

	<b>ZOE PRECIOUS METALS AND JEWELRY (FZE)</b> <b>TRANSACTION MONITORING:</b> <b>RED FLAGS INDICATORS FOR STR's &amp; SAR's</b>	No	ZOE/RFI/001
		Rev No.	001
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### Introduction:

as "any act constituting an offense or misdemeanor under the applicable laws of the State whether this act is committed inside or outside the State when such act is punishable in both countries.

A suspicious transaction refers to any transaction, attempted transaction, or funds for which the entity has reasonable grounds to suspect as constituting—in whole or in part, and regardless of the amount or the timing.

### Purpose of Transaction Monitoring

Transaction monitoring is a continuous process of observing customers' and prospective customers' transactions to identify anomalous activity. This may lead to suspicion of financial crime and require reporting to law enforcement or regulatory authorities.

The alert review process aims to detect and respond to possible potential indicators of terrorism financing, money laundering, and irregular activities that don't align with a customer's or account's profile, using a risk-based approach.

The transaction monitoring system and manual procedures shall be reviewed at least one time per year.

The review shall include: transaction monitoring system and assess its effectiveness.

### Suspicious Transaction:

Five Key components to an effective transaction monitoring and reporting system are:

- ✓ Identification of Unusual or suspicious Activity
- ✓ Managing Alerts with an alert Risk scoring model
- ✓ STR/SAR Decision Making
- ✓ STR/SAR Completion and filling
- ✓ Monitoring and STR or SAR filling on continuing activity

### Suspicious Activity

Suspicious Activity does not involve transactions.

The below red flags are likely indicators for a suspicious transactions – Suspicious Activity; however the existence of such scenario not necessary describe and involve the assistance of Money Laundering/Terrorism Financing (ML/TF); Enhanced Due Diligence and exhaustive evaluation shall be performed.

### A Red Flag shall be raised in regards trading practices if the bellow indicators are visualized:

- ✓ Prominent increment in the precious metals supply/purchase without any fair justification and supporting documents
- ✓ Precious metals originate from countries where there is not mining activities, and/or the production is limited
- ✓ The same bank account details used for different kind of business.

### A Red Flag shall be raised in regards to the Customer & Business Relationship if the below indicators are visualized:

- ✓ The customer is a politically exposed (PEP) or/and has PEP relatives or professional connections with someone who is politically exposed.
- ✓ The customer is evasive or/and not cooperative in order to provide/update KYC Documents and refuse to explain the basic documents and not limited to:

- Passport copies/EID of the beneficial owners
- Source of Funds/Source of Wealth
- Corporate accounts involved in the shareholding pattern located within the country of registration and/or foreign jurisdictions
- Business Activities
- ✓ The customer seems concern about the compliance requirements and customer due diligence
- ✓ The customer constantly avoid face to face meetings/contact without apparent reason.
- ✓ The company and/or it is individuals are listed in the UAE Sanction List
- ✓ The customer is related with companies and/or individuals involved with money laundering and Terrorism Financing or; being suspected to be part of any criminal action.
- ✓ The customer or/and its shareholders has been mentioned in adverse media and/or NGO.
- ✓ The customer is under criminal investigations. Information can be accessible in different sources.
- ✓ The customer wants to address different domain email such as: outlook, Gmail, yahoo instead of business email.
- ✓ The customer's address cannot be find it or/the information provided is not matching
- ✓ The directors and shareholders do not have any activeness within the company.
- ✓ The company's shareholding structure seems unusually or unnecessarily complex
- ✓ The customer's registered address seems to be no operable; instead another address is being used
- ✓ The customer's information cannot be found either in the different government platforms or, in the general search tool.
- ✓ The customer is located in a high-risk area, that corruption, Money laundering and terrorism financing can prevail.
- ✓ The company involves individuals to act as director without any competent study and knowledge.
- ✓ A group of unconnected companies who share a common correspondence address (flexi desk)

✓ **A Red Flag shall be raised in regards to the transaction if the bellow indicators are visualized:**

- ✓ The customer proposes complex and unnecessary payments, for example: deposits, virtual currencies, prepaid cards, credit cards, E-wallets, PayPal
- ✓ The customer constantly changes the bank accounts
- ✓ The customer is willing to sell/buy items at rates significantly lower than their typical sale value in Cash
- ✓ The customer insist to involve third-party companies for business and transactions without any supporting clarification and/or legal connection.
- ✓ The customer seems to appear uninterested about the payment terms and details of transaction
- ✓ The customer proposes to involve fiduciary accounts in the transactions
- ✓ The company appears to be uninterested in or uninformed about the structure or transactions of their business
- ✓ The customer proposes to buy precious metals with a different company bank account or individual bank account
- ✓ The customer propose to purchase gold bullion through multiple transactions over a short time period
- ✓ The customer suddenly cancels transactions when any extra information was required
- ✓ The customer wants to trade small amounts of gold for cash payments
- ✓ The customer involves complex and confusing delivery instructions with not reason and involving foreign jurisdictions
- ✓ The customer involves individuals residing in High-Risk countries and tax-heavens jurisdictions
- ✓ The customer involves newly legal persons in the business transactions with no reason and supporting documents
- ✓ The customer involves multiple transactions that seem to be linked or involve the same parties or individuals, such as family, business, address, representatives, among others.
- ✓ The customer profile does not match with the level of the transaction

**Action – Reporting:**

- ✓ **ZOE METALS** shall maintain all the registers regarding the SAR/STR including those that was not subject to be reported to the Financial Intelligence Unit – FIU.
- ✓ **ZOE METALS** will implement a mandatory reporting system for suspicious transactions under the UAE AML/CFT framework; all the reports shall be reported to Financial Intelligence Unit - FIU via the GoAML system. Any additional information and clarification must be provided in case requires.
- ✓ All departments in **ZOE METALS** shall be aware about this Policy and communicate with the compliance department.

Any visualized scenario shall be analyzed promptly with no delays.

Only once the case is evaluated, the compliance department will decide if the report shall be submitted as Suspicious Activity

- ✓ In case of any suspect and which there are reasonable grounds to validate such suspect, the compliance officer shall evaluate and report to the Financial Intelligence Unit – FIU.

**ZOE METALS** is aware about the regulations and acknowledges that the failure of reporting suspicious transactions, is a federal crime.

Those who fail to comply with the regulations and their statutory obligation to report suspicions of terrorism financing, money laundering, or any illegal organizations may face fines, imprisonment, or both.

#### **Legal Framework:**

- ✓ **Article 15 of the AML-CFT Law:** Financial institutions, non-financial designated businesses and professions and virtual asset service providers shall, upon suspicion or when having plausible reasons to suspect the existence of money laundering or funds that are proceeds in whole or in part, or upon suspecting that such funds relate to the crime or will be used in the crime, regardless its value, promptly and directly inform the Unit.

They shall provide the Unit with a detailed report including all details and information available about the operations and the relevant parties as well as any additional information required by the Unit without the excuse of confidentiality conditions. Excluded from the above: attorneys, the notary public and other persons of legal professions, legal independent auditors, if the information relevant to said operations had been collected in circumstances in which they are subject to professional confidentiality.

The Executive Regulation of this Law by Decree shall determine the rules, controls and cases of commitment to reporting suspicious transactions.

- ✓ **Article 24 of the AML-CFT Law:** Imprisonment and fine of no less than AED100,000 and no more than AED1,000,000

**This policy is aligned with the Target Financial Sanctions Policy and Tipping off Policy.**

#### **Changes to the Policy**

The Compliance Department along with the Board reserves the right to change this Policy from time to time as it considers necessary.

Board Approval Date: November 27, 2024

Effective Date: December 02, 2024

**Due for review: May 08, 2025**

#### **Signatures**

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**Communication Details:**

For questions and/or concerns related to above policy, please send an email to [compliance@zoemetals.com](mailto:compliance@zoemetals.com)

For anonymous inquiries /concerns/ whistleblowing and grievances, please contact us through the email: [info@zoemetals.com](mailto:info@zoemetals.com)