



Summary of AML Policy

Last updated: 12th May 2023

1. INTRODUCTION

Money laundering, the financing of terrorism, human trafficking and proliferation financing have been identified as risks to Bullkex given its intention to carry on the activities of a licensed distributed ledger technology provider.

Legislation derives from the European Union Anti Money Laundering Directives. Individual guidance is provided by each jurisdiction where BullkEx operates, hence we are obliged to adhere to this guidance. Lithuania, as well as many other countries around the world, have passed legislation designed to prevent money laundering, and to combat terrorism and proliferation financing. This legislation, together with regulations, rules and industry guidance/codes, forms the cornerstone of Anti-Money Laundering (AML)/Countering the Financing of Terrorism (CFT)/Countering Proliferation Financing (CPF) obligations for regulated and/or registered financial services businesses and outlines the offences and penalties for failing to comply. Lithuanian crypto currency exchange and currency wallet operating companies are supervised by the Lithuanian Financial Crime Investigation Service to operate as a "DLT Provider" under the Republic of Lithuanian legislation.

The requirements of the different legislations apply to BullkEx globally. BullkEx has an internal AML Policy and may have additional local policies and procedures designed to comply with their local legislation, regulations and any government approved guidance in the jurisdiction(s) in which it operates.

2. POLICY STATEMENT

BullkEx and its directors are committed to full compliance with all applicable laws and regulations regarding money laundering, the financing of terrorism, human trafficking and proliferation financing.

Every officer, director, employee and associated person of BullkEx is responsible for assisting in BullkEx's efforts to detect, deter and prevent money laundering, terrorist financing, human trafficking financing, proliferation financing and other activities intended to facilitate money

laundering, terrorist financing, human trafficking financing, proliferation financing or criminal activities through its business.

3. RISK APPETITE STATEMENT

Bullkex considers money laundering, terrorist financing, human trafficking financing and proliferation financing to be both unacceptable and unethical. Bullkex has no appetite for financial crime and will take timely, proper and proportionate actions to minimise, manage and control the associated risks.

In promoting BullkEx's risk appetite, the following statements apply:

- Bullkex will not tolerate money laundering, terrorist financing or proliferation financing and we will not knowingly conduct business with individuals believed to be engaged in any type of criminal behaviour;
- Bullkex will not deal with parties in breach of financial sanctions;
- Bullkex will subject identified PEPs to Enhanced Due Diligence;
- Bullkex will not do business with any customer(s) who pose an elevated money laundering, terrorist financing, human trafficking financing or proliferation financing risk which cannot be mitigated by our current systems and controls;
- Bullkex will not enter into a business relationship with anyone who has links to prohibited countries and/or prohibited industries, as mandated in the customer risk assessment;
- Bullkex will not enter into a business relationship with any person who does not pass our Customer Due Diligence checks; and
- Bullkex will not provide services to unknown third parties.

Bullkex will apply this risk appetite across all business areas.

4. STATEMENT OF INTENT

Through this statement the Board instruct management and staff to avoid risks that could interfere with the firm's strategic plans, including activities that could involve Bullkex in any type of enforcement action. The Board also acknowledges the damage that an enforcement action would cause to Bullkex reputation and regulatory relationship.

5. SCOPE

Our AML Policies apply to all BullkEx' customers. All AML Policies also apply to all staff and any third party BullkEx might do business with.

6. KNOW YOUR CUSTOMER ("KYC") AND KNOW YOUR BUSINESS ("KYB") PROCEDURES

BullkEx requires mandatory KYC or KYB process to be undertaken to onboard any customer be, it an individual or a corporate customer, in order to comply with legal and regulatory obligations including, but not limited to, rules governing anti-money laundering, terrorist financing, human trafficking financing and sanctions.

KYC or KYB is the process used by BullkEx to verify the identity of our customers.

BullkEx has implemented a customer verification process using advanced automated compliance software. The customer will be asked for certain information and requested to upload documentation, which must be provided by the customer. Failure to provide such

documentation may lead to suspending or terminating the relationship with BullkEx. Filling of respective KYC/KYB questionnaire, passing liveness check and video verification are also an obligatory requirement of BullkEx.

7. RISK ASSESSMENT

There are different levels of due diligence we need to perform. This will be determined on a risk-based approach.

BullkEx shall perform a risk assessment on onboarding a customer and at least, on an annual basis. There will be triggers and thresholds in place as part of the assessment.

The risk assessment will be conducted on all customers. The customer's risk profile will be reviewed at least annually and/or where there is a trigger event which prompts the review.

If and when necessary, BullkEx will implement remediation projects in order to deal with any deficiencies which might be identified as part of the KYC/KYB/Customer Due Diligence process.

7.1. Customer Risk

This is the identification of the risk posed by the type of customer:

- politically exposed persons;
- customers whose spend is not consistent with their wealth or income; and
- customers located/residing in a high-risk jurisdiction.

7.2 Customer profile

Each customer of BullkEx will have a risk profile based on factors such as:

- payment method, i.e., deposit via one method and withdrawal via another;
- using high risk payment methods, i.e., prepaid cards, cryptocurrencies, etc.;
- account activity, i.e., significant changes in customer account activity;
- products used, i.e., the Company's platform, cryptocurrencies, tokens, etc.;
- balance, i.e., amount of deposits and value, withdrawal practices, etc.;
- Any other risk factor identified as part of the onboarding risk assessment process and/or ongoing business relationship, i.e., money laundering, terrorist financing and/or proliferation financing risks.

7.3. Product Risk

This is the type of product(s) offered by BullkEx (including, the Company's tokens and access to the Company's platform).

7.4. Interface Risk

BullkEx recognises that, as a seller of tokens and other forms of digital assets through an online platform, it may not meet its customers face to face. Therefore, the interface risk may be considered high.

7.5. Country Risk

Country risk is used to describe the risk posed to BullkEx by the geographic origin of the economic activity of the business relationship. This is wider than just the country of residence of the customer and will, for example, include where the customer's money is coming from.

BullkEx will determine which countries are high risk based on the high-risk and non-cooperative jurisdictions list produced by the Financial Action Task Force as well as the Corruption Perception Index from Transparency International.

7.6. The Company's Risk Appetite

BullkEx will risk assess each client by considering the risk variables relating to four risk elements (client risk, product risk, interface risk and country risk). The four risk elements will be rated in accordance with a scoring mechanism determined by the Board and MLRO and combined on a chart in order to provide a risk profile for a particular client relationship. When compared to BullkEx Risk Profile, the chart can help identify where BullkEx is required to conduct additional due diligence measures on a particular client.

- **Client Risk** is the risk posed by the type of client BullkEx will service. The client will either be an individual or a legal entity. Certain individuals or legal entities are more geared towards certain criminal activities than others, although that is not to say criminals are limited to those certain characteristics.
- **Country Risk** is the risk posed to BullkEx by the geographic provenance of the economic activity of the business relationship.
- **Products Risk** is the risk of the client using the services and/or products provided by BullkEx for illicit means.
- **Interface Risk** is the risk that BullkEx faces as a result of the mechanism through which the business relationship is commenced and transacted.

7.7. Restricted Jurisdictions

BullkEx does not onboard or provide services to residents of Restricted Jurisdictions or corporate accounts of entities incorporated or doing business in Restricted Jurisdictions.

Restricted Jurisdictions include, but are not limited to, the United States of America, Ontario (Canada), Russia, Crimea Region, Iran, Syria, and North Korea.

8. ONGOING MONITORING

BullkEx performs ongoing monitoring of its customers. BullkEx uses a software provider who analyses customers' historical information and account profile. This is the way a "whole picture" is produced which analysis customer's profile, risk levels, and predicted future activity.

The software also generates reports and create alerts to suspicious activity which are further analysed by BullkEx in order to take actions accordingly.

There will also be instances whereby the analysis of transactions, information and/or documentation needs to be done manually. The responsibility for this analysis will depend on various factors, but generally will be performed by fraud, risk and/or compliance.

Types of Monitoring:

Based on a variety of internal reports, including exception reports, BullkEx will carry out the following monitoring procedures:

8.1. Product monitoring

Monitoring of products used by customers, in order to identify changes/irregular patterns/behaviour.

8.2. Transaction and activity monitoring

This will include but not be limited to:

- change of payment methods;
- whether the transactions or activity are inconsistent (unusual) with the customer's risk profile;
- whether the transactions or activity are complex or unusually large;
- whether the transactions or activity form part of an unusual pattern;
- whether the transactions have an apparent economic or lawful purpose;
- whether the transactions present a higher risk of money laundering, financing of terrorism or proliferation financing; or
- change in customer behaviour.

8.3. Media monitoring

This will monitor news media on specific countries, languages and publications. BullkEx will use a software provider to monitor media. The information will be analysed by the Compliance team (if any, and failing that, by the board of directors).

9. POLITICALLY EXPOSED PERSONS ("PEPs")

A PEP generally presents a higher risk for potential involvement in bribery and corruption by virtue of their position and the influence that they may hold. BullkEx has therefore adopted a non-PEP policy although this will be reviewed from time to time and may be lifted by the board of directors upon agreement with BullkEx compliance team and MLRO.

10. SANCTION LISTS

All new customers are screened against sanction lists. If a potential or current customer is identified as being in a sanction list, the relationship will be terminated immediately.

Under no circumstances will BullkEx, knowingly, engage in a relationship with a person and/or organisation appearing in a Sanctions List. Screening of customers against PEPs databases and Sanctions Lists is performed on a daily basis.