

SCHIFF GOLD PRECIOUS METALS TRADING LLC

**ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM
AND FINANCING ILLEGAL ORGANISATIONS (AML/CFT) COMPLIANCE POLICY**

AML/CFT and KYC Compliance Policy

GLOSSARY OF TERMS USED IN THE AML/CFT AND KYC COMPLIANCE POLICY

AML	Anti-Money Laundering
AMLD	Anti-Money Laundering and Combatting the Financing of Terrorism Supervision Department
CDD	Customer Due Diligence
CFT	Combating the Financing of Terrorism
CBUAE	Central Bank of the UAE
EBC	Emirates Bullion Market Committee
EDD	Enhanced Due Diligence
EOCN	Executive Office for Control & Non-Proliferation
EU	European Union
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit
FT	Financing Terrorism
GS	Gold and Silver
ID	Identification
INTERPOL	International Police Organization
KYC	Know Your Customer
LBMA	London Bullion Market Association
ML	Money Laundering
MLRO	Money Laundering Reporting Officer
OECD	Organisation for Economic Co-operation and Development
OFAC	Office of Foreign Assets Control
PEP	Politically Exposed Person
GS	Precious Metals and Stones
SAR	Suspicious Activity Report
STR	Suspicious Transaction Report
RJC	Responsible Jewellery Council
VR	Verification
UAE	United Arab Emirates
UBO	Ultimate Beneficial Owner
UN	United Nations

1. INTRODUCTION

1.1. In recent years, the challenges posed by the unprecedented scale of money laundering and the financing of terrorism have been amplified due to rapid globalization and technological advancements. Organizations worldwide face emerging threats stemming from their global reach, diverse product offerings, market presence, business varieties, and distribution channels. Factors such as the integration of the global economy, free trade, the establishment of international banking and financial systems, the proliferation of non-cash payment methods, and increased mobility of human capital have created fresh opportunities for money launderers. Effective international coordination and alignment across various levels are imperative to safeguard the integrity and stability of the global financial system, disrupt resources available to terrorists, and impede criminals from profiting through unlawful activities.

For the purposes of this policy ("the Policy"), the definitions of Money Laundering, Financing of Terrorism, and Financing of Illegal Organizations are as follows:

Money Laundering

Money laundering refers to any financial or banking transaction that seeks to obscure or alter the origin of illegally acquired funds by funneling them through the financial and banking system, making them appear as if they originate from lawful sources. Subsequently, these funds are reinvested in a legal manner, contrary to their actual illicit nature. In simpler terms, money laundering is the process of disguising illicit funds as legitimate. Criminals engage in money laundering to evade detection by law enforcement agencies and to exploit illegal gains for personal use, including further criminal undertakings and investments in legitimate enterprises.

The "Federal Decree-Law No. (20) Of 2018 On Anti-Money Laundering and Combating the Financing of Terrorism and Financing of Illegal Organizations" (the "AML/CFT Law") defines money laundering as the deliberate engagement in the following acts while being aware that the funds are proceeds of a felony or misdemeanor (i.e., a predicate offense):

Transferring or conducting transactions with the intent to conceal or disguise their illegal source.

Concealing or altering the true nature, source, or location of the proceeds, as well as the method by which they are managed, moved, owned, or controlled.

Acquiring, possessing, or using the proceeds upon receipt.

Aiding the perpetrator of the predicate offense in eluding punishment.

Stages of Money Laundering:

Money laundering typically involves a intricate sequence of transactions that are challenging to disentangle. Nonetheless, money laundering is often conceptualized as occurring across three stages:

Placement: This initial stage involves separating the unlawful proceeds from their illegal source. It entails introducing the initial proceeds derived from criminal activities into the financial system. This is frequently

executed by channeling the funds through formal financial institutions, casinos, real estate, the gold and precious metal sector, restaurants, and other legitimate enterprises, both domestic and international.

Layering: Subsequent to integrating the proceeds into the financial system, this phase involves converting the illicit funds into an alternative form and constructing intricate layers of financial transactions to obscure the origin and ownership of the funds. This complexity makes it arduous to associate the funds with the underlying criminal act.

Integration: This concluding stage finalizes the money laundering cycle. At this point, the laundered funds appear legitimate, and distinguishing between lawful and unlawful wealth becomes exceedingly difficult. Integration strategies aim to reintegrate the laundered proceeds into the economy via ostensibly normal business or personal transactions.

Financing of Terrorism

As time has progressed, the nature and quantity of terrorist groups and associated threats have evolved, yet the fundamental necessity for terrorists to obtain, move, and employ funds has endured. As terrorist organizations have developed in size, scope, and structure, their methods of sourcing and managing funds have adapted accordingly. Terrorists frequently modify their approaches to fundraising and fund management to evade the countermeasures established by jurisdictions to detect and disrupt these activities. The financing of terrorism encompasses transactions involving funds and assets, regardless of their form, that could be used to support terrorist activities. These resources might originate from either legal or illegal origins.

As per the AML/CFT Law, the Financing of Terrorism is defined as:

Committing any act of money laundering with the knowledge that the proceeds are entirely or partially owned by a terrorist organization, individual terrorist, or intended to finance terrorist activities, even if the intent is not to conceal or obscure their unlawful origin; or

Providing, gathering, preparing, or obtaining proceeds or facilitating their acquisition by others with the intention of utilizing them, or while being aware that such funds will be used wholly or partially for the perpetration of a terrorist offense, or carrying out such actions on behalf of a terrorist organization or individual terrorist while cognizant of their true background or purpose.

Financing of Illegal Organizations

The AML/CFT Law defines the Financing of Illegal Organizations as:

Committing any act of money laundering with the awareness that the proceeds are wholly or partly owned by an illegal organization or by any person affiliated with an illegal organization or are meant to finance said illegal organization or any affiliated person, even if the intent is not to disguise their illicit origin.

Providing, collecting, preparing, obtaining proceeds, or facilitating their acquisition by others with the intention of employing these proceeds, or while being aware that such funds will be used wholly or partially for the benefit of an illegal organization or any of its members, with knowledge of its genuine identity or purpose.

2. NEGATIVE IMPACTS OF MONEY LAUNDERING

2.1. Money laundering, financing of terrorism, and proliferation financing possess the potential to destabilize communities, economic sectors, or entire national economies. Criminals and terrorist networks may exploit diverse mechanisms and structures to execute criminal and potentially damaging activities by transforming the proceeds of illegal endeavors into legitimate assets.

2.2. Money laundering carries the potential for severe economic, security, and societal repercussions. It effectively legitimizes criminal activities, providing the resources for drug traffickers, smugglers, terrorists, illicit arms dealers, corrupt public officials, and others to expand their unlawful operations. This contributes to increased government costs associated with heightened law enforcement and healthcare expenses (e.g., treatment for drug addiction) aimed at addressing the substantial consequences. With crime having acquired a more extensive international dimension and the financial aspects of criminal activities becoming more intricate due to technological advancements and financial service globalization.

2.3. Money laundering undermines the growth of legitimate private sector enterprises by offering products priced below production costs, thereby impeding lawful enterprises from competing. Money launderers frequently employ front companies, mingling ill-gotten gains with legitimate funds, concealing the origins of the funds. These front companies have access to substantial illicit resources, enabling them to subsidize their products and services well below market rates. Criminals might also repurpose initially productive ventures for the purpose of laundering their funds, ultimately diminishing the overall productivity of the economy. Moreover, money laundering can incite erratic shifts in monetary demand and considerable volatility in global capital flows and exchange rates.

2.4. In any nation, robust financial institutions such as banks, non-bank financial entities, and equity markets play a pivotal role in economic advancement. Although the financial sector is crucial for legitimate economic funding, it can become a cost-effective conduit for criminals aiming to launder funds. Consequently, substantial inflows or outflows of laundered funds through financial institutions can compromise the stability of financial markets. Moreover, a correlation often exists between money laundering and fraudulent activities carried out by employees. Additionally, money laundering may tarnish the reputation of implicated financial institutions, leading to diminished

2.7. Social and Political Consequences of Money Laundering

The profound ramifications stemming from the illicit movement of funds are manifold, encompassing both societal and political realms. Specifically, laundered capital has the potential to infiltrate and corrupt national institutions. Instances of bribery targeting officials and governments precipitate the erosion of ethical foundations within society. By enfeebling collective moral standards, the integrity of democratic institutions becomes compromised. A lack of oversight over money laundering activities serves as an incentive for the underlying criminal enterprises that generate such illicit proceeds.

3. AML / CFT Legal and Regulatory Framework

3.1. International Legislative and Regulatory Paradigm

Addressing the challenges posed by money laundering and terrorism financing is imperative to safeguard global security, uphold financial system integrity, and foster sustainable economic advancement. In response, the international community has undertaken multifaceted initiatives, including the establishment of various organizations regarded as benchmarks for international standards. The legal and regulatory framework pertaining to Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) within the United Arab Emirates (UAE) constitutes an integral component of the broader global AML/CFT construct. This framework operates within a network of intergovernmental legislative bodies and international/regional regulatory entities.

Prominent among these intergovernmental bodies and regulatory organizations are entities such as:

The United Nations (UN)

The Financial Action Task Force (FATF) on Money Laundering

Afghanistan's Financial Transactions and Reports Analysis Center (FinTRACA)

The African Development Bank (AfDB)

The Anti-Money Laundering Liaison Committee of the Franc Zone (CLAB)

The Asian Development Bank (ADB)

The Asia/Pacific Group on Money-Laundering (APG)

The Asset Recovery Interagency Network Asia Pacific (ARIN-AP)

The Asset Recovery Interagency Network for Southern Africa (ARINSA)

The Asset Recovery Interagency Network for West Africa (ARINWA)

The Association of Certified Anti-Money-Laundering Specialists

The Australian Transaction Reports and Analysis Centre (AUSTRAC)

The Basel Committee on Banking Supervision

The Camden Asset Recovery Inter-agency Network (CARIN)

The Caribbean Financial Action Task Force (CFATF)

The Council of Europe's Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) ... and the list continues.

3.2. National Legislative and Regulatory Landscape

Demonstrating unwavering commitment, the United Arab Emirates (UAE) is resolutely engaged in combatting money laundering and terrorism financing, enacting and implementing comprehensive legislation to this end. Competent authorities have established a robust institutional framework to oversee, regulate, and amass information pertinent to potential financial crimes, including money laundering and terrorism financing. As a dedicated participant, the UAE actively contributes to the global campaign against money

laundering and terrorism financing (AML/CFT), striving for adherence to the standards delineated by the FATF. In 2018, the UAE conducted its inaugural national risk assessment on money laundering and terrorist financing, identifying areas of heightened risk. To counter these threats, legislative instruments and implementation regulations have been introduced, including:

Federal Decree Law No. (26) of 2021 amending selected provisions of Federal Decree Law No. (20) of 2018 concerning Anti-Money Laundering, Combating the Financing of Terrorism, and Illegal Organizations

Federal Decree by Law No. (20) of 2018 on Anti-Money Laundering, Combating the Financing of Terrorism, and Illegal Organizations

Cabinet Decision No. (10) of 2019 concerning the Implementing Regulation of Decree Law No. (20) of 2018 ... and additional regulations have been issued in line with this commitment.

4. Penalties under UAE Federal Laws

4.1. Sanctions and Legal Ramifications under UAE Federal Law No. (20) of 2018 and Law No. (26) of 2021
Profound attention and diligence are incumbent upon Schiff Gold Precious Metals Trading LLC (formerly known as SAM Precious Metals) to ensure compliance with the stipulations delineated in UAE Federal Law No. (20) of 2018 and Law No. (26) of 2021. These legal frameworks prescribe substantial penalties, encompassing both civil and criminal dimensions, for transgressions. Specifically, Articles 14 to 31 of Federal Decree Law No. (20) of 2018 and Law No. (26) of 2021 outline repercussions pertaining to money laundering offenses.

4.2. Article (14) of Federal Decree Law No. (20) of 2018 and Law No. (26) of 2021

In addition to any weightier administrative penalties enshrined in alternate legislation, the regulatory authority holds authority to levy diverse administrative penalties upon financial institutions, designated nonfinancial businesses and professions, virtual assets service providers, and non-profit organizations. These penalties encompass warnings, administrative fines ranging from AED 50,000 to AED 5,000,000 per violation, imposition of work sector bans, and more. The dimensions of penalties are aligned with the gravity of infractions, with the objective of upholding financial integrity.

4.3. Article (15) of Federal Decree Law No. (20) of 2018 and Law No. (26) of 2021

Stipulating proactive measures, financial institutions, designated nonfinancial businesses and professions, and virtual assets service providers are mandated to promptly report transactions raising suspicion or possessing reasonable grounds for suspicion. Information detailing such transactions, including involved parties and relevant data, is to be expeditiously conveyed to the designated Unit. The application of professional confidentiality exemptions is extended to certain legal professionals. The Executive Regulation is tasked with defining reporting parameters and obligations.

4.4. Article (21) of Federal Decree Law No. (20) of 2018

The imposition of penalties, as prescribed by this Decree Law, shall not preclude the potential for more stringent penalties designated by other legislations.

4.5. Article (22) of Federal Decree Law No. (20) of 2018

Individuals engaged in the commission or attempted commission of acts specified in Article 2(1) of Decree Law No. (20) of 2018 are liable to imprisonment not exceeding a decade, coupled with fines ranging from AED 100,000 to AED 5,000,000. Certain circumstances, such as the abuse of influence or power, commission through non-profit organizations, engagement through organized crime groups, or recidivism, can warrant temporary imprisonment and higher fines. Further, the employment of proceeds for terrorist financing or in support of illegal organizations attracts severe sanctions.

4.6. Article (23) of Federal Decree Law No. (20) of 2018

Legal entities whose representatives, managers, or agents contravene provisions outlined in the Decree Law face penalties ranging from AED 500,000 to AED 50,000,000. Convictions related to terrorism financing or support of illegal organizations may result in dissolution and office closures. The court retains discretion to suspend activities or cancel licenses upon conviction.

4.7. Article (24) of Federal Decree Law No. (20) of 2018

Individuals intentionally violating Article 15 of the Decree Law, either through deliberate withholding or misrepresentation of information, face imprisonment and fines ranging from AED 100,000 to AED 1,000,000.

4.8. Article (25) of Federal Decree Law No. (20) of 2018

Penalties of imprisonment (minimum one year) and fines (ranging from AED 100,000 to AED 500,000) are applicable to individuals who communicate transactional information under review or information pertinent to violations of Article 17, either intentionally or negligently.

4.9. Article (28) of Federal Decree Law No. (20) of 2018

Violations of instruction from the competent authority for implementing UN Security Council directives on terrorism financing and proliferation of weapons of mass destruction invite imprisonment and fines ranging from AED 50,000 to AED 5,000,000.

4.10. Article (30) of Federal Decree Law No. (20) of 2018

Intentional failures to disclose, provide information, or present accurate information as mandated by Article 8 of the Decree Law results in imprisonment, fines, or both. The court reserves the authority to order the confiscation of seized funds, while preserving rights of good faith actors.

4.11. Article (31) of Federal Decree Law No. (20) of 2018

Infractions of other provisions within the Decree Law invite imprisonment or fines, with penalties ranging from AED 10,000 to AED 100,000.

5. Schiff Gold Precious Metals Trading LLC Products and Services

5.1. Profile of Schiff Gold Precious Metals Trading LLC

Schiff Gold Precious Metals Trading LLC, a prominent entity in the precious metals sector, stands as a leading refining establishment in the region. Distinctive in customer experience, reliability, efficiency, and quality, the company wields advanced chemical processes to refine and evaluate substantial volumes of gold, silver, and other precious metals. With cutting-edge technological infrastructure and a proficient team, Schiff Gold Precious Metals Trading LLC excels in recovering precious metals from diverse materials, exemplifying unswerving commitment to quality and technological prowess.

5.2. Array of Services

Refining: Schiff Gold Precious Metals Trading LLC possesses the capability to extract precious metals from raw materials containing as little as 10% gold content or 5% silver content, ensuring a 100% recovery rate. Employing sophisticated technology and expert technical insight, the company guarantees exceptional refining standards, rendering products aligned with the highest global benchmarks.

Testing: Distinguished as a preeminent assayer of gold and silver within the Middle East, Schiff Gold Precious Metals Trading LLC's Assaying Laboratories and quality control department provide comprehensive testing services. Incorporating methods such as cupellation, ICP machines, advanced X-ray fluorescence spectrometers (XRF), and SPARK spectrometers, the company ensures accurate and precise testing of gold and silver.

Melting: Schiff Gold Precious Metals Trading LLC offers advanced induction melting services for gold and silver, accommodating a diverse range of customer needs. Capable of converting larger gold and silver bars to smaller units with differing purity levels, the company delivers products spanning purity levels of up to 995, 999, and 999.9 for gold, and 999, and 999.9 for silver.

Minting: Distinguished by state-of-the-art minting facilities and specialized expertise, Schiff Gold Precious Metals Trading LLC fabricates standard minted gold and silver bars with purity levels of 999.9 for gold and 999 or 999.9 for silver. These minting services extend to customized two-dimensional and three-dimensional designs, offering a hallmark of quality assurance.

Diamond Separation: Schiff Gold Precious Metals Trading LLC extends bespoke diamond and gold separation services, equipped with a state-of-the-art refining department dedicated to diamond recovery. Leveraging innovative techniques, the company ensures efficient and precise extraction of diamonds from jewelry, exemplifying proficiency and precision.

Buying and Selling: With comprehensive capabilities, Schiff Gold Precious Metals Trading LLC facilitates the purchase and sale of physical gold and silver products at competitive prices, offering round-the-clock hedging services for precious metals.

Value-Added Services: Fostering customer knowledge and comprehension, Schiff Gold Precious Metals Trading LLC offers training to customer staff members, empowering them with insights into products, processes, and compliance. Supplementary value-added services encompass consultation, logistics, insurance, and compliance assistance, facilitating comprehensive support to customers.

In addition to its commitment to precious metals, Schiff Gold Precious Metals Trading LLC engages in the provision of diverse precious chemicals to stakeholders in the industry.

1.1. Schiff Gold Precious Metals Trading LLC, a responsible entity operating as a free zone limited liability company established within Dubai Creative Clusters under the governance of Dubai Development Authority, Government of Dubai, is steadfast in its dedication to endorsing domestic and international endeavors and campaigns targeting the prevention of money laundering, the financing of terrorism, and the support of illicit organizations. This commitment extends to the internal implementation of requisite measures.

1.2. Adhering to regulatory requisites and actively supporting the fight against money laundering and terrorist financing are of paramount importance to Schiff Gold Precious Metals Trading LLC, directed by its Senior Management. This Policy Document reflects Schiff Gold Precious Metals Trading LLC's stance on Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT), affirming the company's unwavering adherence to all applicable laws, regulations, and globally recognized best practices in the realm of AML/CFT. The company views the combat against money laundering and terrorist financing as a collective effort and considers it integral to its mission. The issuance of this Policy, coupled with the effective enactment of procedures and controls therein, underscores Schiff Gold Precious Metals Trading LLC's unwavering commitment.

1.3. Schiff Gold Precious Metals Trading LLC is committed to actively collaborating with:

Government agencies, and

Internationally recognized law enforcement entities,

including prominent regulatory bodies like FATF, OFAC, UN, EU, and local regulatory authority, specifically the Central Bank of the UAE (CBUAE), Anti-Money Laundering and Combatting the Financing of Terrorism Supervision Department (AMLSD), Financial Intelligence Unit (FIU), and Executive Office for Control & Non-Proliferation (EOCN), in collective endeavors to combat money laundering and terrorist financing.

1.4. Upholding the highest operational standards to safeguard the interests of stakeholders, encompassing customers, shareholders, employees, business partners, and the jurisdiction of operation, is a core objective of Schiff Gold Precious Metals Trading LLC. This objective is pursued through continuous development of staff, utilization of contemporary technology and systems that reinforce anti-money laundering and counter terrorist financing efforts, and the deterrence of related financial transgressions.

1.5. As an established entity engaged in the gold and precious metals sector, Schiff Gold Precious Metals Trading LLC is dedicated to responsible sourcing and efficient management of its supply chain. The company is obligated to delineate its supply chain to recognize and evaluate the potential risks associated with contributing to conflict, money laundering, terrorist financing, or severe human rights violations in relation to the gold and precious metals it produces, distributes, transports, exports, sells, and/or purchases.

1.6. Schiff Gold Precious Metals Trading LLC obligates itself to adhere to the following guidelines and codes:

OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and the Gold Supplement to the OECD Due Diligence Guidance

EBC Rules for Risk Based Due Diligence in the Gold Supply Chain

UAE Due Diligence Regulations for Responsible Sourcing of Gold

RJC Code of Practice Standard

RJC Chain of Custody Standard

LBMA Responsible Gold Guidance

Policy Custodian

2.1. The Senior Management Team of Schiff Gold Precious Metals Trading LLC will act as the designated custodians of this AML/CFT Compliance program, policy, and procedures. The ultimate accountability for policy implementation and enforcement rests with the Chairman of Schiff Gold Precious Metals Trading LLC.

Governance of Risk: Three Lines of Defence

3.1. To mitigate and manage risk, Schiff Gold Precious Metals Trading LLC's AML/CFT program will establish a three-tiered risk governance structure:

Operations: As the initial line of defense, this function oversees and manages risks. Responsible for KYC and CDD processes, it handles customer onboarding, identification, and due diligence, involving substantial data collection and analysis through comprehensive customer inquiries and investigations.

Compliance: Serving as the second line of defense, this function supervises risks. The compliance department formulates policies, develops customer questionnaires and prerequisites, and maintains requisite technologies for streamlining KYC and CDD procedures. It guides and trains relevant staff members in AML/CFT program implementation, designs criteria for categorizing clients by risk, and monitors ongoing Suspicious Transactions.

Internal Audit: Representing the third line of defense, this function offers independent assurance. It ensures the proper establishment of controls, verifying that KYC and CDD programs are founded on accurate and complete information, and approved protocols are adhered to during customer onboarding and transaction execution. In the presence of identified gaps, this function collaborates with management to address shortcomings and devise remedial strategies.

Policy Governance

4.1. Oversight of Schiff Gold Precious Metals Trading LLC's AML/CFT Policy will be vested in the AML/CFT Committee, which functions as a platform for coordinating and implementing AML/CFT protocols within the organization. The AML/CFT Committee is endowed with a comprehensive mandate, including the responsibilities of monitoring, coordinating the identification and assessment of risks related to money laundering and terrorism financing that the company is or might be exposed to. This proactive stance contributes to the establishment of a robust and sustainable AML/CFT and Compliance framework in Schiff Gold Precious Metals Trading LLC.

4.2. The AML/CFT Committee of Schiff Gold Precious Metals Trading LLC will convene no less than three (3) regular meetings annually to deliberate on AML/CFT affairs, review Action Plans, and recommend ensuing actions based on review outcomes. The interval between two (2) successive AML/CFT Committee meetings shall not exceed six (6) months. The Committee will explore initiatives aimed at consistently enhancing Schiff Gold Precious Metals Trading LLC's accomplishments in the realm of AML/CFT.

4.3. Comprehensive records, such as written minutes, shall be maintained by the AML/CFT Committee to document its proceedings and engagements. Minutes from each Committee meeting will be disseminated to all members.

4.4. The composition of the AML/CFT Committee will follow the structure outlined below:

4.4.1. The core responsibilities of the AML/CFT Committee encompass the following:

- Drafting a comprehensive policy and procedural manual for the effective execution of UAE's Federal Decree Law No. (20) of 2018, Federal Decree Law No. (26) of 2021, Cabinet Decision No. (10) of 2019, and Cabinet Resolution No. (24) of 2022.
- Ensuring the proper execution and efficacy of anti-money laundering and counter-terrorism financing measures within Schiff Gold Precious Metals Trading LLC.
- Formulating a staff training regimen focused on supervising financial and banking activities in accordance with established control protocols, as well as prevailing legal and regulatory frameworks.
- Periodically assessing and enhancing the aforementioned procedures and protocols in line with contemporary techniques and guidelines for combating money laundering and terrorism financing.
- Regularly evaluating the Company's strategies, findings, and mitigation plans concerning principal legal and regulatory compliance threats.
- Crafting a comprehensive customer identification and due diligence scheme for new client onboarding, as well as ensuring the continuous updating of customer due diligence throughout the customer relationship.
- Periodically reviewing the suitability of resources, systems, and tools accessible to the Compliance Officer, aligning them with the business's scale, complexity, and nature.
- Examining internal audit findings and offering recommendations for required modifications to the Compliance Program.
- Monitoring the progress and challenges encountered in implementing AML/CFT protocols, instituting necessary controls as needed.
- Instituting corrective or preemptive measures in the event of identified gaps.
- Engaging in discussions regarding emerging legal and regulatory compliance risks and enforcement trends that might impact Schiff Gold Precious Metals Trading LLC's operations, performance, or strategic direction.
- Scrutinizing reports submitted by the Compliance Unit, covering adopted procedures, atypical transactions, and high-risk customers.
- Establishing the protocol guiding senior management's approval of high-risk customer relationships or the execution of high-risk transactions by Schiff Gold Precious Metals Trading LLC.
- Deliberating on the development of internal initiatives to foster an ethical culture within the organization.
- Evaluating any data indicating significant non-compliance involving the Company's officers; reporting such data to the Committee when it may affect the Compliance Program or the Company.
- Routinely reviewing substantial risk exposures or compliance breaches, along with steps taken to monitor, rectify, and/or mitigate these violations or risks.
- Addressing key matters and determining necessary actions in the following areas:

- Sanctions updates.
- Circulars or notices received from Regulatory Authorities.
- Raised Suspicious Activity Reports (SARs).
- Enhanced Customer Due Diligence (CDD) procedures.
- Conducted training sessions and attendance records.
- Feedback or inquiries received from Regulatory Authorities.
- Pattern analysis findings.
- Newly identified AML/CFT-related risks.

2. ROLE OF KEY AML/CFT COMMITTEE MEMBERS

2.1. The ultimate responsibility for appropriate oversight, reporting, and adherence to AML/CFT standards lies with Schiff Gold Precious Metals Trading LLC and its Board of Directors.

2.2. The Head of the AML/CFT Committee is entrusted with the following duties:

- Overseeing all operations within Schiff Gold Precious Metals Trading LLC.
- Instilling transparency, integrity, and ethical conduct throughout business endeavors.
- Executing a robust compliance framework across various business aspects, service providers, customers, geographical domains, and delivery channels.
- Ensuring meticulous screening processes during the appointment or hiring of officers and employees.
- Authorizing the comprehensive business risk assessment for Schiff Gold Precious Metals Trading LLC.
- Reviewing quarterly compliance reports, emphasizing high-risk segments.
- Ensuring comprehensive staff training on AML/CFT measures.
- Approving and implementing the Organization's Compliance Policy.
- Addressing concerns brought forth by the Chief Compliance Officer and Internal Auditor, ensuring timely resolutions.
- Acquiring in-depth knowledge of applicable laws, regulations, and standards related to the precious metals and stones sector in the UAE.
- Establishing an effective Internal Audit function and evaluating its efficacy.
- Establishing a zero-tolerance stance against fraudulent activities.

2.3. Schiff Gold Precious Metals Trading LLC will appoint a Chief Compliance Officer, either internally or externally, possessing relevant expertise in AML/CFT matters. This officer will be responsible for:

- Formulating and implementing the compliance program, aligning with local and international laws, regulations, notices, and standards.
- Crafting and maintaining compliance policies, processes, procedures, and controls relevant to the business.
- Ensuring staff compliance with Compliance Guidelines and their implementing rules.
- Disseminating UAE Regulatory Agencies' circulars, resolutions, and policies to the Board, Officers, and employees concerning responsible sourcing, prevention of money laundering, combating financing of terrorism, and combating illegal organizations.
- Serving as the liaison between Schiff Gold Precious Metals Trading LLC and UAE Regulatory Agencies for AML/CFT compliance matters.
- Preparing written compliance reports for UAE Regulatory Authorities, in accordance with their requirements and deadlines.
- Conducting gap analyses between existing Compliance Procedures and current UAE Laws, Regulations, Notices, and Standards to gauge compliance levels and recommend actions.
- Implementing Supply Chain, Anti-Money Laundering, and Combating Terrorist Financing Policy and Procedures across all units.
- Overseeing day-to-day compliance functions, including customer onboarding and KYC documentation.
- Conducting Customer Due Diligence and Enhanced Due Diligence.
- Coordinating with external entities for necessary documentation.
- Monitoring transactions for irregularities, structured transactions, and suspicious activity.
- Ensuring proactive monitoring of suspicious accounts.
- Providing guidance to the Compliance Team on identifying suspicious activities and structured transactions.
- Assisting other departments in applying compliance rules to their operations.
- Reviewing and addressing Watch List alerts, updating blacklists regularly.
- Establishing and maintaining internal controls and monitoring their adherence.
- Maintaining requisite records in line with compliance policies.
- Designing compliance training programs and delivering regular training sessions to employees, particularly when regulations change or new risks emerge.
- Conducting thorough due diligence for high-risk customers and proactively monitoring suspicious activities.
- Investigating and reporting internal suspicious transactions, seeking AML/CFT Committee approval to report to the FIU.
- Filing Suspicious Transaction Reports (STRs) with the FIU as necessary.
- Assisting the FIU with required information.

3. INTERNAL AUDIT

3.1. Schiff Gold Precious Metals Trading LLC shall appoint an internal auditor responsible for independently assessing AML/CFT compliance effectiveness and ensuring alignment with regulatory and management requisites. The internal auditor will play a pivotal role in enhancing controls by consistently addressing identified weaknesses. The internal audit personnel should possess significant AML/CFT expertise and auditing experience. The internal audit function must maintain independence and authority within the organization to execute its responsibilities impartially. The Internal Auditor will report to the AML/CFT Committee.

3.2. The Internal Auditor's AML/CFT-related responsibilities encompass:

- Periodically evaluating pertinent AML/CFT program documentation (e.g., KYC/CDD/Enhanced Due Diligence [EDD] policies and procedures, protocols for identifying, investigating, and reporting suspicious transactions).
- Testing AML/CFT controls and processes from both the first and second lines of defense, including KYC/CDD/EDD, training, suspicious activity reporting, record-keeping, and retention.
- Regularly assessing the AML/CFT risk assessment for Schiff Gold Precious Metals Trading LLC.
- Following up on any remedial actions stemming from independent audits or regulatory findings.

4. PURPOSE AND RATIONALE

4.1. This Policy aims to delineate provisions, procedures, and controls established by Schiff Gold Precious Metals Trading LLC concerning Anti-Money Laundering (AML), Combating the Financing of Terrorism (CFT), and Financing of Illegal Organizations. All relevant personnel within the organization must acknowledge its presence, contents, and their individual and corporate duty to report any AML/CFT concerns to the AML/CFT Committee or its members.

4.2. The rationale behind this Policy is unequivocal. Schiff Gold Precious Metals Trading LLC will exclusively engage in Business Relationships that satisfy two criteria:

- The source of funds can be reasonably verified as legitimate.
- The relationship does not entail any risk, present or potential, to the organization's reputation and commitment to AML/CFT.

4.3. All staff members at Schiff Gold Precious Metals Trading LLC will be thoroughly informed of the Policy and its implications, including consequences for non-compliance. The organization will not tolerate any engagement in illicit activities by its personnel or management.

5. POLICY STATUS AND SCOPE

5.1. The stipulations, protocols, and controls outlined below are binding and extend to:

- All employees, irrespective of their role or workplace.
- All clients, including Suppliers, Buyers, Sellers, Miners, Refiners, Financial Institutions, and Gold & Precious Metals Trading Companies.

5.2. Schiff Gold Precious Metals Trading LLC's personnel must adhere to these standards to meet requirements set by local and international regulatory authorities, safeguarding the organization's integrity against misuse for illicit purposes.

5.3. Any breach of this Policy by Schiff Gold Precious Metals Trading LLC's employees or affiliates will constitute a disciplinary violation, and the organization retains the right to take appropriate actions to ensure the diligent and effective implementation of this Policy.

5.4. Inadvertent use of Schiff Gold Precious Metals Trading LLC's personnel or premises for money laundering or other illicit activities can lead to serious legal consequences. Hence, every member, officer, director, and employee must be familiar with and adhere to the processes and procedures outlined in this Policy.

5.5. If any client of Schiff Gold Precious Metals Trading LLC is found to have violated this Policy's provisions, the organization may undertake one or more of the following actions:

- Issuing a warning.
- Temporarily suspending the client account's operations.
- Terminating the client account.
- Reporting the matter to relevant authorities.

RISK FACTORS OF SPECIFIC CONCERN TO SCHIFF GOLD PRECIOUS METALS TRADING LLC

1.1. Introduction

In its capacity as a Gold and Silver Refinery Company operating within the United Arab Emirates (UAE), and in addition to the overarching Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) risk factors applicable across industries, Schiff Gold Precious Metals Trading LLC (hereinafter referred to as "Schiff Gold") must duly acknowledge and consider a range of supplementary risk factors. These specific risk factors are pivotal for Schiff Gold Precious Metals Trading LLC in its endeavor to identify and evaluate the risks associated with Money Laundering (ML) and Terrorism Financing (TF) inherent to its operations.

Certain risk variables are contingent upon the distinct phase of the Gold and Silver (GS) supply chain and the role occupied by the entity in connection with the business liaisons related to each phase. Additional risk aspects are associated with the inherent characteristics of the clientele and transactions involved.

1.2. Assessment of FATF's Mutual Evaluation Report and Sector Importance

The April 2020 Mutual Evaluation Report of the UAE by the Financial Action Task Force (FATF) underscores the elevated significance of the precious metals and stones sector within the risk context. This sector assumes a substantial role within the UAE economy, providing legitimate goods and services to both the domestic populace and international trade partners. Despite its lawful utility, historical evidence has indicated that the sector possesses attributes that are highly appealing to illicit actors.

1.2.1. Attractiveness to Illicit Finance

The Precious Metals and Stones sector, integral to the UAE's economic framework, serves as a conduit for valuable commodities. Nevertheless, experience underscores that this sector's offerings can be particularly appealing to illicit parties due to their potential misuse for nefarious purposes.

1.2.2. Facilitation of Cross-Border Value Movement

The inherent ability of the Precious Metals and Stones sector to enable the seamless movement of substantial values across international borders, sometimes bypassing formal financial systems, provides an avenue for

illicit actors to exploit. This characteristic, coupled with the sector's potential for value preservation, engenders a distinct allure for both lawful enterprises and illicit agents.

1.2.3. Varied Regulatory Frameworks

Disparities in regulatory frameworks within the sector across jurisdictions introduce an additional layer of complexity. Some regions mandate licensing and adherence to AML/CFT standards comparable to those imposed on Licensed Financial Institutions. However, rigorous oversight of compliance remains inconsistent, and participant understanding of their obligations may be inadequate. Conversely, certain jurisdictions exhibit lax requirements, leaving participants susceptible to abuse by malevolent actors.

1.3. Engagement in GS Supply Chain & Dealer Responsibilities

The GS supply chain involves a multifaceted network encompassing various stages, from mineral extraction to final customer transactions. Within this intricate landscape, Schiff Gold Precious Metals Trading LLC may undertake diverse roles, each bearing distinct ML/FT risks. To gain clarity into these risks, comprehension of the supply chain stages is essential.

1.3.1. Extraction / Production

The extraction phase encompasses obtaining raw minerals containing GS, including sorting and preparation. ML/FT risks involve possible infiltration by illicit groups, introduction of illicit GS, and fraudulent invoicing or accounting. This phase's vulnerabilities facilitate both the generation and laundering of illicit proceeds.

1.3.2. Trading in Raw Minerals

Schiff Gold may engage as a trader of raw minerals, navigating risks linked to commingling, involvement of criminal or terrorist groups, prevalence of cash transactions, and susceptibility to smuggling. The intricate network of traders in this phase amplifies the likelihood of ML/FT risks.

1.3.3. Beneficiation

As intermediaries purify and prepare raw minerals, risks entail traceability obfuscation and vulnerabilities to commingling. Schiff Gold's engagement in this phase may amplify these risks.

1.3.4. Wholesale Trade

Wholesale trading of processed GS and finished goods introduces risks including commingling, trade-based ML, and other typologies related to placement, layering, and integration.

1.3.5. Retail Trade

Retail transactions involving GS and finished goods entail ML/FT threats due to commingling and classic risks associated with placement, layering, integration, and predicate offenses.

1.4. Risks of Precious Metals and Stones

Precious metals and stones serve as valuable mediums for storing, transferring, and exchanging value. Their unique characteristics are attractive to both legitimate transactions and illicit actors seeking to exploit their properties for money laundering and other illicit activities.

1.5. Risk-Enhancing Aspects of DPMS

Not all entities within the Dealer in Precious Metals and Stones (DPMS) spectrum carry identical risk profiles. Higher risk DPMS are often characterized by the attractiveness of their products to illicit entities, operation in high-risk jurisdictions, and inadequate application of AML/CFT controls.

1.5.1. Regulatory Environment

DPMS within under-regulated jurisdictions may lack effective protective measures. In contrast, those operating within a robust AML/CFT framework and under vigilant supervision are better positioned to deter and counteract illicit activities.

1.5.2. Products, Services, and Delivery Channels

Products and services allowing swift, anonymous value transfer tend to be more enticing to illicit actors, thus elevating the risk profile. DPMS dealing with such products or channels should exercise heightened vigilance.

1.5.3. Customer Base

DPMS dealing with Politically Exposed Persons (PEPs) or higher-profile customers assume elevated risk. Customer profiles directly impact the risk equation.

1.5.4. Geography

Operating in jurisdictions characterized by weak oversight, corruption, instability, and terrorism risks increases the likelihood of exploitation. DPMS in such locales necessitate heightened scrutiny.

1.6. Illicit Finance Typologies

Precious metals and stones can be exploited in a range of illicit finance schemes, such as illegal mining, sanctions evasion, evasion of duties, trade-based money laundering, and fraudulent loans.

1.7. ML/TF Risk Assessment for Schiff Gold Precious Metals Trading LLC

Schiff Gold must undertake comprehensive ML/TF risk assessments encompassing customer risk, geographic risk, channel risk, and product/service/transaction risk. Factors such as counterparty/customer type, country of origin, delivery channels, and transaction characteristics merit careful consideration to effectively manage associated risks. Additionally, vigilance towards typologies that facilitate illicit finance schemes is imperative in safeguarding against exploitation.

PROCEDURES AND CONTROLS (GENERAL)

1.1. Schiff Gold Precious Metals Trading LLC is mandated to establish and execute internal control protocols aimed at preventing money laundering and countering the financing of terrorism, as well as addressing the financing of illegal entities. This policy incorporates a set of procedural checks and balances referred to collectively as "Procedures and Controls," ensuring the effective and vigilant application of this policy.

1.2. Among its responsibilities, these procedures ensure that all stakeholders possess a comprehensive understanding of legal provisions, their corresponding implementing rules and regulations, and the reporting and control mechanisms defined by Schiff Gold Precious Metals Trading LLC and the relevant regulatory authority.

1.3. It is incumbent upon Schiff Gold Precious Metals Trading LLC to ensure that its operating manual explicitly outlines its respective policies and protocols pertaining to Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT).

1.4. The detailed Procedures & Controls encompass the following aspects:

- Identification, Verification, and Know-Your-Customer ("KYC")
- Ongoing update of KYC information
- Activity Monitoring
- Reporting of Suspicious Activities
- Training and Awareness
- Record Maintenance

For more comprehensive information on the above procedures, subsequent sections delve into the subject matter.

PERIODICAL REVIEW

2.1. An annual review of this AML/CFT Policy is mandated. Such reviews must take into account legislative alterations related to AML/CFT, evaluate the Policy's implementation over the past twelve months, and explore avenues for enhancement. Any modifications to the Policy necessitate prior written endorsement from Schiff Gold Precious Metals Trading LLC's Management Team, after which they become immediately effective.

IDENTIFICATION, VERIFICATION AND KNOW-YOUR-CUSTOMER

3.1. The processes of Identification (ID), Verification (VR), and Know-Your-Customer (KYC) constitute fundamental defenses against money laundering and terrorism financing. These processes collectively form the initial pivotal step within the Procedures and Controls framework. Conducting ID, VR, and KYC procedures is obligatory.

3.2. Schiff Gold Precious Metals Trading LLC is obligated to establish, document, and uphold a written program for identification, verification, and KYC (termed "Customer Identification Program"), tailored to the organization's size and business activities. This program, at minimum, must encompass the requirements stipulated in the KYC Checklist. The Customer Identification Program forms an integral part of Schiff Gold Precious Metals Trading LLC's AML/CFT compliance program.

3.3. It is the duty of Schiff Gold Precious Metals Trading LLC to obtain and document credible evidence verifying the accurate and complete identity of clients, Ultimate Beneficiary Owners, representatives' roles, domiciles, legal capacities, occupations, business purposes, and other relevant identifying information. These requirements apply to both occasional and regular clients, and they must be substantiated using documents outlined in the KYC Checklist. Following an evaluation of the applicant's background and pertinent details such as the business plan, source of funds, and anticipated activity levels, an initial determination is made regarding the application status—whether to accept, reject, or seek additional information.

3.4. Clients must be informed of Schiff Gold Precious Metals Trading LLC's unequivocal policy that business transactions will not be conducted with applicants failing to provide credible evidence of their identity and activities. However, this policy does not absolve Schiff Gold Precious Metals Trading LLC from fulfilling its legal and ethical obligations to report suspicious transactions. If the initial verification process fails to confirm the applicant's identity or raises suspicions about the provided information, supplementary verification measures must be pursued to decide whether to proceed with the transaction, all of which must be documented.

3.5. In the event that, during the course of a business relationship, Schiff Gold Precious Metals Trading LLC has reason to doubt (i) the accuracy of customer identity data; or (ii) the customer's status as the beneficial owner; or (iii) the intermediary's declaration of beneficial ownership; or (iv) there are indications of unreported changes, additional measures shall be taken to authenticate the customer or beneficial owner's identity as applicable. Such measures may include referring pertinent details to law enforcement agencies and scrutinizing past sanctions and disciplinary history.

3.6. The Customer Identification Program must incorporate provisions for scenarios wherein the Compliance Monitoring Team cannot reasonably ascertain a customer's true identity. These provisions must encompass guidelines for determining when Schiff Gold Precious Metals Trading LLC should abstain from conducting business with a client, the terms under which a customer can engage in transactions while identity verification is pursued, and the conditions for filing Suspicious Activities / Transaction Reports.

3.7. Adequate notice procedures are integral to the Customer Identification Program, ensuring customers are informed when Schiff Gold Precious Metals Trading LLC requests information to verify their identities.

3.8. Instances wherein a customer fails to provide sufficient KYC information or displays reluctance will result in Schiff Gold Precious Metals Trading LLC declining transactions and flagging the case as High-Risk.

This category necessitates reporting to the Regulator via Suspicious Transaction Report (STR) and heightened monitoring.

7. ENHANCED DUE DILIGENCE

7.1. A High-Risk Customer pertains to an entity demonstrating an elevated potential for adverse involvement in money laundering, terrorism financing, support for illegal organizations, or any other substantial concern as deemed by Senior Management or the Chief Compliance Officer.

7.2. To manage escalated risks tied to High-Risk Customers, it is imperative to contemplate the application of heightened due diligence measures for these clients. Schiff Gold Precious Metals Trading LLC's Senior Management, in consultation with the Chief Compliance Officer, will determine the acceptability of the risk level.

7.3. Enhanced Due Diligence (EDD) necessitates surpassing the standard prerequisites outlined in this policy for customer approval and monitoring. Given the diverse grounds for designating a client as high risk, the nature and extent of the enhancement will be tailored individually upon identification of high-risk customers.

7.4. In conducting EDD for their customers, Schiff Gold Precious Metals Trading LLC may necessitate collecting supplementary documentation from High-Risk Customers, encompassing but not limited to:

- Audited Financial Statements
- Tax Returns
- Bank Statements
- Anti-Money Laundering / Countering the Financing of Terrorism (AML/CFT) Policy
- Bank Reference Letters
- Certifications such as Dubai Good Delivery / London Bullion Market Association (LBMA) / Responsible Jewellery Council (RJC)
- Independent Assurance Reports
- Business Profiles

7.5. Gathering the aforementioned supplementary documents, whether in full or part, will facilitate further scrutiny to identify internal controls within the client entity, thus aiding in risk assessment and fostering confidence in engagement.

7.6. In instances where Schiff Gold Precious Metals Trading LLC deems the mitigating controls identified during EDD inadequate, the client shall face rejection, precluding onboarding.

7.7. Approval of all High-Risk customer files is mandated by Senior Management.

7.8. Schiff Gold Precious Metals Trading LLC shall execute Enhanced Due Diligence under the following circumstances:

- Customer entities incorporated in high-risk jurisdictions.
- Politically Exposed Persons (PEPs) and those closely associated with PEPs.
- Suspicion or abnormality surrounding the customer/transaction.
- Alerts from rule violation monitoring indicating suspicious cases.

The stated scenarios are subject to periodic review and updates through Quarterly Compliance Committee Meetings.

8. POLITICALLY EXPOSED PERSONS ("PEPs")

8.1. A Politically Exposed Person (PEP) denotes an individual holding a public position vulnerable to corruption. The ensuing list presents illustrative instances of potential PEPs, though it is not exhaustive:

- Current and former Heads of State and National Government officials (e.g., Presidents, Prime Ministers, Government Ministers)
- Members of National and Provincial Assemblies and Senate, past or present
- Senior Civil Servants, including Government Officials, Department Heads, and Police Chiefs
- Prominent Judicial & Military personnel
- Senior Executives of state-owned Enterprises
- Influential Religious leaders of national or international stature
- High-ranking Diplomatic Service Officers (Ambassadors, High Commissioners, Envoys, etc.)
- Senior Political Party Officials and functionaries, such as Leaders, Chairpersons, Secretary Generals
- Immediate family members and closely associated individuals

8.2. PEPs face inherent risks as they might misuse their public standing for personal gain or the advantage of others involved in illegal activities like corruption, bribery, and fraud.

8.3. Risk escalates when a PEP operates in a high-risk jurisdiction.

8.4. Schiff Gold Precious Metals Trading LLC will validate that underlying beneficial owners or controllers are not PEPs via searches against official national and international databases or public information references. Outcomes of such verification will be documented.

8.5. Upon identifying a PEP, Schiff Gold Precious Metals Trading LLC will:

- Attribute a high-risk rating to the client
- Prepare a PEP Report, subject to approval by the Head of AML/CFT Committee for commencing business
- Conduct enhanced due diligence and ongoing monitoring
- Establish the source of wealth and funds through reasonable measures
- Track PEP relationships for reporting and oversight purposes.

9. SANCTIONED INDIVIDUALS/ENTITIES

9.1. Schiff Gold Precious Metals Trading LLC shall rigorously screen all prospective customers against pertinent lists, including:

- United Nations Sanctions (UN)
- UAE's Local Terrorist List

9.2. Confirmed matches with sanctions lists will result in refusal of a business relationship, accompanied by requisite reporting to the Financial Intelligence Unit (FIU).

9.3. Comprehensive documentation of compliance with sanctions regulations, along with the rationale for corresponding actions, will be upheld by Schiff Gold Precious Metals Trading LLC. The AML/CFT Committee shall deliberate on any further measures, such as fund freezing, if deemed necessary.

1. TARGETED FINANCIAL SANCTIONS (TFS)

The scope of Targeted Financial Sanctions encompasses both the immediate freezing of assets and the prohibition of facilitating funds, assets, or services, whether directly or indirectly, for the advantage of individuals, entities, or groups subject to sanctions.

1.2. Immediate asset freezing involves the restriction of any activity involving the transfer, alteration, disposal, or relocation of funds or other assets held and controlled by designated individuals, entities, or groups featured within the Local Terrorist List or the United Nations Consolidated List. This encompasses:

- The freezing of financial funds, assets, and economic resources, encompassing measures to impede their utilization, modification, transfer, movement, or access.
- The freezing of economic resources further entails preventing their exploitation to acquire funds, assets, or services through any means, encompassing, but not limited to, sales or collateralization.

1.3. Prohibition of providing funds, assets, or services signifies the restriction on supplying financial or other resources to, or engaging in financial transactions with, any designated individual, entity, or group.

1.4. Schiff Gold Precious Metals Trading LLC is firmly committed to adopting policies, protocols, and safeguards to effectuate TFS against those who are subjected to designations and sanctions as outlined within the:

- UAE Local Terrorist List
- United Nations Security Council Consolidated List

1.5. The primary objective of TFS is to prevent specific individuals, entities, or groups from having the means to disrupt international peace and security, endorse acts of terrorism, finance the spread of weapons of mass destruction, and furthermore, to ensure the non-availability of funds, assets, or services of any nature.

1.6. The application of TFS within the UAE adheres to United Nations Security Council Resolutions concerning:

- Terrorism and the Financing of Terrorism
- The Dissemination of Weapons of Mass Destruction (WMD)
- Other United Nations Sanctions Regimes involving Targeted Financial Sanctions

1.7. The freezing measures, encompassing the embargo on rendering funds available, are applicable to:

A. Any individual, collective, or legal entity featured in the Local Terrorist List designated by the Federal Cabinet or listed in the United Nations Security Council's Comprehensive Sanctions List.

B. Any legal entity that is owned or controlled, whether directly or indirectly, by an individual or legal entity identified under A.

C. Any individual or legal entity acting on behalf of or under the instructions of any individual or legal entity identified under A & B.

2. IMPLEMENTATION OF TARGETED FINANCIAL SANCTIONS (TFS)

2.1. Schiff Gold Precious Metals Trading LLC shall adhere to the subsequent overarching responsibilities pertaining to TFS:

- Step 1: Subscription - Schiff Gold Precious Metals Trading LLC will duly subscribe to the Executive Office Notification System to receive automated email alerts concerning updates to the Sanctions Lists (Local Terrorist List or United Nations Consolidated List).

- Step 2: Screening - Schiff Gold Precious Metals Trading LLC will routinely and consistently conduct screenings against the most recent versions of the Local Terrorist List and United Nations Consolidated List.

- Step 3: Application of Targeted Financial Sanctions:

- Comprehensive Asset Freezing - Schiff Gold Precious Metals Trading LLC will promptly freeze all relevant funds (within 24 hours) without prior notification in cases where:

- a. The funds are owned or controlled, either wholly or jointly, directly or indirectly, by an individual or legal entity designated by the UAE Cabinet or pursuant to an applicable UNSC Resolution.
- b. The funds derive from assets indicated in point (a); or
- c. Individuals or legal entities act on behalf of or under the directives of individuals or legal entities designated by the Local Terrorist List or pursuant to the United Nations Consolidated List.

- Prohibition of Facilitating Funds - No individual or legal entity operating within the UAE shall be authorized to provide financial resources or offer financial services or any related services to, either partially or completely, directly or indirectly, or for the benefit of any individual or legal entity listed in the Local Terrorist List or the United Nations Consolidated List pursuant to an applicable UNSC Resolution.

- Step 4: Reporting - In the event of confirmed or partial name matches identified through the goAML platform, Schiff Gold Precious Metals Trading LLC is required to report any freezing or suspension measures taken within a span of five (5) days from implementing such measures.

3. **ONGOING SCREENING**

3.1. The constraints related to Targeted Financial Sanctions (TFS) featured within the Local Terrorist List and United Nations Consolidated List are subject to modification.

3.2. Schiff Gold Precious Metals Trading LLC is dedicated to establishing appropriate actions and protocols to maintain pertinent and current controls, ensuring the effective implementation of Targeted Financial Sanctions (TFS) measures.

3.3. Schiff Gold Precious Metals Trading LLC will routinely and consistently perform screenings against the most recent Local Terrorist List and United Nations Consolidated List. The screening procedure will incorporate the following databases:

- Existing customer databases. All systems containing customer information and transactional data will be integrated into the screening system to ensure comprehensive compliance.
- Potential customers prior to engaging in any transactions or initiating business relationships with any individuals.
- Names of parties involved in any transactions (e.g., buyer, seller, agent, freight forwarder, etc.).
- Ultimate beneficial owners, encompassing both natural and legal entities.
- Names of individuals, entities, or groups possessing direct or indirect connections with them.
- Directors and/or agents acting on behalf of customers (including individuals with power of attorney).

3.4. Schiff Gold Precious Metals Trading LLC shall ensure that screenings are conducted under the following circumstances:

- Subsequent to updates to the Local Terrorist List or United Nations Consolidated List. In such instances, screening should be promptly conducted to ensure compliance with immediate asset freezing measures (within 24 hours).
- Prior to initiating relationships with new customers.
- Following KYC reviews or modifications to customer details.
- Before executing any transactions.

4. ****UPDATING OF KYC INFORMATION****

4.1. KYC (Know Your Customer) is an ongoing process. The bedrock of customer due diligence and surveillance processes is predicated on the initial collection of KYC data and the continuous updating of such information.

4.2. Schiff Gold Precious Metals Trading LLC shall undertake reasonable measures to ensure that KYC information and documents are kept up to date as necessary.

4.3. As a minimum standard, KYC data should undergo annual updates for active business relationships.

5. CLIENT ACTIVITY MONITORING

5.1. Regarding established Business Relationships, Schiff Gold Precious Metals Trading LLC is obligated to engage in consistent oversight of customer activities, involving the auditing of transactions executed throughout the duration of the relationship to verify their alignment with customer information, activity types, and risk profiles.

5.2. In cases involving high-risk customers or Business Relationships, Schiff Gold Precious Metals Trading LLC shall acquire additional details about transaction purposes and intensify continuous monitoring and assessment of transactions to identify potentially abnormal or suspicious activities.

5.3. Commensurate with the associated risk level, Schiff Gold Precious Metals Trading LLC will evaluate transaction specifics in relation to the customer's due diligence data or profile. This evaluation will encompass acquiring sufficient information about counterparties and/or other involved parties (including, but not limited to, data from public sources like internet searches) to ascertain whether transactions exhibit characteristics such as:

- Normalcy (i.e., transactions align with the customer, other involved parties, and similar customer types).
- Reasonableness (i.e., transactions demonstrate clear rationale and compatibility with customary activities for the customer and counterparties).
- Legitimacy (i.e., the customer and counterparties are authorized to engage in such transactions, including situations where specific licenses, authorizations, or official endorsements are mandated).

6. INDICATORS OF SUSPICIOUS ACTIVITIES – RED FLAGS

6.1. Criminals' methods are constantly evolving, and in many cases are specific to the particularities of a given market or a given type of trust and company services. The following list of red-flag indicators of potentially suspicious transactions is therefore by no means exhaustive.

It is noted the presence of one or more of the indicators below does not necessarily mean that a transaction involves ML/FT; however, it is an indication that enhanced due diligence or further investigation may be required, so that an appropriate determination can be made by the Schiff Gold Precious Metals Trading LLC' appointed Chief Compliance Officer as to whether the transaction is suspicious or not.

6.2. A red flag should be raised with respect to trade practices in the following circumstances:

- Precious metals and stones originate from a country where there is limited production or no mines at all.
- Trade in large volumes conducted with countries which are not part of a specific precious metals and stones pipeline.
- An increase of the volume of the activity in a DGS account despite a significant decrease in the industry- wide volume.
- Selling or buying precious metals and stones between two local companies through an intermediary located abroad (lack of business justification, uncertainty as to actual passage of goods between the companies).
- Volume of purchases and/or imports that grossly exceed the expected sales amount.
- Sale of gold bars, coins, and loose diamonds from a jewelry store (retail).
- A single bank account is used by multiple businesses.

6.3. A red flag should be raised with respect to the Business Relationship, or the Customer in the following

circumstances if the customer:

- Suddenly cancels the transaction when asked for identification or information.
- Is reluctant or refuses to provide personal information, or the Schiff Gold Precious Metals Trading LLC has reasonable doubt that the provided information is correct or sufficient.
- Is reluctant, unable, or refuses to explain:
 - their business activities and corporate history;
 - the identity of the beneficial owner;
 - their source of wealth/funds;
 - why they are conducting their activities in a certain manner;

who they are transacting with;

- the nature of their business dealings with third parties (particularly third parties located in foreign jurisdictions).

- Is under investigation, has known connections with criminals, has a history of criminal indictments or convictions, or is the subject of adverse information (such as allegations of corruption or criminal activity) in reliable publicly available information sources.
- Is a designated person or organisation (i.e. is on a Sanctions List).
- Is related to, or a known associate of, a person listed as being involved or suspected of involvement with terrorists or terrorist financing operations.
- Insists on the use of an intermediary (either professional or informal) in all interactions, without sufficient justification.
- Actively avoids personal contact without sufficient justification.
- Is a politically exposed person or has familial or professional associations with a person who is politically exposed.
- Is a foreign national with no significant dealings in the country, and no clear economic or other rationale for doing business with the Schiff Gold Precious Metals Trading LLC.
- Is located a significant geographic distance away from the Schiff Gold Precious Metals Trading LLC, with no logical rationale.
- Refuses to co-operate or provide information, data, and documents usually required to facilitate a transaction, or is unfamiliar with the details of the requested transaction.
- Makes unusual requests (including those related to secrecy) of the Schiff Gold Precious Metals Trading LLC or its employees.
- Is prepared to pay substantially higher fees than usual, without legitimate reason.
- Appears very concerned about or asks an unusual number of detailed questions about compliance-related matters, such as customer due-diligence or transaction reporting requirements.
- Is conducting a transaction which appears incompatible with their socio-economic, educational, or professional profile, or about which they appear not to have a good understanding.
- Uses legal persons, legal arrangements, or foreign private foundations that operate in jurisdictions with secrecy laws.
- Requests services (for example, smelting and reshaping of gold into ordinary-looking items) that could improperly disguise the nature of the GS or conceal beneficial ownership from competent authorities, without any clear legitimate purpose.
- Claims to be a legitimate DGS but cannot demonstrate a history or provide evidence of real activity.
- Is a business that cannot be found on the internet or social business network platforms (such as LinkedIn or others).
- Is registered under a name that does not indicate that activity of the company is related to GS, or that

indicates activities different from those it claims to perform.

- Is a business that uses an email address with a public or non-professional domain (such as Hotmail, Gmail, Yahoo, etc.).
- Is registered at an address that does not match the profile of the company, or that cannot be located on internet mapping services (such as Google Maps).
- Is registered at an address that is also listed against numerous other companies or legal arrangements, indicating the use of a mailbox service.
- Has directors or controlling shareholder(s) who cannot be located or contacted, or who do not appear to have an active role in the company, or where there is no evidence that they have authorised the transaction.
- Is incorporated or established in a jurisdiction that is considered to pose a high money laundering, terrorism financing, or corruption risk.
- Has a complex corporate structure that does not appear to be necessary or that does not make commercial sense.
- Appears to be acting according to instructions of unknown or inappropriate person(s).
- Conducts an unusual number or frequency of transactions in a relatively short time period.
- Asks for short-cuts, excessively quick transactions, or complicated structures even when it poses an unnecessary business risk or expense.
- Requests payment arrangements that appear to be unusually or unnecessarily complex or confusing (for example, unusual deposit or installment arrangements, or payment in several different forms), or which involve third parties.
- Provides identification, records or documentation which appear to be falsified or forged.
- Requires that transactions be processed exclusively or mainly through the use of cash, cash equivalents (such as cashier's cheques, gold certificates, bearer bonds, negotiable third-party promissory notes, or other such payment methods), or through virtual currencies, for the purpose of preserving their anonymity, without adequate and reasonable explanation.

6.4. A red flag should be raised with respect to the transaction if it:

- Involves the use of a large sum of cash, without an adequate explanation as to its source or purpose.
- Involves the frequent trading of GS (especially gold) or jewellery for cash in small incremental amounts.
- Involves the barter or exchange of GS (especially gold) or jewellery for other high-end jewellery.
- Appears structured so as to avoid the cash reporting threshold.
- Involves delivery instructions that appear to be unnecessarily complex or confusing, or which involve foreign jurisdictions with no apparent legitimate connection to the counterparty or customer.

- Includes contractual agreements with terms that are unusual or that do not make business sense for the parties involved.
- Involves payments to/from third parties that do not appear to have a logical connection to the transaction.
- Involves merchandise purchased with cash, which the customer then requests the merchant to sell for him/her on consignment.
- Involves GS with characteristics that are unusual or do not conform to market standards.
- Involves the unexplained use of powers-of-attorney or similar arrangements to transact business on behalf of a third party.
- Appears to be directed by someone (other than a formal legal representative) who is not a formal party to the transaction.
- Involves a person acting in the capacity of a director, signatory, or other authorised representative, who does not appear to have the required competency or suitability.
- Involves persons residing in tax havens or High-Risk Countries, when the characteristics of the transactions match any of those included in the list of indicators.
- Is carried out on behalf of minors, incapacitated persons or other categories of persons who appear to lack the mental or economic capacity to make such decisions.
- Involves several successive transactions which appear to be linked, or which involve the same parties or those persons who may have links to one another (for example, family ties, business ties, persons of the same nationality, persons sharing an address or having the same representatives or attorneys, etc.).
- Involves recently created legal persons or arrangements, when the amount is large compared to the assets of those legal entities.
- Involves foundations, cultural or leisure associations, or non-profit-making entities in general, especially when the nature of the merchandise or the characteristics of the transaction do not match the goals of the entity.
- Involves legal persons which, although incorporated in the country, are mainly owned by foreign nationals, who may or may not be resident for tax purposes.
- Involves unexplained last-minute changes involving the identity of the parties (e.g. it is begun in one individual's name and completed in another's without a logical explanation for the name change) and/or the details of the transaction.
- Involves a price that appears excessively high or low in relation to the value (book or market) of the goods, without a logical explanation.
- Involves circumstances in which the parties:
- Do not show particular interest in the details of the transaction;

- Do not seem particularly interested in obtaining a better price for the transaction or in improving the payment terms;
- Insist on an unusually quick completion, without a reasonable explanation.
- Takes place through intermediaries who are foreign nationals or individuals who are non- resident for tax purposes.
- Involves unusually high levels of assets or unusually large transactions compared to what might reasonably be expected of clients with a similar profile.
- Involves indications that the counterparty does not have or does not wish to obtain necessary governmental approvals, filings, licences, or other official requirements.
- Involves any attempt by a physical person or the controlling persons of a legal entity or legal arrangement to engage in a fraudulent transaction (including but not limited to: over- or under- invoicing of goods or services, multiple invoicing of the same goods or services, fraudulent invoicing for non-existent goods or services; over- or under- shipments (e.g. false entries on bills of lading); or multiple trading of the same goods and services).

6.5. A red flag indicator for means of payment:

- Involves cash, cash equivalents (such as cashier's cheques, gold certificates, bearer bonds, negotiable third-party promissory notes, or similar instruments), negotiable bearer instruments, or virtual currencies, which do not state the true payer, especially where the amount of such instruments is significant in relation to the total value of the transaction, or where the payment instrument is used in a non-standard manner.
- Involves unusual deposits (e.g. use of cash or negotiable instruments, such as traveller's cheques, cashier's cheques and money orders) in round denominations (to keep below the reporting threshold limit) to pay for GS. The negotiable instruments may be sequentially numbered or purchased at multiple locations, and may frequently lack payee information.
- Is divided into smaller parts or installments with a short interval between them.
- Involves doubts as to the validity of the documents submitted in connection with the transaction.
- Involves third-party payments with no apparent connection or legitimate explanation.
- Cannot be reasonably identified with a legitimate source of funds.

REPORTING OF SUSPICIOUS ACTIVITIES

1.1. Schiff Gold Precious Metals Trading LLC shall institute a system for mandatory reporting of suspicious transactions pursuant to under the UAE AML/CFT legislative and regulatory framework. Any suspicious activities/transactions (SARs/STRs) or additional information required in relation to them, shall be reported to the FIU through the goAML system.

1.2. Where any employee or personnel, director or officer of Schiff Gold Precious Metals Trading LLC knows that the client has engaged in any of the predicate crimes, the matter must be promptly reported to the Compliance Department.

1.3. The Compliance Department will review the matter and if sufficient evidence is available then the matter will be escalated to the Chief Compliance Officer to review and decide whether the matter needs to be reported to the FIU as Suspicious Activity.

1.4. If there are reasonable grounds to suspect that the customer has engaged in an unlawful activity, the Chief Compliance Officer, on receiving such a report, must promptly evaluate whether there are reasonable grounds for such belief and must then immediately report the case to the FIU unless the Chief Compliance Officer considers, and records an opinion, that such reasonable grounds do not exist.

1.5. Schiff Gold Precious Metals Trading LLC shall maintain a register of all suspicious transactions that have been brought to the attention of its Chief Compliance Officer, including transactions that are not reported to the FIU. The register shall contain details of the date on which the report is made, the person who made the report to the Chief Compliance Officer and information sufficient to identify the relevant papers related to said reports.

1.6. Schiff Gold Precious Metals Trading LLC acknowledges that failure to report a suspicious transaction, whether intentionally or by gross negligence, is a federal crime. Any person who fails to perform their statutory obligation to report a suspicion of money laundering, or the financing of terrorism or of illegal organisations, is liable to a fine and/or imprisonment or both.

DEALERS IN PRECIOUS METALS AND STONES REPORT (DPMSR)

1.1. In conjunction with the due diligence and reporting obligations delineated within various sections of this policy, Schiff Gold Precious Metals Trading LLC (hereinafter referred to as "the Company"), in alignment

with Circular Number: 08/AML/2021 issued by the Ministry of Economy, UAE, will diligently adhere to the subsequent due diligence and reporting prerequisites:

- Transactions with Resident Individuals: The Company shall procure identification documents (Emirates ID or Passport) for cash transactions equal to or surpassing AED 55,000, and subsequently record the pertinent details in the Financial Intelligence Unit's (FIU) GoAML platform using the DPMSR.
- Transactions with Non-Resident Individuals: Identification documents (ID or Passport) must be acquired for cash transactions equal to or exceeding AED 55,000, and said information shall be duly registered in the FIU's GoAML platform utilizing the DPMSR.
- Transactions with Entities / Companies: In transactions involving cash or wire transfers equal to or surpassing AED 55,000, the Company shall obtain a copy of the trade license and identification documents (Emirates ID or passport) of the individual representing the concerned company. The obtained information shall be systematically registered in the FIU's GoAML platform using the DPMSR.
- Maintenance of Records: Comprehensive documentation and pertinent details pertaining to the aforementioned transactions shall be meticulously preserved for a minimum period of five years.

2. TIPPING OFF AND CONFIDENTIALITY

2.1. The unauthorized disclosure of information, leading to the client or any third party beyond the FIU becoming aware or suspecting that the client is under scrutiny due to a suspicious transaction report or an investigation related to money laundering or terrorist financing, is deemed as "tipping off." This act also includes any disclosure that may hinder the prevention or detection of offenses, the pursuit or prosecution of offenders, the recovery of crime-related proceeds, or the thwarting of money laundering or terrorist financing.

2.2. The Company's directors, officers, and employees are unequivocally prohibited from notifying clients that their information has been reported to the FIU or indirectly conveying such data to any individual other than the FIU. Violation of this confidentiality mandate renders them susceptible to criminal, civil, and administrative penalties as per the UAE's Anti-Money Laundering and Counter Financing of Terrorism legislation.

3. TRAINING AND AWARENESS

3.1. The Company shall systematically provide comprehensive education and training for all personnel, including directors and officers. The aim is to ensure their complete understanding of their personal obligations and responsibilities in combating money laundering, terrorism financing, and unlawful organizations. Additionally, personnel shall be well-acquainted with the Company's protocols for reporting and scrutinizing suspicious activities.

3.2. Depending on the scope and nature of operations, the Company may designate a qualified individual or a professional entity to undertake the roles of Chief Compliance Officer, Internal Audit, or Training. The selected entity must demonstrate substantial experience and expertise within the domain of Anti-Money Laundering and Counter Financing of Terrorism. Thorough validation of the credentials of outsourced personnel or entities is imperative to ensure their competency in fulfilling their duties effectively.

3.3. The Company shall ensure the provision of refresher training at least annually to reiterate the AML/CFT responsibilities of key personnel and officers. Additionally, any amendments to laws and regulations pertaining to AML/CFT shall be effectively communicated through such training sessions.

3.4. Newly onboarded employees shall receive pertinent training within 30 days of their commencement date. Training shall encompass not only the legal nuances of AML/CFT laws and regulations but also extend to job-specific applications of said laws. Continuous training shall be offered and updated periodically to align with prevailing developments and modifications in legislations.

3.5. To ensure unwavering adherence to the Company's AML/CFT and KYC policies and procedures, all employees are mandated to affirm their comprehension of the contents outlined in this Compliance Policy by annually signing the acknowledgment form or as necessitated by the Compliance Committee.

4. RECORD KEEPING

4.1. The ensuing documents shall constitute the Company's AML/CFT Documents:

- All client documentation as stipulated in the KYC checklist or corresponding communications, inclusive of documents amassed during Customer Due Diligence (CDD) or Enhanced Due Diligence (EDD).
- All documentation pertaining to a suspicious activity report involving a client or applicant, accompanied by any responses or follow-ups.

- Comprehensive records of AML/CFT training sessions attended by the Company's staff, officers, and affiliates, encompassing dates, content, and attendees.
- Minutes of the meetings held by the AML/CFT Committee, detailing all decisions undertaken by the committee.
- Records of AML/CFT determinations made by the senior management.

4.2. The core purpose of record maintenance is to ensure that the Company can furnish fundamental information for the reconstruction of transactions upon requisition by competent authorities.

4.3. Documents may be preserved in their original form or as duplicates, including scanned images of original documents saved on pen drives, hard drives, online systems, cloud-based platforms, etc. These forms must be admissible in the UAE Court of Law.

4.4. The Company shall nominate at minimum two individuals responsible for the secure upkeep of records.

4.5. All records must remain readily accessible for prompt retrieval by relevant authorities when demanded. Requests for such records by government entities shall be fulfilled within a reasonable timeframe, not exceeding fifteen business days.

5. RECORD RETENTION POLICY

5.1. The ensuing durations for document retention shall be observed:

- All transaction records concerning covered clients, particularly records of customer identification, shall be maintained and securely stored, whether physically or in electronic format, in an easily accessible location for a period of five years from the transaction date.
- Regarding closed accounts, records encompassing customer identification, account files, and business correspondences shall be upheld and safely stored for no less than five years from the date of account closure.
- In instances where records are linked to ongoing investigations or transactions subjected to disclosure, preservation shall persist beyond the stipulated retention period until confirmation from the FIU about case closure is received.

6. RECORD DESTRUCTION POLICY

6.1. Records must be expunged or destroyed upon the conclusion of the designated retention period.

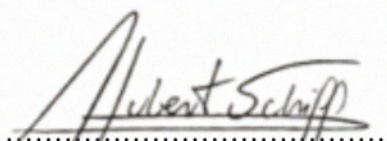
6.2. Record disposal must adhere to methods that safeguard the confidentiality of the records.

6.3. Records with no mandated retention period or duplicate records shall be expunged or destroyed, unless authorization to retain such records is granted by senior management at the Company.

7. NON-RETALIATION POLICY

7.1. The Company unequivocally commits to refraining from any form of retaliation against individuals who, in good faith, disclose pertinent information about money laundering to relevant regulatory authorities, government agencies, or other pertinent bodies engaged in the prevention of money laundering and counter-terrorism financing. Any personnel found to have engaged in retaliatory actions shall be subject to disciplinary measures, potentially culminating in termination of their association with the Company.

[End of Policy]


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Hubert Jacob Henry Schiff
Chief Executive Officer