

## **X-Wrist Anti-Money Laundering Policy**

Money Laundering and Terrorist Financing have been identified as major threats to our Company. The United Kingdom, in common with many other countries, has passed legislation designed to prevent money laundering and to combat terrorism. This legislation, together with regulations, rules and industry guidance, forms the cornerstone of Anti-Money Laundering / Counter Terrorist Financing (AML/CTF) obligations for UK firms and outlines the offences and penalties for failing to comply.

The requirements of EU/UK legislation apply to our Company, wherever we do business globally.

### **Legal and Regulatory Framework**

The principal requirements, obligations and penalties on us are contained in:

- The Proceeds of Crime Act 2002 (POCA), as amended by the:
  - Serious Organised Crime and Police Act 2005 (SOCPA);
  - Proceeds of Crime Act (Amendment) Regulations 2007; and the
  - Criminal Finances Act 2017
- The Terrorism Act 2000, as amended by the:
  - Anti-Terrorism, Crime & Security Act 2001; and
  - Terrorism Act (Amendment) Regulations 2007;
- The Terrorism Act 2006;
- The Counter-Terrorism Act 2008 and the Terrorist Asset-Freezing etc Act 2010, and related sanctions regulations and guidance;
- The Bribery Act 2010; and
- The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, transposing the requirements of the EU's Fourth Money Laundering Directive.

### **What is Money Laundering?**

According to the International Monetary Fund (IMF), criminal activities, such as drug trafficking, smuggling, human trafficking, corruption and others, tend to generate large amounts of profits for the individuals or groups carrying out the criminal act. However, by using funds from such illicit sources, criminals risk drawing attention to the underlying criminal activity and exposing themselves to prosecution. In order to benefit freely from the proceeds of their crime, they must therefore conceal the illicit origin of these funds.

Briefly described, **“money laundering” is the process by which proceeds from a criminal activity are disguised to conceal their illicit origin.**

If property (including cash, other cash-based transactions or casino chips) derives from a crime, the delivery of a financial service or any dealing with that property may constitute an act of money laundering. This includes criminal spend. If it is done by a person knowing or suspecting or having reasonable grounds to suspect criminality, an offence of money laundering will be committed, albeit we are entitled to assume our customers are honest unless or until information comes to our attention that may lead us to think otherwise.

## **What is Financing of Terrorism?**

Terrorist financing involves the solicitation, collection or provision of funds with the intention that they may be used to support terrorist acts or terrorist organisations. In the case of money laundering, the funds are always of an illicit origin whereas in the case of terrorist financing, the funds can originate from either illicit or legal sources. The primary goal of persons involved in the financing of terrorism is therefore not necessary to conceal the sources of the funds as in money laundering but to conceal both the funding activity and the nature of the funded activity.

The techniques used to both launder money and to finance terrorist activities/terrorism can be similar. However, there are also important differences to be aware of between money laundering and terrorist financing. In particular, often only small amounts of money are required to commit individual acts of terrorism, making it more difficult to track terrorist property. Further, terrorists can be funded from legitimate sources of wealth, and it can therefore be difficult to identify the stage at which they become terrorist property. Casinos must maintain heightened vigilance to ensure that any suspicions of a terrorist link to funds are reported appropriately. Any suspicious activity must be reported to the MLRO, to allow the MLRO to consider whether to make a report to the appropriate law enforcement agencies.

### **Compliance**

The Company will utilise the HM Treasury's National Risk Assessment to establish and maintain a Risk-Based Approach towards assessing and managing the money laundering and terrorist financing risks. Additionally, it will:

- Establish and maintain risk-based Customer Due Diligence (CDD), identification verification, including Enhanced Due Diligence (EDD) for those customers presenting higher risk, such as Politically Exposed Persons (PEPs);
- Establish and maintain risk-based systems and procedures to monitor and control ongoing customer activity and transactions;
- Establish procedures for reporting suspicious activity internally and to the relevant law enforcement authorities as appropriate;
- Establish procedures for identifying individuals subject to UK, EU or UN sanctions, avoiding or terminating any business relationship with such individuals, and making reports to HM Treasury and law enforcement authorities as appropriate, as well as identifying individuals subject to other sanctions regimes and appropriately risk assessing any business relationship with such persons;
- Maintain appropriate records;
- Provide regular training and awareness for all relevant employees; and
- Make provision for appropriate management information and for reporting to Senior Management.

### **General**

The Board of X-Wrist is committed to complying with its statutory and regulatory obligations to prevent money laundering and terrorist financing. Positive management action is exercised in order to minimise the risk of the Company being used for the purposes of laundering money or spending funds associated with criminal activity and policies and procedures developed and implemented in compliance with the legal and regulatory framework.

The Company files appropriate reports with the National Crime Agency (NCA) if the conduct of a customer or third party such as a remitter of funds causes suspicion as to their involvement in illegal activities and/or a transaction is suspicious. Consideration is also given to whether to terminate the Club's business relationship with such customers. Any continuing association is undertaken after consultation and in conjunction with the relevant authorities and is handled in a way that avoids risk to the investigating agency and the investigation.

**Procedures will be maintained to ensure that:**

- The identities of all relevant customers, with whom we have a business relationship, are verified in accordance with the *on-entry* approach;
- Customer Due Diligence (CDD) is undertaken on our customers on a proportionate and risk assessed basis;
- Transfers of funds are risk assessed;
- Any concerns about an existing or potential customer are conveyed to the Money Laundering Reporting Officer (MLRO) and the Management Team, who have a responsibility to investigate and take appropriate action;
- Enhanced Due Diligence (EDD) is conducted on:
  - Politically Exposed Persons (PEPs) with whom we have a business relationship and, including family members and known close associates of PEPs;
  - Customers who are risk assessed as posing a higher risk of money laundering and/or terrorist financing;
  - Vendors of due-diligence tools, debt collection agents, and financial service providers e.g. payment solutions, credit checking etc;
- Records are compiled and retained in accordance with the Money Laundering Regulations and the Data Protection Act and can be used to support ongoing monitoring and due diligence, provide an audit trail and appropriate evidence to answer queries from authorised regulatory bodies or assist in a financial investigation by law enforcement;
- All suspicions are reported promptly to the MLRO and full co-operation is provided to the relevant agencies (for example, the National Crime Agency) to the extent required by statute/regulation and to the extent permitted without breaching customer confidentiality or Data Protection Act requirements (where applicable).

**The Board of the Company are responsible for:**

- Establishing overall policy for compliance with anti-money laundering (AML) and counter terrorist financing (CTF) obligations
- Appointing an MLRO who is suitably qualified and knowledgeable in AML/CTF compliance.
- Providing the MLRO with prompt advice of unusual/suspicious transactions and other matters of significance which come to the attention of the Board.
- Providing the MLRO with the appropriate resources to fulfil the function effectively including the appropriate employees, third party resources and technology.
- Ensuring the MLRO has the authority to act independently in carrying out their responsibilities and access to the information necessary to carry out those processes independently of operational concerns.
- Taking appropriate advice from the MLRO (and where necessary formal legal advice) with respect to operational activity as it may from time to time impact AML/CTF compliance.
- Inviting the MLRO to attend Board meetings to present their reports and at any other time when there are important compliance issues to be reported.
- The Money Laundering Reporting Officer for X-Wrist is:

**Omar Hassanieh - [omar@x-wrist.com](mailto:omar@x-wrist.com)**

### **The MLRO is responsible for:**

- Conducting AML/CTF Risk Assessments. The information contained therein will be used to review and develop policy and procedures that are appropriate for the business.
- Keeping the AML/CTF Risk Assessment under review, revising accordingly to ensure they remain effective and take into account any applicable learnings or guidelines published from time to time.
- Developing and maintaining AML/CTF policies and procedures in line with evolving statutory and regulatory obligations and experience/advice from relevant agencies.
- Developing AML/CTF training and the education of staff.
- Monitoring the effectiveness of the day-to-day operation of policies and controls.
- Ensuring that the Company complies with its stated policies and procedures.
- Engaging the Senior Management Team, providing information and ensuring that AML and CTF are considered throughout all business processes.
- Ensuring appropriate training of staff is delivered in accordance with the requirements of their role, both at induction and an ongoing basis.
- Keeping themselves informed and updated with new money laundering and counter terrorism requirements and developments.
- Being the central point of contact between the Company and external agencies in respect of any specific money laundering/terrorist financing investigations.
- Managing third party, money laundering and counter terrorist financing prevention and compliance enquiries.
- Appropriate reporting to the Board.

### **All reports of Suspicious Transactions must be sent directly to the MLRO.**

#### **Employee Participation**

The Company's employees are the "First Line of Defence" against money laundering and terrorist financing. **All employees are responsible for:**

- Remaining vigilant to the possibility of money laundering and terrorist financing;
- Attending compliance training.
- Reporting to the MLRO their concerns which cause them to know or suspect a customer is money laundering, supporting terrorism, spending the proceeds of crime or is engaged in illegal activities.
- Compliance with AML/CTF policy and procedures in respect of Customer Due Diligence, client identification, client monitoring, record keeping, vigilance and reporting.

#### **Education and Training**

- Where pertinent, employees will receive AML/CTF training as soon as is practicable during their induction and thereafter, as and when necessary and appropriate, to ensure their proactive participation in minimising the risk of the Company being used for the purposes of laundering money, terrorist financing or spending funds associated with criminal activity.

- Personnel will be provided with annual refresher training to cultivate their understanding and knowledge of AML/CTF in line with changes in guidance and legislation.
- Training Records will be retained to show that relevant personnel have been adequately trained in AML/CTF procedures.
- Managerial staff and appropriate external contractors will be provided with a copy of this Policy.

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