

## Fraud prevention policy

Effective from: 4 September 2020

Capital Markets Elite Group (UK) Limited is committed to the highest standards of fraud prevention. Our fraud management systems are aligned with the Anti-Money Laundering (AML) compliance and Counter-Terrorism Financing (CTF) as outlined in the Central Bank of Trinidad and Tobago, the Guideline on Anti Money Laundering and the Combating of Terrorist Financing 2011 and the Trinidad and Tobago Securities and Exchange Commission (TTSEC), Securities Act, Chap. 83:02 (SA 2012).

### Company procedures

Capital Markets Elite Group (UK) Limited procedures are based on a commitment to prevent, report and remediate fraud and establish a corporate and work place culture that improves the value of ethics and promote individual responsibility. Capital Markets Elite Group (UK) Limited has systems in place for the reporting of fraud within the organization. Externally persons can report incidents of fraud by emailing [secure@cmelitegroup.com](mailto:secure@cmelitegroup.com). Reported incidents are managed with the highest level of confidentiality and in accordance to established Fraud Management Procedures.

### Definition of fraud

Fraud may be defined as the intention to deceive a person or organization in order to obtain an advantage, avoid an obligation or cause loss. Capital Markets Elite Group (UK) Limited has a zero-tolerance approach to fraud. Acts of fraud include but are not limited to deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion

### Fraud prevention

Capital Markets Elite Group (UK) Limited's Fraud Prevention measures include but are not limited to:

- Anti-Money Laundering and Counter-Terrorism Financing
- Know Your Customer
- Organizational fraud management

### Anti-Money Laundering and Counter-Terrorism Financing

Money laundering – the process of converting funds, received from illegal activities including but not limited to

- fraud
- corruption
- embezzlement

- terrorism
- into other funds or investments that appear legitimate.

The process of money laundering involves the following phases:

**Phase 1: Placement.** Cash is converted into financial instruments, such as checks, bank accounts, money transfers or high-value goods.

**Phase 2: Layering.** Funds are transferred or moved around among accounts and other financial instruments to obscure the origins.

**Phase 3: Integration.** Funds return to circulation and are categorized as legitimate.

### Know Your Customer

Our Know Your Customer (KYC) policy is a control that we use to prevent the registration of customers involved in the illegal activity of Money Laundering.

Our verification activities and measures are in accordance and compliance with applicable law and regulations, issued by monetary authorities. The AML policy is being fulfilled within Capital Markets Elite Group (UK) Limited by means of the following:

#### Know Your Customer (KYC) policy

- Customer identification and verification
- Monitoring of client activity
- Records and logs
- Audits

#### Customer identification and verification

Our customer intake procedures includes customer identification and verification. Customer identification at Capital Markets Elite Group (UK) Limited includes the gathering of essential information on the prospective customer to enable identification. This includes obtaining information on his/her legal name, residential address, nationality, date and physical place of birth and physical appearance. Customer verification includes checking reliable, independent source documentation such as photo ID's.

#### Monitoring

In addition to gathering information from customers, Capital Markets Elite Group (UK) Limited continues to monitor the activity of every customer to detect and prevent any suspicious transactions. Once suspicious activities are detected, internal investigations are triggered to determine the nature and specifics of the flagged transactions.

### Record keeping

Records are kept of all transaction data and information obtained during the customer onboarding process. System logs are generated and stored for a period of 5 to 7 years in accordance with our internal retention policy.

### Audits

Our audit system is based on a process to identify fraud risks, evaluating the nature and extent of those risks and manage them effectively. Periodic audits are conducted to ensure that we are maintaining the expected levels of due diligence and due care in terms of our AML/CTF compliance and commitments.

## Organizational fraud management

At Capital Markets Elite Group (UK) Limited it is mandatory to ensure that a strong anti-fraud culture is maintained. We are committed to preventing fraud originating from within the organization. We have implemented fraud management processes designed to prevent, detect or respond to any suspicious activity or event occurring within the organization. Some of these fraud management processes include:

- Know Your Employees;
- fraud awareness training for employees;
- mandatory vacations;
- job rotation;
- background checks for all new hires; and
- non-disclosure agreements.

Please be advised that our fraud prevention policy may change depending on existing or projected risks or threats.