

# **ANTI MONEY LAUNDERING**

## **Part I - INTRODUCTION**

### **1. Preliminary Statement**

Bosa Finance and Technology Ltd, registered under number 2023-00594 and headquartered at Ground Floor, The Sotheby Building, Rodney Village, Rodney Bay, Gros-Islet, Saint Lucia, is committed to upholding the highest standards of financial integrity. This policy establishes our framework for preventing money laundering and the financing of terrorist activities.

#### **Objective:**

The primary objective of this policy is to actively combat financial crimes by detecting, preventing, and mitigating risks associated with money laundering and terrorism financing. Through robust compliance measures, Bosa Finance and Technology Ltd aims to safeguard its operations, protect its clients, and ensure adherence to regulatory requirements.

#### **Implementation:**

This document outlines the specific strategies and procedures adopted by Bosa Finance and Technology Ltd to achieve its objectives. These measures are critical for strengthening our defences against illicit financial activities and ensuring compliance with applicable laws and regulations.

#### **Key Focus Areas**

- Prevention of money laundering and terrorism financing.
- Identification and mitigation of financial and legal risks.
- Establishment of a secure and compliant operational environment.

#### **Scope**

This policy applies to all employees, business units, and operational activities of Bosa Finance and Technology Ltd. Compliance with these regulations is mandatory to ensure an effective risk management framework against financial crimes.

### **2. Understanding Money Laundering**

Money laundering is the process of concealing the origins of illicitly obtained funds and integrating them into the legitimate economy. Contrary to popular belief, money laundering is not limited to organised crime or drug trafficking—it encompasses any attempt to process criminal proceeds to appear legitimate.

## Stages of Money Laundering

Money laundering typically consists of three key stages:

### 1. Placement:

- Illicit funds are introduced into the financial system through deposits, currency exchanges, or other means.
- This may involve cross-border transactions or cash-intensive businesses.

### 2. Layering:

- A series of complex financial transactions are conducted to obscure the original source of the funds.
- This includes moving money between accounts, purchasing assets, or using shell companies.

### 3. Integration:

- The laundered funds are reintroduced into the legitimate economy as seemingly legal profits.
- At this stage, the criminals can freely use the funds without raising suspicion.

It is important to note that these stages may overlap, and not all financial crimes require the initial placement phase. Bosa Finance and Technology Ltd acknowledges the vulnerabilities of financial services and maintains proactive controls to prevent exploitation for illicit purposes.

## 3. Understanding Terrorism Financing

Terrorism financing involves providing financial resources to individuals, groups, or organisations engaged in terrorist activities. Unlike traditional financial crimes aimed at generating profit, terrorism financing is used to fund acts of violence and disruption.

### Key Differences Between Money Laundering and Terrorism Financing:

- **Money laundering** occurs after a crime has been committed, seeking to legitimise illicit funds.
- **Terrorism financing** may involve legally obtained funds that are misused to support unlawful activities.

### Commonalities:

- Terrorist groups often engage in criminal activities such as fraud, drug trafficking, or smuggling to generate funds.
- Both money laundering and terrorism financing rely on financial systems to facilitate transactions.

- Stringent Client Due Diligence (CDD) measures are critical in detecting and preventing these financial crimes.

Bosa Finance and Technology Ltd implements rigorous KYC (Know Your Customer) and CDD procedures to identify and mitigate risks associated with money laundering and terrorism financing. These controls include ongoing monitoring, transaction scrutiny, and regulatory reporting to ensure full compliance with international financial regulations.

#### **4. AML/CFT International Legislative Initiatives**

The fight against money laundering and terrorist financing is a global effort, with various international organizations setting stringent standards to ensure financial systems are safeguarded. Bosa Finance and Technology Ltd remains fully committed to aligning with these international directives to maintain compliance and prevent illicit activities. Below are key international bodies and their initiatives that shape the global AML and CFT landscape:

- 1. Financial Action Task Force on Money Laundering (FATF)**

[www.fatfgafi.org](http://www.fatfgafi.org)

FATF, with its Forty Recommendations and Nine Special Recommendations on terrorist financing, provides a robust framework for global AML and CFT efforts.

- 2. Caribbean Financial Action Task Force (CFATF)**

<https://www.cfatf-gafic.org/>

CFATF represents states and territories in the Caribbean basin, focusing on implementing common counter-measures against money laundering. It operates as one of eight regional groups associated with FATF.

- 3. Basel Committee on Banking Supervision**

[www.bis.org](http://www.bis.org)

Despite its banking-focused name, the Basel Committee's influence extends across the financial sector. Its guidance emphasises the critical role of effective Client Due Diligence (CDD) in risk management.

- 4. Groupe Wolfsberg**

[www.wolfsberg-principles.com](http://www.wolfsberg-principles.com)

Composed of leading private banks worldwide, the Wolfsberg Group issues comprehensive anti-money laundering principles and provides strategic recommendations for suppressing the financing of terrorism. Its guidance serves as a valuable tool for financial institutions to enhance their

compliance frameworks.

5. **International Organisation of Securities Commissions (IOSCO)**

[www.iosco.org](http://www.iosco.org)

Since 1992, IOSCO has actively addressed money laundering risks within securities markets. Its Principles on Client Identification and Beneficial Ownership, established in 2004, complement FATF recommendations and guide regulators in ensuring AML compliance within the securities industry.

6. **International Association of Insurance Supervisors (IAIS)**

[www.iaisweb.org](http://www.iaisweb.org)

IAIS prioritizes AML and CFT efforts within the insurance sector. In 2004, it integrated FATF guidelines into its regulatory framework, reinforcing the importance of due diligence and monitoring in financial risk mitigation.

Bosa Finance and Technology Ltd aligns its compliance measures with these internationally recognized standards, ensuring a robust defense against money laundering and terrorist financing.

**5. Additional Territorial Authority of the United States**

In response to the September 11, 2001 attacks, the United States enacted the USA PATRIOT Act, a landmark legislation aimed at fortifying the nation's defenses against money laundering and terrorism financing. This act significantly expanded U.S. jurisdiction over financial crimes, impacting foreign institutions that engage in transactions involving U.S. financial systems.

Key Provisions:

- **Expanded Legal Reach:** U.S. courts now possess jurisdiction over foreign entities found in violation of U.S. anti-money laundering laws, even if those entities operate under different foreign regulatory regimes.
- **USD Transaction Oversight:** Any financial institution engaging in transactions denominated in U.S. dollars falls under the jurisdiction of U.S. courts concerning AML-related offenses.
- **Compliance Mandates:** Foreign financial institutions conducting business with U.S. counterparts must adhere to stringent AML/CFT compliance requirements, including detailed reporting and enhanced due diligence.

Given these provisions, Bosa Finance and Technology Ltd ensures full compliance with U.S. AML laws where applicable, particularly in transactions involving U.S. financial institutions and dollar-denominated exchanges.

## **PART II – GLOSSARY AND CONTENTS**

### **Interpretation**

Refers to the 2001 legislation governing the prevention of laundering proceeds derived from criminal activities unless stated otherwise.

### **Key Definitions**

#### **AML/CFT**

Represents the collective efforts to combat money laundering and terrorist financing.

#### **AML/CFT Program**

A structured program designed to implement anti-money laundering and counter-terrorist financing policies, ensuring compliance with legal frameworks and international standards.

#### **AML/CFT Requirements**

Outlined in Part III of this document.

#### **Beneficial Owner**

A person who:

1. Exercises direct or indirect control over a client or an entity on whose behalf a transaction is conducted.
2. Owns a significant stake in a client or an entity engaging in transactions.

#### **Business Relations**

Any professional, commercial, or financial relationship between Bosa Finance and Technology Ltd and a client, whether ongoing or classified as such.

#### **Cash Money**

Includes:

1. Physical currency.
2. Bearer negotiable instruments.

## **Company**

Refers specifically to **Bosa Finance and Technology Ltd.**

## **Client**

Includes:

1. Both new and existing clients.
2. Any individual or entity seeking to conduct a transaction with the Company.

## **Instrument**

Any account, agreement, or financial product provided by the Company that allows the holder to conduct multiple transactions.

## **Financial Institution**

An entity engaged in financial activities such as:

1. Accepting deposits from the public.
2. Granting loans or credit (e.g., mortgages, consumer credit, factoring, commercial financing).
3. Financial leasing.
4. Money transfers on behalf of clients.
5. Issuing or managing payment methods (e.g., credit/debit cards, traveler's checks, electronic money).
6. Accepting financial guarantees and commitments.
7. Trading in:
  - Money market instruments (e.g., checks, bills, certificates of deposit, derivatives).
  - Foreign exchange.
  - Securities and commodity futures.
8. Participating in securities issues and related financial services.
9. Managing individual or collective investment portfolios.
10. Safeguarding or managing assets, cash, or securities on behalf of clients.
11. Providing insurance-related financial products.
12. Currency exchange services.

Includes any individual or entity classified as a financial institution by law and excludes those explicitly exempted by regulation.

## **Financing of Terrorism**

Providing or collecting funds with the knowledge or intent that they will be used to:

1. Facilitate terrorist crimes, including planning and execution.

2. Support terrorist organizations or illicit armed groups.

### **Money Laundering**

The process of disguising illicitly obtained funds to make them appear legitimate, often through complex financial transactions.

### **Single Transaction**

A financial transaction conducted outside an established business relationship that exceeds a prescribed threshold. Includes:

1. A single transaction or a series of linked operations.
2. Excludes check deposits and transactions below the regulatory threshold.

### **Physical Currency**

Coins and banknotes recognized as legal tender in circulation within the issuing country.

### **Politically Exposed Person (PEP)**

An individual who has held or currently holds a high-ranking public office in a foreign country within the last 12 months, such as:

1. Head of state or government.
2. Government minister or senior politician.
3. Supreme Court justice or senior judge.
4. Central bank governor or senior financial regulator.
5. Senior military official.
6. Ambassador or high commissioner.
7. Board chairman, CEO, CFO, or equivalent in a state-owned enterprise.

### **Immediate Family Members of PEPs:**

- Spouse or domestic partner.
- Children and their spouses/partners.
- Parents.

### **Close Associates of PEPs:**

- Individuals with joint or exclusive beneficial ownership of assets with a PEP.
- Business partners or individuals with publicly known financial ties to a PEP.

### **Primary Financial Monitoring Entities**

Includes:

1. Financial institutions.
2. Casinos.
3. Any individual or entity subject to monitoring as per financial regulations.

Excludes individuals or entities explicitly exempted by regulatory provisions.

### **Senior Manager (Senior Management)**

Any individual in a leadership role with significant influence over the operations of an entity subject to financial monitoring, such as:

1. A company director.
2. A trustee, partner, or equivalent.
3. Any person with decision-making authority within the entity.

### **Shell Bank**

A financial entity that:

1. Is registered in a foreign jurisdiction.
2. Holds a banking license but lacks a physical presence in its registered country.
3. Is not affiliated with a regulated parent institution that meets international banking compliance standards.

### **Shady Transaction**

A transaction that:

1. Raises suspicion of involvement in money laundering or illicit activities.
2. Is connected to or facilitates terrorism or other unlawful acts.
3. Involves excessive complexity without clear economic justification.
4. Lacks transparency regarding the identity of involved parties.

### **Transaction**

Any deposit, withdrawal, exchange, or transfer of funds executed through:

1. Physical cash.
2. Checks, money orders, or financial instruments.
3. Electronic or non-physical payment methods.

Includes any payments fulfilling legal or contractual obligations as defined by applicable regulations.

### **Application of Financial Monitoring Laws**

Bosa Finance and Technology Ltd acknowledges that compliance obligations apply to the extent that:

1. Its financial activities fall within the definition of a financial institution.
2. Its operations pose potential risks of money laundering or terrorism financing.

## **PART III – REQUIREMENTS AND ADHERING TO AML/CFT**

### **1. Client Due Diligence (CDD) Measures**

1.1. The Company shall implement appropriate CDD measures when establishing a business relationship with a claimant and on an ongoing basis. This includes identifying and verifying the applicant's identity and monitoring their business activities to ensure compliance with regulatory requirements.

1.2. CDD measures must be applied to: a) The client; b) The beneficial owner of the client; and c) Any individual acting on behalf of the client.

1.3. If a private individual client is reasonably believed to be acting on their own behalf, they shall be treated as the beneficial owner unless there are grounds to suspect otherwise.

1.4. Based on risk assessment, the Company shall apply standard, simplified, or enhanced CDD procedures in accordance with the circumstances outlined in Part IV of this document.

### **2. Basis for Verification**

2.1. The verification of identity shall be conducted using: a) Documents, databases, or information obtained from reliable and independent sources; or b) Any other method prescribed by applicable law, considering the client's risk profile, transaction nature, and business relationship.

### **3. Identification and Verification of Individuals**

3.1. The Company shall collect and verify the following identification details of individual clients: a) Full legal name; b) Date and place of birth; c) Current residential address (P.O. boxes are not accepted); d) Nationality; and e) Occupation, social status, and employer (if available).

3.2. Acceptable identification documents must be original or properly certified copies and must contain a photograph. These include:

- National identity cards;
- Valid passports; or

- Valid driver's licenses.

3.3. Address verification must be supported by recent documentation (not older than three months), such as:

- Utility bills;
- Bank or credit card statements.

#### **4. Identification and Verification of Legal Entities**

4.1. Legal entities include corporations, partnerships, associations, and other non-individual entities.

4.2. When a legal entity applies for business, the Company shall: a) Understand its ownership and control structure; b) Verify its legal existence; and c) Identify and verify the identity of its key executives.

4.3. Key executives requiring verification include: a) Founders; b) Beneficial owners; c) Officers; d) Auditors; and e) Directors.

4.4. The verification process shall confirm: a) The entity's name, registration date, country of incorporation, and legal status; b) The registered office and principal place of business; c) The identities of individuals with ultimate control over the entity's capital or assets; and d) The authorization of any individual acting on behalf of the entity.

4.5. If key executives are not natural persons, the Company shall identify and verify the individuals ultimately owning or controlling the entity.

#### **5. Specific Verification Requirements for Business Structures**

##### **5.1. Private Companies:**

- Obtain a certified copy of the certificate of incorporation;
- Verify company registration to ensure it remains active;
- Review the latest financial statements, if available;
- Confirm the registered office and place of business;
- Identify and verify directors and key executives.

##### **5.2. Partnerships:**

- Obtain a certified copy of the partnership agreement;
- If registered, verify the partnership's active status;
- Review financial statements, if available;
- Confirm the legality of the partnership's business activities;
- Identify and verify key executives.

### **5.3. Trusts:**

- Understand the trust's ownership and control structure;
- Verify the trust's legal existence;
- Identify and verify trustees, beneficiaries, and other key persons.

## **6. Source of Funds and Wealth**

6.1. Understanding the source of funds (SOF) and source of wealth (SOW) is essential for risk identification and money laundering prevention.

6.2. The Company shall implement measures to establish the origin of funds for each client. Where third-party funding is involved, the relationship between the funder and the applicant must be thoroughly examined.

6.3. Transactions that appear inconsistent with the client's profile or financial standing shall be subject to further verification.

6.4. In high-risk scenarios, the Company may request additional information regarding the source of wealth.

## **7. Document Certification and Assurance**

7.1. Non-original identity documents must be duly certified as true copies of the original.

7.2. Where a private meeting occurs between the applicant and a Company representative, the official handling the meeting shall:

- Inspect original documents;
- Make copies;
- Personally certify the copies as true and authentic.

7.3. Acceptable certifiers include:

- Lawyers;
- Notaries;
- Registrars;
- Accountants;
- Financial institution directors or secretaries;
- Judicial authorities;
- Senior public officials.

7.4. The certifier must:

- Sign the document;
- Clearly indicate their name, address, professional title, and contact details.

7.5. Extra caution must be exercised when accepting certified documents from high-risk jurisdictions or unregulated entities.

7.6. The Company shall ensure that the client's signature on the certified identification document matches the signature on official application forms.

## **8. Legal and Group Representatives**

### **8.1. Legal Representatives**

- Legal representatives present clients to the Company and must:
  - Be regulated in anti-money laundering (AML) matters;
  - Adhere to professional AML conduct rules;
  - Be based in a jurisdiction with AML laws equivalent to those of Saint Lucia.

### **8.2. Group Representatives**

- A group representative belongs to the same corporate group as the Company and must:
  - Be subject to consolidated supervision;
  - Comply with AML regulations in an equivalent jurisdiction.

### **8.3. Authorized CDD Measures**

- The Company may rely on legal or group representatives to: a) Identify and verify the applicant's identity using reliable sources; b) Identify and confirm the beneficial owner's identity; c) Collect information on the business relationship's purpose and nature.

### **8.4. Responsibility and Oversight**

- While the Company may rely on representatives, it retains full responsibility for ensuring compliance with AML/CFT regulations.

This document underscores the Company's commitment to robust due diligence, regulatory adherence, and the highest standards of financial integrity.