CLIENT ACCEPTANCE AND ONBOARDING PROCEDURE

VG MARKETS LIMITED

Customer identification, verification, screening, risk assessment and acceptance

September 2026

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PO Box 1212, Hamchako, Mutsamudu, Autonomous Island of Anjouan, Union of Comoros

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DOCUMENT CONTROL

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RELATIONSHIP TO OTHER DOCUMENTS

This Procedure gives operational effect to Sections 5 to 11 of the **AML/CFT Policy and Manual** (VGM-KM-POL-001). Risk factors, weightings and scoring are governed by the **Client Risk Assessment Policy and Methodology** (VGM-KM-POL-002); this Procedure does not restate them and must not be read as establishing a separate methodology.

> *"Customer" and "Client" are used interchangeably in this Procedure. Both mean a Client as defined in the Client Agreement, together with any prospective client and, where the context requires, any beneficial owner, authorised person or controlling person connected with that client.*

1. PURPOSE

VG Markets Limited is committed to maintaining effective customer onboarding and acceptance controls designed to prevent the misuse of its products and services for money laundering, terrorist financing, sanctions evasion, fraud, corruption, market abuse, or other financial crime. The Company recognises that robust customer due diligence forms the foundation of an effective AML/CFT framework and assists in protecting the Company, its customers, and the integrity of the financial system.

This Procedure establishes the minimum requirements for customer identification, verification, screening, risk assessment, acceptance, approval, and ongoing due diligence. It also outlines the circumstances under which customers may be accepted, restricted, escalated, or rejected.

The objective of this Procedure is to ensure that VG Markets Limited establishes business relationships only with customers whose identity, beneficial ownership, source of funds, source of wealth (where applicable), and intended activities can be reasonably verified and understood.

2. SCOPE

This Procedure applies to all prospective and existing customers seeking to establish or maintain a business relationship with VG Markets Limited.

The requirements contained in this Procedure apply equally to:

- Individual customers;
- Corporate entities;
- Partnerships;
- Trusts;
- Foundations;
- Introducing Brokers;
- Affiliates;
- Professional clients; and
- Institutional clients.

All employees, directors, officers, contractors, and outsourced service providers involved in the onboarding process must comply with this Procedure.

Failure to comply with this Procedure may expose the Company to regulatory, financial, operational, and reputational risks and may result in disciplinary action.

3. ROLES AND RESPONSIBILITIES

The effectiveness of the onboarding process depends upon clearly defined responsibilities and appropriate segregation of duties. Customer onboarding activities must be performed in a manner that ensures independent review, escalation, and approval of higher-risk customers.

KYC Officer

The KYC Officer is responsible for conducting initial onboarding activities and ensuring that all required documentation is obtained before the customer is considered for approval.

Responsibilities include:

- Collecting onboarding documentation;
- Verifying customer identity;
- Reviewing supporting documentation;
- Conducting initial screening;
- Completing the Customer Risk Assessment;
- Escalating exceptions and high-risk matters.

The KYC Officer shall not approve customer relationships beyond their delegated authority.

Compliance Officer

The Compliance Officer is responsible for ensuring that onboarding activities are conducted in accordance with regulatory requirements and internal policies.

Responsibilities include:

- Reviewing medium-risk customer applications;
- Performing quality assurance reviews;
- Assessing onboarding exceptions;
- Monitoring onboarding effectiveness;
- Providing guidance to onboarding personnel.

Money Laundering Reporting Officer (MLRO)

The MLRO is responsible for oversight of AML/CFT controls and approval of higher-risk customer relationships.

Responsibilities include:

- Reviewing High-Risk customer applications;

- Approving Enhanced Due Diligence outcomes;
- Reviewing adverse media findings;
- Reviewing sanctions escalations;
- Approving or rejecting High-Risk customer relationships.

Board of Directors

The Board retains ultimate responsibility for the Company's AML/CFT framework and shall oversee the effectiveness of customer onboarding controls.

The Board shall:

- Approve this Procedure;
- Review material AML/CFT risks;
- Approve the Company's risk appetite;
- Receive reports from the MLRO.

4. CUSTOMER ACCEPTANCE PRINCIPLES

VG Markets Limited adopts a risk-based approach to customer acceptance. The Company recognises that not all customers present the same level of financial crime risk and therefore applies onboarding measures that are proportionate to the risks presented.

The Company shall only establish a business relationship where it has obtained sufficient information to:

- Verify the customer's identity;
- Understand the ownership and control structure;
- Assess the source of funds;
- Assess the source of wealth where appropriate;
- Determine the purpose of the relationship;
- Assess customer risk.

Where the Company is unable to obtain sufficient information to satisfy these requirements, the relationship shall not proceed.

Customer acceptance decisions must always be based upon documented evidence rather than assumptions or unsupported explanations provided by the customer.

5. CUSTOMER ACCEPTANCE PROCESS

The onboarding process is designed to ensure that all prospective customers are appropriately identified, verified, screened, assessed, and approved before being granted access to the Company's products and services.

Customer onboarding shall follow a structured process consisting of:

1. Application submission;
2. Identity verification;
3. Screening;
4. Risk assessment;
5. Approval;
6. Account activation.

No customer may be permitted to fund or trade on an account until all onboarding requirements have been completed.

Step 1 – Account Application

Prospective customers must complete the Company's onboarding application and provide all information requested.

The purpose of the application process is to collect sufficient information to establish the customer's identity, assess the nature of the intended relationship, and determine whether the customer falls within the Company's risk appetite.

Information collected shall include, where applicable:

- Full legal name;
- Date of birth;
- Residential address;
- Nationality;
- Tax residency;
- Occupation;
- Employment status;
- Financial profile;
- Trading experience;
- Intended funding sources.

Applications containing incomplete, inconsistent, or suspicious information shall be referred to Compliance for review before onboarding progresses.

Step 2 – Identity Verification

Identity verification is a fundamental component of customer due diligence and is intended to provide reasonable assurance that the customer is who they claim to be.

The Company shall verify customer identity using reliable and independent documentation.

For individual customers, acceptable identification documents may include:

- Passport;
- National Identity Card;
- Driver's Licence.

The Company shall verify:

- Full legal name;
- Date of birth;
- Photograph;
- Document validity;
- Document authenticity.

Identity documents that appear altered, expired, damaged, incomplete, or otherwise unreliable shall not be accepted.

Proof of Address Verification

The Company shall verify the customer's residential address using reliable documentation issued by an independent source.

Acceptable proof of address documents may include:

- Utility bills;
- Bank statements;
- Government correspondence;
- Tax notices.

Unless otherwise approved by Compliance, proof of address documents must have been issued within the previous three months.

The address provided during onboarding must be consistent with the information contained within the supporting documentation.

6. CORPORATE CLIENT ONBOARDING

Corporate customers present additional money laundering, terrorist financing, sanctions, and beneficial ownership risks due to the potential complexity of ownership and control structures. Accordingly, VG Markets Limited shall conduct enhanced verification procedures to ensure that the legal existence, ownership, management, and control of all corporate customers are properly understood prior to account approval.

The Company shall obtain sufficient information to verify the identity of the legal entity, identify all directors and authorised signatories, and determine the natural persons who ultimately own or control the entity. Where ownership structures are layered, involve multiple jurisdictions, nominee arrangements, trusts, or foundations, additional due diligence may be required.

At a minimum, the following documents shall be obtained:

- Certificate of Incorporation;
- Memorandum and Articles of Association or equivalent constitutional documents;
- Register of Directors;
- Register of Shareholders;
- Corporate Structure Chart;
- Proof of Registered Office Address;
- Identification documents for directors;
- Identification documents for Ultimate Beneficial Owners (UBOs).

The Company shall identify and verify all individuals who directly or indirectly own 25% or more of the customer. Where no individual meets this threshold, the Company shall identify and verify the individual(s) exercising ultimate effective control over the entity.

No corporate account shall be activated until ownership and control have been reasonably established.

7. SANCTIONS SCREENING

Sanctions screening is a critical control designed to prevent the Company from facilitating transactions involving sanctioned individuals, entities, jurisdictions, vessels, or organisations. Effective sanctions screening protects the Company from regulatory breaches, financial penalties, reputational damage, and potential criminal liability.

Prior to onboarding, all customers and relevant associated parties shall be screened against applicable sanctions databases.

Screening shall include:

- Customer;
- Directors;
- Beneficial Owners;
- Authorised Representatives;
- Trustees;
- Settlors;
- Protectors;
- Controlling Persons.

The Company shall screen against, at a minimum:

- United Nations Sanctions Lists;
- OFAC Sanctions Lists;
- United Kingdom Sanctions Lists;
- European Union Sanctions Lists;
- Internal Watchlists.

Potential sanctions matches shall be investigated by Compliance before any onboarding decision is made. A confirmed sanctions match shall result in immediate rejection of the application and escalation to the MLRO.

No account may be approved prior to completion of sanctions screening.

8. PEP SCREENING

Politically Exposed Persons (PEPs) may present elevated risks due to their positions of influence and potential exposure to bribery, corruption, embezzlement, or abuse of public office. The Company therefore applies enhanced scrutiny to all PEP relationships.

All customers and beneficial owners shall be screened to determine whether they are:

- Domestic PEPs;
- Foreign PEPs;
- International Organisation PEPs;
- Family Members of PEPs;
- Close Associates of PEPs.

The identification of PEP status does not automatically prohibit onboarding. However, such relationships shall be subject to Enhanced Due Diligence and senior management approval.

The Company shall assess:

- Nature of the political exposure;
- Country involved;
- Source of wealth;
- Source of funds;
- Adverse media findings;
- Expected account activity.

All PEP relationships shall be reviewed annually at a minimum.

9. CUSTOMER RISK ASSESSMENT

Customer risk assessment forms the foundation of the Company's risk-based AML/CFT framework. The purpose of the assessment is to identify the level of financial crime risk associated with a customer and determine the level of due diligence and monitoring required throughout the business relationship.

A Customer Risk Assessment must be completed for every customer prior to onboarding.

The assessment shall consider the five weighted risk factors established by the Client Risk Assessment Policy and Methodology:

Weighted risk factor	Weight
Geographic risk	30%
Customer profile risk	20%
PEP, sanctions and financial crime exposure	20%
Source of funds and source of wealth risk	15%
Product and transaction risk	15%

Adverse media findings, complex or opaque ownership structures and connections to prohibited jurisdictions are not separately weighted. They operate as **overrides** that classify a customer as High Risk, or as Prohibited, irrespective of the calculated score, in accordance with the Client Risk Assessment Policy and Methodology.

- Adverse Media Risk.

Upon completion, customers shall be classified as:

- Low Risk;
- Medium Risk;
- High Risk; or
- Prohibited.

Risk ratings shall determine:

- Approval authority;
- Level of due diligence;
- Monitoring requirements;
- Review frequency.

Risk assessments must be documented and retained on file.

10. SOURCE OF FUNDS ASSESSMENT

The Company shall obtain information regarding the origin of funds used to fund the customer's account. Understanding source of funds assists in determining whether funding activity is consistent with the customer's profile and expected financial circumstances.

All customers shall provide a declaration regarding the primary source of funds intended to be used for trading activities.

Examples include:

- Employment income;
- Business income;
- Investment income;
- Property sale proceeds;
- Inheritance;
- Savings.

Where funding activity appears inconsistent with the customer's declared profile, additional documentation shall be requested before further activity is permitted.

The Company reserves the right to reject funding sources that cannot be reasonably verified or explained.

11. SOURCE OF WEALTH ASSESSMENT

Source of wealth refers to the origin of the customer's overall accumulated wealth rather than the specific funds used to fund an account. Understanding source of wealth assists the Company in determining whether the customer's financial position is consistent with known lawful activities.

Source of wealth assessments shall be conducted for:

- High-Risk customers;
- PEPs;
- High-value customers;
- Customers subject to Enhanced Due Diligence.

Acceptable evidence may include:

- Tax returns;

- Audited financial statements;
- Employment records;
- Property sale agreements;
- Investment portfolio statements;
- Probate documentation.

The Company shall take reasonable steps to verify that a customer's stated wealth is plausible and supported by documentary evidence.

12. ENHANCED DUE DILIGENCE

Enhanced Due Diligence ("EDD") is applied where a customer presents a heightened risk of money laundering, terrorist financing, sanctions exposure, fraud, corruption, or reputational harm.

EDD provides additional assurance that higher-risk customers are appropriately understood and managed before the relationship is established.

EDD shall be conducted where:

- Customer is classified as High Risk;
- Customer is a PEP;
- Customer resides in a High-Risk jurisdiction;
- Adverse media is identified;
- Ownership structures are unusually complex;
- Significant anticipated transaction volumes exist.

EDD measures may include:

- Additional identity verification;
- Independent verification of source of wealth;
- Independent verification of source of funds;
- Adverse media investigations;
- Video verification;
- Senior management approval.

No High-Risk customer shall be approved without completion of EDD.

13. CUSTOMER ACCEPTANCE DECISION

Following completion of onboarding activities, the customer file shall be reviewed and an acceptance decision made.

Acceptance decisions must be supported by documented evidence and must be consistent with the Company's risk appetite and AML/CFT obligations.

Approval authorities are assigned according to risk level:

Risk Rating	Approval Authority
Low Risk	KYC Officer
Medium Risk	Compliance Officer
High Risk	MLRO
PEP	MLRO and Director

Approval decisions shall be documented and retained within the customer file.

14. CUSTOMER REJECTION POLICY

The Company recognises that certain customer relationships present risks that cannot be adequately mitigated and therefore fall outside the Company's risk appetite.

Applications shall be rejected where:

- Customer identity cannot be verified;
- Beneficial ownership cannot be established;
- Customer is subject to sanctions;
- Customer resides in a prohibited jurisdiction;
- Source of wealth cannot be reasonably verified;
- False or misleading information has been provided;
- Suspicious circumstances exist that cannot be satisfactorily resolved.

The Company reserves the right to decline any application where onboarding concerns remain unresolved.

Reasons for rejection shall be documented and retained.

15. ACCOUNT ACTIVATION

Account activation represents the final stage of the onboarding process and confirms that all required due diligence measures have been successfully completed.

Prior to activation, the responsible officer must confirm that:

- Identity verification is complete;
- Address verification is complete;
- Screening is complete;
- Risk assessment is complete;
- Required approvals are obtained;
- EDD has been completed where required.

Activation shall only occur after all mandatory onboarding controls have been satisfied.

16. ONGOING CUSTOMER DUE DILIGENCE

Customer due diligence is not a one-time event. The Company shall continuously monitor customer relationships to ensure that customer information remains accurate and that customer activity remains consistent with the Company's understanding of the customer.

Ongoing due diligence shall include:

- Transaction monitoring;
- Screening updates;
- Risk reassessments;
- KYC refreshes;
- Review of trigger events.

Customer information shall be updated whenever material changes occur.

17. ONBOARDING QUALITY ASSURANCE

The Company shall maintain an independent quality assurance process to assess the effectiveness of onboarding controls and ensure consistent application of this Procedure.

Compliance shall conduct periodic reviews of customer files to assess:

- Completeness of documentation;
- Accuracy of risk assessments;
- Screening effectiveness;
- EDD compliance;
- Approval compliance.

Deficiencies identified during reviews shall be documented, reported, and remediated within appropriate timeframes.

Results shall be reported to senior management and the MLRO.

18. RECORD KEEPING

The Company shall maintain accurate, complete, and readily retrievable records relating to customer onboarding and due diligence activities. Effective record keeping supports regulatory compliance, investigations, audits, and internal reviews.

Records maintained shall include:

- Customer applications;
- Identification documents;
- Verification records;
- Screening results;
- Risk assessments;
- EDD documentation;
- Approval records;
- Monitoring records;
- Correspondence relating to onboarding decisions.

Records shall be maintained in a secure manner and protected against unauthorised access, alteration, or destruction.

All onboarding records shall be retained for a minimum of seven (7) years following the termination of the customer relationship or for any longer period required by applicable law or regulatory direction.

Where a longer retention period is required by the Client Agreement, by another contractual undertaking given to a client, or by any applicable law, regulatory direction or legal hold, the longer period applies.

End of Client Acceptance and Onboarding Procedure