

Internal Risk Assessment of WORLDSEC PAYMENTS LIMITED

1. Business Description of WORLDSEC PAYMENTS LIMITED

WORLDSEC PAYMENTS LIMITED (hereinafter the “**Company**”) is a digital platform in the area of financial commerce, a fintech startup, primarily focusing on providing payment solution for secure acquiring of credit and debit cards as well as other alternative payment methods online, mostly for merchants.

The Company offers the following products and services:

- Money transferring:
- Dealing in virtual currencies
- Foreign exchange dealing

WORLDSEC PAYMENTS LIMITED provides the services to clients in Canada, USA, Venezuela, Algeria, India, Turkey, Brazil, Bangladesh and others.

For providing services WORLDSEC PAYMENTS LIMITED uses own online platform.

2. AML and KYC checks

The Company identifies clients through AML and KYC checks. For client’s verification, the Company uses the client verification platform *KYCAID* at <https://kycaid.com/>. The Company does not enter into any transaction with anonymous or unidentified customers. Client’s background will be checked using platform (as identified above).

Due to the overall business model of the Company, the money laundering risk is inherently **high**. In order to mitigate money laundering risk, the Company restricts clients activities and uses following risk mitigation measures:

- a) Client identification: the Company conducts client identification and based on its results, the Company accepts or rejects the client. The Company decides to reject the client if it is in a sanction or black list, has bearer shares or undisclosed nominee shareholders or is subject to criminal proceedings and/or asset freeze. The Company may refuse to deal with the client on the grounds of its economic activities or funds originations as provided by applicable AML and KYC laws.
- b) Client risk level: the Company assigns a risk level (low risk client, medium-risk client or high-risk client) to each client based on the client identification, risk scoring and conducts enhanced due diligence of high risk clients.
- c) No cash: the Company does not accept cash.
- d) No third party accounts: the Company does not accept payments from any third party other than the relevant identified client.

Therefore, and as a result of the above listed AML mitigation measures and risk management procedures it can be concluded that initial high risk level of a business model is decreased to a medium risk.

3. Products and Services Risks Rank

All of the products and services performed by the Company are with high initial AML risk.

3.1 Client risks

As part of risk mitigation measures, the Company does not deal with unacceptable risk level clients. Unacceptable risk level clients are as follows:

If individuals, such clients perform the following personal or economic activities or the following information is available about the client:

- a) There is a negative information about the client that relates to the possible relation to the proceeds of crime or laundering or terrorism, and such information is available from trusted sources and public authorities websites;
- b) Client funds have previously been frozen or arrested due to suspected criminal activity;
- c) Client refuses or tries to avoid to provide necessary information for client verification or hide information about their economic activity;
- d) Client is from unsupported country as listed in Exhibit A;
- e) Client performs or is reasonably suspected to perform Restricted Activities listed in Exhibit B.

If legal entities, such clients perform the following personal or economic activities or the following information is available about the client:

- a) There is a negative information about the client that relates to the possible relation to the proceeds of crime or laundering or terrorism, and such information is available from trusted sources and public authorities websites;
- b) Client funds have previously been frozen or arrested due to suspected criminal activity;
- c) Client refuses or tries to avoid to provide necessary information for client verification or hide information about their economic activity;
- d) Client is from unsupported country as listed in Exhibit A;
- e) Client performs or is reasonably suspected to perform Restricted Activities listed in Exhibit B.

The Company has implemented and follows the Anti Money Laundering Compliance Policy. The clients are divided into three categories: low risk, medium risk and high risk clients. For high risk clients the Company performs enhanced due diligence in accordance with the Company's Anti Money Laundering Compliance Policy and applicable laws.

3.2 Geography Risk

The Company does not enter into any transaction with individuals, companies and countries that are on prescribed sanction lists. The Company will therefore screen against US Consolidated Sanctions, OFAC - Specially Designated Nationals (SDN), EU Financial Sanctions, UK Financial Sanctions (HMT), Australian Sanctions, Switzerland Sanctions List

– SECO, Interpol Wanted List, Consolidated Canadian Autonomous Sanctions List, Office of the Superintendent of Financial Institutions (Canada), Bureau of Industry and Security (US), Department of State, AECA Debarred List (US), Department of State, Nonproliferation Sanctions (US), other lists in all jurisdictions in which the Company operates.

The Company does not support those countries listed in Exhibit A (Unsupported Countries).

3.3 Transaction Risk

To mitigate and control risks associated with money laundering and terrorism financing, the Company uses the following measures:

- a) All clients are identified in accordance with the KYC procedure before concluding a contract;
- b) Transfer of funds from/to unknown accounts are not permitted;
- c) Large transactions or cumulative turnover per one calendar month (deposits) over CAD 10,000 are assigned as a high risk level and enhanced due diligence is performed.
- d) There are additional limits in client account, including stop limits after which client is not able to transfer funds which trigger additional EDD procedure and review of the client profile:
 - The payment made or received is substantially above the threshold (more than 20%) set by the Company based on the results of the CDD;
 - The first transaction in the customer's account is made six months after the date of commencement of the business relationship with the client and the monthly credit turnover has reached CAD 100,000 or equivalent;
 - The first outgoing payment from the client account is made 12 months after the account opening;
- e) The Company monitors any unusual or suspicious transactions:
 - Large virtual currency transactions (as per AML Compliance Policy);
 - Single large sum cash withdrawals (more than CAD 1,000);
 - Single, unusually large domestic payment not corresponding to regular turnover;
 - Single, unusually large international payment not corresponding to regular turnover;
 - Payments made through a person's account indicate that this is a payment institution that does not hold relevant payment service provider permit;
 - Single large payments (more than CAD 10,000) and/or periodic ones, including in smaller amount, to the account that are opened in banks or financial institutions of countries with higher money laundering risk if it does not respond to the operator's activity profile or if clear justification for carrying out of the payment is missing;
 - Single large (more than CAD 10,000) or regular purchase or sale of web money, including smaller amounts, or payment for other financial instruments advertising confidentiality or anonymity;
 - Several incoming international payments within a short period of time which are thereafter withdrawn in cash;
 - Same person regularly exchange large amounts of different currencies;

- Large number of small payments and all funds are exchanged to one currency and withdrawn/transferred;
- Person has poor knowledge of the beneficiary's address and contact information or is reluctant to disclose such information;
- Person does not provide data and/or explanations regarding the aim of the transaction;
- Person in relation to whom there is a pre-existing suspicion of money laundering, exchanges large amounts of money.

Other cases:

- A debit or credit card is used by an unauthorized person;
- The user of the account is suspended or being a fictitious person;
- The customer, who is a legal person, is suspected of being a fictitious person;
- Unauthorized person is using the Company's services (the service is used by means of false identity or user IDs, passwords, etc. issued to a customer are abused);
- There are other features in the activities of the customer that refer to possible other offences related to money laundering and property or the preparation of such offences.

Exhibit A. Unsupported Countries

Afghanistan
American Samoa
Burundi
Crimea
Cuba
Ethiopia
Guam
Iran (the Islamic Republic of)
Iraq
Korea (the Democratic People's Republic of)
Lebanon
Libya
Mali
Myanmar
Palau
Samoa
Somalia
South Sudan
Sudan
Syrian Arab Republic (the)
Venezuela, Bolivarian Republic of
Virgin Islands (U.S.)
Yemen
Zimbabwe

Exhibit B. Restricted Activities and customers

The Company does not enter into any transaction with clients performing restricted activities:

1. Any unlawful or fraudulent business or activity;
2. Any business that violates applicable local, national, federal or international law or regulation;
3. Intellectual property or proprietary rights infringement;
4. Any activities that harm or attempt to harm minors in any way;
5. Trade, production, mediation in the trade of weapons;
6. Trade of antiques, works of art, numismatic values;
7. Trade of ferrous, non-ferrous and rare metals, their wares, precious stones;
8. Production, recycling of explosive and nuclear fuel;
9. Unregulated charities and other unregulated organizations;
10. Dealers of high-value precious goods.

The following customers are prohibited on customer relationship and account:

1. Shell banks;
2. Individuals or entities that are on relevant sanctions lists issued by countries in compliance with UN resolutions or to which countries have applied sanctions unilaterally (UK, US and others);
3. Individuals or entity whose identity cannot be verified or who refuses to provide information required to verify identity or required for account opening purposes; or who has provided information that contains inconsistencies that cannot be resolved after further investigation;
4. Where there is suspicion or evidence of found, money laundering or other criminal activity or involvement;
5. If falsified documentation or information is detected during the account opening/relationship establishment process;
6. Individuals, entities and organizations sanctioned by UN, EU, HM Treasury list or OFAC;
7. An account using a pseudonym or number rather than the actual name of the customer;
8. Anonymous ownership entity accounts, where the ownership of the entity cannot be determined because the entity has a form or structure that prevents an account accurate identification of the Beneficial Owners;
9. Unlicensed financial institutions, including unlicensed currency exchange houses and money transmitters and;
10. Persons involved in unlawful internet gaming business;
11. Customers- merchants, whose business Merchant Category Code (MCC) is included into the International Card organizations prohibition list;
12. Customers with bearer shares or undisclosed nominee shareholders.