

Anti-Money Laundering (AML), Countering Financing of Terrorism (CTF) and Countering Proliferation Financing (CPF) Policy (including Know Your Customer (KYC))

Overview

Singapore has a very stringent AML/CTF/CPF regulatory framework including specific requirements relating to Precious Stones and Precious Metals Dealers (PSMDs).

Hotlotz is committed to conducting business in accordance with ethical standards and in compliance with applicable AML/CTF/CPF laws and regulations in Singapore, including:

- The Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act
- The Anti-Money Laundering and Other Matters Act
- The Terrorism (Suppression of Financing) Act
- The Precious Stones and Precious Metals (Prevention of Money Laundering, Terrorism Financing and Proliferation Financing) Act
- The Precious Stones and Precious Metals (Prevention of Money Laundering and Terrorism Financing) Regulation
- Any sanctions/terrorist designation requirements

As part of these requirements, customer and other identities may need to be KYC-ed in order to verify them.

This policy sets out the framework for detecting, preventing, and reporting relevant activities in the course of Hotlotz's business, using a business-risk and risk-based approach. This includes the fact that:

- Hotlotz operates a cashless business and does not accept or pay any form of currency or bank cheques or other cash equivalent means.
- Payments can only be accepted from the individual or organisation that is named as the winning bidder on the invoice and not a third party.
- Hotlotz can only make settlement payments to the individual or organisation that is named as the registered seller on the sales contract and not a third party.

This policy applies to Hotlotz (and Hotlotz affiliate) employees (who receive regular training on these topics), contractors and sub-contractors.

It also applies to all customers and counterparties engaging with Hotlotz, including buyers and sellers, and all transactions involving items facilitated by Hotlotz.

Customer due diligence

Customer due diligence may need to be conducted as follows:

- Prior to establishing a business relationship with a customer
- When there is suspicion of money laundering/terrorism financing/proliferation financing
- When there is doubt about the accuracy of previously obtained customer information

All bidders in auctions must register and may be held for approval by Hotlotz while customer due diligence is confirmed or carried out.

Information about customers and transactions is also shared by our white label platform providers, thesaleroom.com and liveauctioneers.com, aggregated from thousands of auction houses around the world who also use those platforms.

Any of the following information may be requested:

For Individuals:

- Full name
- Date of birth
- Nationality
- Identification document (NRIC, passport, or equivalent) with photograph
- Residential address
- Contact number/email
- Occupation and source of funds (when required)

For Entities:

- Company name and registration number
- Date of incorporation
- Place of incorporation
- Registered office and place of business address
- Phone/email
- Nature of business
- Proof of ongoing existence
- Constitution or equivalent
- Identity of senior management
- Details of directors and ultimate beneficial owners (UBOs)
- Identification documents of UBOs

Information may need to be verified using reliable, independent source documents.

Enhanced due diligence

Enhanced due diligence may need to be applied in higher-risk scenarios, such as:

- Politically Exposed Persons (PEPs)
- Transactions involving high-value or unusual items
- Customers from high-risk jurisdictions as identified by the G7's Financial Action Task Force
- Higher-risk businesses, activities, sectors or customers
- Non-face-to-face customers

Enhanced due diligence measures may include:

- Using technology equivalent to face-to-face measures
- Obtaining additional identification documents
- Corroborating source of wealth or funds
- Conducting background checks
- Enhanced ongoing monitoring
- Obtaining management/executive internal approval

Monitoring and records

Hotlotz may monitor customer transactions to ensure consistency with the customer's profile. We may scrutinize large or complex transactions with no apparent economic or lawful purpose. We may also review customer profiles and records on a periodic basis.

All customer due diligence records may be retained for at least 5 years after the end of the business relationship or completion of the transaction. Transaction records may need to be sufficient to permit reconstruction of individual transactions.

Reporting

All staff are required to report any suspicious transactions or customers promptly to the Compliance Officer.

The Compliance Officer is responsible for assessing the suspicion and, if necessary, filing a Suspicious Transaction Report (STR) with the Suspicious Transaction Reporting Office (STRO).

No customer will be informed (tipped off) about a STR filing.

Cash Transaction Reports (CTR) and semi-annual returns are also submitted as required.

Governance

Customer-facing employees are the first line of defence for identifying, assessing and controlling money laundering/terrorism financing/proliferation financing risks. The second line of defence includes support functions such as operations when they process transactions. The third line of defence is the internal compliance function.

The Hotlotz Managing Director is the designated Compliance Officer responsible for overseeing AML/CTF/CPF/KYC compliance.

Periodic internal audits are conducted to test the effectiveness of Hotlotz's policies and procedures.

The Hotlotz directors and senior management are responsible for ensuring resources and authority are provided to enforce this policy. They have set a clear risk appetite and ensure a compliance culture where financial crime is not acceptable.

Sanctions

Hotlotz screens customers and transactions against relevant sanctions/terrorist designation lists (including those kept by the Ministry of Home Affairs and Monetary Authority of Singapore).

The aim of which is to ensure that no business will be conducted with any person or entity on the sanctions lists or in violation of sanctions laws.