

Cryptoindex AML/KYC Policy

1. Introduction

The Anti-Money Laundering and Know Your Customer Policy (the “**AML/KYC Policy**”) of Cryptoindex Limited, a private limited liability company created and existing under the laws of the Republic of Malta and its affiliates (“**we**”, “**our**”, “**us**” or “**Cryptoindex**”) is established to prevent and mitigate possible risks of Cryptoindex being involved in illegal or illicit activities and to enable Cryptoindex to meet its legal and regulatory obligations in this area (if any, where applicable). This AML/KYC Policy is subject to changes and updates by Cryptoindex from time to time to ensure compliance with any applicable legislation and global AML/KYC practices.

2. Definitions

“**Beneficial Owner**” means any natural person or persons who ultimately own or control the Token Holder or User (as defined below) and, or the natural person or persons on whose behalf a transaction or activity is being conducted, and

- (a) in the case of a body corporate or a body of persons, the beneficial owner shall consist of any natural person or persons who ultimately own or control that body corporate or body of persons through direct or indirect ownership of twenty-five per centum (25%) plus one (1) or more of the shares or more than twenty-five per centum (25%) of the voting rights or an ownership interest of more than twenty-five per centum (25%) in that body corporate or body of persons, including through bearer share holdings, or through control via other means, other than a company that is listed on a regulated market which is subject to disclosure requirements consistent with European Union law or equivalent international standards which ensure adequate transparency of ownership information:

Provided that a shareholding of twenty-five per centum (25%) plus one (1) share or more, or the holding of an ownership interest or voting rights of more than twenty-five per centum (25%) in the customer shall be an indication of direct ownership when held directly by a natural person, and of indirect ownership when held by one or more bodies corporate or body of persons or through a trust or a similar legal arrangement, or a combination thereof:

Provided further that if, after having exhausted all possible means and provided there are no grounds of suspicion, no beneficial owner in terms of this paragraph has been identified, subject persons shall consider the natural person or persons who hold the position of senior managing official or officials to be the beneficial owners, and shall keep a record of the actions taken to identify the beneficial owner in terms of this paragraph.

- (b) in the case of trusts the beneficial owner shall consist of:

- i. the settlor;
 - ii. the trustee or trustees;
 - iii. the protector, where applicable;
 - iv. the beneficiaries or the class of beneficiaries as may be applicable; and
 - v. any other natural person exercising ultimate control over the trust by means of direct or indirect ownership or by other means;
- (c) in the case of legal entities such as foundations and legal arrangements similar to trusts, the beneficial owner shall consist of the natural person or persons holding equivalent or similar positions to those referred to in paragraph (b).

“High Risk Jurisdiction” means the jurisdictions designated by Cryptoindex as a high risk jurisdiction in respect of any Sale or Service from time to time.

“Politically Exposed Person” means a natural person who is or has been entrusted with prominent public functions, other than middle ranking or more junior officials. For the purposes of this definition, the term “natural person who is or has been entrusted with prominent public functions” includes the following:

- (a) Heads of State, Heads of Government, Ministers, Deputy or Assistant Ministers, and Parliamentary Secretaries;
- (b) Members of Parliament or similar legislative bodies;
- (c) Members of the governing bodies of political parties;
- (d) Members of superior, supreme, and constitutional courts or of other high-level judicial bodies whose decisions are not subject to further appeal, except in exceptional circumstances;
- (e) Members of courts of auditors or of the boards of central banks;
- (f) Ambassadors, charges d’affaires and high ranking officers in the armed forces;
- (g) Members of the administrative, management or supervisory boards of State-owned enterprises;
- (h) Anyone exercising a function equivalent to those set out in paragraphs (a) to (f) within an institution of the European Union or any other international body;

Furthermore, Politically Exposed Person includes also family members or persons known to be close associates of any individual identified in (a) – (h) above.

The term “family members” includes:

- the spouse, or a person considered to be equivalent to a spouse;
- the children and their spouses, or persons considered to be equivalent to a spouse; and
- the parents.

“Persons known to be close associates” means:

- a natural person known to have joint beneficial ownership of a body corporate or any other form of legal arrangement, or any other close business relations, with that politically exposed person; or

- a natural person who has sole beneficial ownership of a body corporate or any other form of legal arrangement that is known to have been established for the benefit of that politically exposed person.

“Prohibited Jurisdiction” means the jurisdictions designated by Cryptoindex as a prohibited jurisdiction in respect of the Sale or Service from time to time.

“Sale” means the sale of CIX 100 Tokens (an Ethereum based intrinsic token developed by Cryptoindex) issued through the Cryptoindex Initial Coin Offering (**“Cryptoindex ICO”**) to Token Holders and the word “sell” shall be interpreted accordingly.

“Sanctioned Jurisdiction” means any country or territory to the extent that such country or territory is the subject of any sanction issued by the United Nations, United States and/or the European Union.

“Sanctioned Person” means any individual or entity (a) identified on a sanctions list issued by the United Nations, United States and/or the European Union; (b) organized, domiciled or resident in a Sanctioned Jurisdiction; or (c) otherwise the subject or target of any sanctions, including by reason of ownership or control by one or more individuals or entities described in clauses (a) or (b).

“Service” means the (i) services of cryptocurrency market data analytics and various other data analytics services; and (ii) other services provided by Cryptoindex to the Users from time to time.

“Token Holder” means a person, other than a User, who purchases or intends to purchase CIX 100 Tokens through the Cryptoindex ICO.

“User” means a person using Cryptoindex’s Services.

Any capitalised terms which are not defined in this AML/KYC Policy shall have the same meaning as defined in the whitepaper issued by Cryptoindex.

3. Initial and ongoing screening

- a) Cryptoindex will screen a Token Holder prior to making any Sale to such Token Holder and will continue to screen such Token Holder on an ongoing basis, to ensure that such Token Holder is not a Sanctioned Person, from a Sanctioned Jurisdiction and/or a person from a Prohibited Jurisdiction. If a Token Holder is a Sanctioned Person, from a Sanctioned Jurisdiction and/or a person from a Prohibited Jurisdiction, Cryptoindex shall not sell the CIX 100 Tokens to such Token Holder.
- b) Cryptoindex will screen a User prior to providing any Service to such User, and will continue to screen such User on an ongoing basis, to ensure that such User is not a Sanctioned Person, from a Sanctioned Jurisdiction and/or a person from a Prohibited Jurisdiction. If a User is a Sanctioned Person, from a Sanctioned Jurisdiction and/or a person from a Prohibited Jurisdiction,

Cryptoindex will refuse to provide Services to such User or discontinue the provision of Services.

In carrying out this screening Cryptoindex shall ensure to adopt software to enable comprehensive screening to be carried out and which captures all sanctions that Cryptoindex is bound to follow.

4. KYC/AML identification procedures

Cryptoindex adopts a risk-based approach to combating money laundering and terrorist financing. By adopting a risk-based approach, Cryptoindex is able to ensure that measures to prevent or mitigate money laundering and terrorist financing are commensurate to the identified risks.

Prior to making a Sale to a Token Holder or providing any Service to a User, Cryptoindex will, if so required by applicable law or if it is otherwise deemed necessary or expedient:

- a) identify the Token Holder or User and verify the Token Holder's or User's identity on the basis of documents, data or other information based on a reliable and independent source;
- b) if there is a Beneficial Owner in relation to the Token Holder or User, identify the beneficial owner and take reasonable measures to verify the beneficial owner's identity;
- c) obtain information on the purpose and intended nature of the business relationship with the Token Holder or User, unless the purpose and intended nature are clearly stipulated in the relevant documentation between Cryptoindex and the Token Holder or User. As part of this process, Cryptoindex shall obtain, amongst other matters, information on the source of funds and source of wealth of the Token Holder or User; and
- d) if a person purports to act on behalf of the Token Holder or User, (i) identify the person and take reasonable measures to verify the person's identity on the basis of documents, data or information based on a reliable and independent source; and (ii) verify the person's authority to act on behalf of the Token Holder or User.

To identify a Token Holder or User who is an individual, Cryptoindex will collect information from the Token Holder or User, including but not limited to, his full name, date of birth, place of birth, nationality, place of residence, email address, and the identity document type. Cryptoindex will verify the identity of the Token Holder or User with documents such as his national ID, passport and/or driver's licence and utility bill.

To identify a Token Holder or User who is a legal entity, Cryptoindex will collect information from the Token Holder or User, including but not limited to, its full legal name, registration number, date of incorporation / registration, country of

incorporation / registration and lists of directors (as applicable to the entity). Cryptoindex will verify the Token Holder or User with documents such as Memorandum and Articles of Association (or equivalent), additional beneficial ownership information and documents, and a detailed corporate chart (as applicable to the entity).

If the Token Holder or User is not physically present for identification purposes, Cryptoindex may adopt more stringent standards to verify the identity of the Token Holder or User.

5. Ongoing monitoring of Token Holders and Users

Cryptoindex reserves the right to continuously monitor, on a risk sensitive basis, the business relationship with a Token Holder and/or User (as applicable) by:

- a) reviewing from time to time documents, data and information that have been obtained by Cryptoindex to ensure that such documents, data and information are up to date;
- b) conducting appropriate scrutiny of transactions and activities carried out by Token Holders or Users to ensure that they are consistent with Cryptoindex's knowledge of the Token Holder's or User's business and risk profile, and to ensure that such transactions and activities are in line with Cryptoindex's knowledge of the Token Holder's or User's source of funds and source of wealth; and
- c) identifying transactions that are unusually large in amount or of an unusual pattern and have no apparent economic or lawful purpose.

For the avoidance of doubt, Cryptoindex may undertake ongoing monitoring on Token Holders and Users in order to ensure that any transactions equal to or in excess of €10,000 worth of CIX 100 Tokens (or its equivalent in any other currency) shall be subject to enhanced due diligence in relation to the source of funds and source of wealth of the Token Holder or User.

To continuously monitor the business relationship with a Token Holder and a User (as applicable), Cryptoindex may carry out a file review to ensure that information held about the Token Holder or User is up-to-date and that identification documents held are still valid. In addition, on a more frequent basis, Cryptoindex may also monitor transactional activity to identify any red-flags or 'out of the norm' activity.

As part of the second line of defense, the Money Laundering Reporting Officer will carry out checks to ensure that regular and effective on-going monitoring is being effected and ensure that irregular or suspicious activities are effectively escalated.

6. Sanctioned Jurisdictions, Prohibited Jurisdictions and High Risk Jurisdictions

Cryptoindex will establish and maintain the following lists of jurisdictions (i) Sanctioned Jurisdictions (ii) Prohibited Jurisdictions and (iii) High Risk Jurisdictions. In determining the list of Sanctioned Jurisdictions, Prohibited Jurisdictions and High Risk Jurisdictions, Cryptoindex shall take into account the lists issued by the Financial Action Task Force, the Financial Intelligence Analysis Unit and other organizations issuing guidelines and lists relating to the adequacy of legislative measures adopted by jurisdictions in relation to money laundering, funding of terrorism and transparency.

Token Holders or Users which are (i) resident or domiciled in, or (ii) have their source of wealth or source of funds linked to a Sanctioned Jurisdiction and/or a Prohibited Jurisdiction shall not be accepted as clients of Cryptoindex.

Token Holders or Users which are (i) resident or domiciled in, or (ii) have their source of wealth or source of funds linked to High Risk Jurisdictions shall be subject to additional checks and measures by Cryptoindex.

7. High risk situations

In certain circumstances, the risk may be higher and Cryptoindex will need to take additional checks. These include, for example, situations where the Token Holder or User is from a High Risk Jurisdiction, where the Token Holder or User is a Politically Exposed Person, or the Token Holder's or User's behavior and activities raise other red flags.

In a high risk situation, Cryptoindex will:

- a) where a business relationship has not yet been established, obtain approval from senior management to establish the business relationship and take reasonable measures to verify the Token Holder's or User's or beneficial owner's source of wealth and source of funds that will be involved in the business relationship; and
- b) where a business relationship has been established, obtain approval from senior management to continue the business relationship, take reasonable measures to verify the beneficial owner's identity, and take reasonable measures to verify the Token Holder's or User's or beneficial owner's source of wealth and source of funds that will be involved in the business relationship.

8. Record-keeping

Cryptoindex will keep (a) transaction records, for a period of ten (10) years beginning on the date on which a transaction is completed, or for such other minimal period as may be required by applicable law; and (b) other information collected by Cryptoindex for AML/KYC purposes, throughout the continuance of the business relationship with the Token Holder or User and for a period of ten (10) years beginning on the date on which the business relationship with the Token

Holder or User ends, or for such other minimal period as may be required by applicable law.

9. Money Laundering Reporting Officer

The Money Laundering Reporting Officer shall be the person, duly authorized by Cryptoindex, whose duty is to ensure the effective implementation and enforcement of the AML/KYC Policy. It is the Money Laundering Reporting Officer's responsibility to supervise all aspects of Cryptoindex's anti-money laundering and counter-terrorist financing. Once such officer is appointed, all our employees will report any suspicious behavior or activities to the Money Laundering Reporting Officer.

10. Reporting

Where Cryptoindex suspects that the Token Holder or User is involved in any money laundering, terrorist financing or other illegal activities, it will report any relevant knowledge or suspicion to governmental and regulatory authorities. Cryptoindex shall not notify a Token Holder or User of any such suspicious transaction report. Rather, in the event that Cryptoindex and its employees notify such Token Holder or Users, they may be held liable for tipping off. This is a criminal offence punishable by a fine and/or imprisonment.