

## **Kaurifinance OÜ**

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## **Kaurifinance Policy for the Clients' General AML Monitoring**

as of 19.03.2024

### **General Provisions**

Current Kaurifinance Policy for Clients' General AML Monitoring (hereinafter "the Policy") has been developed in accordance with the most recent and relevant global anti-money laundering standards in force, as well as applicable Estonian AML legislation.

The Policy is a set of internal rules and regulations that are used by Kaurifinance OÜ (hereinafter "the Company") in order to check and reveal documentation and information regarding its operation that is under obligatory control, and other operations with money or property that may be in any way connected to money legalisations (money laundering) or finance of terrorism, and the provision of such information to the state authorities.

This Policy is a document that:

- regulates the management of the activity regarding the prevention of legalization of illegally obtained funds (money laundering) and the financing of terrorism;
- sets the obligations and obligatory procedures for the employees regarding internal control to be applied to all procedures with the Clients' verification and the transactions made by them on the Platform.

The Company is providing the virtual assets services through the kauri.finance webpage (hereinafter "the Platform") and operates as an Estonian virtual assets regulated service provider according to the AML legislation applicable hereof.

### **Organizational Basis for the Control Methods**

The Company's managing board approves and updates this Policy annually. The Company also has internal guidelines for the know-your-client / know-your-business / know-your-transaction procedures and other obligatory AML procedures.

## **Control Methods Implementation**

Control methods mean a set of documents and procedures that are applied as prescribed by the AML legislation and the internal rules of the Company.

Control methods are used to:

- verify the Clients and assess the risks during the initiation of commercial relationships with the client and during such relationships.
- prevent and stop money laundering.

The level of control measures and due diligence measures to be applied to each Clients' risk category are specified in the AML legislation and internal AML rules.

The Company shall gather and process it only for the purposes stated in this Policy and shall not use the gathered data for any other purpose or disclose it to third parties unless obligated by law or if the Clients give their permissions.

## **Clients' Verification Program**

The initial verification of the Client is made on the basis of the provided Client identification documents.

We check the required verification information and apply all reasonable efforts to control the accuracy of provided data.

Regarding the legal entities we check the corporate information as required by the AML legislation.

We use only official sources and capable service providers to check the provided information, such as state registries. If the document can not be verified by any official open sources, it shall be notarized and/or bear apostille if applicable.

The review of information is made by the use of public registries and databases or by inquiring the state authorities.

Only an authorized legal representative may register a legal entity on our platform. The authorized representatives must provide sufficient documentation proving their authority to represent the legal entity.

## **Risk Evaluation**

Any Client and their planned transactions are evaluated regarding the risk factor of money laundering and finance of terrorism.

During the risk evaluation the Client is assigned the risk score, by means of evaluating the risk factors. If the risk is considered high, we retain the right to deny cooperation and provision of services.

## **Commercial Relationship with the Client**

Any commercial relationship with the Client is initiated only after the Client agreed to act in accordance with the present AML policy.

Should there be a representative between an individual or legal entity, the Company is to ensure that there is actual contact between the Client and the authorized representative.

The Company has the right to apply all necessary DD measures in cases specified in the AML legislation.

## **Actions in Case of Suspicions Regarding Money Laundering and Obligation to Provide Information**

Should there be any suspicion before the initiation of commercial relationship or during the use of the control methods, that the transactions may be connected to the money laundering or finance of terrorism, further cooperation is impossible.

## **Correspondence Exchange**

Should it be deemed by the management to be necessary to implement the control method, a correspondence exchange with third parties may be initiated, including banks and other financial institutions, should that allow to gather more accurate information.

## **Transaction Monitoring Program**

The Company monitors all in and outgoing transactions as well as internal transactions using specific tools.

The Company may request the Client to provide the Company with transaction explanation and supportive documents. The Client must provide this information and documentation to the Company within the terms specified in the inquiry.

If the Client, despite his obligation, did not present the required documentation in accordance with the control methods, the applicable legislation, and this policy, the Client will be denied in the performance of the transaction.

## **Business Relationship Establishment Failure or Termination**

While onboarding Kaurifinance may ask the Client to submit some specific information and documents as required by the AML law and our internal rules. Kaurifinance evaluates the provided information and assigns a risk score to each Client. Kaurifinance may also evaluate the Client's behavior throughout the whole process of cooperation and assign a new risk score to the Clients based on their behavior on the Platform in case if some circumstances differ from the initial ones.

If the total risk score is higher than allowed by the Kaurifinance internal Risk Assessment Policy the business relationship shall not be established and the existing relationship shall be terminated.

Kaurifinance may also terminate the business relationship with any of the Clients in case of their non-compliance and/or non-cooperation as guided by the AML legislation and/or internal AML procedures.

In all these cases mentioned in this clause Kaurifinance is not obligated to explain the reason of business relationship establishment failure or termination.

## **Document Retention Program**

All documents connected to the Client verification as well as all the information regarding the commercial cooperation and documents hereto must be maintained in the Company's archive for no less than 5 years after the business relationship termination.

This Policy is subject to change according to the applicable AML legislation and internal AML rules of the Company.

In case of any questions, please contact our corporate email address: [kyc@kauri.finance](mailto:kyc@kauri.finance)