

	FINE GOLD LLC ANTI-MONEY LAUNDERING & COMBATING THE FINANCING OF TERRORISM (AML/CFT)	No	FG/NCP/02
		Rev No.	002
		Date	2025
		Email	Compliance@finegold.ae

Introduction

Rapid globalization and technological disruptions have made combating money laundering and terrorism financing a significant challenge around the globe.

Organizations worldwide face new threats due to their global presence and diverse products, markets, and business lines. Factors like an integrated global economy, free trade, global banking systems, several payment methods, and less restricted human capital movement have opened new avenues for money laundering.

Coordination and international cooperation are needed to protect the financial system, cut off resources for terrorists, and make it harder for criminals to profit from their activities.

Scope

This policy applies to:

- ✓ All **FINE GOLD** business units and employees.
- ✓ All gold suppliers, business partners and customers.
- ✓ All operations related to the purchasing, refining, and trading of precious metals.

Governance Framework

- ✓ **Management Structure:** The management is responsible for oversight and strategic direction of this policy/procedure.
- ✓ **Compliance Officer:** A Compliance Officer has been appointed to implement and supervise all the due diligence practices and procedures and is directly reporting to the management.
- ✓ **Compliance Training:** Adequate resources are allocated to ensure staff are trained and competent.

Roles and Responsibilities:

- ✓ **Employees:** All employees within the company group must understand and comply with this policy.
- ✓ **Compliance Officer & Department:** Responsible for monitoring due diligence activities, training, procedures, reporting, and regulatory framework coordination.

Money Laundering:

Money laundering is a criminal activity that involves concealing or altering the identity of illegally obtained funds by passing them through the financial and banking system to appear legitimate.

Criminals launder money to avoid detection by law enforcement and make personal use of illicit proceeds, including further criminal activity and investment in legitimate businesses.

Federal Decree-Law No. (20) Of 2018 defines money laundering as engaging in willfully transferring funds with knowledge that they are the proceeds of a felony or misdemeanor.

This law aims to combat the financing of terrorism → financing of terrorism (CFT) and illegal organizations.

- ✓ The act of transferring or moving proceeds or conducting transactions with the intention of concealing or disguising their illegal source.
- ✓ The act of concealing the true nature, source, location, and method of disposition, movement, ownership, or rights of the proceeds.
- ✓ The act of acquiring, possessing, or using proceeds upon receipt.
- ✓ The act of assisting the perpetrator of the offense to avoid punishment.

Money laundering is a complex series of transactions that can occur in three stages: Placement, layering, and integration.

- ✓ **Placement:** involves introducing multi-illegal funds into the financial systems through formal institutions such as casinos, real estate, and other legitimate businesses.
- ✓ **Layering:** involves converting the funds into another form and creating complex off-financial transactions to conceal their origin and ownership.
- ✓ **Integration:** completes the cycle by making the laundered funds appear legitimate, making it difficult to distinguish between legal and illegal wealth.

Integration schemes are designed to place the laundered proceeds back into the economy in what appears to be normal business or personal transactions.

FINE GOLD is committed to support all efforts at local and international level to fight against money laundering, the financing of terrorism and other related offenses.

Through continuous monitoring and control, we aim to protect both our company and customers from potential risks and comply with the applicable laws and regulations.

The Financing of Terrorism

An offense within the meaning of the UN International Convention for the Suppression of the Financing of Terrorism (1999), where a person by any means, directly or indirectly, unlawfully and willingly, provides or collects funds with the intention that they should be used in order to carry out an act intended to cause death or serious bodily injury to civilian, when the purpose of such act is to illuminate a population or to compel a government or an international organization to do or to abstain from doing an act.

Terrorist groups and threats have evolved over time, but the fundamental need for terrorists to raise, move, and use funds remains constant.

Terrorists adapt their methods to circumvent jurisdictional safeguards to detect and disrupt terrorist activities.

Terrorist financing involves dealing with funds and assets used for financing terrorist activities, whether from legitimate or criminal sources.

The AML/CFT Law defines Financing of Terrorism as:

Money laundering involves committing acts of criminal offenses, knowing the proceeds are owned by a terrorist organization or person, or intended to finance a terrorist crime, even without concealing their illicit origin.

This includes:

Providing, collecting, preparing, or obtaining proceeds with intent to use them for a terrorist offense, or committing such acts on behalf of a terrorist organization or person while aware of their true background or purpose.

Negative Effects of Money Laundering:

- ✓ Money laundering, terrorist financing, and proliferation financing can destabilize communities, economic sectors, and national economies by enabling criminals and terrorist networks to transform illicit proceeds into legitimate money, enabling their destructive activities.
- ✓ Money laundering is a criminal activity that fuels criminal enterprises, increasing the cost of government due to increased law enforcement and healthcare expenses.
This process has devastating economic, security, and social consequences, as it fuels drug dealers, smugglers, terrorists, illegal arms dealers, and corrupt officials.

The globalization of the financial services industry and rapid technological advancements have made the financial aspects of crime more complex and harder to track.

- ✓ Money laundering hinders the growth of the private sector by providing products at lower prices than production costs, making it difficult for legitimate activities to compete.

Money launderers often use front companies to hide their gains, which can subsidize products and services below market rates.

Criminals can also transform productive enterprises into sterile ones to launder funds, reducing overall economic productivity. Laundering money can lead to unpredictable fluctuations in money demand, significant volatility in international capital flows, and significant fluctuations in exchange rates.

- ✓ Strong financial institutions, including banks, non-bank financial institutions, and equity markets, are crucial for economic growth. However, they can also be low-cost vehicles for criminals to launder funds, potentially undermining market stability.
Money laundering often correlates with fraudulent activities by employees and can damage the reputation of financial institutions involved in scheming, leading to a loss of trust and goodwill with stakeholders. In worst cases, money laundering may result in bank failures and financial crises.
- ✓ Money laundering reduces tax revenue by making it difficult for the government to collect revenue from underground transactions, leading to higher tax rates than if untaxed proceeds of crime were legitimate. Additionally, corruption increases taxes for public works expenditures.
- ✓ Money laundering has significant socio-economic effects, as it involves the laundering of dirty money from criminal activities into legitimate funds, which is then used to expand existing criminal operations and finance new ones.
- ✓ Laundered money has significant social and political costs, as it can be used to corrupt national institutions, undermine moral fabric, weaken ethical standards, and encourage criminal activity.

FINE GOLD is committed to supporting both domestic and international efforts and initiatives aimed at combating money laundering and the financing of terrorism, in addition to implementing such measures as may be deemed necessary, working only with those whose sources of funds can be reasonably established as legitimate and who do not pose any risk to **FINE GOLD'S** reputation and the nation.

Line of Defenses:

1. First Line of Defense: Employee Responsibilities

Employees play a crucial role in identifying and assessing money laundering and terrorism financing risks.

Identification: Employees are responsible for identifying risks associated with customer activities daily.

Policy Adherence: Ensure that policies and procedures are followed as prescribed by **FINE GOLD**

Transaction Monitoring: Identify suspicious transactions/activities and communicate these to the designated compliance officer.

2. Second Line of Defense: Compliance Officer

The compliance officer ensures that the organization adheres to policies and procedures related to Anti-Money laundering (AML) and counter-terrorism financing (CTF).

Policy Development: Develop and implement compliance policies and procedures.

Training: Provide training to employees in recognizing and reporting suspicious activities/transactions.

Monitoring: Review and evaluate suspicious transactions and assess their risk levels based on established criteria.

Reporting: Ensure proper reporting of suspicious transaction/activities reports (STRs/SARs) to the relevant authorities.

3. Third Line of Defense: Independent Audit Function

An independent audit function is essential to evaluate the effectiveness of the implemented AML compliance program.

Effectiveness Evaluation: Assess the effectiveness of the AML compliance program regularly.

Reporting: Provide feedback to the organization's senior management regarding compliance status and areas for improvement.

Recommendations: Suggest improvements to enhance the compliance framework and address identified weaknesses.

Fines and Penalties

- ✓ **Engaging in or Facilitating Money Laundering or Terror Financing**
Fine Amount: AED 100,000 to AED 10,000,000
Description: Individuals or entities directly involved in money laundering or terror financing activities face severe penalties, including substantial fines and potential imprisonment.
- ✓ **Violations by Financial Institutions and DNFBPs (Designated Non-Financial Businesses and Professions)**
Fine Amount: AED 50,000 to AED 5,000,000
Description: Financial institutions and DNFBPs - precious metals dealers that fail to comply with Anti-Money laundering regulations can face significant penalties.

Changes to the Policy

The Compliance Department along with the Board reserves the right to change this Policy from time to time as it considers necessary.

Board Approval Date: October 01, 2024

Effective Date: October 07, 2024

Due for review: May 06, 2025

Next Review: November 03, 2025

Signatures

Shiyad Kattuparambil Abdulkareem
Manager



Mohamed Ahamed Meeran
Manager



Luisa Fernanda
Compliance Officer



Communication Details:

For questions and/or concerns related to above policy, please send an email to Compliance@finegold.ae
For anonymous inquiries /concerns/ whistleblowing and grievances, please contact us through the following link:
<https://www.finegoldllc.com/Contact>

Policy Acknowledgement:

By signing this document, we acknowledge that we have received, read and understand the Anti-Money Laundering & Combating the Financing of Terrorism (AML/CFT) policy.

We hereby undertake to commit to compliance with the Policy.

We also understand that **FINE GOLD** is open to considering ways to support and assist in establishing processes to promote, improve and develop our practices, if necessary.

Name:

Designation:

Company Name:

Date & Place

Signature:

Stamp: