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OPTIM Investments
Compliance Manual

Updated: 12 October 2020

CONTENTS

1. INTRODUCTION3

2. COMPLIANCE PROCEDURE.....4

3. BUSINESS AUTHORITY AND RECORD KEEPING19

Forward This Manual set out the control standards and procedures that are implemented in OPTIM Investments Limited (“Company” or the “Firm”), in relation to the Company’s compliance with applicable rules and regulations. The overall aim is to ensure adherence to the guidelines, policies and procedures for Compliance, making the Compliance culture an embedded element of the Company’s modus operandi.

1. INTRODUCTION

1.1 Background

OPTIM Investments Limited is regulated by the Mauritius Financial Services Commission (“FSC” or the “Commission”) under license number [.....] This license authorizes OPTIM Investments Limited to provide investment dealing services. The primary class of financial instrument that OPTIM Investments Limited provides services in is Contracts for Difference (“CFDs”) through online trading platforms focused on:

- a. **The Business to Consumer Segment (“B2C”)**, engaged in this respect in the reception, transmission and execution of client orders as well as in the execution of trades for own account or on a principal to principal basis as counterparty to its clients. Client orders are for the bigger part submitted via the Company’s online trading platform MetaTrader 5 (MT5) provided by [MetaQuotes Ltd](#);
- b. **The Business to Business Segment (“B2B”)**, engaged in this respect in being the counterparty of other brokers in their own trading of CFDs. OPTIM Investments Limited does not face and does not engage with the underlying clients of brokers that trade with it.

OPTIM INVESTMENT LIMITED has the sole and exclusive use of the domain www.optimfx.com worldwide.

1.2 The objective of this Manual/Procedure

This section cannot and does not attempt to explain all of the information that is relevant to our trading service. For this information please refer to all of the documents that form our Agreement with you.

Our Compliance Manual (hereinafter referred to as “Manual” or “Policy”) aims to set out the principles and standards for the Company, in order to meet its regulatory compliance obligations.

Specifically, the objective of the Compliance Manual is to provide the processes, procedures, internal requirements, systems, tools and other arrangements available, for the effective management of the Company’s compliance risk.

The Compliance Manual is not intended to fully describe the applicable rules, regulations and other legal requirements enforceable and neither should be construed as pertaining to do so.

The Compliance Manual should be read along with the Company policies, procedures, manuals and/or guidelines referred to in this policy

1.3 The scope and applicability of this Policy/Procedure

This document applies to all the Company's personnel and should be read in conjunction with other related policies. Where any provisions are in conflict, this document should take precedence. It is clarified that this document is not intended to cover all eventualities and all circumstances that may be encountered on a day to day basis. Where such circumstances arise, input from the relevant compliance personnel shall be provided as appropriate.

1.4 Policy Owners

The key regulatory requirements pertaining to the Compliance policies and practices that the Company should have in place emanate from:

Main Legislation of Mauritius:

- The Financial Intelligence and Anti-Money Laundering Act 2002 (FIAMLA)
- The Prevention of Corruption Act 2002
- The Prevention of Terrorism Act 2002

Secondary legislation

- FSC Code on the Prevention of Money Laundering and Terrorist Financing
- FSC Circular Letters and recommendations

1.5 The Compliance Function

The Company's Board of Directors retains overall responsibility for the appointment of all members of the Compliance Department.

2. COMPLIANCE PROCEDURE

2.1 Financial Services Commission ('FSC')

Financial Services Commission (FSC) is the independent public supervisory Authority responsible for the supervision of the investment services market, transactions in transferable securities carried out in Mauritius.

The Company's Board of Directors and Compliance/MLRO team retains responsibility for communication with FSC concerning the activities of the Firm. All written correspondence with the FSC is stored electronically in the Firm's compliance databases, in accordance with the respective year.

2.2 Regulatory Reporting Obligations

The Company, as a regulated investment services firm must prepare and submit reports to the FSC in accordance with the applicable laws.

The Company's Compliance Team keeps the Board of Directors, the management informed on the Company's reporting obligations. This is done through the preparation of a relevant email communication which is distributed at the beginning of every month and includes all the reporting obligations of the said month to be undertaken by relevant Company stakeholders.

All the relevant stakeholders are informed of the reporting obligation and ensure the preparation of the relevant material to be submitted.

The Compliance Team coordinates between the various stakeholders and ensures that all reporting obligations, are completed and communicated to the competent authority in a timely manner.

Each reporting obligation and general communication is saved under a designated folder in the Company's network for record keeping purposes.

2.3 Process for keeping up to date with regulatory developments

The Compliance Department is responsible for keeping up to date with any regulatory developments affecting the Company as well as informing/advising the Company's management accordingly. Furthermore, it ensures that all Company obligations shall be reviewed and met in a timely manner.

The monitoring of such regulatory developments is performed by subscribing to the relevant key websites, including but not limited to:

- a. FSC - <https://www.fscmauritius.org>
- b. ESMA - <https://www.esma.europa.eu/press-news/esma-news>
- c. AMF - http://www.amf-france.org/en_US/En-plus/Abonnements-et-flux-RSS
- d. Clifford Chance - <https://www.cliffordchance.com/rss.html>
- e. Moody's - <http://ir.moody.com/tools/rss-feeds/default.aspx>
- f. FATF - <http://www.fatf-gafi.org/about/>
- g. Internal Organization of Securities Commissions ("IOSCO") - <https://www.iosco.org/>

2.3.1 Any key regulatory announcement is distributed as soon as possible following its publication through e-mail to all the Company's management. Such communications include:

- a. The date of the announcement;
- b. A summary of the key regulatory announcement/changes;
- c. The relevant documentation;
- d. The impact to the Company;
- e. References to source of the announcement and the deadline for any required actions or for providing the said information;
- f. A summary of all distributed communication per year is recorded under one excel file located in the Compliances' shared folder (Compliance > Compliance Updates).

2.4 Safeguarding of client's funds and/or instruments

The Company maintains a policy on the safeguarding of its clients' assets. The scope of the said policy is to set out the organizational arrangements within OPTIM Investments Limited with respect to the safekeeping of clients' assets.

2.4.1 Clients' Assets that OPTIM Investments Limited holds and the concept of Clients' Equity

Given the nature of the services offered by OPTIM Investments Limited and the specific type of financial instruments that OPTIM Investments Limited engages in, the clients' assets that are held by OPTIM Investments Limited comprise solely of clients' funds. It is noted that the Company does not accept financial instruments for the purposes of funding of a client's trading account.

OPTIM Investments Limited does not engage and does not offer any settlement, clearing or custody in any type of financial instrument.

Given the fact that OPTIM Investments Limited's clients engage in CFDs trading, the following are applied:

At any moment in time, any client has in its trading account with OPTIM Investments Limited the following:

- i. Available funds, comprising :
 - Funds initially transferred by the client
 - Plus, or Minus realised trading profits or losses (from any closed positions)
- ii. Open Trades (on a marked to market basis, including margin transferred to secure such open trades)

OPTIM Investments Limited treats the balance of Items (i) and (ii) as Clients' Money (also referred to as clients' equity).

2.4.2 The Compliance Function's key responsibilities with respect to the Safeguarding of Clients' Money

The key responsibilities of the Compliance Function with respect to the safeguarding of Clients' Money include the following:

- a. Approval of the Policy. Monitoring and approving the updates to the Policy and its implementation;
- b. Regular meetings with the Company's management to discuss and evaluate issues arising.

- c. Perform periodic reviews in order to detect any risk of failure by the Company to comply with the Policy requirements.
- d. Cooperate with the Company's management and the Board of Directors for any enquiries and requests made by FSC or any other competent authority with respect to Clients' Assets and this Policy.

2.5 Marketing Communication

2.5.1 Marketing Communication - Principles

All information, including marketing communications, addressed by the Company to its clients and/or potential clients needs to be fair, clear and not misleading, accurate and not aggressive; marketing communications must be clearly identifiable as such.

Marketing communication refers to all information communicated by the Company, directly or indirectly, to the public (clients, potential clients, contractors etc.) and/or its members in connection with its professional offering or standing. The goal of the marketing communication is to attract attention from the people exposed to it.

Marketing communication includes any mean or form used to disseminate information to clients and/or potential clients; whether directly or indirectly. Practically, the main ways of communication with clients and/or potential clients is through emails, online advertising banners, online search engines, social media, affiliate marketing and in fewer cases the Company might have communication with clients in person and through seminars.

2.5.2 Marketing Communication – Preparation

The preparation of any external marketing communication is under the responsibility of the VP Marketing, who manages the Marketing Team.

The external marketing communication services are in-house.

The Compliance Team is in daily communication with the Marketing Team for any internal or external marketing communications.

2.5.3 Marketing Communication – Guidelines & Training

The Compliance Team has made available to the Marketing Team the "Marketing Guidelines", which are updated accordingly in respect to regulatory changes and/or changes in the Company's policies and procedures. The Marketing Guidelines assist the Marketing Team in the preparation of any marketing material.

The Marketing Guidelines include, amongst others, information regarding risk warnings, information regarding the wording to be used on the marketing material and specific social media guidelines.

The Compliance Team has prepared and ensured implementation of the 'Marketing Team Guidance' which serves the Marketing Team providing them with a general guidance on their daily operations. This set of guidelines provides some basic rules and conditions for the release of external and/or internal marketing communications before the actual compliance review. It is noted that every marketing communication released

under the Fast Track scheme is immediately communicated to the Compliance Team for post-review and record keeping.

The Marketing Team is also provided with reminders and on-site support by the Compliance Team in order to ensure that the Marketing Guidelines are complied with.

The Compliance Team provides on-site and on-line trainings to the Marketing Team on an annual basis, to ensure the principles and processes of the Company are properly followed and ensure compliance with the latest regulatory requirements.

2.5.4 Marketing Communication - Approval Process

The Company adheres to the highest professional standards in relation to the content of the marketing communication issued. Strict approval procedures are adopted by the Marketing Team and the Compliance Team in relation to the preparation and publication of marketing communication in accordance with the applicable laws.

The Marketing Team sends via email the proposed marketing communication request to the Compliance Team for review and approval.

Every email request from the Marketing Team is accompanied with the relevant level of urgency for review and a table with relevant information on the marketing communication.

The Compliance Team has established and implemented a level of urgency timeframe, to be used by the Marketing Team in their requests to the Compliance Team, and vice versa. The timeframe enables the Compliance Team to prioritize the request and support the Marketing Team in a timely manner. The timeframe is set out under Section C of the Marketing Guidance and can also be seen below:

According to the request, the name of the thread should begin with:	Review/approval/rectification should be provided:
Normal	Within 5 working days (Monday-Friday)
High	Within 2-3 working days (Monday-Friday)
Urgent	If a request is received in the morning, then the latest by end of the day. If a request is received in the afternoon, then the latest by end of the next working morning.
Immediately*	At this time.

A table of information is included in every marketing request. This table enables the Compliance Team to get a better understanding of the request at hand and apply any applicable regulations, in order to perform a complete review of the marketing communication.

The approval of the Compliance Team is a pre-requisite for the publication of any marketing communication.

During the approval process, the Compliance Team is paying special attention amongst others, to the information provided in order for it to be fair, clear, not misleading and not aggressive to the average investor and ensures that the appropriate risk warning(s) and disclaimer(s) are included, taking into account the Marketing Compliance Guidelines and

any applicable regulations.

The Compliance Team provides the Marketing Team with feedback, if deemed that amendments to the marketing communication are necessary.

The Marketing Team amends the marketing communication according to the feedback provided by the Compliance Team, the Marketing Guidelines and any applicable legal requirements.

Following the amendment, the updated marketing communication is sent through email to the Compliance Team confirming that all comments have been properly implemented.

Where the Compliance Team does not have any further comments as to the marketing communication and once they satisfy themselves that the material is in the highest professional standards, then an approval for the marketing communication is provided.

Where the Compliance Team identified that either the changes requested were not properly implemented or that there are additional changes that need to be made, the same shall be communicated to the relevant member of the Marketing Team for immediate implementation and the re-submission of the relevant marketing material for Compliance approval.

The approval of the marketing communication is always provided in a written form in the respective email thread along with the latest/approved version of the marketing communication attached.

Once the approval is provided by the Compliance Team, the Marketing Team can proceed with the publication of the marketing communication.

2.5.5 Marketing Communication – Record Keeping

The Compliance Team keeps all approved marketing communication in the Company's systems.

As soon as the marketing communication is approved, it is saved electronically in the Company's records alongside the email thread containing the approval given, in a folder under the name of the marketing communication indicating the date of the review.

All members of the Marketing Team and the Compliance Team have access to this folder and can view at any point the approved marketing communications.

A designated member of the Marketing Team, ensures that the shared folder online is constantly updated with the latest approved marketing communications, including the removal of any marketing communications which may become non-compliant for any reason.

2.6 New business and Products

2.6.1 Approval of new Business and products

The Company maintains a comprehensive approach to how the Company, as an investment dealer, acts in the best interests of its clients during all stages of the life-cycle of the products or services it offers.

The product governance framework of the Company essentially comprises of the following component elements that need to be addressed at all times with respect to all products:

a. Design and Governance

Includes the organizational and administrative measures to prevent conflicts of interest and ensuring the Board and the management have effective control over the product governance process. In addition, the Company needs to ensure its staff are adequately experienced and trained to manufacture the Firm's products.

b. Marketing and Promotion

The key principle is that all Marketing and Promotion communication to all clients and potential clients of the Firm must at all times be clear, fair, comprehensive, not misleading and not aggressive.

c. Sales and Advice Processes

The Company has an obligation to assess appropriateness of the products offered for each prospective client and to ensure that its sales process does not involve misleading practices and ensures accurate communication to the clients of the features and risks associated with the Firm's services and products.

d. Post Sales Handling

The Company's Board will review bi-annually performance of the Company's products versus its target markets, including whether it remains consistent with the needs, characteristics and objectives of the identified target market and whether the intended distribution strategy remains appropriate. It will also consider other matters such as complaints from clients on appropriateness and complexity of products, disclosure of information and performance of products versus client's expectation.

2.6.2 Process for Implementation of New Product

STEP 1:

Identification of new or upcoming product

STEP 2:

Analysis and completion of the two forms by the Business Sponsor / initiator– assistance from relevant departments where needed;

STEP 3:

Compliance approval and presentation to the Board indicating current status and measures required for full compliance

STEP 4:

Action plan agreed between the Compliance Department, the relevant departments and the Board

STEP 5:

Final implementation following Compliance approval

During all five stages, the Compliance Department shall conduct an on-going supervision.

2.6.3 Distribution Strategy and Product Assessment

Based on the characteristics of the underlying asset class/instrument the risk level and distribution strategy per product are defined in the below table.

The criteria for the assessment of the Products include, but are not limited to: Volatility, Market Capitalisation, Trading restrictions (e.g. non-shortable), Geographical Risk, Liquidity such as volumes and open interest and the Country specific risks.

2.6.4 The Role of Compliance Function on New business and products

The Compliance Function's key responsibilities include:

- i. Monitor the development of product governance arrangements;
- ii. Perform periodic reviews in order to detect any risk of failure by the Firm to comply with the product governance requirements;
- iii. Ensure the relevant staff possess the necessary expertise to understand the characteristics and risks of the products as well as the needs, characteristics and objectives of the identified target market;
- iv. Ensure risks are adequately disclosed to investors;
- v. Periodically review and update the product governance arrangements to ensure they remain robust and fit for their purpose and take appropriate actions where necessary;
- vi. Include in the Annual Compliance Report a review on product governance.

2.7 Best Execution

The Company endeavours to take sufficient steps to obtain, when executing orders, the best possible result for their clients taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.

The Firm verifies on an on-going basis that its execution arrangements work well through their different stages of the order execution process.

The Compliance department will monitor and assess the Company's compliance with the best execution practices, by performing regular reviews on each aspect of these requirements.

Such reviews include, but are not limited to:

- a. The Company's execution arrangements both with respect to its clients as well as the hedging arrangements;
- b. Any disclosures to clients with regards to their execution.

The findings of such reviews will be reported/escalated to the Board.

2.8 Conflicts of interest obligations

The Company maintains a comprehensive Conflicts of Interest policy. The policy clearly identifies and discloses a range of circumstances which may give rise to a conflict of interest and potentially but not necessarily be detrimental to the interests of one or more clients. Such a conflict of interest may arise if OPTIM Investments Limited or any person directly or indirectly employed, remunerated or controlled by OPTIM Investments Limited and its affiliates or a client, is likely to make a financial gain, or avoid a financial loss, at the expense of a client. The Policy therefore identifies and discloses a range of circumstances which may give rise to a conflict of interest as well as indicated the Company's approach to managing these conflicts.

The Compliance department shall keep and regularly update a record of the kinds of investment or ancillary service/activity in which a conflict of interest or risk of damage to the client's interest has arisen. In addition, senior Management should receive on a frequent basis (at least annually) written reports with identified and possible conflicts.

Circumstances of potential conflict of interest	Our approach to managing these (indicative actions)
<p>When a client enters into any order to Buy or Sell a Contract for Difference on our online trading platforms, the client trades with us as their counterparty. We are the Principal to each trade that the client enters.</p> <p>This means that:</p> <ul style="list-style-type: none"> • The client may only close each position he trades with us. • The client's positions are not transferable to any other regulated investment firm. This is a major difference to when clients trade for example in shares. In such cases, clients can move their holding in shares to be traded through another investment firm – broker. In CFDs, clients can only trade / close their position with the investment firm – broker they initially opened their position with. • If clients make profits on their trading, we lose. If the clients register losses on their trading, this means we profit. 	<ul style="list-style-type: none"> • We utilize the Best Execution process – a process by which OPTIM Investments Limited seeks to obtain the best possible result when executing client orders. • Prices quoted for CFDs are based on the published prices of underlying instruments on the regulated exchanges where such instruments are regularly traded or, with respect to Foreign Exchange, based on the aggregation of prices received from global investment banks and other liquidity providers • We disclose our Spreads and charges on our trading platform. • Our marketing communication is developed on the basis of being fair, clear and not misleading to clients and is issued following approval by the Compliance department.

<p>The settings of the trading platform may be at non symmetrical parameters. A key area relates to trading slippage. Slippage refers to the difference a client expects to pay for a trade and the actual price at which the trade is executed. Slippage occurs because there is a slight time delay between the client <u>entering the trade</u> and the time the broker receives the order. During this time delay, the <u>price</u> may have changed. Slippage can be much higher in fast-moving, <u>volatile</u> markets. It can either work in favor of or against the client. Conflicts may arise if the application of slippage parameters is not symmetrical. That is the broker enables a higher negative slippage for the client whilst limiting the client's potential profit in positive slippage.</p>	<ul style="list-style-type: none"> • All trading platform parameters are symmetrical. • With market execution, we apply a Slippage Limitation for each instrument on the platform. • A Slippage Limitation is an event, determined as a percentage of the underlying instrument's spread, under which the market order will be rejected. • If the difference of the price that a client requests and the current market price is within the Slippage Limitation, the client will always receive the market price. If the difference is more than the Slippage Limitation, the client order will be rejected. • Slippage Limitations always apply symmetrically.
<p>OPTIM Investments Limited, its employees, 3rd parties acting on behalf of or on the basis of specific agreements with OPTIM Investments Limited (such as service providers to whom we outsource some of our functions) may have an interest in maximizing trading volumes in order to increase dealing revenues or their variable remuneration pay. This may be inconsistent with the need for clients to trade prudently or for minimizing clients' transaction costs. OPTIM Investments Limited employees may also receive bonuses or other form of variable pay that links to the trading performance of clients.</p>	<ul style="list-style-type: none"> • Employees who receive any form of variable pay (including performance related pay) are subject to vesting periods with malus and claw back provisions. • Incidents of conflicts of interest or any other compliance breach lead to suspension of unvested rights and / or clawback of any awards and / or termination of employment. • Awards are structured so as to have regard to long term client satisfaction as opposed to short term Company gains, recognizing that our long-term success is premised on maintaining satisfied clients over the long term. • Any websites, affiliates or other online introducers do not have any role in our assessment of the clients' knowledge and experience for on-boarding purposes, such decision to on-board being at the entire discretion of OPTIM Investments Limited.

	<ul style="list-style-type: none"> Local registrations with regulatory authorities have to be adhered to by affiliates where appropriate.
<p>Employees or business associates may have a personal holding in a security of a company and where such employees or business associates are involved in executing clients' orders, and – in breach of internal policy – encourage or push the client to trade in such a security.</p>	<ul style="list-style-type: none"> Our Code of Conduct states clearly that we do not engage aggressive sales practices and stipulate the consequences for any breach of this requirement. We monitor client communications to ensure that our staff do not engage in any form of aggressive or unlawful sales practices. All employees are forbidden from trading on our account (or allowing their family members to do so) on the Company's platforms. Other indicative points as set out in the Code of Conduct extracts of which are set out above.

2.9 Personal Account Transactions

In an effort to adhere to high standards of ethical conduct, the Compliance Team has defined the 'Personal account' transactions rules which apply to all employees.

Personal transaction is defined as a trade in a financial instrument effected by or on behalf of a relevant person, where at least one of the following criteria are met:

1. The relevant person is acting outside the scope of the activities he carries out in his professional capacity.
2. The trade is carried out for the account of any of the following persons:
 - a. The relevant person.
 - b. Any person with whom he has a family relationship, or with who he has close links
 - c. A person in respect of whom the relevant person has a direct or indirect material interest in the outcome of the trade, other than obtaining a fee or commission for the execution of the trade.

Company employees are not allowed to maintain trading accounts with OPTIM Investments Limited unless it's for testing purposes. For trading accounts to third party companies, the Compliance Team should be notified using the form in APPENDIX A.

2.10 Customer Due Diligence and KYC

Every client has to provide proof of identity and proof of Address in order to be reviewed and considered by the Verification department. On an ad-hoc basis and depending on the

circumstances of the client, further documents might be requested in order to validate the client's information.

All Clients need to accept our terms and conditions and complete the required form. Client engagement will be subject to satisfactory completion of due diligence requirements.

The following operational procedures shall be adopted:

Process of Acceptance of New Clients

The process for accepting clients requires all clients to complete their Application Form and each account application should be accompanied by:

In case of individuals

List A - Proof of Address:

1. An Original Utility Bill.
2. A bank statement showing name and address. This should be dated from within the last three months or Credit card statement within the last three months.

List B – Proof of Identity:

1. Driver's License.
2. N.I.C Card.
3. Passport

We will accept photocopies of identity documents if they are duly certified by the relevant authority in client's jurisdiction. These documents could also be accepted if the original is shown at the time of submission.

In case of Company

List A - Proof of Address:

1. A notarized or certified copy of the rental agreement.
2. Company Bank Statement clearly showing the registered address
3. Utility bills of at least three months showing the registered office address.

List B – Proof of Identity:

1. Certificate of Incorporation
2. List of shareholders owning 10% (We may ask for their identity documents)
3. Confirmation on company's letterhead of the authorized traders/signatories.
4. Identity documents of the authorized trades/signatories

We would require all documents notarized or certified by the relevant authority. This is not a comprehensive list as we need to follow the procedures in the Compliance & Anti Money Laundering Manual.

Upon receipt of the completed Application form along with all the required documents, confirmation will be provided.

KYC and due diligence procedures shall be carried out in accordance with the existing Compliance & Anti Money Laundering Procedures Manual.

Low-risk clients who submitted a valid and approved POI can to deposit and trade, for a period of 14 days from the date of the first deposit is capped at USD\$12,500 (MUR500,000). The client is given 14 days to provide a valid POR. If a valid POR is not received within 14 days of the FD, the account is deactivated and any remaining funds in the account are sent back to the client.

For the full set of details please refer to the relevant section of the AML policy and the Verification department manual.

2.11 Internal suspicions reporting and MOKAS

Possible and exact World-Check matches are raised to the MLRO for additional consideration. Upon further examination of the case, circumstances, timelines, and severity of the WC profile, the MLRO decides if the case is subject to be raised to the attention of MOKAS. For each case, the MLRO is completing the internal suspicion report which contains all the details and it's permanently saved for record keeping.

Employees who are working in the 'first line of defense' department are reminded annually through dedicated AML training of their responsibility to remain vigilant and able to identify and raise red flags. The Internal suspicion report is hereby attached as Appendix C.

2.12 On-Going Monitoring

The compliance department is randomly checking the on-boarding circumstances of at least 50 random clients per quarter. During the check, the quality, validity and translations of KYC documents are checked thoroughly.

From an AML perspective, the Company has a system in place for ongoing monitoring of transactions. The system provides alerts upon triggering of a specific scenario. The alerts can be closed, suppressed, investigated as suspicious and reported as suspicious. A manual monitoring with AML focuses also takes place monthly where the compliance department is responsible for checking the Top 15 depositors of the previous month. During the check, Compliance Team breaks down at a granular level the deposit and withdrawal circumstances of the clients.

2.13 Ongoing due diligence

2.13.1 Risk Assessment

Under the FIAMLA, it is a requirement for the Company to identify, assess and monitor the money laundering and terrorism financing risk at the level of its customers, products/services provided, delivery channels, geographic locations and the third parties involved. This assessment has to be documented and updated and the reporting person must be able to make it available to the competent authorities without any delay.

2.13.2 Customer Due Diligence (CDD)

CDD measures are taken by the Company by means of independent information and reliable source documents, especially before opening accounts or establishing a business relationship with a customer; where a customer who is not an existing customer wishes to

carry out a transactions in an amount equal to or above USD\$12,500 (MUR500,000) or an equivalent amount in foreign currency; or where there is doubt in the previously obtained CDD documents or where there is a suspicion of money laundering or terrorism financing involving a customer. Once the overall deposit of a client trigger's the above limit, we approach them in order to gather more information about their source of funds and financial circumstances.

On-going due diligence effectively starts from the very beginning of the relationship with the client and takes place with two distinctly different methods.

All active and compliant clients are regularly checked through the Word-Check Sanction lists to ensure that none of our current clients have been highlighted by a saction list since the commencement of the business relationship. A member of the Verification department monitors the results of the daily monitoring and should they see a positive result,

In addition, we monitor clients throughout the business relationship with an AML mindset where we actively try to identify their source of funds. We refer to this internal moniroting as "AML Arrow". For the purpose of this monitoring, we have allocated deposit thresholds to the three client risk categories.

2.14 Complaints handling supervision

Compliance is directly involved in the investigation, communication and decision-making relating to clients' complaints.

Through its supervision, the Company is able to identify root causes of complaints and suggest improvements on the Company's policies, procedures and practices. In addition, Compliance advises with regards to relevant procedures and policies so that to identify and ensure that the Company establishes, implements and maintains effective and transparent procedures for the reasonable and prompt handling of complaints or grievances received from clients.

2.15 Key processes and procedures

a. Timeframes for Complaint Resolution

The timeframes set by the Company which are followed when handling complaints are in accordance with the below:

- Send an acknowledgement response within 48 hours, in case the online complaint form is used for the submission. In case of any other means of submission, acknowledgment of complaint may take up to 5 days.
- 7 business days since date of acknowledgement: handling the case with involvement of internal/external parties/resources and providing the client with the first response based on available investigation materials, requesting additional information for further investigation if needed.
- More than 16 days: if the case is not resolved within 16 days on the customer support department's end, it will be escalated to senior management for review and further handling.

- 21 days: official resolution within 21 days from receipt of full information regarding the complaint and within 2 months from the submission of the complaint (whichever is the earliest). If complaint is not resolved within 2 months from receipt, explanation should be sent to the client along with the reasons for the delay. Complaints must be resolved within maximum 3 months.

b. Complaint to the FSC

Clients who are not fully satisfied with Company's final decision, are given the option to refer their complaint to the competent authorities for further investigation. The contact details and relevant information regarding FSC's website are available to the Clients on OPTIM Investments Limited's website. This option is also offered to Clients who wish to complain about OPTIM Investments Limited to a third party (e.g. local regulatory authorities), rather than having the complaint first dealt with by OPTIM Investments Limited.

c. Business authority and record keeping

A specialized shared directory for keeping detailed information in regards to complaint related data is maintained at all times. Access to the directory is available to the Board, customer support personnel and the Compliance Department.

2.16 Process for Review and Termination of Countries

2.17 Annual Review

Compliance is directly involved in the investigation, communication and decision-making relating to the available jurisdictions. The MLRO is undertaking an annual review of all currently available countries as well as other possible candidates. The annual review is done within the context of FATF publications and updated Basel index reports. Once a country has been red-flagged as potentially risky with regards to money laundering and terrorism financing, the compliance department is responsible to methodically close down the jurisdiction.

2.18 Country Risk Assessment

The annual risk assessment review of countries is risk-based and weights on internationally recognized bodies/sources to ensure objectivity and reliability of unbiased information. The concept of the risk assessment depends on the Basel index score, the CPI index, the FATF call for action, the FATF monitored Jurisdictions and EU equivalence of the country. The amalgamation of inputs creates a risk categorization between 'High High', 'High Medium' and 'High low' risk countries. We do not accept countries which fall under the 'High High' risk category. The assessment is undertaken by the MLRO.

2.19 Changing the status of a country to 'Forbidden Jurisdiction'

Once it has been established that a country should be terminated, a compliance officer has to complete the 'Banning Jurisdiction Decision- Making form' (attached in APPENDIX B) for further consideration by the Management and the Board. The form has to be signed by a Board Member and returned to Compliance for the initiation of the procedure.

2.20 Compliance Monitoring Program

The duties and responsibilities of the Compliance function can be summed up in 2 main pillars. Pillar 1 is the Advisory role of the department where on an ongoing basis advises the Management and staff on regulations, policies, new products or services, complaints, training, and any day-to-day issues. Pillar 2 is the monitoring role of the Department.

As part of its duties, the Compliance Department is monitoring and supervising the activities of the customer onboarding, verification and support teams as well as the general complaints handling procedure. Through its supervision, the Company is able to identify the root causes of complaints and suggest improvements to the Company's policies, procedures, and practices. In addition, Compliance advises with regards to relevant procedures and policies so that to identify and ensure that the Company establishes, implements and maintains effective and transparent procedures for the reasonable and prompt handling of complaints or grievances received from clients.

Our monitoring program establishes clear priorities determined by the risk assessment ensuring that compliance risk is comprehensively monitored.

2.21 Risk Assessment

The risk assessment can help us identify, determine and apply a risk-based approach by enabling us to focus effectively on the riskier topics first. Areas relating to compliance are detailed in 10 categories with subcategorizations below.

Heads of each department are requested to assess each related category based on predefined guidance and based on their knowledge and experience on each subject. Subsequently, the chief compliance office and the CEO assess the risk in addition.

The main thematic sections of the risk assessment, all of which include subsections as well, can be found below:

- a. Money Laundering and Terrorist Financing
- b. Treating customers fairly
- c. Handling of complaints
- d. Client Communications
- e. Employee Education
- f. Partners and affiliates
- g. Regulatory compliance
- h. Financial obligations (Clients and Company)
- i. Systems and controls
- j. Other ad-hoc

Our risk assessment methodology is based on the following elements:

- a. Identification of the risk areas;
- b. Assessment of the inherent risk of each identified area;
- c. Re-assessment of the residual risk of each identified following the evaluation of the controls in place;
- d. Establishment of the severity of each area and the definition of the review.

All the findings are disclosed in the annual Compliance report. In order to establish a common understanding on the risks involved, the Compliance department is using the RAG methodology.

The RAG methodology is a suggested priority on the findings for implementation. The priority reflects the impact on procedures and adherence to the regulations and hence the integrity of the Firm's control system and operation.

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• **!!! Red:**

Significant risk/breach; Management should address the risk immediately and promptly monitor progress

• **!! Amber:**

Moderate Risk; Management should respond with an action plan reasonably promptly

• **! Green:**

Minor Risk; Management may consider any value-added considerations emanating from the review.

2.22 External, Internal and Online Training for Employees

The Company invests in personnel and director's education both internally and externally.

The Compliance Team in liaison with the HR Department conduct a needs analysis by researching and identifying training needs throughout the Company. In this respect, a relevant and customized yearly training plan is created for the Company, which includes both internal and external trainings, making sure that any key areas are addressed.

The trainings organized are addressed to both Company personnel as well as to specific departments for specific areas.

The Compliance Team ensures to keep the Board of Directors ("BOD") up to date throughout the year with respect to the key regulatory developments on all key compliance matters through, but not limited to, quarterly presentations prepared for the board of directors' meeting as well as trainings by professional external providers.

2.23 Gifts and Hospitality

The Compliance Team aims to ensure that the business of the Company is conducted in an honest and ethical manner, and that the personnel is acting professionally, fairly and with integrity in all of the business dealings and relationships wherever they operate. The Compliance Team in its efforts to uphold the principles of the Company's Code of Conduct, has certain controls in place, so as to ensure fair dealings with clients and/or third parties, so as to prevent any conflicts of interest to arise.

3. BUSINESS AUTHORITY AND RECORD KEEPING

3.1 Business authority and Record Keeping

All Compliance policies and practices are documented and are subject to periodic review by the Compliance Team.

The Company has in place the following record keeping procedures in order to ensure compliance with the legal requirements mentioned above:

- For client's account opening documentation, a copy or the references of the evidence required is kept electronically and/or hard copy, whichever is applicable, for at least 7 years after the business relationship with the respective client has ended.
- For business relationship and transactions, the supporting evidence and records, consisting of the original documents or copies admissible in court proceedings under the applicable national legislation for a period of at least 7 years following the carrying out of the transaction or the end of the business relationship.
- Financial and other accounting data is required to be kept electronically and/or hard copy, whichever is applicable, for tax purposes for a minimum of 7 years after the end of such relationship;
- Telephone tapes and other electronic communications concerning the receipt of client orders which should be kept for a minimum of 7 years after the end of the business relationship.

The telephone system of the Company supports the recording of all telephone conversations and is used for recording the communications between the employee and the client and for recording clients' orders.

All telephone conversations in the dealing room are recorded using digital recording equipment supported with logs records.

All email communications are logged automatically into the Company's systems. Emails sent within the Company as well as those that are sent or received to or from another person or company can be subject to monitoring.

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