

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

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### **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 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.

It 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.

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## Customer due diligence

Customer due diligence must be conducted as follows:

- Prior to establishing a business relationship with a customer
- When the transaction value exceeds SGD 20,000
- When there is suspicion of money laundering/terrorism financing/proliferation financing, regardless of transaction value
- When there is doubt about the accuracy of previously obtained customer information

All bidders in auctions must register and are 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.

The following information must be obtained:

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 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

All information must be verified using reliable, independent source documents.

## Enhanced due diligence

Enhanced due diligence must 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
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## Monitoring and records

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

Hotlotz operates a cashless business and does not accept any form of currency or bank cheques. 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.

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

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## 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.

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## **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 Director of Finance 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.

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## **Sanctions**

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

No business will be conducted with any person or entity on the sanctions lists or in violation of sanctions laws.