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## ANTI-MONEY LAUNDERING POLICY STATEMENT

Grand Financial International Limited has a zero tolerance policy in regards to money laundering and terrorist financing with all employees, clients, and potential clients. If any activity is found to be suspicious the AML Officer will conduct a formal investigation and report any findings to the necessary parties. If the suspicious activity is confirmed as money laundering or terrorist financing the guilty parties(s) will be terminated and all existing contracts will be considered null and void.

## ANTI-MONEY LAUNDERING TRAINING AND COMPLIANCE OFFICER

Grand Financial International Limited ("Grand Financial International Limited") has appointed AML Officer, who is responsible for any functional areas where money-laundering activity may occur. All Employees of the Grand Financial International Limited must immediately report any suspicious activity, and direct any question regarding the Grand Financial International Limited's policies and procedures, to the AML Officer. As part of Grand Financial International Limited's commitment to comply with anti-money laundering requirements, Grand Financial International Limited employees with the potential to identify suspicious and/or possible money laundering activities (in the capacity of their duties) will participate in training on the firm's policies and procedures.

The training will take place within 6 months of the hire date and be administered at <http://theifm.org>. The online training course provides "a clear understanding of the various techniques of money laundering and their threats to the financial industry. While students will learn about the regulations designed to detect, monitor, and prevent criminal actions, the primary purpose of the course is to enhance the judgment and sharpen the skills of the professional in their day-to-day conduct of futures and forex business. The interactive, audio-enhanced course is designed to help industry participants detect, prevent and respond effectively to attempts to launder money through their firms and the futures and forex markets. The core of the training is built upon a hypothetical case study focusing on business activities in which a financial professional must exercise informed, practical judgment to determine how best to apply common laws and regulations, industry rules and best practices, and firm policies and procedures that address money laundering. The case scenario highlights various "red flags" that help identify areas of money laundering concerns."

The AML Officer in conjunction with the Compliance Department will be responsible for maintaining a written record of all anti-money laundering training sessions conducted, which shall include the attendees, dates, locations, and the topics covered during each session.

In the event that an Employee fails to follow Grand Financial International Limited's policies and procedures disciplinary action is within the discretion of the AML Officer and Management. A violation of the AML requirements by an employee will result in an immediate reprimand ranging from a verbal warning up to termination of employment.

On an annual basis, an internal audit shall be conducted by qualified personnel not otherwise responsible for anti-money laundering compliance or by an outside auditor who shall evaluate and review the efficacy of these policies and procedures. This review shall include, but not be limited to, a review of any changes in applicable laws and regulations, a review of the firm's due diligence procedures, and a survey of changes in high-risk foreign jurisdictions. The results of such review shall be presented to Grand Financial International Limited's AML Officer. The AML Officer shall address and correct any deficiencies found during the audit. Recommendations made by the audit may be implemented if seen fit by the AML Officer.

## SUSPICIOUS ACTIVITY REPORTING

Suspicious activity can be detected at any time during a customer's relationship with Grand Financial International Limited. Certain customer conduct when communicating and corresponding with a client can be indicative of intent to use the account for

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money laundering activities. If any employee of Grand Financial International Limited becomes aware of any pattern of suspicious activity, the AML Officer must be notified.

#### *Customer Solicitation*

The following are examples of suspicious activities during the customer solicitation process that may be indicative of money laundering and must be immediately reported to the AML Officer:

- The customer attempts to use bribery, coercion or any other improper action to open an account or conduct a transaction;
- The customer exhibits unusual concern for secrecy, particularly with respect to his/her identity or background;
- The customer exhibits unusual concern regarding government reporting requirements, particularly with respect to his or her identity, type of business, and assets;
- Upon request, the customer refuses to identify or fails to indicate a legitimate source for his/her funds and other assets or identifies a source that is fictitious, false, misleading or substantially incorrect;
- The customer is reluctant to provide complete information regarding the purpose of his/her business, prior banking relationships, an entity's officers and directors or location if asked;
- The customer has difficulty describing the nature of his/her business;
- The customer lacks general knowledge of his/her industry;
- For no apparent reason, the customer requests multiple accounts under a single name or multiple names;

A transaction is considered "suspicious" and must be reported if it involves, in aggregate, at least \$5,000 in funds or other assets and if Grand Financial International Limited reasonably suspects, taking all known facts into consideration, that the funds were derived from illegal activities, or that the transaction(s) is intended to hide or disguise the illegal source of funds. In particular, suspicious transactions or series of transactions that must be reported include (i) transactions that seek to hide the ownership, nature, source, location or control of assets; (ii) transaction(s) designed to evade the currency transaction reporting requirements; (iii) transactions that attempt to use the firm to facilitate a criminal transaction; and (iv) a transaction that has no business or apparent lawful purpose, or that is not the sort in which the customer normally would be expected to engage. However, suspicious activity need not satisfy the above \$5,000 threshold in order to be subject to reporting. Therefore, employees should report any pattern of suspicious activity, even if such pattern does not meet the \$5,000 threshold noted above. The AML Officer also must be notified of any instance of suspicious behavior.

## **INFORMATION SHARING**

Should any Employee receive a request or subpoena from any financial institution, government agency, self regulatory authority, or law enforcement agency to provide information regarding a past, current or prospective customer, such request must be forwarded to the AML Officer immediately. Additionally, Grand Financial International Limited will fully cooperate with all applicable regulatory, self-regulatory, governmental and law enforcement authorities (the "Authorities") with respect to maintaining compliance with anti-money laundering laws and regulations. The AML Officer shall act as the primary contact in any matters dealing with the Authorities.

Only the AML Officer is authorized to disclose information regarding customer accounts to third parties. Grand Financial International Limited shall respond timely to all requests from appropriate authorities for information related to antimoney laundering compliance or any customer account. The AML Officer shall make available to such agency information and account documentation for any account introduced or managed by Grand Financial International Limited.

## **CONFIDENTIALITY**

All information reported by any employee regarding a suspicious activity will be held in the strictest confidence by Grand Financial International Limited and not disclosed to any customer. All Suspicious Activity Reports are confidential. Furthermore, it is a violation to disclose to the customer involved, or any third party (other than law enforcement agencies or regulators), that Grand Financial International Limited has filed a Suspicious Activity Report.

## MAINTENANCE OF RECORDS

Grand Financial International Limited shall maintain an effective system of records to keep their management continuously informed of customers' activities and conditions. A record of each new account application and supporting documents shall be maintained. Any records obtained shall be maintained for a period of 5 years after the customers' account is closed.

Specifically, the retained records may include, without limitation, (i) various documentation provided by, or completed by, the customer during the life of the account, (ii) correspondence between Grand Financial International Limited and the customer, and (v) any SAR filed and all documentation supporting such SAR. All correspondence and supporting documentation relating to a specific SAR will be saved in an individual file.

## DESTINATION OF FUNDS REQUEST

Grand Financial International Limited has access to a record of its client's account opening but does not maintain the client accounts. Grand Financial International Limited monitors cash flow activity on all its client accounts and in most cases Grand Financial International Limited may have information that would allow it to determine the source or destination of funds or whether any deposits or transfers were unusual.

In the event that Grand Financial International Limited received such requests, Grand Financial International Limited has instituted the following procedures to respond to such Requests.

1. All Requests will be forwarded to the AML Officer for response.
2. Upon receipt of the Requests, the AML Officer will immediately begin a review against Grand Financial International Limited's databases for any positive matches.
3. Pursuant to applicable regulation, the AML Officer will make every effort to complete their searches against all of Grand Financial International Limited's databases and respond within two (2) weeks.
4. If Grand Financial International Limited identifies a match for a named subject, Grand Financial International Limited will respond that it has a positive match and provide point-of-contact information for the requesting law enforcement agency to follow-up directly with a Grand Financial International Limited contact.
5. The AML Officer will maintain a written record of all requests, the date reviewed and the results of Grand Financial International Limited's database review.

**The following AML program requirements will be fulfilled by Grand Financial International Limited as outlined in "Appendix I";**

- (i) Customer Identification Program (CIP)
- (ii) Obtaining Customer Information
- (iii) Identifying High Risk Accounts
- (iv) Prohibited Customers
- (v) Senior Foreign Government/Public Officials

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- (vi) Accepted Forms of Deposits
- (vii) Suspicious Activity Monitoring and Reporting
- (viii) Maintenance of Records
- (ix) Relationships between Grand Financial International Limited and Foreign Financial Institution Customers
- (x) Information Sharing
- (xi) Confidentiality
- (xii) Audit of Grand Financial International Limited's AML Policies and Procedures

## **ANTI-MONEY LAUNDERING (APPENDIX I)**

**Grand Financial International Limited** may rely upon another counter party to perform all of the following, with respect to the required Anti- Money Laundering ("AML") procedures.

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### **INTRODUCTION**

Grand Financial International Limited hereby agrees to perform the following specified requirements when applicable in order to satisfy certain regulatory obligations of Grand Financial International Limited. The procedures outlined in this document extend beyond the AML CIP requirements; however, Grand Financial International Limited shall only assume liability to regulators in their jurisdiction.

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### **(I) CUSTOMER IDENTIFICATION PROGRAM (CIP)**

To aid the fight against the funding of terrorism and money laundering activities Grand Financial International Limited will obtain and record information that identifies each person who opens an account. Accordingly, in order to detect, deter and prevent money laundering and other suspicious activities, it is imperative that Grand Financial International Limited "know" all of its customers - both institutional and individual. To achieve sufficient knowledge about each customer, Grand Financial International Limited will undertake the steps set forth below to obtain and maintain detailed customer information. This risk-based approach begins at the initial contact between the customer and Grand Financial International Limited and continues during the course of the business relationship with the customer. All Employees of Grand Financial International Limited are required to comply with the "Customer Identification Program" and "Know Your Customer" policies and procedures set forth below and to otherwise safeguard against money laundering activities in the performance of their everyday duties.

Grand Financial International Limited shall (i) conduct appropriate due diligence to know and adequately document the identity of each prospective new customer, the nature of the customer's business (employment) and the source of the customer's assets, before opening an account for the customer, (ii) keep proper records of such due diligence and the customer's transactions, (iii) report and maintain record of any suspicious activities as required by these Policies and applicable law, and (iv) participate in Grand Financial International Limited sponsored educational courses and training.

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### **(II) OBTAINING CUSTOMER INFORMATION**

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All prospective customers of Grand Financial International Limited will be required to provide basic information prior to the opening of any account by completing, in its entirety, Grand Financial International Limited's new account documentation and submitting any required supporting documents. This requirement applies to named account owners of the account in question. Under some circumstances customers may not be allowed to begin any trading activity without the receipt and review of the new account forms and any required supporting documentation. Additional due diligence may be warranted depending on the specific circumstances, including the type of customer, the customer's home jurisdiction, and how well Grand Financial International Limited already knows the customer or account applicant. Additional due diligence may include, for example, taking steps to ensure that the customer, or the source of the funds, is legitimate. On a case by case

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basis, requirements may be modified for a prospective new customer, if approved by Compliance or Management, with appropriate notes made on the account.

Prior to opening an account with Grand Financial International Limited, clients are required to submit copy of valid government issued identification with photo or similar safeguard (US clients are not accepted by Grand Financial International Limited). The identifying documents of prospective customers shall be reviewed and compared with other forms of identifying documentation provided by the customer. If during the course of the verification process, Grand Financial International Limited identifies a discrepancy or missing information in a prospective customer's application, Grand Financial International Limited will advise the client of such deficiency and request additional information or documentation to comply with AML requirements. If the prospective customer fails to provide such additional identifying documentation requested and there is no resolution of such deficiency, Grand Financial International Limited will deny the application and not open the account and, if appropriate based upon the procedures and policies below, create a Suspicious Activity Report ("SAR") (See Section vii below).

All new customers of Grand Financial International Limited, by completing Grand Financial International Limited's new account documentation, must provide the following information and documentation (unless otherwise verified through non-documentary means):

Information Requested From Clients:

- The identity and address of the customer (Post Office boxes are not acceptable unless accompanied by appropriate documentation);
- Date of birth;
- Citizenship status (e.g., citizen, resident alien with nationality, non-resident alien);
- Identification number;
- Investment experience;
- Net worth, liquid assets and annual income; and
- Occupation and/or nature of the customer's employment/business.

Information Requested From Companies, Trusts, Partnerships or Other Legal Entities:

- The full name and address of the entity (Post Office boxes are not permitted unless accompanied by appropriate documentation);
- The jurisdiction of formation and legal form of the entity;
- Identification number for entity;
- Investment experience;
- The names of persons with responsibility for the management of the affairs of the entity (directors, general partners, trustees, or authorized signatories), or a copy of its annual report;
- Copy of documents proving the existence of the entity (e.g., certificate of incorporation, memorandum and articles of association, trust deed, partnership agreement); and
- Current list of authorized signatories or copies of powers of attorney to establish and document that the entity's representative(s) are authorized to act on the entity's behalf.
- Grand Financial International Limited will not accept accounts when the account controller's identity cannot be adequately verified after using documentary and/or non-documentary methods.

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All customers will be notified in the Trading Agreement that Grand Financial International Limited is requesting this information to verify the customer's identity. All of the above information and documentation (unless otherwise verified through non-documentary means) shall be obtained by the Employee, attached to the account application documentation and provided to Grand Financial International Limited for processing pursuant to Grand Financial International Limited's standard new account approval process. In addition, whenever a material modification is made to an existing account, (e.g., new settlors, new beneficiaries, new authorized representatives) the Employee may request copies of appropriate documentation to update and correct Grand Financial International Limited's records as to the customer and must provide such documentation for processing.

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Additionally, in the event an individual declines to provide his/her (i) investment experience; (ii) net worth, liquid assets and annual income; or (iii) occupation and nature of the customer's employment/business, the account may nonetheless be open provided the application is approved by Compliance or Management.

Verification Through Non-Documentary Records - Approved use of non-documentary methods of customer identification and verification for accounts is acceptable when (i) a customer who is a natural person cannot present an unexpired, government issued identification document that bears a photograph or similar safeguard; (ii) Grand Financial International Limited is presented with unfamiliar documents to verify the identity of the customer; or (iii) Grand Financial International Limited does not obtain documents to verify the identity of the customer, does not meet face to face with the customer who is a natural person, or is otherwise presented with circumstances that increase the risk for Grand Financial International Limited will be unable to verify the true identity of a customer through documentary methods. Although documentation may be collected by Grand Financial International Limited or the referring entity, ultimately Grand Financial International Limited must obtain possession of the documentation prior to opening an account.

The methods Grand Financial International Limited may employ in performing identity verification through non-documentary methods include: (1) contacting a customer; (2) independently verifying the customer's identity through the comparison of information provided by the customer with information obtained from a consumer reporting agency, public database or other reliable source; (3) checking references with other financial institutions; and (4) obtaining a financial statement from the customer, or other reasonably reliable document or source.

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### (III) IDENTIFYING HIGH RISK ACCOUNTS

If a customer account is located in a known restricted, high risk or non-cooperative jurisdiction ("NCCT") (See Exhibits 2 and 3), or is involved in a high risk business (See Exhibit I), Grand Financial International Limited shall determine what, if any, additional due diligence efforts are necessary prior to accepting the account, and if accepted, Grand Financial International Limited shall determine if any additional monitoring of account activity is warranted.

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### (IV) IDENTIFYING HIGH RISK ACCOUNTS

In order to determine whether a customer appears on any list of known or suspected terrorists or terrorist organizations, Grand Financial International Limited will (either directly or through a third party service provider) cross-reference the names of all individual account applicants and, with respect to institutional accounts, the name of the institution and its principal owners and authorized representatives, against government issued lists and the List of Specially Designated Nationals and Blocked Persons maintained by the Office of Foreign Assets Control ("OFAC") (as found on <http://www.treas.gov/offices/eotffc/ofac/sdn/tllsdn.pdf>) or such other list of prohibited persons and entities as may be mandated by applicable law or regulation. Additionally, Grand Financial International Limited shall follow all directives issued in connection with the list. Under no circumstances will Grand Financial International Limited open any account for, or on behalf of, any person whose name, or alias, is on such list or for any entity that has

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a principal owner or authorized representative whose name, or alias, is on such list. Further, Grand Financial International Limited will immediately contact OFAC if a customer appears on OFAC's Specifically Designated Nationals list.

With respect to the account application of any person or entity that resides in, has connections to, or was formed in a regime subject to OFAC sanctions (found on <http://www.treas.gov/offices/eotffc/ofac/sanctions/index.html>) (also see Exhibit 4), the Firm will determine whether the account applicant is subject to the specific category of sanctions applicable to the regime and refuse or accept such accounts accordingly. The Firm will not open accounts for persons or entities that fall within the applicable category of sanctions or restrictions.

Grand Financial International Limited will not open any account for any foreign shell bank (i.e., a bank without branches or offices in any country) unless that bank is affiliated with a domestic or foreign financial institution under the supervision of an appropriate regulatory banking authority.

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Grand Financial International Limited will not open accounts for the following types of financial institutions: (1) A foreign bank operating under an offshore banking license; or (2) A foreign bank operating under a license issued by a country on the Financial Action Task Force's non-cooperative country list.

Grand Financial International Limited will not open any private banking accounts, or upon discovery of a private banking account, will close them. A private banking account (or any combination of accounts) is one that (1) requires a minimum aggregate deposit of funds or other assets of not less than \$1,000,000; (2) is established on behalf of one or more individuals who have a direct or beneficial ownership interest in the account; and (3) is assigned to, or is administered or managed by, in whole or in part, an officer, employee, or agent of a financial institution acting as a liaison between the financial institution and the direct or beneficial owner of the account.

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#### (V) SENIOR FOREIGN GOVERNMENT/PUBLIC OFFICIALS

Any Employee who becomes aware of an account beneficially owned, controlled or maintained for a senior foreign government official (e.g., a head of state, high ranking military officer or bureaucrat), the close family member or associate of such an official must report such an account to Management or the AML Officer/Compliance Department.

Accounts requested or maintained for or on behalf of senior foreign political figures (which includes family members and close associates), may be subject to increased scrutiny in an effort to detect and report transactions that may involve the proceeds of foreign corruption. Specific procedures detailed in the Compliance Manual apply in situations where Grand Financial International Limited has determined that additional due diligence is required, if at all.

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#### (VI) ACCEPTED FORMS OF DEPOSITS

Grand Financial International Limited will accept only certain forms of deposits from its customers. Under NO circumstances will

Grand Financial International Limited accept cash or disburse cash to a customer. Additionally, to minimize exposure to money laundering, Grand Financial International Limited discourages deposits of cash equivalents (money orders, traveler's checks). However, Grand Financial International Limited may agree to accept a deposit of a cash equivalent on a case-by-case basis with the approval of Operations Management or Compliance. Additionally, Grand Financial International Limited will not accept third party checks and/or an endorsed employer's check unless approved by Management.



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## (VII) SUSPICIOUS ACTIVITY REPORTING

### **(a) Account Opening**

Suspicious activity can be detected at any time during a customer's relationship with Grand Financial International Limited. Certain customer conduct during the account opening process may be indicative of intent to use the account for money laundering activities.

The following are examples of suspicious activities during the account opening process that may be indicative of money laundering and must be immediately reported to Management or Compliance:

- The customer, or a beneficial owner of the customer, appears on a list of sanctioned individuals or entities as maintained by OFAC;
- The customer attempts to use bribery, coercion or any other improper action to open an account or conduct a transaction;

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- The customer exhibits unusual concern for secrecy, particularly with respect to his/her identity or background, or refuses to complete, in its entirety, Grand Financial International Limited's account documentation;
- The customer exhibits unusual concern regarding Grand Financial International Limited's compliance with government reporting requirements, particularly with respect to his or her identity, type of business, and assets;
- Upon request, the customer refuses to identify or fails to indicate a legitimate source for his/her funds and other assets or identifies a source that is fictitious, false, misleading or substantially incorrect;
- The customer is reluctant to provide complete information regarding the purpose of his/her business, prior banking relationships, an entity's officers and directors or location if asked;
- The customer has difficulty describing the nature of his/her business;
- The customer lacks general knowledge of his/her industry;
- The customer presents unusual or suspicious identification documents that cannot be readily verified;
- For no apparent reason, the customer requests multiple accounts under a single name or multiple names;
- The customer is from, or maintains accounts in, a country identified as a haven for money laundering; or
- The customer or a person associated with the customer, has a questionable background (including prior criminal convictions) or is the subject of news reports indicating possible criminal, civil or regulatory violations.

### **(b) Account Monitoring**

The AML Officer or his/her designees will monitor customer transactions from time to time, based on deposit and withdrawal activity, with respect to any questionable practice, high-risk characteristic or suspicious activity. Account activities subject to monitoring include, but are not limited to, the trading and flow of money into and out of an account, the types, amount and frequency of different financial instruments deposited into and withdrawn from the account and the origin and destination of wire transfers.

With respect to any of the following types of accounts, the AML Officer shall determine, at the time the account is approved (or at such other time as the AML Officer learns that the account has any of the following high risk characteristics or those in Section (vii)(a)), the appropriate level and frequency of review of account activity, and shall monitor the account accordingly based on such determination:

- An account from a non-FATF compliant or high-risk jurisdiction (Exhibit 2);
- An account held by a senior foreign government official or the close family member or associate of such an official.

The AML Officer may modify the monitoring level and frequency for any given account based upon ongoing account activity.

A periodic review of accounts will be conducted to determine if the customer has been added to the Office of Foreign Asset Control ("OFAC") Blocked Persons List or other sanctions, regulatory enforcement, law enforcement and PEP lists. Further, when either the SDN list or Sanctioned Countries list is updated, Grand Financial

International Limited will review the existing client base to determine if any current customers are from a country on the list or any customer's name appears on the SDN list.

Grand Financial International Limited will conduct periodic activity reviews of all White Label and/or correspondent financial institution accounts held at Grand Financial International Limited. These reviews will be performed by the Operations Department and should note/identify any activity that may appear unusual or suspicious. Operations will notify the Compliance Department in the event that any unusual or specific activity is identified. The Compliance Department will then undertake any further investigation and inquiry that may be required.

**(c) Ongoing Account Activity**

The following are activities that may occur during the business relationship with the customer and are examples of suspicious activities or characteristics that may require reporting to Management or Compliance:

- A customer account has unexplained or sudden extensive wire activity, especially in accounts that had little or no previous activity;

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- A customer requests cash disbursements from Grand Financial International Limited;
- A customer's account has a large number of wire transfers to or from third parties who have no family or fiduciary relationship;
- A customer's account has wire transfers at off times or unusual locations (to or from a bank secrecy haven country or country identified as a money laundering risk);
- The information provided by the customer that identifies a legitimate source for funds is fictitious, false, misleading or substantially incorrect;
- A customer attempts to make frequent or large deposits of currency, insists on dealing only in cash equivalents or asks for exemptions to Grand Financial International Limited's policies relating to the deposit of cash and cash equivalents;
- A customer makes a funds deposit, for the purpose of purchasing a long-term investment, followed shortly thereafter by a request to liquidate the position and a transfer of the proceeds out of the account;
- A customer engages in excessive journal entries between unrelated accounts without any apparent business purpose;
- A customer requests that a transaction be processed in such a manner so as to avoid Grand Financial International Limited's normal documentation requirements;
- A customer deposits bearer bonds followed by immediate request for the disbursement of funds;
- A customer exhibits a total lack of concern regarding risks, commissions, or other transaction costs;
- A customer's account indicates large or frequent wire transfers, immediately withdrawn by check.

A transaction is also considered "suspicious" and must be reported if it involves, in aggregate, at least \$5,000 in funds or other assets and if Grand Financial International Limited reasonably suspects, taking all known facts into consideration, that the funds were derived from illegal activities, or that the transaction(s) is intended to hide or disguise the illegal source of funds. In particular, suspicious transactions or series of transactions that must be reported include (i) transactions that seek to hide the ownership, nature, source, location or control of assets; (ii) transaction(s) designed to evade the currency transaction reporting requirements;(iii) transactions that attempt to use the firm to facilitate a criminal transaction; and (iv) a transaction that has no business or apparent lawful purpose, or that is not the sort in which the customer normally would be expected to engage, particularly where Grand Financial International Limited has no reasonable explanation for the transaction. However, suspicious activity need not satisfy the above \$5,000 threshold in order to be subject to reporting. Therefore, Grand Financial International Limited Employees should report any pattern of suspicious activity, even if such pattern does not meet the \$5,000 threshold noted above. The AML Officer/Compliance Department also must be notified of any instance of the receipt of an order for a reportable transaction whether or not the customer goes through with the transaction. The AML Officer/Compliance Department will file a SAR after the firm becomes aware of a suspicious transaction, or within 60 days, if the identity of the suspect is unknown."

**(viii) Maintenance of Records**

Grand Financial International Limited requires that all Employees maintain an effective system of records and reports to keep management continuously informed of customers' activities and conditions. Grand Financial International Limited may require internal and external audits to verify and supplement the Employee's records and reports. Grand Financial International Limited forbids the alteration of Grand Financial International Limited records for the purpose of evading Grand Financial International Limited policies and procedures.

A record of the evidence of each customer's identity and of all the transactions carried out by each customer shall be maintained at one of its office locations. Specifically, the retained records shall include, without limitation, (i) the documentation provided by, or completed by, the customer at the account opening, (ii) the non-documentary verification methods or additional methods used to verify identity and the results, (iii) the documentation relating to the resolution of all substantive discrepancies noted when verifying the identification information, (iv) the details of all transactions carried out by that customer, and (v) any SAR filed by Grand Financial International Limited and all documentation supporting such SAR. Grand Financial International Limited will maintain records as to customer identification and monitoring at a readily accessible location for the first 2 years after each account opening, and thereafter, such records shall be maintained for a period of 5 years after such account is closed. Grand Financial International Limited will maintain records of any SAR filing with supporting documentation for a period of 5 years after such filing. Grand Financial International Limited shall save all correspondence and supporting documentation relating to a specific SAR in an individual file. The files will be maintained separately and electronically on the firm's data system [Insert where these files will be stored].

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***(ix) Relationships between Grand Financial International Limited and Foreign Financial Institution Customers***

From time to time, other financial institutions, such as commodity pool operators, commodity trading advisors, domestic and foreign banks, Referring Brokers, trust administrators and nominees, may introduce new customers to Grand Financial International Limited, or may open accounts with Grand Financial International Limited for the beneficial ownership of parties undisclosed to Grand Financial International Limited\*. For the purposes of Grand Financial International Limited's "know your customer" policies, Grand Financial International Limited considers some of these financial institutions to be its customer, not such account's beneficial owners or sub-account holders, assuming the financial institution is the principal (and not the agent) for the account and financially responsible for payment for all transactions. Since these financial institutions have direct contact and maintain the primary relationship with the ultimate beneficial owner, they are in the best position to know the underlying customer.

Consequently, in certain circumstances, Grand Financial International Limited may rely, consistent with this Section and these Policies, upon the anti-money laundering policies, procedures and due diligence of such third party financial institutions. The AML Officer, in consultation with Grand Financial International Limited's Legal and Compliance Departments, will determine the circumstances in which it is appropriate to rely upon such third party policies and procedures and, in reaching this determination, will consider the following factors:

- The jurisdiction in which the third party is based and the existence of applicable anti-money laundering laws and regulations
- The regulatory status of the third party and its affiliates;
- The reputation and history of the third party in the investment industry; and
- The anti-money laundering and due diligence policies, procedures and controls implemented by the third party.

Generally, Grand Financial International Limited may rely upon the anti-money laundering policies, procedures and due diligence of a regulated financial institution organized in a Financial Action Task Force ("FATF") -compliant jurisdiction. In all such cases, Grand Financial International Limited will confirm compliance with the factors noted in this section. As noted above, Grand Financial International Limited will not open accounts for financial institutions operating under a license issued by a country on FATF's NCCT list.

In cases where Grand Financial International Limited intends to rely upon the AML-CIP, procedures and due diligence of another third party financial institution, Grand Financial International Limited will obtain a written representation from the financial institution that its anti-money laundering and due diligence policies, procedures and controls comply with applicable laws and regulations. Grand Financial International Limited, in the

determination of the AML Officer, also may take one or more of the following steps with respect to such financial institution:

- Require the financial institution to provide Grand Financial International Limited with a copy of its anti-money laundering and due diligence policies, procedures and controls and promptly to notify the AML Officer of any amendment thereto;
- Require the financial institution to certify and covenant that it complies and will continue to comply with its anti-money laundering and due diligence policies, procedures and controls;
- Require meaningful written representations and covenants as to persons verified by the financial institution (e.g., a covenant that it will ensure that no such persons are contained on OFAC's List of Specially Designated Nationals and Blocked Persons);
- Require the financial institution to provide access, upon request, to copies of documents reviewed by the financial institution in performing its anti-money laundering due diligence;
- Require the financial institution upon request to submit to a review or audit of its anti-money laundering policies, procedures and controls and its compliance with the policies as they relate to Grand Financial International Limited;
- Obtain evidence of or representations as to its authority to open the contemplated account or make the contemplated investment;
- Obtain annual ongoing verification of the financial institution's AML-CIP.

Grand Financial International Limited will perform periodic activity review of all White Label and/or correspondent financial institution accounts held at Grand Financial International Limited, as set forth in Section (vii) (b) "Account Monitoring."

Notwithstanding the foregoing, if any Grand Financial International Limited Employee has any reason to believe that the Anti-money laundering procedures of a financial institution customer are deficient or lacking, the Employee must contact the AML Officer

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or Compliance Department immediately. Upon the receipt of such information, the AML Officer may, if necessary, request from the financial institution customer, any and all documentation (e.g., anti-money laundering manuals, additional representations, etc.) needed in order to determine whether the anti-money laundering policies and procedures and due diligence of the financial institution customer are sufficient, and shall undertake a review of such documentation to determine the sufficiency of such policies and procedures. Such review may be undertaken in consultation with the Legal and/or Compliance Department, as appropriate. Such review will be documented in writing, dated, and maintained in the customer's file. If the financial institution customer refuses to provide any information when requested, Grand Financial International Limited will consider not opening the account.

Grand Financial International Limited Employees still must conduct appropriate due diligence on such financial institutions pursuant to Grand Financial International Limited's "know your customer" policies. In all cases, the AML Officer shall document the steps taken in considering the account application and the reasons for approving/disapproving the account.

Additionally, under certain circumstances, Grand Financial International Limited may rely on a foreign financial institution for the performance of any CIP procedures set forth herein. Exhibit 8 of the Grand Financial International Limited Customer Identification Program - Anti-Money Laundering Policies and Procedures outlines inquiries which can be used to assess an entity's status as a foreign financial institution. Exhibits 6 and 7 are examples of notices Grand Financial International Limited may use to confirm the existence of a foreign financial institution's ongoing Anti-Money Laundering and Customer Identification Program ("AML-CIP").

Grand Financial International Limited currently accepts correspondent banking accounts. A Correspondent Account is defined as an account established for a foreign financial institution to receive deposits from, or to make payments or other disbursements on behalf of, the foreign financial institution or to handle other financial transactions related to such foreign financial institution. Before accepting any such correspondent banking accounts, Grand Financial International Limited implements the required due diligence program. Grand Financial International Limited's relationship with a correspondent banking account is relative to the status of the account. Thus, the relationship will be terminated upon the closing of the account. Additionally, Grand Financial

International Limited will perform periodic activity review of all correspondent financial institution accounts as set forth in Section (vii) (b) "Account Monitoring."

Further, Grand Financial International Limited shall perform risk based procedures and controls over Correspondent Accounts that will allow the firm to reasonably detect and report any known or suspected money laundering activity including:

- a. The nature of the foreign financial institution's business and the markets it serves;
- b. The type, purpose and anticipated activity of the correspondent account;
- c. The nature and duration of the firm's relationship with the foreign financial institution;
- d. The anti-money laundering and supervisory regime in which the foreign financial institution is chartered or licensed
- e. Information known or reasonably available to the firm about the foreign financial institution's anti-money laundering record.

***(x) Information Sharing***

Should any Employee receive a request or subpoena from any financial institution, government agency, self regulatory authority, or law enforcement agency to provide information regarding a past, current or prospective Grand Financial International Limited customer, such request must be forwarded to the Legal and Compliance Department immediately. Additionally, Grand Financial International Limited will fully cooperate with all applicable regulatory, self-regulatory, governmental and law enforcement authorities (the "Authorities") with respect to Grand Financial International Limited's compliance with anti-money laundering laws and regulations. The AML Officer, Compliance Officer, or Legal Counsel shall act as the primary Grand Financial International Limited contact in any matters dealing with the Authorities. Similarly, any person who has been subpoenaed or otherwise requested to disclose a SAR or the information contained in a SAR must decline to produce the SAR and must notify the AML Officer.

Only the Compliance or Legal Departments are authorized to disclose information regarding customer accounts to third parties outside of Grand Financial International Limited. Grand Financial International Limited shall respond timely to all requests from appropriate authorities for information related to anti-money laundering compliance or any customer account. The AML Officer/Compliance

or Legal Department shall make available to such agency information and account documentation for any account opened, maintained, administered or managed by Grand Financial International Limited. Moreover, Grand Financial International Limited shall effect any action requested by the Authorities, including, but not limited to, the termination of an account or the monitoring of activities in an account. Prior to complying with any request for SAR supporting documentation, Grand Financial International Limited will verify the authenticity of the authority requesting the release of such information. Verification of the request will be obtained by contacting the regulatory agency whom requested the information. The Compliance or Legal Departments shall obtain a written request from any law enforcement agency which requests the firm to keep an account open with suspicious activity. Grand Financial International Limited will maintain a copy of the official request for a period of five years after the request has expired. Finally, Grand Financial International Limited will close a Correspondent Account within ten (10) business days of receiving written notice that the foreign bank failed either to comply with a summons or subpoena or to contest it in court.

***(xi) Confidentiality***

All information reported by any employee regarding a suspicious activity will be held in the strictest confidence by Grand Financial International Limited and not disclosed to any customer. All Suspicious Activity Reports are confidential. Furthermore, it is a violation to disclose to the customer involved, or any third party outside of Grand Financial International Limited (other than law enforcement agencies or regulators), that Grand Financial International Limited has filed a Suspicious Activity Report.

***(xii) Audit of Grand Financial International Limited's AML Policies and Procedures***

An annual audit may be conducted by qualified Firm personnel not otherwise responsible for anti-money laundering compliance or by an outside auditor to evaluate and review the efficacy of Grand Financial International Limited's policies and procedures. The review shall include, without limitation, an assessment of:

- Any changes in applicable laws and regulations;
- The Firm's due diligence procedures; and
- A survey of changes in high-risk foreign jurisdictions.

The Grand Financial International Limited AML Officer/Compliance Department shall address and correct any deficiencies found as a result of such audits and record any remedial measures taken. Audit results shall be available to the Compliance Officer or a Principal of Grand Financial International Limited upon request

## **EXHIBIT 1 – HIGH RISK BUSINESS**

Several "high risk" businesses that "could potentially be a source of money laundering." They are:

- Casinos;
- Leather-goods stores;
- Car, boat and airplane dealerships;
- Used car or truck dealers and machine parts manufacturers;
- Travel agencies;
- Jewel, gem and precious metal dealers;
- Import/export companies;
- Cash-intensive businesses such as restaurants, retail stores and parking garages; and
- Telemarketers.

## **EXHIBIT 2 – HIGH RISK JURISDICTIONS**

The following list (current as of February 9, 2012)\* of non-cooperative countries and territories, as determined by the Financial Action Task Force, is as follows:

Grand Financial International Limited

Suite 305, Griffith Corporate Centre, P.O. BOX 1510,  
Beachmont, Kingstown. St Vincent and the  
Grenadines.

1. Iran\*\*
2. Democratic People's Republic of Korea (DPRK)\*\*
3. Cuba\*\*\*
4. Bolivia
5. Ethiopia
6. Ghana
7. Indonesia
8. Kenya
9. Myanmar
10. Nigeria
11. Pakistan
12. São Tomé and Príncipe
13. Sri Lanka
14. Syria
15. Tanzania
16. Thailand
- Turkey

**For the most current list of Non-Cooperative Countries and Territories (NCCT), please refer to:**

[http://www.fatf-gafi.org/document/18/0,3746,en\\_32250379\\_32236992\\_49694738\\_1\\_1\\_1\\_1,00.html](http://www.fatf-gafi.org/document/18/0,3746,en_32250379_32236992_49694738_1_1_1_1,00.html)

\* Verified on April 11, 2012

\*\*The FATF has previously issued Public Statements calling for counter-measures on Iran and DPRK. Those Statements are updated below.

\*\*\*Cuba has not engaged with the FATF in the process.

Note: The list of high-risk jurisdictions is amended periodically.

### EXHIBIT 3 – MEMBER COUNTRIES OF THE FINANCIAL ACTION TASK FORCE

The following jurisdictions as determined by the Financial Action Task Force, are currently considered to have sufficient anti-money laundering regulations and enforcement:

1. Argentina
2. Australia
3. Austria
4. Belgium
5. Brazil
6. Canada
7. China
8. Denmark
9. European Commission
10. Finland
11. France
12. Germany
13. Greece
14. Gulf Co-operation Council
15. Hong Kong, China
16. Iceland
17. India
18. Ireland
19. Italy
20. Japan

21. Kingdom of the Netherlands\*
22. Luxembourg
23. Mexico
24. New Zealand
25. Norway
26. Portugal
27. Republic of Korea
28. Russian Federation
29. Singapore
30. South Africa
31. Spain
32. Sweden
33. Switzerland
34. Turkey
35. United Kingdom
36. United States

Note: The list of member countries is amended periodically.

**For the most current list of Financial Action Task Force (FATF), please refer to**  
[http://www.fatf-gafi.org/pages/0,3417,en\\_32250379\\_32236869\\_1\\_1\\_1\\_1\\_1,00.html](http://www.fatf-gafi.org/pages/0,3417,en_32250379_32236869_1_1_1_1_1,00.html)

*\* the Kingdom of the Netherlands: the Netherlands, Aruba, Curaçao and Saint Maarten*

#### EXHIBIT 4 – OFFICE OF FOREIGN ASSETS CONTROL – SANCTIONED REGIMES

The Office of Foreign Assets Control ("OFAC") of the U.S. Department of the Treasury administers and enforces economic and trade sanctions against targeted foreign countries, terrorism sponsoring organizations and international narcotics traffickers based on U.S. foreign policy and national security goals. OFAC has imposed sanctions upon the following regimes (current as of April 10, 2012):

- Balkans
- Belarus
- Burma (Myanmar)
- Cote d'Ivoire (Ivory Coast)
- Cuba
- Democratic Republic of the Congo
- Iran
- Iraq
- Former Liberian Regime of Charles Taylor
- Lebanon
- Libya
- North Korea
- Somalia
  
- Sudan
- Syria
- Zimbabwe

Note: The list of Sanctioned Regimes is amended periodically.



For the most current list of Sanctioned Regimes, please refer to:

<http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>

## EXHIBIT 5 – SECTION 311 – SPECIAL MEASURES

Special Measures for Jurisdictions, Financial Institutions, or International Transactions of Primary Money Laundering Concern

Rulemaking Listed in Alphabetical Order as of February 10, 2011

1. Asia Wealth Bank
2. Banco Delta Asia
3. Burma
4. Commercial Bank of Syria (includes Syrian Lebanese Commercial Bank)
5. First Merchant Bank OSH Ltd.
6. First Merchant Finance Ltd.
7. First Merchant International Inc.
8. First Merchant Trust Ltd.
9. FMB Finance Ltd.
10. Infobank (Includes Belmetalnergo); renamed Trustbank\*
11. Lebanese Canadian Bank SAL
12. Multibanka
13. Myanmar Mayflower Bank
14. Nauru
15. Ukraine
16. VEF Banka

For the most current rulemaking list please visit: [http://www.fincen.gov/reg\\_section311.html](http://www.fincen.gov/reg_section311.html)

\* Please see FIN-2006-G002

## EXHIBIT 6 – ANTI-MONEY LAUNDERING QUESTIONNAIRE

|   |
|---|
| <b>Financial Institution Name:</b>          |
| <b>Name of Principal Regulator:</b>         |
| <b>License or Regulatory Identification</b> |
| <b>Number:</b>                              |
| <b>Date of Registration:</b>                |
| <b>Name of Compliance Contact:</b>          |
| <b>Email/Phone Information for</b>          |
| <b>Compliance Contact:</b>                  |

If you answer "no" to any question, additional information regarding your answer should be supplied at the end of this questionnaire. If the firm is exempt from performing the function based on local law please note this in the comment section.

### I. General AML Policies, Practices, and Procedures: Yes or No

1. Is the AML compliance program approved by the financial institutions board or a senior committee in accordance with applicable local law?

2. Does the financial institution have a legal and regulatory compliance program that includes a designated officer or a group of other individuals that are responsible for coordinating and overseeing the AML framework? (If yes please provide the contact name and phone number/email address in the comment section below.)
3. Has the financial institution developed written policies documenting the processes that they have in place to prevent, detect and report suspicious transactions?
4. In addition to inspections by the government supervisors/regulators, does the financial institution have an internal audit function or other independent third party that assesses AML policies and practices on a regular basis in accordance with applicable local law?
5. Does the financial institution have a policy prohibiting accounts/relationships with shell banks? (A shell bank is defined as a bank incorporated in a jurisdiction in which it has no physical presence and which is unaffiliated with a regulated financial group.)
6. Does the financial institution have policies covering relationships with Politically Exposed Persons (PEP's, their family and close associates)?
7. Does the financial institution have record retention procedures that comply with applicable law?
8. Are the financial institution's AML policies and practices being applied to all branches and subsidiaries of the financial institution both in the home country and in locations outside of that jurisdiction?
9. Does the financial institution certify to Grand Financial International Limited (and will re-certify on annual basis) that it has implemented and is performing the specified requirements of its AML-CIP?
10. If requested, your firm will permit Grand Financial International Limited to inspect the books and records of our firm related to determine compliance with its AML-CIP.

**II. Risk Assessment: Yes or No**

11. Does the financial institution have a risk-based assessment of its customer base and their transactions?
12. Does the financial institution determine the appropriate level of enhanced due diligence necessary for those categories of customers and transactions that the financial institution has reason to believe pose a heightened risk of illicit activities at or through the financial institution?

**III. Know our Customer, Due Diligence and Enhanced Due Diligence: Yes or No**

13. Has the financial institution implemented processes for the identification of those customers on whose behalf it maintains or operates accounts or conducts transactions?
14. Does the financial institution have a policy that prohibits customers from maintaining anonymous accounts (i.e. numbered accounts for which the financial institution does not know the owner)?
15. Does the financial institution have a requirement to collect information regarding its customers' (including non-natural persons) business activities?
16. Where the financial institution accepts other financial institutions as customers does your institution collect information and assess its financial institution customers' AML policies or practices? (The term Financial Institution applies to but is not limited to a bank, investment company, mortgage broker, insurance company, a licensed sender of money or any other person who engages as a business in the transmission of funds.)

17. Does the financial institution have procedures to establish a record for each customer noting their respective identification documents and Know Your Customer Information collected at account opening in compliance with applicable local law?

18. Does the financial institution take steps to understand the normal and expected transactions of its customers based on its risk assessment of its customers?

**IV. Reportable Transactions and Prevention and Detection of Transactions with Illegally Obtained Funds: Yes or No**

19. Does the financial institution have policies or practices for the identification and reporting of transactions that are required to be reported to the authorities including the identification of transactions structured to avoid large cash reporting requirements?

20. Does the financial institution screen transactions for customers or transactions deemed to be of significantly high risk (which may include persons, entities or countries that are contained on lists issued by government/international bodies) that special attention to such customers or transactions is necessary prior to completing any such transactions?

21. Does the financial institution have policies to reasonably ensure that they will not conduct transactions with or on behalf of shell banks through any of its accounts or products? (A shell bank is defined as a bank incorporated in a jurisdiction in which it has no physical presence and which is unaffiliated with a regulated financial group.)

22. Does the financial institution have policies to reasonably ensure that it only operates with correspondent banks that possess licenses to operate in their countries of origin?

**V. AML Training: Yes or No**

23. Does the financial institution provide AML training and retain records of its training sessions to relevant employees that include identification and reporting of transactions that must be reported to government authorities, examples of different forms of money laundering involving the financial institution's products and services and internal policies to prevent money laundering?

24. Does the financial institution have policies to communicate new AML related laws or changes to existing AML related policies or practices to relevant employees?

25. Does the financial institution employ agents to carry out some of the functions of the financial institution and if so does the financial institution provide AML training to relevant agents that includes identification and reporting of transactions that must be reported to government authorities, examples of different forms of money laundering involving the financial institution's products and services and internal policies to prevent money laundering?

**Please provide further explanations and the reasons for any 'No' responses in the comment section below. If the firm is exempt from performing any of the functions above based on local law please include this in your response.**

---

|            |
|------------|
| Signature: |
| Name:      |
| Title:     |
| Date:      |

Individual Name  
 Address 1  
 Address 2  
 State  
 Country

Dear [INSERT CLIENT NAME]:

Grand Financial International Limited ("Grand Financial International Limited") is conducting an internal review of its Anti-Money Laundering-Customer Identification Program ("AML-CIP"). Under relevant regulations and in accordance with specific provisions of Grand Financial International Limited's AML-CIP, Grand Financial International Limited may rely on another financial institution's customer identification program under certain circumstances.

As per the White Label agreement, "Grand Financial International Limited will adopt and implement Grand Financial International Limited's Customer Identification Program (CIP) - Anti-Money Laundering (AML) Policy, receipt of which is hereby acknowledged by Grand Financial International Limited and as may be changed or amended from time to time. Furthermore, Grand Financial International Limited certifies and agrees that it will act in accordance with and comply with the International Money laundering Abatement and Anti-Terrorist Financing Act of 2001.

Presently, we require that you provide us with a written certification containing the following substantive points:

- I. Your firm maintains an anti-money laundering - client identification program (AML-CIP); and
3. Your firm will certify to Grand Financial International Limited on annual basis that it has implemented its anti-money laundering procedures and is performing the specified requirements of its client identification program.

Please respond in writing directly to the attention of the Grand Financial International Limited Compliance department. If you have any questions about this requirement, do not hesitate to contact us at [Insert Phone Number] or e-mail at [compliance@grandbrokers.com.com](mailto:compliance@grandbrokers.com.com).

Sincerely,  
 Grand Financial International Limited Compliance Department

Grand Financial International Limited

Suite 305, Griffith Corporate Centre, P.O. BOX 1510,  
 Beachmont, Kingstown. St Vincent and the  
 Grenadines.

**EXHIBIT 7 – ANTI-MONEY LAUNDERING QUESTIONNAIRE**

Dear [Insert Entity/Contact Name 1

Thank you for your interest in opening an account at Grand Financial International Limited. Under relevant regulations and in accordance with specific provisions of Grand Financial International Limited's Anti-Money Laundering and Client Identification Program ("AML-CIP"), Grand Financial International Limited may rely on another financial institution's AML-CIP under certain circumstances.

Presently, we require that you provide us with a written certification containing the following substantive points:

1. Your firm maintains an AML-CIP;
2. Your firm is subject to rules and/or regulations requiring the establishment of an AML-CIP and is regulated by a government financial regulatory authority;
3. Your firm certifies to Grand Financial International Limited (and will re-certify on an annual basis) that it has implemented and is performing the specified requirements of its AML-CIP;
4. Your firm is subject to the jurisdiction of your local regulator;
5. If requested, your firm will permit Grand Financial International Limited to inspect the books and records of your firm related to compliance with its AML-CIP.

Please respond in writing directly to the attention of the Grand Financial International Limited Compliance department. If you have any questions about this requirement, do not hesitate to contact us at [Insert Phone] or via email at [compliance@grandbrokers.com](mailto:compliance@grandbrokers.com).

Sincerely,  
Grand Financial International Limited Compliance Department

**EXHIBIT 8**

Determination must be made as to whether a foreign person would be required to register in the United States as a broker-dealer, futures commission merchant, or mutual fund, thereby qualifying as a "foreign financial institution" under the correspondent account rule.

Grand Financial International Limited may determine whether a foreign entity qualifies as a broker-dealer from the responses to such questions as: (1) whether it is a member of a securities exchange, other organized securities markets, or a clearinghouse for securities in the jurisdictions in which it operates; (2) whether it underwrites securities or otherwise helps bring new issues to market; (3) whether it formally acts as a market maker on an exchange, trading system, or otherwise; (4) whether it holds itself out as promoting liquidity to the market or otherwise is looked to as a source of liquidity to market professionals or the public; (5) whether it provides services to investors, such as handling money and securities, extending credit, lending securities, or giving investment advice; (6) whether it advertises or otherwise lets others know that it is in the business of buying and selling securities; or (7) whether it manages accounts for customers or clients solely as a fiduciary.

To determine whether a foreign entity would be a futures commission merchant if located in the United States can be determined from the responses to questions regarding: (1) whether it solicits or accepts orders to purchase or sell futures or commodity option contracts in the jurisdictions in which it operates; and (2) whether it accepts any money, securities, or other property to margin, guarantee, or secure solicited or accepted trades or contracts.

Grand Financial International Limited

Suite 305, Griffith Corporate Centre, P.O. BOX 1510,  
Beachmont, Kingstown. St Vincent and the  
Grenadines.