

# Anti Money Laundering Policy

## INTRODUCTION

Money laundering is the movement and disguise of cash or other assets generated from illegal activities through legitimate financial institutions or businesses so as to conceal the source of the funds or make it appear that the source of the funds is, in fact, legitimate.

Generally, money laundering occurs in three stages:

- Placement: Cash generated from criminal activities is converted into monetary instruments, such as money orders or traveler's checks, or deposited into accounts at financial institutions.
- Layering: Funds are transferred or moved into other accounts or other financial institutions to further separate the money from its criminal origin.
- Integration: Funds are reintroduced into the economy and used to purchase legitimate assets or to fund other criminal activities or legitimate businesses.

It also covers money, however, acquired, which is used to fund terrorism. Terrorist financing may not involve the proceeds of criminal conduct, but rather an attempt to conceal the origin or intended use of the funds, which will later be used for criminal purposes.

Both international and UK regulations require Chbits to implement effective internal procedures ensuring that anti-fraud, anti-money laundering and anti-terrorist financing measures are in place.

## UK AML LEGAL AND REGULATORY FRAMEWORK

1. The Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 (SI 2017 No. 692)

2. The Proceeds of Crime Act 2002 (as amended by the Crime and Courts Act 2013 and the Serious Crime Act 2015)
3. The Money Laundering Regulations 2007 (SI 2007 No. 2157)
4. The Terrorism Act 2000 (as amended by the Anti-Terrorism, Crime and Security Act 2001, the Terrorism Act 2006 and the Terrorism Act 2000 and Proceeds of Crime Act 2002 (Amendment) Regulations 2007).

The Money Laundering Regulations 2017 transposes the European Union's 4th Anti Money Laundering Directive (the "4th AML Directive") which sets out a risk-based approach which is tailor-made to the business being carried out by Chbits; and The Joint Money Laundering Steering Group (JMLSG) Guidance for the UK Financial Sector on the prevention of money laundering/combating terrorist financing.

One of the ways which Chbits ensures that it is not an unknowing accomplice to money launderers is to carry out customer due diligence (hereinafter referred to as "CDD") at the point of onboarding new customers.

Our KYC policy and CDD procedure aim first and foremost at identifying the individuals and persons with whom Chbits is doing business, and which companies and the persons behind them are sending and receiving funds. This applies to any transfer or transaction in any fiat denominated currency, or in the case of any conversion from virtual currencies into fiat money.

This is ensured by establishing to the best extent possible

- that clients have valid and adequate proof of identification, proof of residence. This will provide evidence to Chbits to where the individual is attempting to sign up to Chbits from;

that Chbits is able to maintain records of identification information on the individual;

- that Chbits is able to determine that clients are not known or suspected terrorists or criminals by checking their names against lists of known or suspected terrorists and criminals;
- closely monitoring clients' money transactions for fraud prevention and security, ensuring all information is protected.

## **CHANGES TO THIS AML POLICY**

We reserve the right to modify this AML Policy at any time, and when required by law, we will notify you of changes to this AML Policy. If we make any material changes we will notify you by email (sent to the e-mail address specified in your account) or by means of a notice on our Services prior to the change becoming effective. Your continued use of our Site after any such changes constitutes your acceptance of the new AML Policy constitutes your acceptance of the new AML Policy . If you do not agree to abide by these or any future version of the AML Policy, you do not have permission to use or access (or continue to use or access) our Site and Services.

## **Contact us**

Questions or comments regarding this AML Policy can be submitted to Chbits by email or phone as follows:

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