

1. Introduction

Anti-money Laundering and Countering Financing of Terrorism Act 2009

The Act was passed by Parliament on 16 October 2009. The Act significantly changed Vanuatu's existing AML/CFT regime (which consisted primarily of the Financial Transaction Reporting Act 1996) by aligning it with global standards as set by the Financial Action Task Force (FATF) and other international organisations such as the United Nations, Basel Committee and Wolfsberg Group.

Purpose of the Act:

Detect and deter money laundering and the financing of terrorism; Maintain and enhance Vanuatu's international reputation by adopting (where appropriate) the universal recommendations issued by FATF; and Contribute to the public confidence in the financial system.

Under the Act reporting entities have a range of responsibilities including:

Developing and maintaining a risk assessment and a risk-based AML/CFT programme; Customer identification and identity verification ("Customer Due Diligence" or "CDD"); Ongoing customer due diligence, including account transaction monitoring; Suspicious transaction reporting; Record keeping; Staff vetting and training; and Meeting audit and annual reporting requirements.

The obligations under the Act have been identified and Sections 3-14 of this programme document outline the processes and controls in place which enables UNITED FINANCIAL GROUP LLC to comply. The most significant change to Vanuatu's AML/CFT environment was the shift from a prescriptive reporting regime to that of a pro- active risk based management regime whereby reporting entities are considered best placed to identify their money laundering and terrorist financing risks in respect to their business operations.

On 15 November 2010, Cabinet agreed to the regulatory policy and on the shape of the regulations (coverage, exemptions and thresholds) that underpin the Act. In July 2011 and June 2013, the AML/CFT regulations were published by the Ministry of Justice with reporting entities informed that the two- year compliance implementation period under the Act ended on 30 June 2013. A number of Guidelines and Codes of Practice were released by the AML/CFT supervisors (Reserve Bank of Vanuatu, Financial Markets Authority and Department of Internal Affairs) to assist reporting entities (refer Appendix 3 for list of publications).

What is Money Laundering?

Money laundering involves transforming money from crime ("dirty money") into money that: (i) has the appearance of coming from a legitimate source; and (ii) makes the criminal origin of the money difficult to trace ("clean money"). Effective money laundering enables criminals to remove themselves from their criminal activities, making it harder to prosecute them, and confiscate their illegal proceeds. There are three stages to laundering money:

1. Placement: placing cash proceeds from crime into the financial system. For example, depositing the "dirty money" into a bank or financial institution.
2. Layering: splitting the criminal funds into various deposit accounts or complex layers of transactions to disguise their origin and provide anonymity.
3. Integration: withdrawing the layered funds and bringing them back together in one account or multiple accounts so that they appear legitimate i.e. clean money.

Methods of Money Laundering

There are many ways to launder money, some of which are sophisticated and complicated. The most common examples include: Depositing cash at various institutions in amounts less than the amount that must be reported, and subsequently transferring the funds to a central account. Establishing shell companies or trusts by unverified beneficiaries. Moving funds via wire transfers to disguise their source and ownership. Buying foreign currency that can be transferred to offshore banks via international wire transfers. Purchasing high value assets with bulk cash i.e. gem stones, gold, luxury cars, boats and real estate in someone else's name then selling them and depositing the funds. More detail on the nature of money laundering and terrorism financing is included in the 'Best Practice Guidelines for Financial Institutions' released by the Financial Intelligence Unit of the Vanuatu Police ("FIU"). A copy of these guidelines is available at <http://www.police.govt.nz/service/financial/guidelines.html>.

The FIU has also published a National AML/CFT Risk Assessment and publishes quarterly reports highlighting money laundering and financing of terrorism (ML/FT) typologies and recent cases.

What is Terrorist Financing?

Terrorist financing refers to the use of funds (obtained from either legitimate or criminal activity) by designated terrorist entities, organisations or jurisdictions that are considered sympathetic to terrorist activity. Terrorist financing cares little about the source of funds, but it is what the funds are used for that defines its scope. Terrorists may use low value but high-volume money from legitimate sources to fund their operations.

Reputation and Financial Risk

Public confidence in financial institutions can be severely undermined by adverse publicity as a result of inadvertent association with criminals involved with money laundering or terrorist financing. In addition, financial institutions may lay themselves open to direct or indirect financial loss either through negligence in screening undesirable or high- risk customers or where the integrity of their own staff or agents has been undermined by association with criminals. The Act also sets out increased civil liability and criminal offences for failure to comply with the Act.

2. AML/CFT Risk Assessment

Although our Supervisor is the Department of Internal Affairs, UNITED FINANCIAL GROUP LLC risks have been assessed as closest to those considered in the Futures and Options Dealer sector covered by the Financial Market Authority (FMA). The FMA's structural risk assessment of ML risk for Futures and Options Dealers has been assessed as Medium/High.

An AML/CFT risk assessment for UNITED FINANCIAL GROUP LLC was completed in September 2020

UNITED FINANCIAL GROUP LLC Risk Assessment

Obligation. Before establishing the AML/CFT programme or conducting CDD the reporting entity first must carry out an assessment of the risk of money laundering and terrorism financing that it may reasonably expect to face in the course of its business. In assessing the risks, the entity must have had regard to: a) the nature, size, and complexity of its business; b) the products and services offered; c) the methods by which it entity delivers products and services to customers; d) the types of customers it deals with; e) the countries it deals with; f) the institutions it deals with; g) any applicable guidance material issued by the supervisors; h) any other considerations as set out in the regulations. The risk assessment must be in writing and: identify the risks faced in the course of its business; describe how it will ensure that the risk assessment remains current; and determine the level of risk involved in relation to the relevant obligations under the Act and regulations.

Actions Taken. An AML/CFT risk assessment for UNITED FINANCIAL GROUP LLC was completed in January 2020. Detail on the methodology, overall risk assessment and the key risk areas identified can be found in the Written Risk Assessment. The Written Risk Assessment will be reviewed and updated at least every year at the time of the annual report. This will consider: the adequacy, appropriateness and effectiveness of the ratings; any significant changes to the composition of UNITED FINANCIAL GROUP LLC's business with respect to the Risk Categories and Types; industry guidance and indicators on typologies and emerging tr UNITED FINANCIAL GROUP LLC - AML/CFT Programme 8 external opinion / review feedback incorporated; and guidance and feedback from the Supervisor. The Risk Assessment may be reviewed more regularly if there is a material change which could include: changes to products and services offered to market; changes to the Act, regulations, or guidance which impact on UNITED FINANCIAL GROUP LLC's business operations; changes to UNITED FINANCIAL GROUP LLC's AML/CFT programme; changes to the nature, size and complexity of UNITED FINANCIAL GROUP LLC's business; prior to adopting any new methods of product or service delivery; prior to adopting any new or developing technologies used for the provision of a designated service.

AML/CFT Risk Findings

Nature, Size and Complexity of our Business.

Smaller organisations are often seen as being more attractive to money launderers as they may not have robust anti-money laundering processes and procedures in place relative to larger organisations such as; Banks. In addition, because we are an internet based securities trading platform with no face to face contact with the client, we are aware we need to have robust processes and procedures in place to ensure we undertake adequate customer due diligence.

Customers

As at the date of the risk assessment, UNITED FINANCIAL GROUP LLC does not yet have any customers. As such, we will base this assessment on our expected client base. We have assessed retail customers as medium risk and corporate customers as high risk.

Jurisdictions

We consider that the overall jurisdiction risk for us is high, based on the fact that we expect that the majority of our customers are likely to be based in countries, which we have assessed as high-risk jurisdictions e.g. China in addition to Malaysia, which we have assessed as medium risk.

Products

We offer wide range of product to our customers, being an internet-based securities trading platform with associated clearing and settlement services. We have assessed this product as a medium/high risk.

Channels

As our product is internet based, we do not have face -to-face contact with our clients. In addition, most of our clients will be resident overseas. We recognise these as features of our business that increase our ML/FT vulnerability because of the increased scope for the use of false identities and other false information and increased exposure to higher risk jurisdictions with weaker AML/CFT legislation. As such we have assessed our channels risk as medium.

3. AML/CFT Programme

Why an AML/CFT Programme is required

In accordance with sections 56 & 57 of the Act and the AML/CFT Programme Guideline, UNITED FINANCIAL GROUP LLC has established and implemented a compliance programme based on the risk assessment which includes adequate and effective internal procedures, policies and controls necessary to: a) detect money laundering and the financing of terrorism; b) manage and mitigate the risk of money laundering and financing of terrorism; and c) designate an employee as an AML/CFT Compliance Officer.

This AML/CFT programme document sets out the internal policies, procedures and controls necessary to detect money laundering and financing of terrorism (ML/FT) and to manage and mitigate the risk of it occurring.

The policies, procedures and controls implemented are robust to reasonably address the risks outlined in the risk assessment. The definitions used within the organisation are as follows: Policies Set out expectations, standards and behaviours Procedures More detailed than policies and set out day-to-day operations including processes and business rules Controls Actions that management set to ensure the business complies with policies and procedures to modify risk This AML/CFT programme document has been approved by the Managing Director, and sets out UNITED FINANCIAL GROUP LLC's strategy to: Take a "risk based" approach for mitigating and managing AML/CFT risks taking into account: The nature, size and complexity of the business; The AML/CFT risks that UNITED FINANCIAL GROUP LLC may reasonably expect to face under the normal course of business; Achieve an optimal balance between compliance, customer impact and cost; Produce sound business intelligence on money laundering and terrorist financing activities occurring within UNITED FINANCIAL GROUP LLC; Encourage vigilance against the criminal use of the organisations business operations and payments systems; Implement adequate and effective preventative policies, procedures and controls; and Facilitate cooperation with the AML/CFT supervisor and law enforcement agencies. This programme applies to all staff of UNITED FINANCIAL GROUP LLC who undertake customer due diligence. This AML/CFT programme document sets out in the following sections of UNITED FINANCIAL GROUP LLC's action and response to the obligations within the Act and supporting guidelines and codes. Appointment of AML/CFT Compliance Officer (s56(2)-(4))

Obligation. UNITED FINANCIAL GROUP LLC must designate an employee as an AML/CFT compliance officer to administer and manage its AML/CFT programme. The AML/CFT compliance officer must be appropriately trained and report to a senior manager of the reporting entity. Senior manager is defined as: "senior manager (and senior management correspondingly) means, — a) in relation to a reporting entity that is a company, a director within the meaning of section 126 of the Companies Act 1993; and b) in relation to a reporting entity that is not a company, a person who occupies a position comparable to that of a director (for example, a trustee or partner); and c) any other person who occupies a position within a reporting entity that allows that person to exercise an influence over the management or administration of the reporting entity (for example, a chief executive or a chief financial officer)

Actions Taken. The responsibility for the appointing the AML/CFT Compliance Officer sits with the director(s) of UNITED FINANCIAL GROUP LLC The role description is included in Appendix 1, together with other role responsibilities. Mr. Chander Handa has been appointed as the AML/CFT Compliance Officer and Robert Georges is a senior manager for the purposes of the Act.

Staff Vetting (s57(a))

Obligation. There are procedures for vetting all senior managers, the AML/CFT Compliance Officer and all staff covered by AML/CFT obligations at the commencement of employment to ensure that they are appropriately qualified and have the requisite character to fulfil the requirements of the role.

Actions Taken. In the event that UNITED FINANCIAL GROUP LLC hires staff, it will complete checks as the AML/CFT Compliance Officer considers necessary, including: criminal records check; credit check; and/or reference checks.

Staff Training for staff with AML/CFT responsibilities (s57(b) (i – iii))

Obligation. There is formal AML/CFT training in place for all senior managers, AML/CFT Compliance Officer and all staff covered by AML/CFT obligations. Records are maintained of all staff that have undertaken AML/CFT training. There are internal communications to keep staff up to date with money laundering trends and alerts.

Actions Taken. All staff will be required to undertake AML/CFT training as required by the AML/CFT Compliance Officer. This may include: Staff reading and signing to indicate they understand key AML/CFT policies Watching introductory videos on the AML Solutions website (www.aml solutions.co.nz) Completion of introductory AUSTRAC modules on Money Laundering (http://www.austrac.gov.au/elearning/intro_amlctf_money_laundering.html) and Terrorism Financing (http://www.austrac.gov.au/elearning/intro_amlctf_terrorism_financing%20.html) Periodic testing as required The AML/CFT Compliance Officer maintains a training register for staff. Completion of training is reported to management monthly or as required. AML/CFT Compliance Officer Training In addition to the training undertaken by all staff, the AML/CFT Compliance Officer will ensure that they stay aware of developments in AML/CFT including: Reviewing and incorporating relevant guidance Relevant media articles and news coverage Attendance of Supervisor roadshows Attendance of relevant seminars, conferences and courses.

4. Customer Due Diligence

UNITED FINANCIAL GROUP LLC must conduct customer due diligence on: a customer (individual, company, Trust, etc.); any beneficial owner of a customer; and any person acting on behalf of a customer. The Amended Code of Practice for Customer Identity Verification 2013 sets out the primary and secondary forms of customer identification documents and verification required. The supervisors expect entities to meet the standard as a minimum or explain why they have chosen alternative verification practices. In addition, the Beneficial Ownership Guidelines published in December 2012 provide further guidance on identifying beneficial ownership and persons acting on behalf of customers.

Standard Customer Due Diligence (ss14-17, 57(c))

UNITED FINANCIAL GROUP LLC must conduct customer due diligence in the following circumstances: if UNITED FINANCIAL GROUP LLC establishes a business relationship with a new customer; if a customer seeks to conduct an occasional transaction through UNITED FINANCIAL GROUP LLC; if in relation to an existing customer, and according to the level of risk involved, - i. there has been a material change in the nature of purpose of the business relationship; and ii. UNITED FINANCIAL GROUP LLC considers that it has insufficient information about the customer.

UNITED FINANCIAL GROUP LLC must also obtain – Information on the nature and purpose of the proposed business relationship between the customer and UNITED FINANCIAL GROUP LLC; and

Sufficient information to determine whether the customer should be subject to enhanced customer due diligence.

Obligation. A reporting entity must obtain the following identity information: the person's full name; the person's date of birth; if the person is not the customer, the person's relationship to the customer; the person's address or registered office; the person's company identifier or registration number; and any information prescribed by regulations.

Actions Taken. Detail on how Standard CDD is undertaken is included in the Customer Identification and Verification Policy.

The application forms reflect the requirements of this policy. Enhanced Customer Due Diligence (ss22-30, 57(c), (j))

Obligation. For enhanced due diligence a reporting entity must, in addition to standard due diligence must obtain the following additional information: information relating to the source of the funds or the wealth of the customer; and any additional information prescribed by regulations.

Actions Taken. The approach to Enhanced CDD is set out in the Customer Identification and Verification Policy. The application forms reflect the requirements

Third Parties or Agents (s32-34)

Obligation. A reporting entity may authorise a person to be its agent and rely on that agent to conduct customer due diligence procedures and obtain information required for customer due diligence under the Act (section 34) and regulations. A reporting entity may rely on another person (who is not an agent) to conduct the customer due diligence procedures under the Act and regulations subject to certain conditions.

Actions Taken. UNITED FINANCIAL GROUP LLC has an existing agent in Malaysia and China who will assist with meeting customer due diligence obligations. These obligations include sighting and taking copies of original identification documents or assisting with electronic verification of identity. These obligations are set out in a written agency appointment document.

Development of new products, services or technologies which favour anonymity (s30)

Obligation. The reporting entity must take any additional measures that may be needed to mitigate and manage the risk of new or developing technologies, or new or developing products, that might favour anonymity from being used in the commission of a money laundering offence or for the financing of terrorism.

Actions Taken. UNITED FINANCIAL GROUP LLC is a small company where the directors of the business (including one who currently acts as AML/CFT Compliance Officer) are closely involved in the day-to-day operations of the business. As such, if any new products or technologies are to be developed or utilised by UNITED FINANCIAL GROUP LLC, the directors and AML/CFT Compliance Officer will be aware of these and ensure that the AML/CFT risks associated with them are addressed prior to go-live.

Politically Exposed Persons (PEPs) (s26)

Obligation. A reporting entity must, as soon as practicable after establishing a relationship or conducting an occasional transaction, take reasonable steps to determine whether the customer or any beneficial owner is a politically exposed person. The reporting entity must have senior manager approval for continuing the business relationship. The reporting entity must obtain information about the source and wealth of funds of the customer or beneficial owner and take reasonable steps to verify.

Actions Taken. UNITED FINANCIAL GROUP LLC screens all of its customers for PEP and sanctions purposes. This will be undertaken through an internet search of the client to determine whether they are a PEP and checking the OFAC list (<http://sdnsearch.ofac.treas.gov/>) for sanctions. As our customer database expands, we may look to use a dedicated watch list provider (e.g. Lexis Nexis Solutions (<https://members.worldcompliance.com>)). The AML/CFT Compliance Officer will determine if and when utilising a watch list provider will be more efficient. UNITED FINANCIAL GROUP LLC has a policy to not provide services for a PEP. In the event that a potential new customer is a suspected PEP, UNITED FINANCIAL GROUP LLC will refuse to open an account for that customer. Where an existing customer is positively identified as a PEP, UNITED FINANCIAL GROUP LLC will look to exit the customer. Further detail is set out in the Customer Identification and Verification Policy.

Customer Identification Verification (s16, s20, s24)

Obligation. Verification of customer identity must be done on— the basis of documents, data, or information issued by a reliable and independent source; or any other basis applying to a specified situation, customer, product, service, business relationship, or transaction prescribed by regulations and code of practice.

Actions Taken. The Customer Identification and Verification Policy sets out how UNITED FINANCIAL GROUP LLC meets its customer due diligence obligations through operational procedures and controls in accordance with the Identity Verification Code of Practice.

Development of new products, services or technologies which favour anonymity (s30)

Obligation. The reporting entity must take any additional measures that may be needed to mitigate and manage the risk of new or developing technologies, or new or developing products, that might favour anonymity from being used in the commission of a money laundering offence or for the financing of terrorism.

Actions Taken. Any new platforms that are going to be offered as products through UNITED FINANCIAL GROUP LLC must be approved by the Directors who will consult the AML/CFT Compliance Officer as to AML/CFT issues.

Countries Risk (s57(h))

Obligation. The countries assessment guideline released by the AML/CFT supervisors sets out the circumstances when it may be required to conduct a country AML/CFT risk assessment: when you intend to form a designated business group and one of the members is resident overseas; when you establish a business relationship or conduct an occasional transaction for a customer who is not a Vanuatu resident; when you have or propose to have a correspondent banking relationship with an overseas financial institution; when you intend to rely on an overseas person to conduct customer due diligence on your behalf; when you determine whether an overseas entity is a shell bank under the Act; and when developing your risk assessment and AML/CFT programme.

Actions Taken. UNITED FINANCIAL GROUP LLC clients are expected to be predominantly Malaysia and China-based. This jurisdiction, together with other relevant jurisdictions, has been considered in the written risk assessment. In the event that UNITED FINANCIAL GROUP LLC did need to consider other country risks, it would look to publicly available sources including: Transparency International Economic Freedom Index Human Trafficking Index State Stability Index INCSR – ML and Narcotics UN Drug Report OECD, US Treasury and ATO tax havens US State Dept. – countries designated terrorist safe havens, sponsors and for general levels of terrorist activity FATF membership FATF country warning lists In addition, it is worth noting: UNITED FINANCIAL GROUP LLC does not intend to form a DBG; UNITED FINANCIAL GROUP LLC does not have a correspondent banking relationship with an overseas financial institution; UNITED FINANCIAL GROUP LLC does not deal with shell banks.

Inability to conduct CDD (s37)

Obligation. If, in relation to a customer, a reporting entity is unable to conduct customer due diligence in accordance with the Act, the reporting entity: (a) must not establish a business relationship with the customer; and (b) must terminate any existing business relationship with the customer; and (c) must not carry out an occasional transaction with or for the customer; and (d) must consider whether to make a suspicious transaction report.

Actions Taken. The consequences of an inability to conduct CDD are set out in the Customer Identification and Verification Policy. We will not do business with any customer who does not meet our CDD requirements. If the circumstances are suspicious, we will submit a suspicious transaction report with FIU NZ.

False customer names and customer anonymity (s38)

Obligation. A reporting entity must not provide customers with accounts held anonymously, or numbered accounts (being accounts which do not have a client name associated with them) for which customer identification is not performed. A reporting entity must not, without lawful justification or reasonable excuse, set up a facility for a customer under a false customer name.

Actions Taken. The Customer Identification and Verification Policy sets out that anonymous accounts or accounts held in false names cannot be opened or maintained.

5. Ongoing Customer Due Diligence and Account Transaction Monitoring (s31)

Obligation. A reporting entity under the Act must conduct ongoing customer due diligence and undertake account monitoring to ensure that the business relationship and transactions are consistent with the reporting entity's knowledge about the customer, the customer's business and risk profile. Accounts are examined and written findings kept in relation to: Complex or unusually large transactions; and Unusual patterns of transactions that have no apparent economic or visible lawful purpose; and Other activity likely by its nature to be related to money laundering or financing of terrorism.

Actions Taken. The Account Monitoring and Suspicious Transaction Reporting Policy sets out how UNITED FINANCIAL GROUP LLC conducts ongoing customer due diligence and account monitoring. Through the Compliance Monitoring Programme, unusual activity is highlighted and investigated i.e. high value transfers inconsistent with initial CDD assessment. The following factors will be taken into account when conducting ongoing due diligence: The type of customer due diligence conducted when the business relationship with the customer was established The level of risk assessed when the customer was established Whether the relationship with the customer has changed Whether the ownership of the customer has changed When the last review was completed for the customer. UNITED FINANCIAL GROUP LLC undertakes regular account monitoring to ensure that the business relationship and transactions are consistent with its knowledge about the customer, the customer's business and risk profile: Is the transaction consistent with the knowledge you have about the customer and the customer's business? Is the customer's account activity and transaction behaviour consistent with what you have been told will occur across the account and with account history? Are there any grounds for reporting a suspicious transaction to the AML/CFT Compliance Officer?

Transactions are monitored by the AML/CFT Compliance Officer and "outliers" are examined and challenged if inconsistent with our expectations concerning the activity anticipated over the account in question. While the initial approach will be reliant on manual monitoring by the AML/CFT Compliance Officer, as the business expands the business will consider whether any transaction monitoring reports for set rules should be utilised.

Examples of outliers include, but are not limited to: (a) frequent wires in an out of a client's account where such activity is abnormal for the account; (b) a request to wire money to an FATF sanctioned/blocked country; (c) several money orders received within a short span of time on a recently opened account; (d) multiple accounts under a single name or multiple names, with a large number of inter-account transfers; (e) high level of account activity with low level of securities transactions; (f) large wire transfers immediately followed by withdrawal by check or debit card; (g) customer appears to act as an agent for an undisclosed principal; (h) cash transactions involving a large dollar amount; (i) transactions that lack business sense or that are inconsistent with the Customer's investment strategy; (j) customer exhibits unusual concern for secrecy, particularly with respect to his or her identity, type of business, and assets; (k) customer's account indicates large or frequent wire transfers to unrelated third parties; (l) customer or beneficiary has a questionable background, including prior criminal charges or convictions; (m) customer has difficulty explaining the nature of his or her business, or lacks general knowledge of the industry; (n) customer is unconcerned with risks, commissions or other costs associated with trading; (o) as applicable, customer appears to be acting as an agent for another entity or individual but is evasive about the identity of the other entity or individual; (p) a customer is from, or has accounts in a country identified as a haven for bank secrecy, money laundering or narcotics production; and (q) a customer engages in transactions involving more than NZ\$5,000 in currency or cash equivalents (in one transaction or a series of transactions in one or more days and in any number of accounts). The AML/CFT Compliance Officer will maintain a register of: Complex or unusually large transactions; and Unusual patterns of transactions that have no apparent economic or visible lawful purpose; and Other activity likely by its nature to be related to money laundering or financing of terrorism.

6. Suspicious Transaction Reporting (ss40-48, 57(d), (g))

Obligation. A suspicious transaction report under section 40 must –

- Be in the prescribed form (if any); and
- Contain the details prescribed by regulations; and
- Contain a statement of the grounds on which UNITED FINANCIAL GROUP LLC holds the suspicions referred to in section 40(1)(b); and
- Be signed by a person authorised by UNITED FINANCIAL GROUP LLC to sign suspicious transaction reports (unless the report is forwarded by email or another similar means of communication); and
- Be forwarded, in writing, to the Commissioner –
 - o By way of secure electronic transmission by a means specified or provided by the Commissioner for this purpose; or
 - o By another means (including, without limitation, by way of transmission by fax or email) that may be agreed from time to time between the Commissioner and the reporting entity concerned. However, if the urgency of the situation requires, a suspicious transaction report may be made orally to any Police employee authorised for the purpose by the Commissioner, but in any such case the reporting entity must, as soon as practicable, but no later than 3 working days, forward to the Commissioner. There are procedures in place to ensure that transactions that have been identified as suspicious are reported to the Police FIU in the prescribed form no later than 3 working days after forming suspicion.

Actions taken. The Account Monitoring and Suspicious Transaction Reporting Policy sets out how UNITED FINANCIAL GROUP LLC reports suspicious transactions. Staff are trained to be aware of red flags for transactions which include: Unrealistic wealth compared to client profile. Defensive stance to questioning or reluctance to provide CDD information including proof of income. Buying and selling a security for no discernible purpose or in circumstances that appear unusual. Transactions not in keeping with the investor's normal activity, the financial markets in which the investor is active and the business that the investor operates. Transfer of investments to apparently unrelated third parties with no explanation proffered. Any transaction in which the nature, size or frequency appears unusual. Payment by way of third party cheque or money transfers where there is a variation between the account holder, the signatory and the prospective investor. In the event that a staff member of TPFX has suspicions about a transaction, they must provide details of the

transaction, clearly setting out the grounds for suspicion, and immediately send it to the AML/CFT Compliance Officer for assessment as to whether the transaction is suspicious or unusual for reporting to the FIU. If the AML/CFT Compliance Officer considers it to be suspicious, they will, as soon as practicable, but no later than three working days after forming the suspicion, report the transaction or proposed transaction to the FIU through the Go-AML portal (<http://www.police.govt.nz/advice/businesses-and-organisations/fiu/goaml>).

7. Record Keeping.

Customer identity and verification records (ss50, 57(h),(e))

Obligation. A reporting entity must keep those records used for the identification and verification to be readily identified at any time. The reporting entity must retain the records for at least 5 years after the end of that business relationship.

Actions Taken. UNITED FINANCIAL GROUP LLC records of all decisions made and retains customer due diligence records in an auditable manner. Notes on the risk-based decisions made at customer establishment are recorded: Identity and Verification records A copy of the evidence used. If it is not practicable to retain that evidence, any information as is reasonably necessary to enable that evidence to be obtained. UNITED FINANCIAL GROUP LLC retains records as follows: For records relating to the identity and verification of the identity of a person in relation to establishing a business relationship, a period of at least five years after the end of that business relationship. Other Records UNITED FINANCIAL GROUP LLC must keep the following records in addition to identity and verification records and transaction records: Records that are relevant to the establishment of the business relationship Any other records (for example, account files, business correspondence, and written findings) relating to, and obtained during the course of, a business relationship that are reasonably necessary to establish the nature and purpose of, and activities relating to, the business relationship. The records must be kept for a period of at least five years after the end of the business relationship.

Transaction Records (ss49,57(e),(g),(h))

Obligation. A reporting entity must keep transaction records that are reasonably necessary to enable that transaction to be reconstructed at any time. A reporting entity must retain the records for at least 5 years after completion of the transaction.

Actions. Taken As for Customer identity and verification records above.

Other Records (ss51, 57(e))

Obligation. A reporting entity must keep the following other records: establishment of the business relationship risk assessments, AML/CFT programmes, and audits; and any other records relating to the nature and purpose of and activities relating to the business relationship.

Actions Taken. Records in respect of establishment of the business relationship and any other records relating to the nature and purpose of and activities relating to the business relationship are as for the customer verification above. Records in respect of risk assessments, AML/CFT programmes, and audits are held by the AML/CFT Compliance Officer.

Destruction of Records (ss54, 57(e))

Obligation. A reporting entity must take all practicable steps to ensure that every record retained is destroyed as soon as practical after the expiry period.

Actions Taken. UNITED FINANCIAL GROUP LLC takes all practicable steps to ensure that every record retained by it under the Act, and every copy of that record, is destroyed as soon as practicable after

the expiry of the period for which UNITED FINANCIAL GROUP LLC is required to retain that record except where there is a lawful reason for retaining that record. Further detail on record keeping and destruction will be detailed in document management procedures and processes.

8. Assurance (s59(1))

Obligation. A reporting entity must review its risk assessment and AML/CFT programme to— ensure the risk assessment and AML/CFT programme remain current; and identify any deficiencies in the effectiveness of the risk assessment and the AML/CFT programme; and make any changes to the risk assessment or AML/CFT programme identified

Actions Taken. Ensuring the Risk Assessment and AML/CFT Programme remain current A description of how UNITED FINANCIAL GROUP LLC ensures that its risk assessment is up to date is set out in the written risk assessment. Other than changes to the AML/CFT Programme which flow from changes to the risk assessment, the following circumstances may require an update of the AML/CFT Programme: Industry guidance or updated obligations with respect to AML/CFT Programmes; New / emerging ML/FT trends which may dictate a change to controls or procedures in the Programme; Internal feedback / reporting / observations regarding the efficacy of the AML/CFT Programme; and External opinion / feedback (e.g. from UNITED FINANCIAL GROUP LLC Supervisor or independent auditor). It is the responsibility of the AML/CFT Compliance Officer to ensure that they are up to date with the above. The risk assessment and AML/CFT Programme will be reviewed at every year at the time of the annual report. Internal Assurance and Reporting The AML/CFT Compliance Officer prepares a monthly report or as required basis to management on AML/CFT compliance including. Number of STR's submitted Staff training Issues / findings from Internal Assurance / Regulators / Audit Any media items of interest.

Audit. Where there are any deficiencies identified in an audit of the AML/CFT risk assessment or programme, those deficiencies are escalated to the Board with the AML/CFT Compliance Officer having responsibility for addressing those deficiencies.

9. Independent Audit (s59(2)-(7))

Obligation. A reporting entity must ensure its risk assessment and AML/CFT programme are audited every 2 years or at any other time at the request of the relevant AML/CFT supervisor. The audit must be carried out by an independent person appointed by the reporting entity who is appropriately qualified to conduct the audit

Actions Taken. The AML/CFT Compliance Officer will co-ordinate the appointment of an independent auditor in accordance with the Audit Guidelines released by the Supervisors. The appointment will be approved by the director(s). Where there are any deficiencies identified in an audit of the AML/CFT risk assessment or programme, those deficiencies are escalated to the Directors with the AML/CFT Compliance Officer having responsibility for addressing those deficiencies.

10. Reporting (s60)

Obligation. The reporting entity must prepare an annual report to the AML/CFT supervisor on its risk assessment and AML/CFT programme. An annual report must: be in the prescribed form; and take into account the results and implications of the audit; and contain any information prescribed by regulations. The reporting entity must provide the annual report to its AML/CFT supervisor at a time appointed by the AML/CFT supervisor.

Actions Taken. Annual Report The completion of the annual report requires information to be obtained from various sources i.e. AML/CFT risk assessment AML/CFT programme Product and

Services Register Data warehouse / systems While the AML/CFT Compliance Officer will maintain overall responsibility for ensuring the report is collated, approved and submitted, including the following information: Each products and service offered: ▪ Average monthly number of transactions over most recent financial year ▪ Average monthly NZD value of transactions over most recent financial year Number of Customers under following customer types: ▪ Individuals ordinarily resident in Vanuatu ▪ Overseas residents (nor ordinarily resident in NZ) ▪ Vanuatu entities (including companies, partnerships, trusts, charities and incorporated/unincorporated entities) ▪ Overseas entities (including companies, partnerships, trusts, charities and incorporated/unincorporated entities) ▪ Overseas Government bodies ▪ Politically Exposed Persons Methods for delivery of services (i.e. Channels). Require both percentage by customer usage for new customers (during recent financial year) and for existing customers (during the most recent financial year): ▪ Face to face (over the counter, other than intermediaries) ▪ Non-face to face (includes electronic, telephone, via post and all other types of remote access – other than intermediaries) ▪ Domestic intermediaries / agents/third party referral (excludes employees acting as advisors working outside main offices) ▪ Overseas intermediaries (excludes employees acting as advisors working outside main offices) Country risk as categorized in your risk assessment for: ▪ Correspondent banking relationships (cross border only) ▪ Other respondents ▪ Relationships where there is a written agreement for delivery of products and services ▪ Other relationships for delivery of products and services The annual report will be approved by the director(s) prior to submission to the Supervisor.

Appendix 1 – Roles & Responsibilities

Board. Approve the AML/CFT programme and policy. Receive regular AML/CFT compliance reports. Receive and approve Programme review/changes. Approve the annual report prior to submission to the supervisor. Establish and maintain the formal position of AML/CFT Compliance Officer.

Management. Management is responsible for reducing the risk on UNITED FINANCIAL GROUP LLC and any subsidiaries, third parties or agents from becoming associated with money laundering and terrorist financing. Ensure that business is conducted in conformity with high ethical and professional standards and that the laws and regulations pertaining to AML/CFT are adhered to. Ensure documented AML/CFT programme, policies, procedures and resources have been communicated and are in place across all business units providing financial products and services. That the AML/CFT programme is to remain current, robust and effective for identifying, monitoring and assessing the risks and key controls of money laundering and terrorist financing. Promote embedding and adherence with AML/CFT programme, policies, procedures and training awareness so that all staff, wherever located, are informed of and have access to UNITED FINANCIAL GROUP LLC supporting policies and procedures Undertake an annual review of the risk assessment, AML/CFT programme, policies and procedures.

Staff. All employees and representatives of UNITED FINANCIAL GROUP LLC are responsible for assisting in UNITED FINANCIAL GROUP LLC efforts to uncover and report any activity that constitutes, indicates or raises suspicions of money laundering or terrorist financing. All relevant employees are responsible for the day-to-day compliance of money laundering and terrorist financing risks including risk assessment of UNITED FINANCIAL GROUP LLC customers, products, services and systems. All relevant employees must follow approved policies, business procedures and controls to verify the identity of new customers and be confident they are who they claim to be. This includes the accurate input of all customer identification data into the system. All relevant employees must report suspicious transactions to the AML/CFT Compliance Officer. When dealing directly or indirectly with customers employees must not reveal any suspicion or indicate that a suspicious transaction report will be lodged other than to: O AML/CFT Compliance Officer O Managing Director Employees must follow the retention requirements for customer identification and transaction records. UNITED FINANCIAL GROUP LLC shall provide continuing education and

training of all employees. All employees must complete AML/CFT training at least once every 2 years. Staff vetting procedures pertinent to money laundering and terrorist financing risks must be in place for directors, senior management, staff and prospective staff in positions to facilitate money laundering. If any employee believes that they or their business unit or activities cannot meet the requirements of this programme and the associated internal AML/CFT compliance policies and procedures, this must be formally communicated (and as soon as practical) to the AML/CFT Compliance Officer. All identified breaches of UNITED FINANCIAL GROUP LLC's internal AML/CFT policies and procedures by employees will be documented and reported to the AML/CFT Compliance Officer. Employees will need to be aware that disciplinary action may follow from non-compliance with the AML/CFT programme. In undertaking his/her duties the AML/CFT Compliance Officer has full and unfettered access to all UNITED FINANCIAL GROUP LLC staff, systems and documents pertaining to the investigation of money laundering or terrorist financing incidents. Principle duties of the AML/CFT Compliance Officer are to i) Produce sound customer and financial intelligence that leads and monitors effective detection and reporting of suspicious transactions; and ii) develop and maintain UNITED FINANCIAL GROUP LLC AML/CFT policies, compliance programme and associated procedures. Responsibilities include: Determine whether the information or other matters contained in the suspicious transaction reports received or generated give rise to knowledge or suspicion that a customer is engaged in money laundering or terrorist financing. ▪ Ensure that all Suspicious Transaction Reports (STRs) which are submitted to law enforcement agencies by UNITED FINANCIAL GROUP LLC are formally signed-off by the AML/CFT Compliance Officer and reported to the NZ Police Financial Intelligence Unit within 3 working days. ▪ Ensure compliance with all applicable money laundering and terrorist financing laws and regulations. The AML/CFT Compliance Officer will identify, assess, monitor and report on the anti-money laundering compliance risks for UNITED FINANCIAL GROUP LLC. Liaison with Police and relevant authorities, on current money laundering investigations, STRs and UNITED FINANCIAL GROUP LLC's AML/CFT practices. ▪ Liaison with UNITED FINANCIAL GROUP LLC's AML/CFT supervisor, the Department of Internal Affairs. ▪ Assists or directs UNITED FINANCIAL GROUP LLC entities or units with AML/CFT compliance-related issues. ▪ Initiates money laundering awareness and drives ongoing training within UNITED FINANCIAL GROUP LLC based on the function or position staff hold (i.e. front-line staff / back office support staff). ▪ Develop a risk assessment model to ensure structured risk assessments are performed under the auspices of the AML/CFT programme. Data based risk analysis is undertaken to i) identify the specific products, services, customers, entities, channels and geographic locations that may be more vulnerable or have been historically targeted by criminals; and ii) to develop or refine appropriate and effective AML/CFT policies and procedures. ▪ Ensure employee due diligence is undertaken for all new and relevant staff. ▪ Provide periodic reporting on AML/CFT risks, incidents and trends to the Board.

Human Resources (as carried out by the AML/CFT Compliance Officer) UNITED FINANCIAL GROUP LLC will continue to maintain screening procedures when hiring all new employees to ensure high standards: Ensure employee vetting (credit and criminal checks) is undertaken as part of the internal and external recruitment process, including contractors and details recorded. Undertake any additional vetting of existing employees as required. Record retention and retrieval obligations will also apply to staff identification documentation and / or information held on the payroll system.

Appendix 2 – Non-applicable obligations

Designated Business Group (s32)

Obligation. A reporting entity that is a member of a designated business group may rely on another member of the group to conduct customer due diligence procedures and share certain elements of the AML/CFT programme under the Act subject to certain conditions, including AML/CFT supervisor approval. The AML/CFT supervisors have published Designated Business Group ("DBG") - Formation

and Scope Guidelines. A member of a DBG can rely on another member to carry out some obligations on their behalf. These include: customer due diligence; parts of an AML/CFT programme - such as record keeping, account monitoring and ongoing CDD; annual reporting; risk assessments; and suspicious transaction reporting. Importantly, all members of a DBG must agree in writing to comply with certain privacy principles in the Privacy Act 1993. These are Principles 5-11 in section 6 of the Privacy Act and cover storage, access and accuracy of personal information held and limits on its use and disclosure.

Simplified Customer Due Diligence (ss18-21, 57(c)-(j))

Obligation. The Act lists customers that reduced CDD measures can be taken in respect of (e.g. publicly listed companies and government departments). Other types of customers can be included on this list through regulation.

Overseas branches and subsidiaries (s61)

Obligation. A reporting entity must ensure that its branches and subsidiaries that are in a foreign country apply, to the extent permitted by the law of that country, measures broadly equivalent to those set out in the Act and regulations with regard to the requirements for customer due diligence (initial and ongoing), risk assessments, AML/CFT programmes and record keeping. If the law of the foreign country does not permit the application of those equivalent measures by the branch or subsidiary located in that country, the reporting entity must inform its AML/CFT supervisor accordingly and take additional measures to effectively handle the risk of a money laundering offence and the financing of terrorism. A reporting entity must communicate the policies, procedures and controls that it establishes, implements and maintains to its branches and subsidiaries that are outside Georgia.

Correspondent Banking (s29)

Obligation. A financial institution (the correspondent) that has, or proposes to have correspondent banking relationship with a respondent financial institution (the respondent) must according to the level of risk conduct enhanced customer due diligence in accordance with the conditions under the Act.

Wire Transfers – Identification (s27) and verification (s28)

Obligation. A reporting entity that is an ordering institution must identify and verify (according to the level of risk) the originator of a wire transfer that is over the applicable threshold value as per the conditions of the Act for international and domestic wire transfers.

A reporting entity that is an ordering institution must identify the originator of a wire transfer that is over the applicable threshold value by obtaining the following information: the originator's full name; and the originator's account number or other identifying information that may be prescribed and allows the transaction to be traced back to the originator; and one of the following: (i) the originator's address: (ii) the originator's national identity number: (iii) the originator's customer identification number: (iv) the originator's place and date of birth; and any information prescribed by regulations. However, if the wire transfer is a domestic wire transfer, a reporting entity that is an ordering institution may identify the originator by obtaining the originator's account number or other identifying information that may be prescribed and allows the transaction to be traced back to the originator. The ordering institution must, according to the level of risk involved, — verify the originator's identity so that the reporting entity is satisfied that the information provided under section 27 is current and correct; and verify any other information prescribed by regulations. Verification of the originator's identity must be carried out before the wire transfer is ordered.

Transportation of cash in or out of NZ (ss106 - 107)

Obligation. A person must not move cash in or out of Vanuatu if the total amount is more than the applicable threshold value unless the reporting conditions to Customs under the conditions of the Act are met.

Appendix 3 - List of all AML/CFT Publications

Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT Act 2009) National Risk Assessment 2010 AML/CFT Supervisors Sector Risk Assessments (RBNZ, FMA, DIA) AML/CFT Regulations 2011 Risk Assessment Guideline AML/CFT Programme Guideline Amended Identity Verification Code of Practice 2013 Guide for Small Financial Advisor Businesses Insurance Business Coverage Guideline Interpreting Ordinary Course of Business Guideline Countries Assessment Guideline Designated Business Group Formation Guideline Designated Business Group Scope Guideline Guideline for Audits of Risk Assessments and AML/CFT Programmes Beneficial Ownership Guideline Customer Due Diligence Fact Sheets: Clubs and societies Companies Co-operative Partnerships, Trusts.