and no single document or source of data (except for a database constructed from a number of other reliable data sources) must therefore be used to verify both name and permanent address.

The Company will take all required measures, according to applicable law and regulations issued by monetary authorities, to establish the identity of its clients and beneficial owners. Without exception any potential new client shall have to be introduced by an existing client and/or must have an existing relationship with the Company.

b. Due Diligence

It is essential to collect and record information covering the following categories:

- Source of wealth (description of the economic activity which has generated the net worth);
- Estimated net worth;
- Source of funds;

- References or other documentation to corroborate reputation information where available.

c. Individual customers

The identity will be established to the Company's satisfaction by reference to official identity papers or such other evidence as may be appropriate under the circumstances including, without limitation: full name; date of birth; origin; marital status; name of wife/husband, if married; name of parents; complete address, including phone number and city code; occupation; information on the earnings and his/her financial situation. Identification documents must be current at the time of the opening.

Evidence of the applicant's identity should be taken and copied in the form of:

- A passport or a national identity card;
- Income tax registration number;
- Confirmation of address.

The Company must also obtain separate evidence of the applicant's permanent residential address. This should be from the best available source. This relevant evidence may be obtained directly from the customer or through a reputable credit or financial institution in the applicant's country of residence.

d. Corporate customers

Where the applicant is listed on a recognized or approved stock exchange or where there is independent evidence to show that the applicant is a wholly owned subsidiary or subsidiary under the control of such a company, no further steps to verify identity over and above the usual commercial checks and due diligence will normally be required.

Where the applicant is an unquoted company where none of the principal directors or shareholders already has an account with us, the following documents will be obtained from an official or recognized independent source:

- A copy of the certificate of incorporation/certificate of trade or the equivalent; evidence of the company's registered address; and the list of shareholders and directors;
- Extract from Commercial Register, or equivalent document, evidencing the registration of corporate acts;
- Names and addresses of all officers and directors of the corporate entity;
- Names and addresses of the beneficial owners of the corporate entity;

- Memorandum and Articles of Association or equivalent documents duly recorded with the competent registry;
- Description and nature of business including: i) Date of commencement of business; ii) Products or services provided; iii) Location of principal business; iv) Recent financial statements on the corporate entity (if available).

e. Beneficial Owners

Due diligence must be done on all principal owners identified in accordance with the following principles:

- a. Natural persons: where an applicant is an individual, the Company must clearly establish, based on information and documentation provided by the client, whether the client is acting on his/her own behalf.
- b. Legal entities: where the client is a company, such as a private investment company, the Company must understand the structure of the company, based on information and documentation provided by the client, sufficiently to determine the provider of funds, principal owner(s) of the shares and those who have control over the funds, e.g. the directors and those with the power to give direction to the directors of the company. With regard to other shareholders the Company will make a reasonable judgment as to the need for further due diligence. This principal applies regardless of whether the share capital is in registered or bearer form.

3.3. HIGH- RISK COUNTRIES

The Company will apply heightened scrutiny to clients and beneficial owners' resident in and funds sourced from countries identified by credible sources as having inadequate AML standards or representing high-risk for crime and corruption. The Company will apply more stringent standards to the transactions carried out by clients or beneficial owners domiciled in such countries.

a. Offshore jurisdictions

Risks associated with entities organized in offshore jurisdictions are covered by due diligence procedures laid out in these guidelines. However, the Company will apply more stringent standards to the transactions carried out by clients or beneficial owners head-quartered in such jurisdictions.

b. High-risk activities

Clients and beneficial owners whose source of wealth is derived from activities known to be susceptible to money laundering will be subject to heightened scrutiny.

c. Public officials

Individuals who have or have had positions of public trust such as government officials, senior executives of government corporations, politicians, political party officials, etc. and their families and close associates will be subject to heightened scrutiny.

3.4. VERIFICATION RESPONSIBILITY

It is the responsibility of the MLRO to verify the identity of each new applicant when taking on a new client. The verification procedures must be completed, and satisfactory evidence of the new applicant's identity must be obtained before the applicant is sent a customer agreement except in exceptional circumstances.

3.5. VERIFICATION PROCEDURES

The verification process should be documented by making a record of the relevant information on the Company's client identification questionnaire.

3.6. COMPLIANCE OFFICER APPROVAL

Once completed, the client identification questionnaire should be completed and signed by the employee, or the person designated by the Company and must be handed over to the compliance officer for record keeping. For each applicant the compliance officer must also countersign the forms and will be responsible for deciding what further information, including documentation, is required prior to conducting business for the applicant.

3.7. RECORD KEEPING PROCEDURES

The Company must also keep all records for not less than 5 years from the date of completion of the transaction. These should include records verifying the identity of counterparty and a record of transactions with or for that client.

3.8. EDUCATION AND TRAINING

Staff who handle or are managerially responsible for handling transactions which may involve money laundering will be made aware of:

- a. their responsibilities under the Company's anti-money laundering arrangements, including those for obtaining sufficient evidence of identity, recognizing and reporting knowledge or suspicion of money laundering and use of findings of material deficiencies;
- b. the identity and responsibilities of the MLRO;
- c. the law and regulations relating to money laundering; and
- d. the potential effect on the Company, its employees, and its clients of any breach of money laundering provision. All members of staff will receive periodic training in addition to the information provided in this document. This is expected to include seminars organized by the compliance officer. Employees should ensure that they regularly update their knowledge of these procedures given the seriousness of the consequences of breaching the Law and the International Regulations.

A record of anti-money laundering training supplied must be maintained and will include the dates, nature, and names of recipients of such training.

3.9. DUTY TO REPORT

There is a statutory and regulatory obligation on all staff to report information which comes to their attention, which gives rise to knowledge of suspicion or reasonable grounds for knowledge or suspicion of money laundering. Thus, even if a member of staff does not actually know or suspect but reasonably should have known or suspected, and does not report, he would be committing an offence. To this end, continuous surveillance for suspicious transactions must be carried out. Knowing its customers is the Company's most important line of defence in preventing or detecting money laundering activities. It is important that the Company verifies the identity of new counterparties and ensures that they are involved in bona fide business activities and that they share the Company's high standards of integrity and business practice.

Knowledge in relation to money laundering has been in the past defined widely and includes: wilfully ignoring the obvious, wilfully and recklessly failing to make inquiries as a reasonable and honest person would make, knowledge of circumstances which would indicate facts to such honest and reasonable person or put them on enquiry.

Suspicion is assessed on a subjective basis although goes beyond mere speculation.

Reasonable grounds to suspect introduces an objective test rather than a subjective test of suspicion. It might therefore include wilfully blindness (i.e. turning a blind eye to the obvious), negligence (recklessly failing to make adequate enquiries) and failing to assess adequately the facts and information presented or available.

The Company will therefore ensure that staff takes all reasonable steps in the particular circumstances to know the customer and the rationale for the transaction or instruction.

3.10. SUSPICIOUS TRANSACTIONS

A suspicious transaction will often be one which is inconsistent with a customer's known legitimate business. Emphasis will therefore be placed on knowing the customer's business and his / her requirements. It is the responsibility of all staff to report knowledge or suspicion of money laundering.

Steps should also be taken to monitor accounts held on behalf of customers that hold positions of public trust such as government officials, politicians and any known connected accounts.

3.11. CONFIDENTIALITY

Reporting a suspicion is a defence to a claim for breach of a confidence. However, any statements to the press or other publicity must be routed through the MLRO or his deputy. Similarly, any requests for information or statements should be referred to him or his deputy for reply.

If a judicial organ, law enforcement organ or other competent authority of a country or region submits a request to the Company for assistance in connection with any investigation, Company shall have the right to cooperate with such investigation and provide relevant information and materials as is requested by such organ or authority, as the case may be.

Reporting a suspicion of money laundering is considered, in most jurisdictions, a valid basis for exemption from liability for breaching confidentiality provisions in response to any client claims related to alleged violation of confidentiality obligation.

3.12. INTERNAL REPORTING

Employees must report any relevant money laundering suspicions to the MLRO.

The suspicion should be fully documented, including the name and location of the reporting employee, full details of the client, and an account of the information giving rise to the suspicion.

All internal enquiries made in relation to the report, and the reason behind whether or not to submit the report should also be documented.

The MLRO should remind the reporting employee to avoid “tipping off” the subject of the reported suspicion, and that information concerning a report should not be disclosed to any third parties.

The requirement to report also includes those situations where the business or transaction has not proceeded because the circumstances surrounding the application or proposal give rise to a suspicion of money laundering.

3.13. EXTERNAL REPORTING

The MLRO or his duly authorized delegate will consider reported applications, and where, following consideration, the suspicion remains, a report must be made to the competent authority.

Any report made by the MLRO or his delegate will not be subject to the consent or approval of any other person.

In order to make this assessment, the MLRO will have access to any information, including “know your business information” in the Company’s possession that could be relevant. Know your business information will include: information about the financial circumstances of a client or any person on whose behalf the client has been acting or is acting; and the features of the transactions which the Company has entered into with or for the client.

4. EFFECTIVE DATE

These rules shall come into effect on the date of promulgation thereof.