**Introduction and Definitions**

1a. Policy Overview

MarinaCoins has established a stringent policy dedicated to actively preventing and prohibiting all forms of money laundering and any activities that might support money laundering or the funding of terrorist or criminal activities. The company is committed to fully adhering to all applicable regulations and laws related to Anti-Money Laundering (AML) and Counter-Terrorism Financing (CFT) as mandated by the UAE.

1b. Definitions and Context

Money laundering involves activities designed to disguise or conceal the origins of money gained from illegal activities. These actions aim to make such funds appear legitimate or to convert them into assets that seem to have legal origins. Typically, money laundering involves three stages:

Placement Stage: Here, cash from criminal activities is first introduced into the financial system, often by converting it into monetary instruments like money orders or traveler’s checks, or by depositing it into financial institution accounts.

Layering Stage: The money is then moved or transferred between different accounts or institutions, distancing it further from its criminal source.

Integration Stage: Finally, the laundered money re-enters the economy, possibly used to purchase legitimate assets, fund other criminal activities, or invest in legitimate businesses.

The securities industry, though not typically involving cash deposits, can be a channel for money laundering. This can happen either by laundering funds gained from other sources or by generating illegal funds through investment fraud, including insider trading, market manipulation, Ponzi schemes, cybercrime, and other deceptive practices.

Terrorist financing, in contrast, may not always stem from criminal activities. It seeks to hide the origins and intended use of funds, which could be for criminal purposes. Terrorist financiers might use legitimate sources like foreign government sponsors, business profits, personal income, or charitable donations. While differing in motivation, the methods used in terrorist financing can mirror those in money laundering. Notably, the funds needed for terrorist activities might not be large and the transactions not overly complex.

**2. Regulatory Compliance**

MarinaCoins has developed and implemented thorough AML policies, procedures, and internal controls, designed to be fully compliant with all applicable AML/CFT laws and regulations. The company is dedicated to consistently reviewing and updating these measures to reflect changes in legislation or business operations. This proactive stance ensures our practices remain effective and current with the evolving standards of anti-money laundering efforts. The following laws and regulations are integral to our processes:

* UAE Federal Law No. 20 of 2018 regarding Anti-Money Laundering, Counter-Terrorism Financing, and Illegal Organizations Financing.
* Adherence to regulations and guidelines set by VARA.
* Cabinet Resolution No. 10 of 2019, implementing Federal Law No. 20 of 2018.
* UAE Federal Law No. 7 of 2014 on Combating Terrorism Crimes.
* UAE Federal Penal Law No. 3 of 1987 and its amendments.
* UAE Federal Penal Procedures Law No. 35 of 1992 and its amendments.
* Regulations for declarations by travelers in UAE regarding cash, monetary, or financial instruments.
* UAE Federal Law No. 5 of 2012 on Combating Cyber Crimes.
* UAE Central Bank Regulations for Anti-Money Laundering, especially Circular No. 24/2000 and its updates

**3. Responsibilities and Procedures**

MarinaCoins is obligated to:

* Identify and assess risks related to criminal activities within its operations.
* Report unusual or suspicious transactions to the UAE's Financial Intelligence Unit.
* Regularly train staff on AML policies and procedures.
* Analyze factors like customer profiles, transaction volumes, geographic regions, and industry trends.
* Implement varying levels of KYC based on customer types.
* Continuously evaluate identified risks and the effectiveness of risk management strategies.
* Stay informed about evolving risks and regulatory changes.
* Ensure compliance with VARA regulations.
* Maintain records of customer and transaction data for at least 5 years, preserving data confidentiality.
* Follow the guidelines set by the Financial Action Task Force (FATF).
* Develop and implement internal controls for risk management.
* Establish robust internal control frameworks specific to identified risks.
* Define clear policies and guidelines for employees regarding risk management and compliance.
* Enforce due diligence requirements.
* Design thorough due diligence processes for customer onboarding and ongoing monitoring, including verifying customer identities, sources of funds, and beneficial ownership.
* Conduct enhanced due diligence for high-risk customers.
* Comply with UN directives related to terrorism financing and proliferation of weapons of mass destruction.
* Implement systems to detect and report suspicious activities related to these risks.

**4. Procedures**

4a. Know Your Customer (KYC) Policies

We at our company place high importance on varying our Know Your Customer (KYC) processes to suit different types of customers. This tailored approach to KYC ensures we effectively counteract potential risks and adhere to all regulatory standards. Customers who present a higher risk are subject to a more thorough KYC review, which helps us quickly identify and respond to any suspicious activities. Conversely, customers with a lower risk profile benefit from a more streamlined KYC procedure, ensuring their onboarding is efficient and hassle-free. Our KYC strategies also differ for individual and corporate clients, recognizing their distinct needs and attributes. This differentiated strategy helps us uphold compliance and transparency, while also addressing the varied requirements of our clients.

The following diagram will detail our decision-making process for determining the appropriate KYC level for a Real Person\*.

Each KYC level outlined below offers a detailed perspective on our methodology, highlighting the diverse requirements and levels of scrutiny for individual customers to maintain a strong and effective KYC framework.

**Standard KYC – Individual**

Our company is committed to establishing and verifying the identity of any individual or entity we act with or for. We may periodically update our policies, procedures, systems, and controls for identifying counterparts, based on our risk assessments. The list below serves as a guideline for the type of information and verification needed to establish and confirm the identity of a counterpart before engaging in transactions or business relationships:

* Full legal name
* Date of birth
* Nationality
* Current residential address
* Valid official identification
* Source of financial resources
* Enhanced KYC – Individual

For transactions over 10,000 USD or in cases where a higher customer risk is identified, we implement enhanced KYC measures. This allows for more in-depth due diligence, heightening our security and adherence to regulatory standards.

Under these enhanced measures, customers are required to either demonstrate proof of their source of funds or agree to manage funds exclusively through bank transfers, eliminating cash transactions.

**Ultimate KYC – Individual**

Our most rigorous security level, the “Ultimate KYC,” is applied for transactions over 100,000 USD or when significant customer-related risks are detected. These comprehensive measures ensure the highest level of security and strict regulatory compliance.

In these cases, customers must provide:

* Certified proof of source of funds
* Certified proof of current address
* A physical form of identification, either the original document or a certified copy

Our company adheres to uniform KYC levels for both individual and corporate clients. The underlying principles guiding the categorization are identical for each group. Nonetheless, when dealing with corporate customers, we necessitate extra certified documents for identity and legitimacy verification. This thorough verification method cultivates trust and ensures compliance with regulatory norms for all our esteemed customers. The additional documents required for corporate clients include:

* Certificate of Incorporation: Verifying the legal formation of the company.
* Certificate of Incumbency: Confirming the current officials or directors of the company.
* Memorandum of Articles: Detailing the company's constitution and operational guidelines.

MarinaCoins has established a procedure to screen customer names against sanction lists from various regulatory authorities to maintain compliance with sanctions on individuals and entities. These authorities encompass the Virtual Assets Regulatory Authority (VARA), the UN Security Council (UNSC), the Office of Foreign Assets Control (OFAC), the Office of Financial Sanctions Implementation (OFSI), the European Union (EU), the Financial Action Task Force (FAFT), and the local terrorist list issued by the UAE Supreme Council for National Security. This screening is applied to all parties engaged in transactions, ensuring strict compliance with sanction-related requirements. MarinaCoins upholds an ongoing "Transaction Monitoring" system, designed to spot transactions with unusual or potentially suspicious traits, taking into account customer profiles and behaviors. The first line of defense includes our frontline staff, empowered to quickly raise any unusual activities or transactions through internal channels. Furthermore, as a second line of defense, there's an in-depth analysis of transactions, encompassing intensified observation of customer transactions and behaviors, to strengthen the overall effectiveness of the monitoring procedures.

4c. Staff Training

At MarinaCoins, we prioritize empowering our employees at all levels, recognizing that thorough AML (Anti-Money Laundering) training is essential for establishing a solid AML/CTF (Counter-Terrorist Financing) governance framework. New employees at MarinaCoins undergo intensive training on AML policies and procedures within their first 30 days. This initial training includes basics of AML regulations, recognizing suspicious activities, customer due diligence, and reporting protocols. Interactive exercises, case studies, and scenario-based simulations are integral to this training, enhancing understanding and practical application. Our commitment to ongoing improvement is demonstrated through annual AML training sessions for all staff, keeping them updated on the latest AML regulations, industry practices, and trends in financial crimes. Training materials are regularly revised to stay current with AML/CTF advancements. We encourage active participation in these sessions, allowing employees to exchange insights, raise questions, and discuss real-life scenarios. This collaborative training approach bolsters the learning experience and enables informed decision-making, protecting both MarinaCoins and its clients. Employees have access to various resources, including reference materials, online courses, and expert advice, ensuring AML compliance is a constant focus in their daily tasks.

4d. Record Keeping and Confidentiality

MarinaCoins adheres to stringent record-keeping practices in line with UAE Central Bank regulations. Our detailed document retention and confidentiality procedure includes collecting and verifying identification documents as part of the KYC process, such as government-issued IDs and utility bills. All customer documents and transaction records are securely stored in an encrypted database with limited access to authorized personnel only. We have robust data backup and disaster recovery protocols to prevent data loss. Customer records are retained for a minimum of five years, starting from the last transaction or business relationship end. After this period, we responsibly dispose of records in compliance with data protection laws. Our employees are trained in data confidentiality and bound by non-disclosure agreements, ensuring the highest privacy standards. Regular audits and compliance checks are conducted to align with regulatory requirements, and we cooperate with legitimate requests from authorities while upholding data protection laws and privacy rights.

4e. AML Compliance Person Duties

The AML Program Compliance Officer at MarinaCoins is thoroughly versed in AML/CFT regulations, selected for their expertise, experience, and ongoing professional development. This individual is responsible for overseeing the AML program, which includes:

Qualification and Appointment: Chosen based on their AML/CFT expertise and commitment to continuous learning.

Understanding AML/CFT Regulations: Regularly reviewing laws and consulting with experts to stay informed about compliance nuances.

Monitoring Compliance: Implementing a monitoring system, conducting audits, and utilizing AML software for compliance assurance.

Communication and Training: Developing and delivering an AML training program, using real-world examples for staff education.

Risk Assessments: Collaborating for data gathering, conducting risk analyses, and creating heatmaps to identify high-risk areas.

Record Keeping: Ensuring organized and secure storage of all AML documents and reports for easy auditing.

Suspicious Activity Reports (SARs): Standardizing the SAR process, training staff, and emphasizing timely and accurate reporting.

Reporting and Accountability: Preparing detailed reports for management and regulatory bodies to demonstrate the effectiveness of the AML program.

This comprehensive approach by the AML Compliance Officer guarantees a proactive, effective AML/CTF governance framework, safeguarding MarinaCoins and its clients from financial crime risks.

**4. Conclusion**

MarinaCoins is dedicated to upholding a secure and regulation-compliant environment, enforcing strict protocols to thwart money laundering, terrorist financing, and other illegal activities. Central to our comprehensive AML strategy is the acceptance of payments solely from recognized and authorized banks, significantly reducing the risk of receiving funds from sources that may not comply with regulations. Our stringent KYC processes are designed to thoroughly understand our customers and their risk profiles, minimizing the chances of conducting transactions with parties involved in unlawful activities. Guided by an appointed AML Compliance Officer, we consistently revise and fine-tune our policies to align with current regulations and industry best practices. Our primary aim is to cultivate a secure and trustworthy business atmosphere, maintaining the highest ethical standards and actively preventing financial crimes.