



FINANCIAL TRADING DIMENSIONS

FTD LIMITED

CUSTOMER ACCEPTANCE POLICY

EFFECTIVE JANUARY 2020

FTD LIMITED - VOL 1

FTD Limited is licensed and regulated by the BVI Financial Services Commission under Investment Business License number SIBA/L/19/1123



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FTD LIMITED

British Virgin Islands, Company Registration no: 1944994

Registered address: Kingston Chambers, PO Box 173, Road Town, Tortola, BVI

Authorized and regulated by the BVI Financial Services Commissions,

License: SIBA/L/19/1123



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1. INTRODUCTION

Under the rules of the BVI Financial Services Commission, this policy provides information on the Customer Acceptance Policy (CAP) for FTD Limited (together referred as “FTD”, “the Company”, “we”, “our” or “us”) (the “Customer Acceptance Policy”).

FTD Limited provides you with this Customer Acceptance Policy to outline the criteria for accepting new customers and stipulates the customer categorisation criteria which shall be adhered to by the Company and especially by the employees who are involved in the customer account opening process.

FTD Limited puts this Customer Acceptance Policy and procedures into practice, including a description of the types of customer that are likely to pose a higher than average risk to an organization. Before accepting a potential customer, KYC and due diligence procedures are followed, by examining factors such as customers background, country of origin, public or high profile position, linked accounts, business activities or other risk indicators. Quite extensive due diligence is essential to enter into business relationships with higher risk customers, and those are taken into consideration exclusively at senior management level.

2. GENERAL PRINCIPLES OF THE CUSTOMER ACCEPTANCE POLICY (CAP)

The Customer Acceptance Policy will ensure that the following aspects of the customer relationship;

- Customer account must be opened only after ensuring that pre-account opening Know Your Customer (KYC) documentation and procedures are conducted.
- No account is opened in an anonymous or fictitious name(s).
- No account is opened where the Company is unable to apply appropriate customer due diligence measures.
- Risk in terms of the location of customer and mode of payments are duly checked.
- Documentation requirements and other information will be collected in respect of different risk categories of customers.
- The volume of turnover, social and financial status, etc. will form the basis for categorisation of customers into low, normal and high risk.

Based on the defined criteria for acceptance and identification, customers will be categorised into low risk, normal risk, and high risk categories;



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Low Risk Customers:

For the purpose of this CAP, low risk customers will be individuals and entities whose identities and sources of wealth can be easily identified.

Low risk customers could be:

- a. salaried applicant;
- b. people belonging to government departments and/or working with government-owned companies;
- c. people belonging to the lower-income status of the society whose accounts show limited balances;
- d. people working with reputed public limited companies and multinational companies.

Normal Risk Customers:

Normal risk customers could be:

- a. salaried applicants with variable income;
- b. salaried applicants working with private limited companies;
- c. self-employed professionals;
- d. self-employed customers with a profitable track record for a reasonable period;
- e. high net worth individuals with an occupational track record.

High Risk Customers:

For the purpose of this CAP, high risk customers will be individuals and entities that are likely to pose a higher than average risk to the Company. High risk customers require higher due diligence.

High risk customers could be:

- a. non-resident customers;
- b. non-face to face customers;
- c. high net worth individuals, without an occupational track record;
- d. politically exposed persons (PEPs);
- e. firms having close family shareholding or beneficial ownership;
- f. trusts, charities;
- g. those with dubious suspicious and public information;
- h. customers from countries that are considered by the FATF inadequately to apply the FATF 40+9 Recommendations (Non-Cooperative Countries and Territories).



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3. CUSTOMER DUE DILIGENCE AND IDENTIFICATION

Customer identification is an essential element of KYC standards. For the purposes of this CAP, a customer includes; the person or entity that maintains an account with the FTD Limited, the beneficiaries of transactions conducted by professional intermediaries, any person or entity connected with a financial transaction who can pose a significant reputational or other risks to the Company.

The Company maintains a systematic procedure for identifying new customers and cannot enter into a service relationship until the identity of a new customer is satisfactorily verified. The best documents for verifying the identity of customers are those most difficult to obtain illicitly and to counterfeit. The Company pays special attention in the case of non-resident customers and in no case, short-circuit identity procedure is followed just because the new customer is unable to present enough documents and information to satisfy the KYC and due diligence procedures.

The customer identification process applies naturally at the outset of the relationship. To ensure that records remain up-to-date and relevant, the Company undertakes regular reviews of existing records. An appropriate time to do so is when a transaction of significance takes place when customer documentation standards change substantially, or when there is a material change in the way that the account is operated. However, if the Compliance Officer becomes aware at any time, through compliance and/or Anti-Money Laundering reviews, that it lacks sufficient information about an existing customer, takes immediate steps to ensure that all relevant information is obtained as quickly as possible.

The Company should not be exposed to reputational risk, and should, therefore, apply enhanced due diligence to such operations. High priority accounts, which by nature involve a large measure of confidentiality, can be opened in the name of an individual, a commercial business, a trust, an intermediary or a personalized investment company. In each case, the reputational risk may arise if the Company does not diligently follow established KYC procedures. All new customers and new accounts are approved by at least one person, the Finance or the Compliance Officer. In case of a new high risk customer, the final decision is taken by the managing director. Particular safeguards have been put in place internally to protect the confidentiality of customers and their business. The company ensures that equivalent scrutiny and monitoring of these customers and their businesses is conducted, and also available to be reviewed by the Compliance Officer and the Internal Auditor.

The Company maintains clear standards and policies, on what records must be kept on customer identification and individual transactions. Such practice is essential to permit the Company to monitor its relationship with the customer, to understand the customer's on-going business and, if necessary, to provide evidence in the event of disputes, legal action, or a financial investigation that could lead to criminal prosecution. As the starting point and natural follow-up of the identification process, the Company obtains customer identification papers and retain copies of them for at least five years after an account is closed. The company also retains all financial transaction records for at least five years from the date when the Company's relationship with the customer was terminated or a transaction was completed.



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General Identification Requirements

The Company obtains all information necessary to establish to its full satisfaction the identity of each new customer and the purpose and intended nature of the business relationship. The extent and nature of the information depend on the type of applicant and the expected size of the account.

When an account has been opened, but problems of verification arise in the service relationship, which cannot be resolved, the Company can close the account and return the money to the source from which it was received. While the transfer of an opening balance from an account in the customer's name in another organization subject to the same KYC standard, it will be considered, however we will do our own KYC procedures because we should nevertheless consider the possibility that the previous account manager may have asked for the account to be removed because of a concern about dubious activities.

Naturally, customers have the right to move their business from one organization to another. However, if the Company has any reason to believe that an applicant is being refused service facilities by another organization, applies enhanced due diligence procedures to the customer.

The Company will never agree to open an account or conduct ongoing business with a customer who insists on anonymity or who gives a fictitious name. Nor should confidential numbered accounts function as anonymous accounts but they should be subject to exactly the same KYC procedures as all other customer accounts, even if the test is carried out by selected staff. Whereas a numbered account can offer additional protection for the identity of the account holder, the identity must be known to the sufficient number of staff to operate proper due diligence.

Information Collected From The Application Form

Potential customers of the Company have to submit completed and signed "Application Form". This is an essential part of the trading account registration process, that apart from being used for the collection of information for AML purposes, it is also used to collect information about the investment experience and the financial status of the applicant.

FTD Limited back-office personnel should ensure that data entry fields of the application form are filled out accurately by the applicant and all necessary documentation is collected. All the answers provided on the form will be entered into the database of the Company by the back-office personnel. The Compliance Officer reviews the documents that have been submitted regarding the identity of the customer or the beneficial owner and examines the case within the risk categorisation principles. Upon completing the process, the Compliance Officer asks from the back-office personnel to open the account and notifies about the risk classification of the customer and the customer due diligence method.



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Specific Customer Due Diligence Requirements

Customer identification must be carried out as soon as reasonably practicable after the first contact is made. Except its obligation to exercise due diligence and customer identification, the Company must confirm that the identity information which holds for its customers has to remain fully informed and updated with all necessary identification and information throughout their business relationship.

The Company reviews and monitors on a regular basis the validity and adequacy of customer identification information in its possession. Notwithstanding the above and taking into account the degree of risk, if realized at any time during the business relationship that company lacks sufficient or reliable evidence (data) and information on the identity and financial profile of an existing customer, the Company immediately takes all necessary actions using the identification procedures and measures to provide due diligence, in order to collect the missing data and information as quickly as possible and in order to determine the identity and create a comprehensive financial profile of the customer.

Furthermore, the Company monitors the adequacy of the information held and identity and economic portrait of its customers when and where one of the of the following events occur:

A significant change in the situation and the legal status of the customer, such as:

- change of directors;
- change of registered shareholders and/or actual beneficiaries;
- change of registered office;
- change of trustees;
- change of corporate name and/or trade name;
- change of main trading partners and/or significant new business.

A significant change in the way and operating rules of the customer's account, such as:

- change of persons authorized to handle its account;
 - request for opening a new account in order to provide new investment services and/or financial instruments
- conduct of a significant transaction that appears to be unusual and/or significant than the usual type of trade and economic profile of the customer.



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In case of customer transaction via internet, phone, fax or other electronic means where the customer is not present to verify the authenticity of his/her signature, or that is the person who actually owns the account, or is authorized to handle the account, the Company should establish reliable methods, procedures and practices to control access to electronic means to ensure that deals with the actual owner or authorized signatory of the account. Where the customer refuses or fails to provide the Company with the required documents and information for identification and creation of economic portrait, before entering into the business relationship, or during the execution of an individual transaction without adequate justification the Company will not proceed in a contractual relationship or will not execute the transaction and may also report it to dedicated AML Officer. This can lead to a suspicion that the customer is engaged in money laundering and/or terrorist financing. If during the business relationship the customer refuses or fails to submit all required documents and information, within a reasonable time, the Company has the right to terminate the business relationship and close the accounts of the customer. The compliance department also examines whether to report the case as an Anti- Money Laundering attempt.

FTD Limited will obtain sufficient customer identification for the legal health of its core business and compliance smoothly to regulatory checks. And also customer Identification procedures can only be carried out while establishing the relationship, carrying out a financial transaction or when the Company has a doubt about the adequacy of the previously obtained customer identification data.

If any new/ongoing customer fails or refuses to submit required verification data and information within a reasonable timeframe given , the Company reserves the right to terminate the business relationship and close all the accounts of the customer in question, while at the same time it shall examine whether it is justified under the circumstances to submit a report to the Financial Investigation Agency (the "FIA").

The Company shall apply each of the customer due diligence measures and identification procedures set forth herein, but may determine the extent of such measures on a risk-sensitive basis depending on the type of customer or services offered; when so requested, the Company shall be able to demonstrate to the Financial Investigation Agency (the "FIA") , and/or the BVI Financial Services Commission (the "FSC") that the extent of the measures is appropriate in view of the risks of the use of its services for the purposes of money laundering and terrorist financing.



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4. CUSTOMER CATEGORISATION

FTD is required to notify its customers that they will be categorised as a retail customer, a professional customer or professional investor in accordance with the Securities and Investment Business Act, 2010 ("SIBA") and the BVI Regulatory Code, 2009 (as amended, the "Code").

FTD shall inform its customers about provision of services and any limitations to the level of customer protection that a different categorisation would entail.

Retail Customer

A "Retail Customer" is a customer who is acting for purposes which are outside of his/her trade, business or profession. In general, all the customers will be classified initially as retail customers. They are provided with the highest level of protection.

Professional Customer

A "Professional Customer" is a customer who possesses the experience, knowledge and expertise to make his/her own investment decisions and properly assess the risks that he/she incurs. The customer must pass the relevant qualitative and quantitative tests to become a "Professional Customer" when opening an account with FTD. This test is designed to show that the customer has the appropriate status to be classified as a professional. The customer satisfying the relevant qualitative and quantitative tests and wishing to opt up must be given a clear written warning of the protection rights he/she may lose and he/she must state in writing that he/she is aware of the consequences of losing these protections and wishes to be treated as a "Professional Customer". Besides of that, professional customers have the right to request re-categorisation as a customer that benefits from a higher degree of protection. The customers must state in writing, in a separate document from the contract, that they are aware of the consequences of category change.

Beyond that, customers whose main activity is to invest in financial instruments and/or regulated to operate in financial markets such as investment firms, financial institutions, funds, commodity derivatives traders, etc will be treated as a "Professional Customer". The Company also may treat an individual customer as a professional customer if the customer is working (or has worked for at least one year) in a profession requiring knowledge of the financial transactions concerned.

Professional Investor

A "Professional Investor" is a customer who has signed a declaration that he/she, whether individually or jointly with his/her spouse, has net worth in excess of \$1,000,000 (quantitative criteria of the BVI Regulatory Code, 2009) or its equivalent in any other currency and that he/she consents to being treated as a professional investor.



5. UNACCEPTABLE CUSTOMERS

The following list predetermines the types of customers who are not acceptable for establishing a business relationship with the Company:

- Customers who fail or refuse to submit, the requisite data and information for the verification of their identity and the creation of their economic profile, without adequate justification,
- Shell companies,
- Residents of UK and USA, jurisdictions subject to a FATF call on its members as Iran/North Korea and jurisdictions with strategic AML/CFT deficiencies (Pakistan, Syria, Yemen etc.).

6. TRANSACTIONS BY POLITICALLY EXPOSED PERSONS (PEPS)

A politically exposed person (PEP) is an individual who is or has been entrusted with a prominent public function. Due to their position and influence, it is recognised that many PEPs are in positions that potentially can be abused for the purpose of committing money laundering (ML) offences and related predicate offences. The potential risks associated with PEPs justify the application of additional anti-money laundering / counter-terrorist financing (AML/CFT) preventive measures with respect to business relationships with PEPs.

Consistent with this objective, FTD has prepared appropriate risk management systems in place to determine whether customers or beneficial owners are PEPs, or related or connected to a PEP, and, if so, FTD will take additional measures beyond performing normal Customer Due Diligence (CDD) to determine if and when they are attempting to do business with the Company.

PEPs are categorised as foreign, domestic and international organization. Family members and close associates of PEPs also qualify as PEPs who are related either directly or professionally.

The following must be considered as indicators in establishing whether or not a customer is a PEP:

- The country of origin of the customer.
- The stability of the country of origin and whether it is prone to corruption and other criminal activities such as abduction and kidnapping for ransom.
- Whether the country of origin is cash based.
- Whether the country of origin has in place adequate AML/CFT measures, including "Know Your Customer" (KYC) requirements.
- Where large amounts are presented for establishing the business relationship, the form in which they are presented.
- Whether the country of origin is under any established sanction, embargo or other restriction or whether any such sanction, embargo or restriction is specifically imposed on the customer.



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In an instance where a customer is identified as a PEP, the necessary CDD measures will be applied. When considering whether to establish or continue a business relationship with a PEP, the focus should be on the level of ML/TF risk associated with the particular PEP, and decision should be taken on the basis of the customer due diligence process and with an understanding of the particular characteristics of the public functions that the PEP has been entrusted with. The decision to establish or continue a customer relationship with a PEP will be guided primarily by an assessment of ML/TF risks, even if other considerations, such as regulatory risk, reputational risk or commercial interests, are taken into account.

Before accepting a PEP as a customer, the company will identify him/her and confirm the sources of funds. A new customer may not qualify as a PEP, but may so qualify in the future and it is therefore important, through the information updates of customers or through other sources, to ensure compliance with the requirements of the Code as they relate to PEPs.

Foreign or domestic PEPs from high risk countries are always considered as high risk customers and require the application of enhanced due diligence measures. The decision to establish and/or continue business relations with PEPs would be taken at board level.

7. MONITORING OF TRANSACTIONS

Ongoing monitoring is an essential element of effective KYC procedures. Risk can be effectively controlled and reduced only if an understanding of the normal and reasonable activity of the customer is available to identify transactions that fall outside the regular pattern of activity. However, the extent of monitoring shall depend on the risk sensitivity of the account. This should further lead to more proactive steps, in particular, to an increase in the monitoring of the business relationship, in order to determine whether those transactions or activities appear unusual or suspicious. To continue ongoing monitoring of the business relationship effectively, well-trained staff and effective information gathering are always required. FTD with the resources to implement electronic monitoring systems will be able to conduct automated monitoring on a relatively constant basis.

8. REPORTING OF SUSPICIOUS TRANSACTIONS

In the British Virgin Islands, reports on money laundering and terrorist financing activities are made to the Financial Investigation Agency ("FIA") set up under the Financial Investigation Agency Act, 2003.

If, during the business relationship, a customer fails or refuses to submit the required verification information within a reasonable timeframe provided, FTD reserves the right to terminate the business relationship and close all the accounts of the customer in question, while at the same time the Company shall examine whether it is justified under the circumstances to submit a report to the BVI FIA.



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HOW TO CONTACT US

If you have any questions and/or concerns regarding this Customer Acceptance Policy, please e-mail us at compliance@ftdsystem.com

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