

As an organisation, SATOSHI FX is subject and committed to the observance of the Anti-Money Laundering (AML) legislative and regulatory regimes Pursuant to Paragraph 9 of Article 4 of the Law on the Prevention of Money Laundering and Terrorist Financing of the Republic of Lithuania and all relevant International Laws including Financial Action Task Force (FATF) and AML provisions proposed by IMF

SATOSHI FX HAS ADOPTED SYSTEMS AND PROCEDURES TO ENSURE COMPLIANCE WITH:

Depository virtual currency wallet operator and virtual currency exchange operator, when implementing measures for the prevention of money laundering and / or terrorist financing, in accordance with the Law, the Director of the Financial Crime Investigation Service under the Ministry of the Interior of the Republic of Lithuania (hereinafter - the Financial Crime Investigation Service) September 12 by order no. V-131 “On Approval of the Description of the Procedure for Approval and Submission of a Copy of an Identity Document”, Director of the Financial Crime Investigation Service, 2016 November 30 by order no. V-314 “On the Approval of the Technical Requirements for the Process of Customer Identification Remotely Identified Using Electronic Means Enabling Live Video Transmission”, 2016, Director of the Financial Crime Investigation Service. October 20.

1. WHAT IS MONEY LAUNDERING?

money laundering as any act involving:

- a) Transferring or moving proceeds or conducting any transaction with the aim of concealing or disguising their illegal source;
- b) Concealing or disguising the true nature, source, or location of the proceeds as well as the method involving their disposition, movement, ownership of or rights with respect to said proceeds;
- c) Acquiring, possessing, or using proceeds upon receipt;
- d) Assisting the perpetrator of the predicate offense to escape punishment.

2. WHAT THIS MEANS TO SATOSHI FX.

At SATOSHI FX, we have implemented appropriate Anti-Money Laundering (AML) – Counter Financing of Terrorism (CFT) practices across our business in accordance with local AML legislations and international standards. We adopt the use of AML- compliant software which are meticulously tailored to meet Know Your Customer (KYC) and Customer Due Diligence (CDD) requirements within the digital assets’ ecosystem. Our approach focuses on adopting a combination of measures under our AML Compliance Program to prevent our business from being used to introduce proceeds of crime into the financial system or as a means to perpetrate financial crime.

3. ANTI-MONEY LAUNDERING COMPLIANCE POLICY DECLARATIONS

SATOSHI FX is fully committed to observing internationally accepted principles of AML-CFT compliance and adhering to local and international AML laws and regulations. We commit to observing and reflecting within our processes the relevant recommendations issued by bodies such as Financial Action Task Force (FATF), Wolfsberg Group, etc. on preventing the utilization of our operations for criminal purposes.

Accordingly, we take necessary procedures and control measures to provide the optimum support in the fight against money laundering and financing of terrorism.

Furthermore, SATOSHI FX is committed to continually fulfilling its Anti-Money Laundering (AML) obligations to its local and foreign associates and correspondent banks that may sometimes require due diligence information on accounts and transactions. SATOSHI FX will fulfil any such obligations in accordance with applicable legislations or regulations to which it is subject and under the guidelines and recommendations of the FATF.

SATOSHI FX pledges to examine, review, and update its AML processes and control on an on-going basis and maintain high standards of processes through reporting and independent audit examinations and random testing of our AML Compliance Program.

4. APPOINTMENT OF A MONEY LAUNDERING REPORTING OFFICER

SATOSHI FX appoints at all times within its employment a Money Laundering Reporting Officer (MLRO) with full responsibility for establishing and maintaining our AML Compliance Program. The MLRO is responsible for implementing SATOSHI FX' AML Compliance Program; effectively monitoring compliance with applicable AML legislations and regulations; overseeing the day-to-day operation of AML systems and controls, establishing and implementing an appropriate training program for SATOSHI FX' employees; receiving and investigating internal suspicious transaction reports and where appropriate, submitting external suspicious transaction reports to the relevant authorities.

5. MEASURES TO PREVENT MONEY LAUNDERING AND / OR TERRORIST FINANCING

SATOSHI FX, the depository virtual currency wallet operator and the virtual currency exchange operator shall implement the following measures to prevent money laundering and / or terrorist financing:

1. Customer and Beneficiary Identification:
2. Determining whether the customer is acting on its own behalf or is under its control;
3. if the customer is acting through a representative, identification of the customer's representative;
4. Identification of the customer - a natural person;
5. Identification of the client - legal entity;

6. Identification of the customer - the beneficiary of the legal entity;
7. Collection of information about the client - the manager of the legal entity;
8. Collection of information on the ownership and control structure of the client - legal entity and the nature of activities;
9. Collection of information on the purpose and intended nature of the business relationship of the client - natural or legal person;
10. Verification of the identity of the customer and the beneficiary on the basis of documents, data or information obtained from a reliable and independent source;
11. Continuous monitoring of the client's business relationship;
12. Regular review and updating of documents, data or information provided during the
13. Identification of the customer and the beneficiary;
14. When it is not possible to fulfill the requirements for the identification of the customer and the
15. Beneficiary - non-execution of transactions, failure to establish business relations, termination;
16. The application of customer and beneficiary identification measures not only to new but also to existing customers (customers who became customers of a virtual currency wallet operator and a virtual currency exchange operator before 10 January 2020, these measures shall be applied according to their level of risk); , starting with higher risk customers, without delay and no later than 1 July 2020);\
17. Suspension of a suspicious monetary operation or transaction;
18. Notification of suspicious monetary transactions or transactions;
19. Notification of virtual currency exchange operations or transactions in virtual currency, if the value of such monetary operation or transaction is equal to or exceeds EUR 15,000 or its equivalent in foreign or virtual currency, regardless of whether the transaction is concluded in one or more related monetary transactions;
20. Examination of the structure of complex or unusually large transactions and unusual transactions;
21. Storage of information for a specified period of time;
22. The appointment of staff responsible for the implementation of measures to prevent money laundering and / or terrorist financing ;
23. Staff training;

24. The implementation of internal systems that allow for prompt response to inquiries from the Financial Crimes Investigation Service through secure channels and ensuring the full confidentiality of inquiries;
25. Confidentiality of information provided to the Financial Crimes Investigation Service;
26. establishing internal policies and internal control procedures;
27. Providing information on the beneficiaries of the deposit virtual currency wallet operator and the virtual currency exchange operator to the manager of the Legal Entity Participants Information System (JADIS).

6. CUSTOMER AND BENEFICIARY IDENTIFICATION

6.1. SATOSHI FX, the operator of the deposit virtual currency wallet and the operator of the virtual currency exchange office shall take measures to identify and verify the identity of the customer and the beneficiary:

1. Before starting a business relationship;
2. Before making *occasional* virtual currency exchange operations or *occasional* transactions in virtual currency with funds equal to or exceeding EUR 1,000 or the equivalent in foreign or virtual currency, or making a one- *time* deposit to a virtual currency wallet or occasional *deposit*) the withdrawal of virtual currency equal to or exceeding EUR 1 000 or the equivalent in a foreign or virtual currency, whether the transaction is in one or more related transactions (the value of the virtual currency being determined at the time of the monetary transaction or transaction), the identity of the customer and the beneficiary has already been established;
3. When there are doubts about the accuracy or authenticity of previously received customer and beneficiary identities;
4. In any other case where money laundering and / or terrorist financing is suspected, has taken place or is taking place.

6.2. SATOSHI FX, the operator of the deposit virtual currency wallet and the operator of the virtual currency exchange office shall identify the customer and the beneficiary in accordance with the provisions of Articles 9 to 15 of the Law, applying a risk-based approach, using:

1. The usual means and procedures for identifying the customer;
2. Additional customer identification means and procedures for enhanced customer identification;
3. Simplified customer identification tools and procedures for simplified customer identification.

4. In cases, client is not able to meet the requirements set out in CLAUSE 5 of the Policy , the depository virtual currency money operator and the virtual currency exchange operator shall comply with the prohibition on execution set out in Article 9 (18) of the Law. transactions through bank accounts, establish or continue business relationships, execute transactions and shall perform an assessment of the risk of money laundering and / or terrorist financing. Upon identification of a threat of money laundering and / or terrorist financing, the operator of the depository virtual currency wallet and the operator of the virtual currency exchange office shall notify the Financial Crime Investigation Service of the suspicious money transaction or transaction.

7. SIMPLIFIED CUSTOMER IDENTIFICATION

If SATOSHI FX, the virtual currency money operator and a virtual currency exchange operator seek to apply simplified customer identification in the cases specified in Paragraph 1 of Article 15 of the Law, it shall perform a risk assessment and have evidence that the risk of money laundering and / or terrorist financing is low. Risk assessment data shall be stored in the same manner as other data obtained during customer identification.

SATOSHI FX, the Depository Virtual Currency Money Operator and the Virtual Currency Exchange Operator shall monitor the customer's business relationship on an ongoing basis, including assessing whether the customer's risk of money laundering and / or terrorist financing remains low.

8. ENHANCED CUSTOMER IDENTIFICATION

Politically vulnerable (affected) persons

When the customer - a natural person or the beneficiary of a customer - legal entity is a politically vulnerable (affected) person, SATOSHI FX, the operator of the deposit virtual currency wallet and the operator of the virtual currency exchange office shall apply the measures specified in Paragraph 3 of Article 14 of the Law.

SATOSHI FX, the operator of the deposit virtual currency wallet and the operator of the virtual currency exchange office shall determine in the internal policy and internal control procedures the measures to be applied during the period when a politically vulnerable (affected) person ceases to hold an important public office until it is no longer transferred to a politically vulnerable person. inherent risks (at least 12 months). Risk assessment data shall be stored in the same manner as other data obtained during customer identification.

9. High risk third countries

Where the customer is a natural person or the beneficiary of the customer-legal entity resides in a high-risk third country or where the customer-legal person is established in a high-risk third country, SATOSHI FX, the depository virtual currency money operator and the virtual currency exchange operator shall apply Article 14 (4) (¹) and (5) of the Law measures laid down.

List of high-risk third countries of the European Commission, established by the European Commission Regulation no. 2016/1675, published in the section “Prevention of Money Laundering” of the website www.fntt.lt “International Law” and in the database of legal acts of the European Union “EUR-Lex” [https://eur-lex.europa.eu/legal-content / LT / TXT /? uri = CELEX% 3A32016R1675](https://eur-lex.europa.eu/legal-content/LT/TXT/?uri=CELEX%3A32016R1675) .

The list of high-risk third countries of the Financial Action Task Force on Money Laundering and Terrorist Financing (FATF) is published on the website www.fntt.lt in the section “Prevention of Money Laundering” under “FATF Statements” and on the FATF website <https://www.fatf-gafi.org/countries/#other-monitored-jurisdictions> and [https://www.fatf-gafi.org/countries / # high-risk](https://www.fatf-gafi.org/countries/#high-risk) .

SATOSHI FX, the depository virtual currency operator and the virtual currency exchange operator shall check both the lists of high-risk third countries to ensure that transactions or business relationships are carried out with natural persons resident in high-risk third countries or legal entities established there.

In the cases specified in Paragraph 5 of Article 14 of the Law, SATOSHI FX, the Depository Virtual Currency Money Operator and the Virtual Currency Exchange Operator shall determine in the internal policy and internal control procedures which one or more additional customer and beneficiary identification measures they take to reduce the resulting risk, such as:

1. Receive additional information about the client and the beneficiary;
2. Obtain additional information on the intended nature of the business relationship;
3. To receive information about the source of funds and assets of the client and the beneficiary;
4. To receive information on the reasons for planned or executed transactions;
5. To obtain the approval of the senior manager to establish a business relationship with these clients or the approval to continue the business relationship with these clients;
6. Carry out enhanced ongoing monitoring of business relationships with these customers, increasing the number and timing of controls in place and selecting the types of transactions that will require further investigation;
7. Ensure that the customer's first payment is made from that customer's account with the credit institution where the credit institution is established in a Member State of

the European Union or in a third country that imposes requirements equivalent to those laid down in this Law and is supervised by the competent authorities.

8. If SATOSHI FX depository virtual currency money operator and a virtual currency exchange operator applies the exemption provided for in Article 14 (1) (3) of the Law to branches or subsidiaries of financial institutions or other obliged entities established in the European Union, the depository virtual currency money operator and the virtual currency exchange operator shall perform have evidence that the identified risk is not significant. Risk assessment data shall be stored in the same manner as other data obtained during customer identification.

10. Increased risk of money laundering and / or terrorist financing

When SATOSHI FX, the depository virtual currency wallet operator and the virtual currency exchange operator identify a higher risk of money laundering and / or terrorist financing in accordance with the risk assessment and management procedures, the depository virtual currency money operator and the virtual currency exchange operator shall apply the measures specified in Article 14 (5) of the Law.

SATOSHI FX, the Depository Virtual Currency Wallet Operator and the Virtual Currency Exchange Operator shall determine in their internal policies and internal control procedures which one or more additional customer and beneficiary identification measures they take to mitigate the resulting risks, such as:

1. Receive additional information about the client and the beneficiary;
2. Obtain additional information on the intended nature of the business relationship;
3. To receive information about the source of funds and assets of the client and the beneficiary;
4. To receive information on the reasons for planned or executed transactions;
5. To obtain the approval of the senior manager to establish a business relationship with these clients or the approval to continue the business relationship with these clients;
6. Carry out enhanced ongoing monitoring of business relationships with these customers, increasing the number and timing of controls in place and selecting the types of transactions that will require further investigation;
7. Ensure that the customer's first payment is made from that customer's account with the credit institution where the credit institution is established in a Member State of the European Union or in a third country that imposes requirements equivalent to those laid down in this Law and is supervised by the competent authorities.
8. Risk assessment data shall be stored in the same manner as other data obtained during customer identification.

11. MONITORING OF SUBJECT MATTER

When entering into a business relationship with a customer, SATOSHI FX, the depository virtual currency wallet operator and the virtual currency exchange operator shall monitor the business relationship to ensure that the transactions are consistent with the information held by the depository virtual currency money operator and the virtual currency exchange operator on the customer, its business and risk profile. source of funding.

SATOSHI FX, the depository virtual currency wallet operator and the virtual currency exchange operator shall assign customers with whom business relationships have been established to risk groups in accordance with the criteria and procedures for assigning customers to risk groups set out in their internal policies and internal control procedures.

12. STOPPING A SUSPICIOUS MONETARY OPERATION OR TRANSACTION AND PROVIDING INFORMATION TO THE FINANCIAL CRIME INVESTIGATION SERVICE

SATOSHI FX the operator of a deposit virtual currency wallet and the operator of a virtual currency exchange office shall suspend a suspicious monetary operation or transaction in accordance with Article 16 of the Law , unless it is objectively impossible to do so.

Suspicious monetary transactions or transactions are identified:

1. taking into account the criteria for the identification of suspicious monetary transactions or transactions approved by the Director of the Financial Crimes Investigation Service in 2014. December 5 by order no. V-240 "On Approval of the List of Criteria for Money Laundering and Identification of Suspicious Money Transactions or Transactions";
2. Noting customer activities that, by their nature, may involve money laundering and / or terrorist financing;
3. Identification of the customer and the beneficiary;
4. Conducting ongoing monitoring of the client's business relationships, including the investigation of transactions that have taken place during those relationships.
5. The operator of the deposit virtual currency wallet and the operator of the virtual currency exchange office shall , in accordance with Article 16 of the Law, notify the Financial Crime Investigation Service of information regarding suspicious monetary operations or transactions within 3 working hours at the latest .
6. Notification of suspicious monetary transactions or transactions shall be made regardless of the size of the monetary transaction or transaction.

7. Pursuant to Article 20 of the Law , the operator of a virtual currency exchange office shall notify the Financial Crime Investigation Service of the customer's identification data and information on the virtual currency exchange operation (buying or selling virtual currency in a decree currency) or a transaction in virtual currency (settlements in such currency). the value of the monetary transaction or transaction is equal to or exceeds EUR 15,000 or its equivalent in foreign or virtual currency, whether the transaction is in one or more related monetary transactions. The value of the virtual currency is determined at the time of the monetary transaction or transaction.
8. In the event that a customer's monetary transaction or transaction meets the criteria of both Clause 24 and Clause 27 of these Instructions, the Depository Virtual Currency Money Operator and the Virtual Currency Exchange Operator shall submit both notifications to the Financial Crime Investigation Service - a suspicious monetary transaction or transaction and a completed report. a virtual currency exchange transaction or transaction in virtual currency, if the value of such monetary transaction or transaction is equal to or exceeds EUR 15,000 or the equivalent amount in foreign or virtual currency, regardless of whether the transaction is concluded in one or more related monetary transactions.
9. Notifications to the Financial Crime Investigation Service shall be submitted in accordance with the Minister of the Interior of the Republic of Lithuania 2017. October 16 by order no. 1V-701 “On Suspension of Suspicious Monetary Operations or Transactions and Submission of Information on Suspicious Monetary Operations or Transactions to the Financial Crime Investigation Service under the Description of the Procedure of the Ministry of the Interior of the Republic of Lithuania and Information on Cash Transactions or Transactions equal to or exceeding submission of the corresponding amount in foreign currency to the Financial Crime Investigation Service under the approval of the Description of the Procedure of the Ministry of the Interior of the Republic of Lithuania ”,Director of the Financial Crime Investigation Service 2015 May 21 by order no. V-129 “On Approval of the Forms for Provision of Information Provided in Accordance with the Requirements of the Law on the Prevention of Money Laundering and Terrorist Financing of the Republic of Lithuania, the Scheme for Provision and Recommendations for Completion of Forms”.

12. STORAGE OF INFORMATION AND DOCUMENTS

SATOSHI FX, the depository virtual currency wallet operator and the virtual currency exchange operator shall keep the following logs:

1. The register of notifications and suspicious monetary operations and transactions specified in Paragraph 1 of Article 16 of the Law;
2. A log of monetary transactions performed by the client specified in items 2–6 of Paragraph 1 of Article 9 of the Law;
3. A register of virtual currency exchange transactions or transactions in the virtual currency, if the value of such monetary transaction or transaction is equal to or exceeds EUR 15,000 or the equivalent in foreign or virtual currency, whether the transaction is concluded in one or more related monetary transactions ;
4. The register of customers whose transactions or business relations have been terminated in the circumstances specified in Article 18 of the Law or in other circumstances related to violations of the procedure for the prevention of money laundering and / or terrorist financing.
5. The data shall be entered in the logbooks in chronological order immediately, not later than within 3 business days from the execution of the monetary transaction or conclusion of the transaction.
6. The depository virtual currency wallet operator and the virtual currency exchange operator shall give priority to the storage of log data on an electronic medium.
7. The registration logs are managed in accordance with the 2017 Director of the Financial Crime Investigation Service under the Ministry of the Interior of the Republic of Lithuania. September 4 by order no. V-129 "On the Approval of the Rules for the Management of Monetary Transactions, Transactions and Customer Logs".

13. EMPLOYEES

SATOSHI FX, the operator of the deposit virtual currency wallet and the operator of the virtual currency exchange office shall appoint executives to organize the implementation of measures to prevent money laundering and terrorist financing and to liaise with the Financial Crime Investigation Service.

When the Depository Virtual Currency Money Operator and the Virtual Currency Exchange Operator are headed by the Board, the Depository Virtual Currency Money Operator and the Virtual Currency Exchange Operator shall appoint a member of the Board to organize the implementation of money laundering and / or terrorist financing prevention measures provided for in this Law. who would cooperate with the Financial Crimes Investigation Service. The appointment of these staff shall be notified in writing to the Financial Crime Investigation Service by the operator of the virtual currency exchange office and the operator of the virtual currency exchange office. The Depository Virtual Currency Wallet Operator and the Virtual Currency Exchange Operator shall ensure that such employees have access to all information necessary for the performance of their functions , including access to information related to customer and beneficiary identification, customer business monitoring, cash transactions and transactions.

SATOSHI FX, the depository virtual currency wallet operator and the virtual currency exchange operator shall provide specialized training on money laundering and / or terrorist financing prevention measures to their employees, especially those who work directly with customers and their transactions.

14. INTERNAL CONTROL PROCEDURES

SATOSHI FX. the depository virtual currency wallet operator and the virtual currency exchange operator shall determine in detail in the internal policy and internal control procedures how the depository virtual currency money operator and the virtual currency exchange operator comply with the measures specified in Paragraph 1 of Article 29 of the Law.

In order to effectively manage the risk of money laundering and terrorist financing, a virtual currency money operator and a virtual currency exchange operator shall carry out a risk assessment of their entire activity against money laundering and terrorist financing at least once a year.

All money laundering and terrorist financing risk assessments carried out by the virtual currency money operator and the virtual currency exchange operator for all activities and subsequent changes related to this risk assessment shall be made in writing.

SATOSHI FX, the depository virtual currency wallet operator and the virtual currency exchange operator shall review and, if necessary, update the internal control procedures:

The publication by the European Commission of the results of an EU-wide money laundering and terrorist financing risk assessment (available on the European Commission's website <http://ec.europa.eu>);

after the publication of the results of the National Money Laundering and Terrorist Financing Risk Assessment (published in the section “National Money Laundering and Terrorist Financing Risk Assessment” of the section “Prevention of Money Laundering” of the website www.fntt.lt);

following an instruction from the Financial Crime Investigation Service to strengthen the applicable internal control procedures;

in the event of significant events or changes in the management and operations of the depository virtual currency wallet operator and the virtual currency exchange operator;

periodic monitoring of the implementation and adequacy of internal control procedures.

15. IMPLEMENTATION OF INTERNATIONAL FINANCIAL SANCTIONS

SATOSHI FX, the Depository Virtual Currency Wallet Operator and the Virtual Currency Exchange Operator shall, in each case, make sure that the customer, the beneficiary and / or the customer's representative are not on the lists of persons subject to international financial sanctions before entering into a relationship with the customer or entering into a transaction.

A consolidated list of EU sanctions is published on the European Commission's website at https://eeas.europa.eu/topics/sanctions-policy/8442/consolidated-list-of-sanctions_en.

A consolidated list of United Nations sanctions is available on the United Nations website at <https://www.un.org/sc/suborg/en/sanctions/un-sc-consolidated-list>.

SATOSHI FX, the operator of a deposit-based virtual currency and the operator of a virtual currency exchange office shall inspect both the European Union and the United Nations-sanctioned persons in the European Union and the United Nations to ensure that no transactions, business relationships or transactions are carried out with persons subject to international financial sanctions . , lists.

SATOSHI FX, the operator of the deposit virtual currency wallet and the operator of the virtual currency exchange office shall comply with the Law of the Republic of Lithuania on the Implementation of Economic and Other International Sanctions, the Government Decisions on the Implementation of International Sanctions, the European Union Regulations on International Sanctions and October 20 in order no. V-273 “On the Approval of the Instructions on the Supervision of the Proper Implementation of International Financial Sanctions by the Financial Crime Investigation Service under the Ministry of the Interior of the Republic of Lithuania”.