

POLICIES TO COMBAT MONEY LAUNDERING AND TERRORIST FINANCING - AML/CFT -

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1. Compliance

Chip Chap Payments, S.L. (hereinafter referred to as Chip Chap) is not bound by the Law 10/2010, of 28 April, for preventing money laundering and terrorist financing, published in the Spanish State Official Gazette (BOE) n°103 of 29 April 2010. Therefore, not bounded by the Royal Decree 304 of 5 May 2014.

However, the expressed will of Chip Chap is to compliance with such existing legislation and applicable Community legislation, resulting from the recommendations of the Financial Action Task Force (FATF).

Chip Chap is aware of the fact that certain clients or users may attempt to carry out actions of money laundering or terrorist financing, for that reason, the company will take appropriate measures to prevent its use for such purposes.

Although Chip Chap is exempted from the obligations related in Articles 31, 32, 33, 35, 38 and 39 of Royal Decree 304/2014 of the Spanish Legislation, since the company employs less than 10 people and its annual balance sheet total does not exceed EUR 2 million, it is our will to follow the terms of the Spanish Law 10/2010 for preventing money laundering.

Chip Chap will conduct a specific analysis of the potential risks related to money laundering or terrorist financing that will be documented, as far as possible, and make this information available to the competent authorities.

Chip Chap's corporate philosophy requires active collaboration with the competent authorities on the prevention of money laundering and prevention of terrorist financing and against proliferation of weapons of mass destruction, whose compliance is extremely necessary in the present-day globalized society, and even more so as a result of the latest terrorist events suffered worldwide.

Chip Chap will collaborate with the competent authorities on AML /CFT whether they are national, Community or international, fulfilling their regulations and laws, and communicating the existence or not of relevant or suspicious transactions and, in any case, will communicate to the competent authorities transactions at the periodicity described in the law.

Chip Chap will report to any competent authorities, suspicious operations or transactions, and reserves the right to adopt such measures as may be necessary if there is evidence of any fraudulent use of the service, including legal proceedings, user's expulsion from the service, or any other action without the user having the right to make further claims against Chip Chap.

Chip Chap will establish systems that will allow to respond, as fully and correctly as possible, to information requests made by any legally competent authority about whether Chip Chap maintains or even maintained business relationships with certain natural persons or legal entities, over the previous 10 years, and the nature of these relations.

In the same way, Chip Chap will do its best to prevent any other crime, economic or non-economic, that might be committed through its services, prescribed by the current national, Community or international legislation.

2. Way of providing services.

Chip Chap provides its services through the following systems:

- A. - Commerce panel, through web portal „commerce.chip-chap.com”
- B. - Quick access applications:
 - B.1. Web platform “web.chip-chap.com”
 - B.2. IOS App through Apple Store

B.3. Android App through Google Play Store
https://play.google.com/store/apps/details?id=com.chip_chap.app

c. – CHIP CHAP commerce application
https://play.google.com/store/apps/details?id=com.chip_chap.pos

D. - E-wallet (Electronic Wallet) for Android
https://play.google.com/store/apps/details?id=com.chip_chap.wallet.lite

E. - Physical support CHIP CHAP „NFC“ (Near Field Communication)

3. Eligibility and acceptable use.

In order to have access to Chip Chap services, the user or client must be:

- a) A natural person of legal age under the legislation of the country of origin or residence, with total legal capacity.
- b) A legal entity duly represented, with the capacity to formalize a legally binding contract.
- c) Providers, Trusts or other legal instruments or funds without legal personality that can operate in the economic sphere (same rules as legal entities shall apply)

Chip Chap account:

The user or client may hold only one account in the control panel dashboard, although he may allow, on his sole responsibility, a third person to act on his behalf and representation. The account holder will be solely responsible for the custody, preservation and appropriate use of his user name and password. If the user forgets or loses his

password, or discovers or otherwise suspects that his access data may have been stolen, shall contact with the customer service centre.

By accepting the terms and conditions of the service and/or the legal disclaimer, the user undertakes to use Chip Chap's services respecting the right of third parties, the law and public order, as well as refraining from using the service for illegal purposes, including money laundering, terrorist financing and fraud or misappropriation to third parties.

The user also accepts to provide any complementary data or information requested by Chip Chap in order to comply with its obligations. This shall include, but not limited to, any of the following: asking for certain documentation via fax, electronic mail or by any other mean.

Moreover, the client or user undertakes, at his own responsibility, to inform about any possible variation of the submitted data, as well as states its authenticity and veracity with the objective of complying with applicable law for banking and payment services.

Chip Chap reserves the right to deny or cancel, at any time, a user register, upon detection that the recorded data are not correct.

Also, the client or user is committed, at its own responsibility, to maintain its registration data duly updated, informing through the customer service centre. Chip Chap may demand this data update.

4. Formal identification of clients.

The user or client must complete a registration process in order to obtain access to the custom dashboard and hire Chip Chap's services. When registering, the user should provide the data, information and documents required in the user's dashboard. These data are listed according to the TIER levels specified as shown in the accompanying table.

This list of documents may be modified, enlarged or deleted, without notice and at any time by Chip Chap, either by choice or by legal or judicial mandate or similar scenario. As a general rule it will include:

1. E-mail address.
2. User name.
3. Password to access dashboard.
4. Credit/debit card or bank account details.
5. Personal data¹ of the user.

Natural persons: name, address, phone number, valid national identity card, passport, foreigners' identification number, identity card for foreign nationals or similar documents.

Legal entities: public documents that prove their legal status (should include their company name, legal status, address, identities of the administrators, agents or comparable positions, articles of association and tax identification number, along with the valid national identity card of their administrators (also residency card, identity card for foreign nationals or passport)

6. Additional data.

In order to comply with legal obligations in AML/CFT matters, Chip Chap reserves the right to demand at any moment and to any client or user, other business, registry or identificative information, different as given in the dashboard.

Chip Chap may use this additional data to register, verify, inform, etc. about the identity data of the user or client, in accordance with the service that the user wants to use and the thresholds, amount, periodicity or other parameters that Chip Chap deems appropriate or that are legally imposed.

¹ If the user or client only wants to change between different crypto-currencies, it is possible that he/she may not be required to provide some of these identity verification data.

5. Application of compliance measures.

Chip chap will identify all natural persons o legal entities intending to hire any of its services and will verify the identity of the applicants through reliable documents.

Chip Chap expressly prohibits the opening, hiring or maintenance of accounts or assets encrypted, anonymous or accounts is fictitious names.

In the case of not being able to verify the identity of the applicants through reliable documents in the first instance, Chip Chap shall obtain from these clients a copy of the necessary documents to settle the matter within one month from the establishment of the business relationship, unless there are elements of risk in the business operation.

If there are discrepancies between the data provided by the client and any other information held by Chip Chap, a face to face identification shall be mandatory.

Chip Chap will take additional measures when observing transactions with a higher than average risk.

Chip Chap will establish policies and procedures to control the specific risks associated with non-presential business relationships and operations.

In addition to the formal identification of clients mentioned under heading 4 of this Policy, Chip Chap will identify the actual holder of the account and will take appropriate actions to verify his identity before stablishing any business relationships, defining as actual holder to (i) the natural person or persons that apply for registration, even if the register is applied for other person in his name, (ii) the natural person or persons that possess, directly or indirectly, a percentage higher than 25% of the capital or voting rights of a legal entity (listed companies on a regulated market from the EU or equivalent third countries are exempted)

Chip Chap will collect information about the clients to determine if they act for their own account or for the account of a third party. If there are evidences or certainty about the clients not acting for their own account, Chip Chap will seek accurate information to discover the identity of the persons on whose behalf they are acting.

Chip Chap will take appropriate measures to determine the structure of ownership and control of the legal entities.

Chip Chap will NOT establish or maintain business relationships with legal entities whose ownership or control structure cannot be determined. In case of companies whose stock is represented through bearer bonds, the previous prohibition shall apply, unless Chip Chap determines by other means the structure of ownership or control.

Chip Chap will obtain information about the purpose and intended nature of the business relationship. Chip Chap, in particular, will seek information of its clients in order to know the nature of their professional or business activities, and shall adopt measures to determine, reasonably, the veracity and accuracy of the information provided.

These measures will consist in the establishment and implementation of verification procedures of the business activities informations provided by the clients. Such procedures shall take into account different risk levels and shall be based on the available documents about the business activities obtained from the client or other sources.

Chip Chap will apply continuous and consistent follow-up actions to the business relationship, including the scrutiny of the financial operations to guarantee that such operations correspond to the acknowledgement that Chip Chap has over the client, its company profile and risk, including the origin of the funds, and guarantee that the documents, data and existing information is updated.

Chip Chap will apply each of the planned measures, but will be able to determine the level of implementation of such measures on a risk basis and depending on the type of client, business relationship, product or

operation. These cases will be displayed in the stated policy for admission of clients.

Chip Chap will apply the necessary measures when there are evidences of money laundering or terrorist financing, regardless of any exception, exemption or threshold, or when there are doubts about the veracity of the previously obtained information.

Chip Chap will apply the measures planned on this chapter to all the new clients as well as the existing clients, depending on a risk analysis, and will apply due diligence measures to existing clients when they proceed to hire new products or when a significant transaction occurs.

Chip Chap will neither stablish business relationships nor execute transactions when measures provided for by law cannot be implemented. If this impossibility is noticed during the business relationship, Chip Chap will finish the relation and will proceed a special exam regarding the law.

Chip Chap may implement simplified control measures to that clients, products or transactions carrying a low risk for money laundering or terrorist financing. Those simplified measures would be graduated on the basis of the risk according to the following criteria:

- a) Chip Chap will check, if necessary, prior to the application of the simplified control measures, that the client or transaction has a low risk for money laundering or terrorist financing.
- b) Chip Chap will stop applying simplified control measures as soon as notices that a client, product or service is not a low risk in relation to money laundering or terrorist financing. The application of simplified control measures will be in any case consistent with the risk.
- c) Chip Chap will always maintain a continuous monitoring sufficient to detect transactions that may need an especial exam according to the money laundering law.

6. Enhanced measures of compliance.

Chip Chap will apply, in addition to normal compliance measures, enhanced measures in the cases referred in the legal system and in any other that for representing a higher risk, could be suspicious of money laundering or terrorist financing.

Chip Chap will apply, depending on a risk analysis, enhanced due diligence measures in the situations that due to their very nature may present a higher risk of money laundering or terrorist financing.

Likewise, Chip Chap will apply enhanced due diligence measures referred in the legal system in the business relationships of client's or actual holders with public responsibility or their close relative. Shall be considered as persons with public responsibility and their close relatives those who appear in article 14 under section 1 b) and c) and section 4 of the Spanish law 10/2010 to prevent money laundering and as close relatives.

7. Special investigation and communication by evidence.

Chip Chap will examine any operation that, independently of its amount, by its very nature could be related to money laundering or terrorist financing, submitting in writing the results of the investigation.

Chip chap will examine any transaction or pattern of conduct that looks complex, unusual, without economic or licit purpose or that presents signs of fraud or simulation.

Chip Chap will inform to the competent authorities any act or operation, even the mere attempt, about the clients and users that after the special exam, are suspected of relation with money laundering or terrorist financing. Chip Chap will inform to the competent authorities about transactions that show an ostensible lack of consistency with the nature, volume of activity or transaction history of the client, as long as

during the special investigation there not would appear economic, professional or business justification to the act.

When stablishing internal control measurements, Chip Chap will concretise the way this especial exam will be done, including the elaboration and diffusion among its managers, employees and agents of a list of operations likely to be related with money laundering or terrorist financing, the regular review of that list and the utilization of appropriate IT applications, in view of the kind of operations, business sector, geographical area and the amount of information.

When necessary, communications by evidence will be made in the medium and with the format determined by the competent authority, and will be made without delay, in accordance with the procedures established by law, and will include, in any case, the following information: (i) record and identification of the natural persons or legal entities involved in the operation and notion of their participation in it, (ii) known activity of the natural persons or legal entities involved in the operation and correlation between the activity and the operation, (iii) list of connected operations and reporting dates, indicating its nature, currency in which are carried out, amount, place or places of performance, payment or collection devices used, (iv) efforts made by Chip Chap to investigate the transaction, (v) statement of the circumstances which may infer the apparently or undoubtedly involve of money laundering or terrorist financing or the lack of economic, professional or business justification to the operation, as well as any other relevant data to prevent money laundering or terrorist financing stablished by the legal system.

When the operations had been only attempted, Chip Chap will register the operation as non-executed and will communicate to the competent authorities the information which may have been acquired.

Chip Chap will not execute any operation if after the exam there are suspicions about the illegality of the operation. However, when non executing the operation is not possible, or may difficult the investigation, Chip Chap could execute the operation, communicating immediately with the competent authorities, in conformity with as set

out above, and explaining the reasons that justify the operations' execution.

Chip Chap will refrain for revealing to the client or third parties that there has been communicated information to the competent authorities, or that its being examined or some operation can be examined under suspicion of money laundering or terrorist financing. This prohibition will not include the disclosure to the authorities, or the disclosure for law enforcement purposes under a criminal investigation.

8. Document conservation.

Chip Chap will keep for a minimum period of ten (10) years the documentation performed in compliance with the obligations established by laws against money laundering and terrorist financing, as well as all other implementing legislation, and will retain, to be used in any investigation or analysis by any competent authority, the following documentation: (i) copy of the enforceable documents performed on due diligence, for a minimum period of ten years after the end of the business relationship or the operation execution, (ii) original or copy with evidential value of the documents or registers that prove the operations, the parties involved and the business relationships, for a minimum period of ten years after the end of the business relationship or the operation execution.

Chip Chap will store those copies of the identificative documents in electronic format that guarantee its integrity, the correct reading data, inability of manipulation, and adequate preservation, being guaranteed the availability of the documentation, both for internal use and authority requirements.

9. Internal Control.

Chip Chap will apply appropriate policies and procedures for due diligence, information, document conservation, internal control, risk assessment and management, guarantee of compliance with the relevant positions and communication, in order to prevent operations related with money laundering or terrorist financing. These policies will be communicated to its managers and employees for their fulfilment.

Chip Chap will approve in writing, as far as possible, and will apply a stated policy for client admission. This policy will include a description of those type of clients that may represent a higher risk depending on the factors that determine the subject according to the applicable international standards in each case. The admission policy will be gradual, adopting precautions when existing a higher than average risk.

Chip Chap may establish a suitable internal control body responsible of the application of the above mentioned policies and procedures, who will meet and written minutes about the agreements reached. The periodicity of the meetings will be determined by the internal control procedure. In any case, this body will work with functional separation from the department or unit of internal control.

Chip Chap may approve an adequate handbook for the prevention of money laundering and terrorist financing. This handbook will be kept up to date and will have complete information about the internal control measures referred above. This handbook or other internal tools will be available for the authorities.

10. External Control.

The internal control measures referred above may be under consideration by an external expert with educational qualifications and professional experience suited for the performance of the function.

The expert will draw up a report which will be adapted in due form to published models by the competent authorities. Received the report, Chip Chap's management body will adopt the actions required to address the weaknesses identified, if necessary. This report will be available for the competent authorities during the five following years to the issuing date.

11. Employees adequacy and training.

Chip Chap may adopt the appropriate steps to ensure that its employees are aware of the requirements resulting from the legislation on money laundering and terrorist financing, and in any case, shall forward to them a copy of the AML/CFT handbook.

These measures may include specific training courses for employees aimed at detecting operations related with money laundering or terrorist financing and instructing them on how to proceed in such cases. Training activities will be subject to an annual plan designed according to Chip Chap sector's risks and will be approved by the internal control body.

Chip Chap may establish written policies to apply adequate procedures to ensure high ethical standards in recruitment for employees, managers and agents.

12. Personal data protection and information exchange.

The processing of personal data, as well as the files, automated or otherwise, created to comply with the law, will be submitted to the terms of the current legislation.

Chip Chap may exchange operational information with the sole purpose of prevent or stop operations related to money laundering or terrorist financing when there is a possibility that, after rejecting the operation, a similar operation can be attempted to other service providers in the market.

13. Internal document.

1st Risk identification.

The following prior risk assessment is based on the recommendations by the Financial Action Task Force (FATF)

	Influx of cash	Flow of transactions	Output of cash
Anonymity	Clients must be unable to create more than one account to mask the real value of money.	Clients under suspicion should be able to be identified in the system.	The system must not permit withdraw illegal or related to laundering or terrorism money
Not avoidable	Clients must be unable to divide illegal money into multiple accounts.	Clients must be unable to perform high amounts of operations to mask the money flow.	Money from different accounts of a same holder must be unable to withdraw at the same time.
Speed	Illegal money must be unable to be deposited quickly in the system.	Operations shall be temporary blocked in case of risk.	Money should not be able to withdraw quickly.

2nd Authentication system.

Chip Chap has an authentication system for mobile devices and resellers and another for other computerised systems:

2.1 Authentication by OAuth 2.0.

2.2 Authentication by Signature.

The first one requires the user to be present. Operation is simple: the system generates a token that expires periodically and that is sent on every request.

The second one serves to automate the management payment system from the client's computer system. On every authentication call by signature a set of parameters are transmitted. For security reasons, those parameters are encrypted with "sha256 hash hmac" algorithm.

Chip Chap uses a centralized authentication portal on which all users, resellers, etc. login through the authentication portal.

The centralized authentication portal uses the system "Failproof oauth2". This system is able to detect irregular login patterns and has login disabled for "tor" or proxies.

3rd User types and identification.

A) Resellers and associates:

- Details of the entity registers.
- Bank details.
- Financial statement.
- Legal registration of the company.
- Company's incorporation file.
- Inspection of the company's philosophy and ethical values.
- Inclusion of company's digital certificates.

B) Identification for businesses and shops:

- Details of the entity legal registers.
- Bank details.
- Financial statement.
- Legal registration of the company.
- Company's incorporation file.
- Inspection of the company's philosophy and ethical values.
- Analysis of products offered.
- Inclusion of company's digital certificates.

C) Client identification:

- Chip Chap has established a system that allows clients to access to a higher volume of transactions or operations

depending on the verification data that the clients provide and the objective security that provides.

Users and clients could only be holders of one account in the control panel dashboard.

Chip Chap makes a user's behaviour analysis based in the most advanced Artificial Intelligence techniques as propositional logic.

The system generates alerts and the user leaves its shopping patterns.

Customer network generation. The client shall justify recurrent transactions in his network.

Generates alerts form unusual amounts of transactions from different origins.

The system generates statistics weekly, monthly and annually of the quantities spent in which there are alerts that inform about any unusual variation.

Inclusion of company's digital certificates.

4th Preventive measures about incoming money.

Chip Chap limits the amount of money daily, weekly, monthly an annually.

Limited amount of incoming money in every operation or transaction.

Limits stablished to incoming money depending on the origin of it.

Confirmation of the credit card or seller authorisation.

The incoming money from users who are suspected will be blocked by the system until further notice with communication to the competent authorities.

5th Cash Output.

Chip Chap only allows cash withdrawals via authorized ATMs.

The reseller users should submit a photograph to identify them.

Chip Chap limits the amount of money per day, week, month and year, regardless of the withdrawal method used.

Simultaneous withdrawals related between a determined client network could give reasons for suspicion and Chip Chap will inform to the competent authorities in AML/CFT.

Money withdrawals in other countries will need special licenses that are provided after the verification process from Chip Chap associates and competent local authorities.

6th Flow of transactions.

Chip Chap limits the amount of transactions per day, week, month and year.

Limited amount of money in each transaction.

Limited amount of transactions for other countries (day, week, month, year)

Chip Chap does an additional investigation for every transaction made in other countries.

Chip Chap has established warning systems that detect recurring payments. This could lead to the investigation of the client and the subsequent communication to the competent authorities in the event of suspicion.

7th Encrypted communications.

All communications between servers are protected under “ssl”.

Communications between our servers are encrypted into data packets that only our servers can decode.

Chip Chap uses triple encryption algorithms for communications between its servers.