

**BAW DIGITAL**

**ANTI-MONEY LAUNDERING & KNOW YOUR CUSTOMER POLICIES**

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## **1. GLOSSARY**

The following terms are defined for the purpose of this policy:

**CVM:** “Comissão de Valores Mobiliários” (Securities and Exchange Commission of Brazil).

**COAF:** “Conselho de Controle de Atividades Financeiras” (Financial Activities Control Council of Brazil).

**BCB:** “Banco Central do Brasil” (Central Bank of Brazil).

## **2. INTRODUCTION**

For the safety of users and contemplating the legal requirements for the effective implementation of measures to combat corruption, prevention of money laundering and financing of terrorism, prescribed by Brazilian Law No. 12.846 of August 1, 2013, Baw Digital establishes this Anti-money Laundering & Know Your Client Policies.

To better elucidate the purpose of this procedure, we must clarify that these "Policies" set rules for Compliance, to ensure the observance of current legislation, ensuring full security in all commercial acts performed by the company, in particular to corruption combat, prevention of money laundering and financing of terrorism, bringing protection and protection for Baw Digital and its customers.

Baw Digital, by its essence, is totally against the practice of money laundering and also cooperates in the prevention of this conduct and any other activity that encourages illicit acts. Our company categorically stands against all terrorist practices and criminal character.

It is well known that cryptoactives are innovative technologies, with unlimited potential and constantly evolving in the world. For this reason, Baw Digital believes that every company operating in the financial market must establish satisfactory procedures for the effective prevention of illicit activities, ensuring an effective Compliance policy, thus offering processes and mechanisms to its customers that prevent money laundering and terrorism financing.

## **3. KNOW YOUR CUSTOMER (KYC) PROCEDURE AND CUSTOMER REGISTRATION**

To achieve the purpose of these policies, Baw Digital adopts practices to better understand the financial and professional profile of its client, to effectively verify that transactions made by the client are compatible with the established profile.

In this context, the Know Your Customer procedure begins by sending a form to be filled out by the client and requesting documents.

When there is an increase in the volume transacted, the risk increases. Therefore, adequate security and verification procedures must be implemented.

In possession of the customer's documentation, Baw Digital directs it to the legal department to conduct searches in verification softwares of your profile, checking the existence of processes before courts, credit ratings and possible inclusion in the organs of credit protection (credit bureau). At the end of the search, a report is generated with an approval or disapproval of the customer's background check.

With the client's approval, transaction volumes are pre-authorized according to the client's profile, which are also constantly monitored by the Baw Digital team, in order to ensure the correct application of Brazilian Law No. 9613 of March 3, 1998, CVM Instruction No. 50/2021, COAF Resolution No. 29/17, and Circular No. 978/20 of BCB.

The transaction volume are also accompanied by Baw Digital's internal control spreadsheets, monitoring the compatibility of customer transactions and their economic profiles.

Also, to ensure the effectiveness of its policies to prevent money laundering, when the client reaches the volume of monthly transactions above \$ 100,000.00 (one hundred thousand American dollars), the team of Baw Digital maintains constant contact, in order to understand your demand to avoid any illicit acts. Personal meetings are also established between customers with this economic profile and the team of Baw Digital.

All information and records from transactions conducted through Baw Digital are documented in forms or appropriate electronic records and sent monthly to COAF, and are kept in a management system for at least 07 (seven) years after the end of each business relationship.

If, during the course of the business relationship, a customer fails to submit, within a reasonable period, the required verification data and information, Baw Digital may terminate the business relationship with the customer.

#### **4. POLITICALLY EXPOSED PERSON (PEP)**

For specific observance of CVM Resolution No. 50/2021, COAF Resolution No. 29/2017, Circular No. 3461/09 and Circular Letter No. 3430/10, both of the BCB, Baw Digital monitors transactions performed by politically exposed persons.

Politically Exposed Persons are considered to be public agents who perform or have performed, in the last five years, in Brazil or in foreign countries, territories and dependencies, relevant public positions, jobs or functions, as well as their representatives, family members and other individuals of close relationship with them.

When the customer is identified as a Politically Exposed Person - in conformity with BCB Circular 3461/09 -, this customer will be strictly supervised by the Baw Digital team, which will focus on the risk factors that are, but not limited to, (i) identification of the assets sources used in the transaction; (ii) current or former political office; (iii) the client's access to public funds; (iv) the socio-economic regime of the originating country of the goods (v) the compatibility of the transaction amount with the economic profile of the PEP.

Therefore, if a transaction is recognized as incompatible with the economic profile of the PEP, the customer is requested to provide additional information, and if consistent indications of illicit activity are identified, Baw Digital will notify the competent authorities to investigate the facts.

#### **5. OPERATION MONITORING**

Baw Digital will not accept orders for operations whose values seem objectively incompatible with the professional occupation, income and/or financial situation of the client, examined according to the informations collected.

Also, in accordance with CVM Instruction 50/2021, Baw Digital is responsible for monitoring:

- a) operations carried out between the same parties or for the benefit of the same parties, in which consecutive gains or losses occur on any of the parties involved;
- b) operations that show significant oscillation in relation to the volume and/or frequency of business of either party involved;
- c) operations whose unfoldings contain characteristics that may constitute an artifice to deceive the identification of the effective involved parties and/or the respective beneficiaries;
- d) operations whose characteristics and/or unfoldings show evidence of acting, in a continuous manner, on behalf of third parties;
- e) operations that show a sudden and objectively unjustified change in relation to the operational modalities usually used by the involved party(ies);
- f) operations carried out with the purpose of generating loss or gain that objectively lack economic basis;
- g) operations with the participation of resident individuals or entities incorporated in countries that do not apply or insufficiently apply the recommendations of the Financial Action Task Force against money laundering and the financing of terrorism (FATF);
- h) operations settled in cash, if and when allowed;
- i) private transfers, without apparent motivation, of resources;
- j) operations whose degree of complexity and risk is incompatible with the technical qualification of the Client or his representative;
- k) deposits or transfers made by third parties, for the settlement of the Client's operations or for the provision of guarantees for operations in the future settlement markets;
- l) payments to third parties, in any form, for settlement of transactions or redemption of amounts deposited in guarantee, registered in the name of the Client;
- m) situations in which it is impossible to keep the Client's registration information updated;

- n) situations and operations in which it is impossible to identify the final beneficiary;
- o) situations in which the steps set forth in the applicable legislation may not be concluded; and
- p) all transfers of custody, in order to ensure that they are made in agreement with the request of the Client and with the regulations in force.

In the hypothetical case that the team of Baw Digital identify irregular movements and incompatible with its rules of Compliance in force, these should be immediately reported to the official bodies so that appropriate measures can be taken.

## **6. ANTI-MONEY LAUNDERING (AML)**

For the effective application of these Money Laundering Prevention Policies, it will be considered as evidence of illicit operations:

- a) Operations carried out without the permission of the owner of the invested assets;
- b) Operations that have characteristics denoting the occurrence of fraud or money laundering;
- c) Operations that cause losses or gains in disagreement with market practices, identified by their volume or frequency;
- d) Operations that present sudden or unjustified changes when compared to those usually performed by the client;
- e) Operations that are inconsistent with the client's economic profile;
- f) Others foreseen in these policies or eventually identified by the team of Baw Digital.

Suspicious practices will be immediately reported by Baw Digital to the competent authorities, observing the current legislation, the procedures provided by regulatory agencies, and obeying the confidentiality and privacy of their customers during any inspection procedure.

## **7. REQUIREMENTS FOR DEPOSIT AND WITHDRAWAL OF ASSETS, WHEN APPLICABLE**

All Client operations regarding depositing and withdrawing funds have the following requirements:

- In case of bank transfer or bank card transfer, the name indicated during registration must match the name of the bank account or card holder. You can only withdraw funds from your account by bank transfer to the same bank and account used for deposit;
- If the credited account is no longer available, another account may be nominated for this purpose, provided it is owned by the Customer;
- No deposits or withdrawals to bank accounts, bank cards, electronic money, or any other type of third-party payment account are permitted.

## **8. TRAINING**

Due to the relevant responsibility of Baw Digital with these rules, all its partners and employees have strict training to comply with the standards established here, in order to prevent the use of services for illegal purposes.

## **9. CANCELLATION**

Baw Digital reserves the right to proceed with the immediate cancellation of registration of any customer who practices conducts in disagreement with the rules set out in this instrument.