FP MARKETS LIMITED

Client Onboarding & Due Diligence Policy

The majority of retail investor accounts lose money when trading CFDs.
You should consider whether you can afford to take the high risk of losing your money.

fpmarkets

Client Onboarding & Customer Due Diligence Policy

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1.0 INTRODUCTION

1.1 Purpose

FP Markets Limited ("the Company") has established this Client Onboarding Policy ("the Policy") to define procedures for customer identification, verification, risk classification, and ongoing due diligence. The primary objective is to prevent the Company's trading platform and services from being utilized for money laundering, terrorism financing, or proliferation financing.

1.2 Scope & Mandate

This Policy applies to all prospective and existing clients, employees, officers, and agents of the Company. It governs the end-to-end client lifecycle from initial registration to account closure or termination.

2.0 RELEVANT LEGISLATIVE & REGULATORY FRAMEWORK

2.1 This Policy is developed in strict adherence to Kenyan primary legislation, regulations, guidelines, and international standards, including but not limited to:

- **The Proceeds of Crime and Anti-Money Laundering Act (POCAMLA), 2009** (and its subsidiary regulations).
- **The Prevention of Terrorism Act (POTA), 2012** and the Prevention of Terrorism (Implementation of the United Nations Security Council Resolutions) Regulations.
- **The Capital Markets Act (Cap 485A)**.
- **The Capital Markets (Online Foreign Exchange) Regulations, 2017**.
- **The Capital Markets (Conduct of Business) (Market Intermediaries) Regulations, 2011**.
- **The CMA Guidelines on the Prevention of Money Laundering and Terrorism Financing in the Capital Markets**.
- **The Financial Action Task Force (FATF) 40 Recommendations**.

3.0 RISK-BASED APPROACH (RBA) & CUSTOMER DUE DILIGENCE (CDD)

3.1 Customer Identification & Verification Framework

The Company shall apply Customer Due Diligence (CDD) measures using a Risk-Based Approach (RBA) prior to opening an account or establishing a business relationship. CDD requires identifying the client and verifying their identity using reliable, independent source documents, data, or information.

3.2 Tiers of Due Diligence

1. **Simplified Due Diligence (SDD):** Applied only where low risk is identified following a documented risk assessment, in accordance with CMA guidelines and POCAMLA provisions.
2. **Standard Due Diligence (CDD):** Applied to average-risk natural persons and corporate entities.
3. **Enhanced Due Diligence (EDD):** Applied to high-risk categories, including Politically Exposed Persons (PEPs), complex corporate structures, non-resident clients from high-risk jurisdictions, and high-net-worth individuals.

4.0 CLIENT IDENTIFICATION & DOCUMENTATION REQUIREMENTS

4.1 Natural Persons (Individuals)

For individual applicants, the Company shall collect and verify:

- **Full Legal Name:** Verified via a valid National Identity Card (for Kenyan citizens) or valid Passport (for foreign nationals).
- **Date of Birth & Nationality.**

- **Personal Identification Number (PIN):** Kenya Revenue Authority (KRA) PIN certificate (or tax identification equivalent for non-residents).
- **Physical/Residential Address:** Proof of residence dated within the last 3 months (e.g., utility bill, tenancy agreement, or certified bank statement).
- **Postal Address, Email Address, and Mobile/Phone Number**.
- **Occupation / Source of Wealth and Funds**.

4.2 Legal Entities (Corporate Clients)

For legal entities, the Company shall obtain and verify:

- **Registration/Incorporation:** Certificate of Incorporation / Registration.
- **Constitutional Documents:** Memorandum and Articles of Association or Constitution.
- **Tax Identification:** Valid KRA PIN Certificate (or foreign equivalent).
- **Registered Office & Physical Business Address**.
- **Board Resolution:** Certified copy of Board Resolution authorizing the opening of the account and designating authorized signatories.
- **Directors and Key Management:** Certified ID/Passport copies and details of all directors.
- **Ultimate Beneficial Ownership (UBO):** Full identification details for all natural persons who ultimately own or control **10% or more** of the legal entity (directly or indirectly), as well as persons exercising executive control.
- **Register of Beneficial Owners:** Certified copy of the official register filed with the Registrar of Companies (or equivalent authority).

4.3 Trusts & Partnerships

- **Partnerships:** Partnership Agreement, Registration Certificate (if applicable), details/IDs of partners, and UBO details.
- **Trusts:** Certified copy of Trust Deed, Registration Certificate, identity verification of Trustees, Settlors, Protectors, and ultimate Beneficiaries.

5.0 POLITICALLY EXPOSED PERSONS (PEPs) & PROHIBITED CLIENTS

The Company shall strictly refrain from onboarding or maintaining relationships with:

1. **Politically Exposed Persons (PEPs)**
2. **Anonymous accounts** or accounts in fictitious names.
3. **Shell Banks** or financial institutions that permit shell banks to use their accounts.
4. **Individuals or Entities on Sanction Lists:** Any person or entity listed on the UN Security Council Sanctions Lists, Kenya Consolidated Sanctions Lists, or OFAC lists.
5. **Unregulated Nominee Companies** with undisclosed ultimate beneficial owners.
6. **Entities registered in non-cooperative or blacklisted jurisdictions** identified by FATF as posing strategic AML/CFT deficiencies, unless approved under explicit EDD procedures.

6.0 SANCTIONS & PEP SCREENING

6.1 All prospective clients, directors, authorized signatories, and UBOs must be screened against UN, domestic (Kenyan), and international sanctions lists **prior to account opening**.

6.2 Automated, real-time screening shall run continuously across the customer database to catch post-onboarding list updates.

6.3 Any positive match ("True Match") to a targeted financial sanction list must result in an immediate asset freeze, account suspension, and standard reporting to the **Financial Reporting Centre (FRC)** within statutory deadlines.

7.0 ACCOUNT OPENING & ONGOING MONITORING

7.1 Account Opening Approval

Upon successful verification of documents, risk assessment, and sanction clearance, the trading account may be activated.

7.2 Ongoing Due Diligence & Transaction Monitoring

- **Continuous Monitoring:** The Company shall monitor client trading activity and financial transactions to ensure they align with the client's known business profile, risk rating, and source of funds.
- **Periodic Updates:** Client KYC details must be re-verified periodically:
  - **High Risk (including PEPs):** Annually (Every 12 months).
  - **Medium Risk:** Every 2 years.
  - **Low Risk:** Every 3 to 5 years.

8.0 SUSPICIOUS TRANSACTION REPORTING (STR)

8.1 Where the Company suspects or has reasonable grounds to suspect that funds or prospective transactions are derived from criminal activity, money laundering, or terrorism financing, the MLRO shall submit a **Suspicious Transaction Report (STR)** or **Suspicious Activity Report (SAR)** to the Financial Reporting Centre (FRC) pursuant to Section 44 of POCAMLA.

8.2 **Anti-Tipping Off Provision:** Employees and officers are strictly prohibited from disclosing to the client or any third party that an STR/SAR has been or will be filed with the FRC.

9.0 RECORD KEEPING

9.1 The Company shall maintain all client identification records, verification documents, account files, business correspondence, and transaction records for a **minimum period of seven (7) years** following the termination of the account or completion of a transaction, in compliance with POCAMLA and CMA regulations.

9.2 Records shall be stored securely in a manner that enables prompt retrieval for regulatory authorities and law enforcement agencies upon lawful request.

10.0 TERMINATION OF ACCOUNT & RELATIONSHIP

10.1 The Company reserves the right to suspend or terminate a client relationship under the following circumstances:

- Failure by the client to provide required CDD/EDD information or documentation within stipulated timelines.
- Submission of false, forged, or misleading documentation.
- Positive confirmation of involvement in money laundering, terrorism financing, proliferation, or other financial crimes.
- Client request for account closure.

10.2 Upon termination under AML/CFT grounds, the MLRO shall handle notifications in accordance with law, ensuring no confidential statutory reporting details are disclosed.

11.0 GOVERNANCE, ROLES & POLICY REVIEW

11.1 Governance & Oversight

- **The Board of Directors:** Holds ultimate responsibility for approving the AML/CFT framework and ensuring effective governance.

- **Money Laundering Reporting Officer (MLRO) & Compliance Manager:** Responsible for day-to-day enforcement of this Policy, managing sanctions screening, submitting FRC filings, and overseeing onboarding compliance.

11.2 Policy Review

This Policy shall be reviewed and approved by the Board **at least annually**, or immediately upon major amendments to Kenyan AML legislation, CMA guidelines, or FATF recommendations.