

CLIENT TAKE ON PROCEDURES

360 CAPITAL LTD

(GBC & INVESTMENT DEALER)

Client Take On Procedures

THE COMPANY must have in place processes and procedures which, must be followed prior to taking on a client.

The following steps must be completed for all prospective clients which, consists of the following elements:

- (i) Completion of the Know Your Customer / Customer Due Diligence procedures. Please refer to the **Customer Due Diligence Procedures** for full details of the information required and the procedures to be followed;
- (ii) Consideration and review as to whether the proposed client or mandate gives rise to any potential conflicts of interest which would preclude the Firm from acting for the client or require additional procedures to manage the conflict;
- (iii) Completion of the **Client Take On Checklist**

All systems and controls to combat financial crime focus on the Customer Due Diligence ("CDD") obligation which essentially consists of knowing the client, knowing the client's expected business patterns and monitoring the client's transactions and activities. Having sufficient KYC information on clients minimizes the risk of being used for illicit activities and protects against fraud. It also enables suspicious activity to be recognized.

Client Take On Check List

Certified copy of ID with Name of client	
Client address – Copy of a utility bill not older than 3 months	
Type of client (individual, company, trust etc)	
Nationality of client	
What type of services will be provided to the client?	Manage account/ self traded account/ Training course
Do you have a signed Client agreement – open account platform?	
What is the client categorization	Bonze, Gold, Platinum, VIP
If the client is a company, trust etc. do you have a copy of the resolution authorizing the person to deal with THE COMPANY?	
Do you have a signed risk disclosure?	
Customer Risk Profile (CDD)	
Has KYC been signed off by the compliance officer?	
Has the partnership agreement been signed where applicable?	
Has the signed mandate been received, where applicable?	
Have any additional information requirements and notifications completed?	
Capture client on CRM database program	
Approved by the Compliance Officer on:	
Signature of the Compliance Officer	

1. Due Diligence – Overview

One of the essential elements of THE COMPANY's systems and controls to combat financial crime is the completion of appropriate Customer Due Diligence ("CDD") when taking on a new customer.

CDD consists of a number of steps, including verifying the identity of the customer and requesting information from the customer, including knowing the customer's expected business patterns. This is often referred to as "KYC" (Know Your Customer). Having sufficient KYC information on customers enables THE COMPANY to effectively monitor the customer's activities to be carried out in order to minimize the risk of THE COMPANY being used for financial crime. The whole process of CDD and subsequent monitoring enables suspicious activity to be recognized and reported.

The completion of CDD is a mandatory requirement under The Money Laundering Regulations. The law specifies the CDD requirements and the customers in respect of which limited CDD measures may be applied.

Management and staff must be made aware of the on-going, general requirement that all customer information must be properly processed as soon as such information becomes available, to ensure that CDD records are maintained up-to-date.

The extent of the CDD measures required for each customer and the arrangements for on-going monitoring, on a risk sensitive basis, depending on the type of customer, business relationship, product or transaction must be determined.

In accordance to the Act no customer information may be given to any person or institution except by prior arrangement with management.

A risk based approach has to be adopted for the CDD procedures when taking on new customers and the subsequent requirement for the on-going monitoring of customer activity

2. Timing of Customer Due Diligence

CDD must be completed when:

- Establishing a business relationship
- Carrying out an occasional transaction
- You suspect money laundering or terrorist financing
- You doubt the veracity or the adequacy of documents, data or information previously obtained for the purpose of CDD

Business relationship - The regulations define a business relationship as 'a business, professional or commercial relationship between a relevant person and a customer, which is expected by the relevant person, at the time when contact is established, to have an element of duration.'

Prior to entering into any business relationship with a customer, we must ensure that we have completed the CDD process.

3. What is CDD?

“Customer due diligence measures” means—

- (a) **identifying** the customer and **verifying** the customer’s **identity** on the basis of documents, data or information obtained from a reliable and independent source;*
- (b) **identifying** where there is a **beneficial owner** and taking adequate measures, on a risk-sensitive basis, to **verify** his **identity** so that the relevant person is satisfied that he knows who the beneficial owners, including, in the case of a legal person, trust or similar legal arrangement, measures to understand the ownership and control structure of the person, trust or arrangement; and*
- (c) **obtaining information** on the purpose and intended nature of the business relationship.*

Having appropriate customer due diligence measures in place will help THE COMPANY to be reasonably satisfied that potential customers are who they say they are, and also establish whether there is any legal barrier to providing them with the product or service requested.

In addition, THE COMPANY will be in a better position to assist law enforcement, by providing available information on customers or activities being investigated.

Carrying out effective and compliant CDD will involve the following:

- Identifying the client and verifying their identity on the basis of documents, data or information obtained from a reliable and independent source;
- Identifying, where there is a beneficial owner and taking adequate measures, on a risk-sensitive basis, to verify the identity to confirm the beneficial owner exists and is who they say they are.

Being able to establish the money laundering or terrorist financing risks posed by a particular customer will depend on the amount of information that THE COMPANY has

about that customer and any other relevant parties; therefore as part of our due diligence, all relevant information must be collated, to ascertain whether there is any adverse information associated with the customer.

Proportionate and appropriate information will enable staff to differentiate between lower-risk and higher-risk customers and enable them to determine the level of CDD required for each customer.

One of the most important aspects of conducting risk based CDD is to be able to build a sufficiently detailed profile of the prospective customer and understand the purpose and intended nature of the business relationship or transaction. As mentioned previously, this is often informally referred to as Know Your Customer (KYC)

Building an adequate profile of a customer prior to establishing a business relationship will assist staff to recognize unusual transactions or instructions

4. Customer Due Diligence – Individual

As mentioned previously, the CDD process is carried out in two distinct parts. Completing both the verification of identity, at the standard level, and the KYC part of the CDD process will enable us to assess the risk posed by the customer.

A **standard level of identification** must be carried out.

The Firm must obtain the following **information** from the customer:

- Full Name
- Residential address
- Date of birth

This information will be **obtained by documents**. This will provide THE COMPANY with a high level of confidence that the customer is who he/she says they are.

The policy with regard to identification documents is as follows

- If verification of identity can be carried out on a **face to face** basis, i.e. a member of the management or staff is meeting the customer, the customer must be requested to produce a **government issued** document that incorporates:
 - o The customer's full name and photograph
 - o The customer's residential address,
 - o Date of birth

- Such government issued documents include:
 - o Valid passport
 - o National ID book / card

Where a customer provides such documents:

- o Each document should be checked to ensure that it is current, i.e. in date or the most recent issued and, where appropriate, signed.
- o The photo on the document should be immediately checked to ensure that it is a good likeness of the customer and stands up to scrutiny when checked against the date of birth.
- o If a photocopy of the document, the copy must be certified

It is important to remember that where verification of identity is carried out on a non faced-to-face basis the customer MUST be assessed as posing a higher risk and Enhanced CDD MUST be applied.

5. Know Your Customer (KYC)

The objective of this part of the CDD process is also vital in enabling THE COMPANY to comply with the implementation of risk based CDD. It is the information that is requested from the customer that enables an assessment to be made and the risk posed to the firm by entering into a business relationship with the customer.

The risk assessment determines the extent of any further CDD that may be required.

Information that should be collected and recorded:

- Nature and details of the business/occupation/employment;
- The expected source and origin of the funds to be used in the relationship;
- The anticipated level and nature of the activity that is to be undertaken;
- The various relationships between signatories and with underlying beneficial owners;

6. Risk Assessment

As mentioned previously, the risk assessment will determine the level of CDD required, over and above the standard level of identification and verification described earlier.

To assess the risk it is necessary to consider such matters as:

- Has the customer been identified?
- Has the customer been identified on a non face-to-face basis?
- Is the customer resident or conducting business in or through a higher risk jurisdiction?
- Is the customer involved in a business that deals in high amounts of cash?
- Is the customer engaged in industries that might relate to proliferation activities?
- Is there a good commercial rationale for the customer to be wishing to do business with THE COMPANY?
- Has the customer requested any form of secrecy in their dealings?
- Does the customer wish to transact business in complex or unusually large transactions?
- Has the customer shown an unwillingness to provide identity documents or KYC information?
- Can the products that the customer is interested in be used for money laundering or terrorist financing?
- Is the customer a Politically exposed person/individual (PEP)

7. Corporate Clients

Due to the complexity of their organizations and structures, corporate and legal entities are the most likely vehicles for money laundering. Care must be taken to verify the legal existence of the company and, where appropriate, the beneficial owner(s) from official documents.

As in the case of individuals, this is a two stage process to be followed by a risk assessment of the customer and, if assessed to be a higher risk customer, then Enhanced CDD must be applied.

A standard level of verification of identity MUST be carried out.

The following information must be obtained from the customer and subsequently verified:

- The full name of the company;
- The registered number of the company;
- The address of the registered office in the country of incorporation;
- The business address (if different from the registered office);
- The names and ID documents of all directors (or equivalent);
- The names of individuals who own or control over 25% of its shares or voting rights; and
- The names of any individual(s) who otherwise exercise control over the management of the company
- A search of the relevant company registry OR
- Obtaining a copy of the Certificate of Incorporation or equivalent
- Where relevant, a list of those individuals authorized to give instructions for the movement of funds or assets, along with an appropriate resolution giving that authorization.

Additional info:

- **Proof of address:**

Proof of address documentary evidence must be government-issued, or issued by a judicial authority, a public sector body or authority, a regulated utility company, or another FSB-regulated firm in the SA financial services sector.

- **List C – documents for proof of address**

- Utility bills - must not be **older than** 3 months - Mobile phone bill is not acceptable
- Bank/building society statement - must not be older than 3 months – statements printed from the internet and credit card statements are not acceptable
- Most recent mortgage statement (issued within 3 months)
- Current local authority tax number
- State pension or benefits book or notification letter (if not used as proof of identity)

8. Certification of documents:

To guard against fraud, only original documents or copies of documents that have been correctly certified as a true copy of the original can be accepted. The relevant employee must check the authenticity of each document provided by the customer.

Copy of documents must be signed, dated and stamped by a commissioner of Oath

9. Keeping information up to date

All client interaction and documents must be recorded and kept for a minimum period of 5 years. Client documentation must be backed up and can be kept in electronic format. The documentation can be stored off site, however, should the registrar wish to view these documents it must be accessible within 7 working days.

Customer Declaration

[I / We] hereby confirm that:

(a) All information given by me is the truth to the best of my knowledge and belief.

(b) I am not aware of any incorrect information

Signature:

Name:

Date: