



Quantix Financial Services Ltd

KYC Procedure

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CLIENT ACCOUNT OPENING & MONITORING PROCEDURES

The Client Account Opening procedure shall include, in general terms, the following:

- Electronic completion and submission of the Online Application Form (Know-Your-Client Questionnaire) by the Client through the Client cabinet of the Company's system
- Information, and terms of business, provided to Client at the final stage of the Online Application Form and prior to the opening of the account
- Acceptance of the terms and conditions of business (Client Agreement – electronic signing) and the information by the Client
- Client Classification: *Retail, Professional, Eligible Counterparty*

The Company's systems include reasonable and practicable risk-based procedures for verifying Clients' identity, maintaining records of the information provided by the Clients through the online application form and for opening Client's accounts upon approval/confirmation received by the MLCO or the Risk Manager. The process should be risk based and may include both documentary and non-documentary means to verify potential clients.

As a general matter, acceptance of an application for the opening of an online trading account is conditioned upon the Client

- Submitting the online application form, and
- Providing supporting documentation for the ascertainment/verification of his identification and due diligence.

Applications are also subject to review for compliance with account eligibility based on internal policies as well as regulatory standards, as applicable. The Company will reject applications failing to meet the requirements governing the acceptance of such applications.

The procedure for opening a Client account is explained in detail in the following sections:

1. Know your Client (KYC)/Due Diligence Procedures

The Customer Support Department with the assistance (if needed) of the Back Office Department shall have the duty, for every Client, to make all reasonable effort so as to obtain complete information, via the Online Application Form which the prospective Client must complete and submit, as to the following:

- (a) the Client's identity
- (b) the Client's financial state

The procedures described below outline important policies and procedures to be followed by the Company when implementing the KYC/Due Diligence Procedures. The Company's personnel responsible to undertake the task(s) below is obliged to read and comply fully with the Company's AML Manual in this respect.

Authorized Representatives

In the case where there shall be an authorized representative of the Client, the Company shall have to check whether the said representative provides concealed investment services. For such Authorized Representative, the procedure below also applies, in addition to the Client.

Furthermore, in cases of Authorized Representatives, all due care shall be exercised to verify the authenticity of the authorization (e.g. notarized signature of Client and relevant notarized signed Minutes of the Board of legal entities, as applicable).

2 Client Identification Procedures

Identification must be carried out as soon as reasonably practicable after contact is first made between the Company and a prospective Client, but before any commitments are entered into or any fees are paid to the Company. The Customer Support Department with the assistance of the Back Office Department, as applicable, shall be expected to seek and obtain satisfactory evidence of identity of their Clients before the time of establishing an account relationship.

The Company shall be dealing with a real person (natural or legal) and verify the identity of those persons who have power to operate any account.

Whenever possible, the prospective Client should be interviewed personally.

Due diligence and identification measures for the most frequent types of prospective Clients are found below.

2.1 Clients (Natural Persons)

The following information should be obtained from prospective Clients:

- (a) true name and/or names used
- (b) current permanent address, including postal code
- (c) telephone (home and mobile)
- (d) email
- (e) date and place of birth
- (f) nationality
- (g) profession or occupation
- (h) purpose of opening investment services account with the Company
- (i) estimated levels of turnover from the account and the source of funds
- (j) passport or ID number
- (k) sample signatures

The Company shall retain a copy of passport/identity card. Alternatively, the Client's driver's license provided it includes a photo of the Client.

Determining the validity of the documents received depends on assessment of the Back Office Department receiving the documents.

Client residence address

It is important that the current permanent address is verified. Any of the following could be requested:

- a recent (dated within the last 3 months of the applicant's signature) utility bill (fixed-line phone, water, electricity)
- local authority tax bill
- bank statement (current, deposit or credit card account)
- lease or mortgage agreement
- letter from a reputable bank confirming the address of the respective person
- police records/certificates
- driving licence
- confirmation from embassies

Care should be taken to check that the documents offered are originals, or certified true copies. The name on the document (e.g. utility bill), full address and name of the company issuing the document should all be clearly visible. A copy of the documentation presented should be retained.

In addition to the information collected according to Section 2.1, the Company should request and receive information on public positions which the prospective Client holds or held in the last twelve months as well as whether he is a close relative or associate of such individual, in order to verify if the Client is a politically exposed person, according to the prevention of money laundering and terrorist financing directive.

For Clients not residing in Belize, passports are always requested and, if available, official national identity cards issued by competent authorities of their country of origin are obtained and certified true copies of the pages containing the relevant information from the said documents are obtained and kept in the Client's files. In this regard, passport's number, issuing date and country as well as the Client's date of birth should always appear on the copy of the passport obtained.

Furthermore, if there shall remain any doubt as to the verification of the identity of any person, natural or legal, the Customer Support officers in coordination with the Back Office Department should seek to verify identity with a reputable credit or financial institution in the Client's country of residence.

In addition, if in doubt for the genuineness of any document (passport, national identity card or documentary evidence of address), to seek verification of identity with an Embassy or the Consulate of the issuing country or a reputable credit or financial institution situated in the customer's country of residence.

2.2 Legal Clients

The supervising authorities place particular emphasis on accounts with legal persons. Because of the difficulties of identifying beneficial ownership, corporate accounts are one of the most likely vehicles for money laundering, particularly when fronted by a legitimate trading company.

Before a business relationship shall be established, measures should be taken by way of a company search and/or other commercial enquiries to ensure that the applicant company has not been, or is not in the process of being, dissolved, struck-off, wound-up or terminated. In addition, if changes to the company structure or ownership occur subsequently, or suspicions are aroused by a change in the profile of payments through a company account, further checks should be made.

For prospective Clients that are legal persons, it must be verified that the natural person appearing to act on their behalf, is appropriately authorised to do so and his identity is established and verified according to the procedures mentioned in Section 2.1.

The Company shall take all necessary measures for the full ascertainment of the legal person's control and ownership structure as well as the verification of the identity of the natural persons who are the beneficial owners and exercise control over the legal person.

In all cases of commencing a business relationship with a legal entity, the identity verification procedure shall include the verification of the following:

- (a) the registered number
- (b) the registered corporate name and trading name used
- (c) the full addresses of the registered office and the head offices
- (d) the telephone numbers, fax numbers and email address
- (e) the members of the board of directors
- (f) the individuals that are duly authorised to operate the account and to act on behalf of the legal person
- (g) the registered shareholders that act as nominees of the beneficial owners
- (h) the nature and size of the company's operations, and, if available a copy of last published financial accounts
- (i) the economic profile (e.g. the purpose for the account, the expected turnover etc) of the legal person, according to the provisions of the Law

The identities of the persons stated in points (e), (f) and (g) above, have to be verified in accordance with the procedures of identity verification of natural or legal persons.

The original or certified true copies of the following, *inter alia*, documents must be obtained:

- (a) certificate of incorporation
- (b) certificate of registered office
- (c) certificate of good standing (company address, directors & secretary)
- (d) certificate of directors and secretary

- (e) certificate of registered shareholders
- (f) memorandum and articles of association
- (g) a resolution of the board of directors for the opening of the account and granting authority to those who shall operate it
- (h) in the cases where the registered shareholders act as nominees of the beneficial owners, a copy of the trust deed/agreement concluded between the nominee shareholder and the beneficial owner, by virtue of which the registration of the shares on the nominee shareholder's name on behalf of the beneficial owner has been agreed
- (i) documents and data for the verification of the identity of the persons that are authorised by the legal person to operate the account, as well as the registered shareholders and beneficial owners of the legal person
- (j) where deemed appropriate under the circumstances, a search of the file at the Companies' Registry should be made

If, at any later stage, changes have ensued in either the structure or the ownership of the company, or suspicions are raised because of changes in the nature of transactions that the Client company effects through the Company, then it is imperative that further checks shall be made to discover the nature and possible effects of these changes.

3. Online and Offline Account Opening Application – KYC Questionnaire

The Customer Support and the Back Office Departments shall monitor the online applications for opening of Client accounts in the system of the Company as well as undertake the necessary actions for the offline method for account opening applications. The latter application method is when a Client explicitly requests the opening of an account via phone, fax or email and the Customer Support officer arranges for the opening of the Client account straight from the back office system.

The Customer Support Department shall have the duty to provide the Client with the appropriate assistance for the accurate completion of the KYC when the Client requests so. The Customer Support Department must inform all Clients of the significance that the precise completion of the KYC bears, so as to enable the Company to provide accurate service, protection and promotion of the Client's interests.

The Customer Support Department must bring to the attention of the Client the need to inform the Company of future changes in the Client details and financial condition.

3.1 Provision of Information to Clients & Terms of Business

The Company shall provide, the Client with the necessary information so that the Client may shape an appropriate profile of the Company and its terms of business, including the services provided, the provisions of the Client Agreement to be electronically signed/accepted (or otherwise, as applicable), as well as the duties and obligations of both the Client and the Company.

3.2 Client Classification

1. The Company shall notify new Clients, and existing Clients that it has proceeded with their classification as required by the Law, as *Retail Clients* or *Professional Clients* in accordance with the Law. The Company may categorise all its Clients as *Retail Clients* and inform them of their right to request re-classification at any time
2. The Company shall inform Clients, in a durable medium, about any right that the Client has to request a different classification and about any limitations to the level of Client protection that it would entail
3. The Company may, either on its own initiative or at the request of the Client concerned:
 - (a) treat as a *Professional Client* a Client that is considered as a *Retail Client*
 - (b) treat as a *Retail Client* a Client that is considered as a *Professional Client*

Based on the terms of business (Client Agreement) of the Company, all Clients are categorised as *Retail Clients*, unless the Clients specifically request to be categorized as *Professional*.

4. Accepting/Rejecting a Client

The MLCO or the Risk Manager will need to approve electronically (via the back office system) all applications for account opening of new Clients.

The procedures described below include the policies and procedures to be followed by the Company when accepting or rejecting a potential Client. A more comprehensive description of the Company's policies and procedures regarding the Company's Client Acceptance Policy are included in the Company's AML Manual.

For the MLCO or the Risk Manager to approve an application, the application must verify the following:

- (a) the correctness, authenticity and completeness of the information provided by the applicant
- (b) the creditworthiness of the applicant, through a database search whenever this deems necessary
- (c) the probability that the applicant is involved in illegal or criminal activities,
- (d) the completeness of the required agreement documents

and, reject all applications that:

- (a) do not include all the necessary information
- (b) involve persons of doubtful creditworthiness or persons that may be involved in illegal or criminal activities
- (c) the Client has not promptly provided the information or has done so incompletely.

Following the approval by the MLCO or the Risk Manager, the application shall be forwarded to the Back Office Department in order to be entered in the Company's systems.

With the approval of the Client, the Customer Support Department shall check the relationship with other Clients and include him/her in the group of related/connected Clients, if such a relationship exists.

5. Electronic Signing of Client Agreements

5.1 General

The Company shall not provide any investment services and shall not effect any transactions with any Client, prior to the completion of the account opening process and the electronic signing/acceptance of agreement between the Company and the Client at the final stage of the online application process.

The Client Agreement shall be specific for the investment services requested by the Client and shall delineate, in precise, analytical and comprehensible terms, the rights and obligations of both the Company and the Client, as well as other significant information for the awareness of the Client and the execution of the agreement.

5.2 General Provisions of Client Agreements

The Client agreements shall include the following general provisions:

The Client agreements shall include the following general provisions, among others, to include the terms of business of the Company:

- (a) the duration of the agreement, as well as its amendment, renewal, and termination procedures
- (b) reference to the methods the Company employs in dealing with Client requests, including any right that the Client has to request a different classification
- (c) any other rights and obligations of the Company with respect to the Client
- (d) the law and the courts of law that govern the Client Agreement

In the cases of Clients which are legal entities (such as companies and partnerships), the identifying details of the natural persons authorized to represent the Client for the purposes of the Client services agreement must be attached to it, along with the necessary Client's board of directors resolution.

In accordance with the provisions of the Law on the Processing of Personal Data (Protection of Individual Information) of 2001, the Company's Customer Support Department has the duty to inform the Clients that their personal details shall not be used for any other purpose other than the provision of the services specified in the Client Agreement, with the exception of the provisions of the Law with respect to the disclosure of information to the regulatory authorities, if so requested at any point.

Further to the above, in case the Company shall disclose Clients' personal details to any other third party, such disclosures should be specified to the Client through the Client agreement (or other appropriate means), while the Company shall always adhere to the requirements of the Law on the Processing of Personal Data (Protection of Individual Information) of 2001.

The Client may periodically request from the Company the status and contents of the folder with his personal details.

6. Closing Client Accounts

6.1. Policy

The Company shall cease the provision of the investment and ancillary services to Clients in accordance with the terms and conditions of its Client Agreement.

The Compliance Officer shall inform the Client of the termination of the business relationship via email. The date of the effective Client account termination should be in accordance with the provisions of the relevant Client Agreement.

On termination, the Company and the Client undertake to complete all transactions already entered-into and the Terms and Conditions/Client Agreement shall continue to bind both parties in relation to these transactions. Should all transactions be completed the Company shall return to the Client all of the Client's assets in the Company's possession. Prior to the return of such assets, the Company reserves the right to deduct all amounts that are due to it or that are necessary to close any pending obligations of the Client.

Immediately following receipt of the Client account termination notice and given that no transactions are pending, the Customer Support Department will send an email to the Client informing him/her that he/she must submit a withdrawal form in order to be able to withdraw the remaining balance of Financial Instruments and/or cash. Following receipt of the relevant withdrawal request, the withdrawal will be processed according to the Company's procedure for withdrawing of funds.

Further, the Customer Support Departments shall be responsible for filing accordingly the relevant electronic communication in the Client's unique file and notifying accordingly the relevant departments providing services to the relevant Clients.

Following termination of a Client Agreement and cease of the provision of services to a Client, the status of the relevant Client account will be set as blocked in the Back Office system while the Client's access to the Company's trading systems shall be restricted.