



Customer Due Diligence Policy

Raeen Exchange N.V. Limited
("Raeen Exchange N.V." or the "Company")

1. Version Control

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3. Raeen Exchange N.V.'s Policy

To comply with its obligations under anti-money laundering (“**AML**”) and countering the financing of terrorism (“**CFT**”) legislation and regulations, relating to online gambling obligations, it is the policy of Raeen Exchange N.V. to verify the identity of all customers and to check that they are not the subject of sanctions or other statutory measures prohibiting the firm from providing its services.

This policy relates to the Customer Due Diligence (“**CDD**”) processes and procedures to verify identify and, where applicable, conduct Enhanced Due Diligence (“**EDD**”) measures on customers and includes requirements and obligations in relation to a Politically Exposed Person (“**PEP**”) and sanctioned individual.

Key related Raeen Exchange N.V. policies and documents that should be read in conjunction with the Customer Due Diligence Policy are:

- AML / CFT Policy;
- Third Party Engagements and Due Diligence Policy;
- Reporting Suspicious Activity Policy;
- Whistleblowing Policy; and
- Code of Business Conduct.

4. Risk Assessment

4.1 Risk Assessment

Raeen Exchange N.V. must consider the money laundering (“**ML**”) and terrorist financing (“**TF**”) risks associated with its service offering, and adopt a risk-based approach when considering the requirements for:

- Identity of a business partner
- Verification of identity of a business partner
- Enhanced partner due diligence

The business undertaken by the company and management’s assessment of its inherent ML / TF risk has been considered, and the major factors that may highlight increased or decreased potential risk can be categorised as follows:

- Customer Risk;
- Product Risk;
- Geographical Risk; and
- Unusual Activity Risk.

More specifically, the risk factors considered are:

1. Providers / partners engaging in illicit activity;
2. Doing business with Politically Exposed Persons;
3. Entering in to prohibited relationships and transactions (sanctions);
4. Dealing with partners where there are changes in business patterns
5. Dealing with partners who carry out multiple or changing addresses;
6. Dealing with partners where source of funds and / or wealth from cash intensive businesses;

7. Engaging with partners / providers where their products are being used for ML/TF;
8. Engaging with unlicensed Partners / providers;
9. Accepting business from high risk jurisdictions;
10. Dealing with partners from sanctioned jurisdictions;
11. Dealing with partners with source of funds and / or wealth deriving from high risk jurisdictions; and
12. Unusual activity or behaviour exhibited by partners.

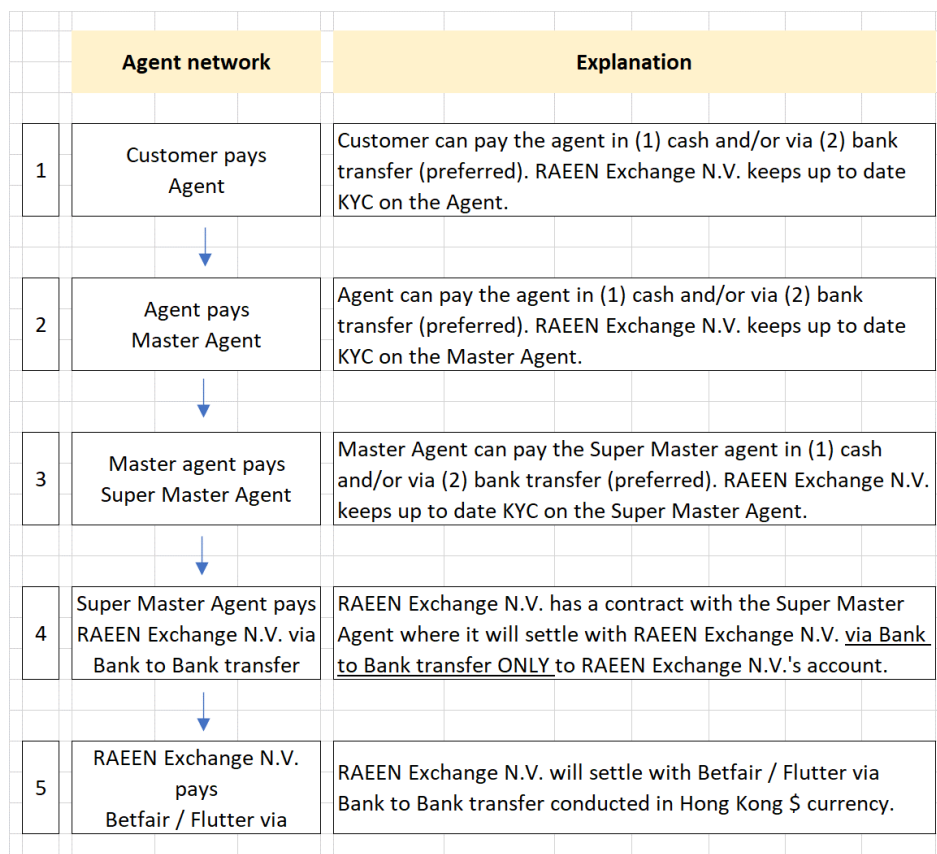
Through this policy, its third-party onboarding policy, PEP and Sanction screening and regular oversight of business partners that use the Betfair exchange, Raeen Exchange N.V. aims to mitigate these risks and regularly review its approach for effectiveness.

5. RAEEN Exchange's Business Model

RAEEN Exchange operates a Business to Business (B2B) model and therefore conducts business with other business entities which then become its business partners. Note that these business partners are companies and not individuals.

These business partners act as our 'super master agents' in conducting business. These super master agents then have a number of 'master agents' sitting underneath them and thereon 'agents' that sit underneath the 'master agents'. The flow of business moves from the end customer to the agent, master agent, and super master agent. The super master agent then drives the business through our licensed platform.

The following diagram depicts our relationship with our business partners in more detail, along with an explanation of the money flow.



RAEEN Exchange deals primarily with super master agents however we need to be vigilant to the relationships these agents have downstream, specifically with master agents and agents, to ensure that proper due diligence is being adhered to.

The following section (section 6) will talk about how we carry out our due diligence obligations on all our business partners.

6. Due Diligence Process

6.1 Business Partner Identification

When Raeen Exchange N.V. wishes to engage with a BP, the Company is obliged to undertake checks on the BP and its Ultimate Beneficial Owner (UBO) and obtain certain due diligence documents before entering into a business relationship. The same level of compliance will be expected from Raeen's BPs when they are engaging with its own BPs and/or customers. With regards to the UBO, this will be defined as any person / entity holding 10% or more shareholding.

Training to RAEEN Exchange's staff will be provided quarterly or more regularly if required (for example with certain individuals). Training will also be provided to RAEEN's BPs annually however there is an expectation that the BPs conduct internal training quarterly.

Information required from the BP includes:

6.2 Business name

- Registered Office address
- Date of incorporation
- Incorporation / registration number

6.3 Business Partner Verification

In order to verify the identity a business partner, Raeen Exchange N.V. must obtain certain documentation; this includes: -

- Certificate of Incorporation
- Memorandum and Articles of Association
- Register of Directors
- Register of Members / Shareholders
- Copy of identity and address documents of the shareholders (representing 10% or more of the total issued shares and therefore deemed ultimate beneficial owners of the BP), directors, and controllers of the BP
 - Photographic ID – Driving License / Passport / Government ID
 - Evidence of Address – Utility Bill / Bank Statement (no more than 3 months old) / Government ID
 - Where these are available in a different language to English, that these be verified by the MLRO and if the MLRO is not versed in the language, an appropriate translation mechanism be utilised
- Structure chart (if appropriate)
- Nature of activities
- Name of regulator (if appropriate)

- Confirmation of geographical sphere of the BP's business operations
- PEP and Sanctions Screening on the BP, its UBOs and Directors
 - Screening will be verified by the MLRO and/or another appropriate authority within the company. Details of the screening undertaken will be summarised on the screening cover sheet attached to each assessment, including the reasons where a positive match has been declined.

6.4 Obligations of Raean Exchange N.V.'s Partners

Under Raean Exchange N.V.'s engagement with Betfair, additional due diligence controls are required of Raean Exchange N.V. to ensure that all of its business partners are operating to the applicable minimum standards, from time to time. The minimum standards can be found in [Appendix C](#).

In accordance with Raean Exchange N.V.'s contractual relationship with its partners, all partners are required to fully comply with the due diligence requests of Raean Exchange N.V. Details of the information and documentation required can be found in Raean Exchange N.V.'s Third Party Supplier Engagements and Due Diligence Policy. For clarity, these include:

- Certificate of Incorporation
- Memorandum and Articles of Association
- Register of Directors
- Register of Members / Shareholders
- Copy of identity and address documents of the shareholders (representing 10% or more of the total issued shares) and all ultimate beneficial owners (holding 5% or more ownership of the BP), directors, and controllers of the BP
 - Photographic ID – Driving License / Passport / Government ID
 - Evidence of Address – Utility Bill / Bank Statement (no more than 3 months old) / Government ID
 - Where these are available in a different language to English, that these be verified by the MLRO and if the MLRO is not versed in the language, an appropriate translation mechanism be utilised
- Structure chart (if appropriate)
- Nature of activities
- Name of regulator (if appropriate)
- Confirmation of geographical sphere of the BP's business operations
- PEP and Sanctions Screening on the BP, its UBOs and Directors
 - Screening will be verified by the MLRO and/or another appropriate authority within the company. Details of the screening undertaken will be summarised on the screening cover sheet attached to each assessment, including the reasons where a positive match has been declined.

Where the Partner is operating a B2C business, to ensure that customer identification is carried out as follows:

- To ensure that the customer is over the age of 18 years
- Copy of identity and address documents of customer
 - Photographic ID – Driving License / Passport / Government ID
 - Evidence of Address – Utility Bill / Bank Statement (no more than 3 months old) / Government ID

- Where these are available in a different language to English, that these be verified by the MLRO and if the MLRO is not versed in the language, an appropriate translation mechanism be utilised

In addition to the provision of all information and diligence requested by Raean Exchange N.V., every partner shall ensure their own policies and procedures include an obligation for its own partners to provide the same and equivalent information and documentation to them, as outlined in [Appendix A](#). Prior to being onboarded by a partner of Raean Exchange N.V., all prospective 3rd parties must also ensure that they provide the following:

1. Copy of their AML policy
2. Copy of their PEP & Sanctions policy and agreement with provider
3. Customer Due Diligence policies (to include thresholds and KYC / EDD)
4. Structure chart and CV of MLRO / Compliance officer as applicable

6.5 Documents collection and storage

All documents collected by RAEEN Exchange will be held electronically (secured) where it can be retrieved easily and can be accessed from multiple locations (if authorised). Documents will be held for a period of 7 years and will be under the direct control and supervision of the MLRO (and his/her authorised representatives) and Senior Management of the firm.

All documents collected by RAEEN's business partners will also be held securely, either physically or electronically. If the documents are held and stored physically, it must be held in a fire safe location. Business partners must be able to make these documents available to RAEEN electronically (secured) for inspection within 48 hours of requesting the documents. Business partners must hold the documents for a period of 7 years.

7. Enhanced Due Diligence

7.1 What is EDD?

Where higher risk BPs are identified, Raean Exchange N.V. is required to take enhanced measures to manage and mitigate the risks. The same level of compliance will be expected from Raean's BPs when they are engaging with its own BPs and/or customers.

PEP relationships have been specifically identified by authorities as higher risk; however, BP relationships may pose a higher risk of ML/TF where there is no PEP involvement. Where the risks of ML/TF are higher, Raean Exchange N.V. (and their BPs) must conduct EDD measures consistent with the risks identified.

Training to RAEEN Exchange's staff will be provided quarterly or more regularly if required (for example with certain individuals). Training will also be provided to RAEEN's BPs annually however there is an expectation that the BPs conduct internal training quarterly.

7.2 Conducting EDD

EDD must be conducted in the following situations: -

- a) Where a customer poses a higher risk of ML/TF, as determined by the customer risk assessment;
- b) Where a customer reaches an EDD transaction threshold as per PLB minimum standards;
- c) In the event of any unusual activity (refer to the Reporting of Suspicious Activity Policy), UNLESS Raean Exchange N.V. reasonably believes conducting EDD will tip off the customer.

Where EDD cannot be conducted within a reasonable timeframe, it must be considered whether one of the following options be followed: -

- a) The BP relationship or occasional transaction must proceed no further; and / or
- b) Terminate any ongoing BP relationship; and / or
- c) Make a Suspicious Activity Report.

Higher Risk Cases

Examples of BPs who may pose a higher risk of ML / TF include: -

- PEPs (see [Section 8](#) for further information); or
- BPs registered or operating in jurisdictions which international bodies such as FATF deem to not apply sufficient AML / CFT measures; or
- BPs registered or operating in jurisdictions which may be subject to sanctions measure (for example issued by OFAC or OFSI); or
- Any BP or connected entity / person that is the subject of a warning in relation to AML/CFT matters, issued by a competent authority (or equivalent authority) in another jurisdiction; or
- Any BP or connected entity / person who may be subject to sanctions measures (for example issued by OFAC or OFSI).

EDD should give firms a greater understanding of the BP and their associated risk than standard due diligence. It should provide more certainty that the BP and / or beneficial owner is who they say they are, and that the purposes of the business relationship are legitimate (as well as increasing opportunities to identify and deal with concerns that they may be illegitimate or suspicious).

The extent of EDD must be commensurate to the risk associated with the business relationship or occasional transaction; however, Raean Exchange N.V. can decide, in most cases, which aspects of CDD should be enhanced. This will depend on the reason why a relationship or occasional transaction was classified as higher risk.

Examples of EDD

Examples of EDD include:

- Additional verification of the identity and address of the shareholders (representing 10% or more of the total issued shares) and all ultimate beneficial owners, directors, and controllers of the BP; for example, through the certification / notarisation of identity and address verification documents, the obtaining of bank references, etc.
- WHERE IDENTIFICATION AND/OR ANY OTHER DOCUMENTATION IS IN A DIFFERENT LANGUAGE TO ENGLISH, THAT THESE BE VERIFIED BY THE MLRO HIM/HERSELF AND IF THE MLRO IS NOT VERSED IN THE LANGUAGE, AN APPROPRIATE TRANSLATION MECHANISM AND/OR AN INDIVIDUAL WITH THE APPROPRIATE LANGUAGE CREDENTIALS (WITH APPROVAL FROM THE MLRO) BE UTILISED

- Consideration by the Company as to whether information is required on the source of funds and source of wealth, and background of the BP.
- Gaining a better understanding of the BP's or beneficial owner's reputation and/or role in public life, and assessing how this affects the level of risk associated with the business relationship;
- Carrying out searches on a BP's directors or other individuals exercising control to understand whether their business or integrity affects the level of risk associated with the business relationship;
- Establishing how the BP and / or beneficial owner acquired their wealth to be satisfied that it is legitimate; and
- Establishing the source of the BP's and / or beneficial owner's funds to be satisfied that they do not constitute the proceeds from crime.

The MLRO / Compliance Officer is responsible for managing PEP relationships within Raeen Exchange N.V.; however, the likelihood of PEPs creating an account to use Raeen Exchange N.V.'s product is thought to be very low. Nevertheless, these procedures are in place to ensure that on rare occasions where PEPs may become customers of Raeen Exchange N.V.

7.3 Further Measures

Enhanced background reports on individuals can also be requested (at a cost) from companies such as Thomson Reuters. These are in-depth investigative reports that can be requested and provide a wealth of information that allows Raeen Exchange N.V. to assess such risks of entering into a business relationship with individuals subject to the report. Requiring such a report will be reviewed on a case by case basis but is a further option available to Raeen Exchange N.V.

7.4 PEPs and EDD

PEPs pose a higher risk of ML/TF primarily due to their exposure to bribery and corruption through their prominent positions and appointments. Raeen Exchange N.V. applies EDD measures to ensure that the risk of involvement in ML/TF is mitigated, and that Raeen Exchange N.V. does not become concerned with funds derived from bribery and / or corruption (which would be deemed predicate offences).

8. Agreement Sign Off

Prior to final sign off, all agreements should be reviewed by the MLRO, including a confirmation that the BP's AML Framework complies with RAEEN Exchange's minimum standards. Confirmation should include that all customer due diligence documents (for the BP) have been received and reviewed prior to onboarding the BP.

In order to engage with a third-party supplier, only a Director may sign an agreement or SLA once a third party's due diligence has been reviewed and signed off internally.

No other person may sign for or on behalf of the Company.

9. Decision to Exit a Business Partner

Operational procedures will exist to allow closure or suspension of BP accounts.

Raeen Exchange N.V.'s Money Laundering Reporting Officer ("**MLRO**") / Compliance Officer may make independent decisions to exit a BP based on screening results from PEP and Sanctions matches or based on activity or behaviour deemed to be a threat or risk to Raeen Exchange N.V. from a money laundering or terrorist financing perspective. Refer to the Reporting Suspicious Activity Policy for more information on these circumstances.

The MLRO / Compliance Officer will also be integral in accepting and reviewing EDD documentation from customers and will also determine whether such information is acceptable. If information is deemed inadequate or unsatisfactory and attempts with the customer to provide additional clarification has failed, the MLRO / Compliance Officer can decide to exit the customer accordingly.

Additionally, the MLRO will be responsible to ensure there is regular oversight of Raeen Exchange N.V.'s business partners who use the Betfair exchange via Raeen Exchange N.V.'s API and, through contractual arrangements, the MLRO can recommend suspension of the service to such business partners if the MLRO deems there to be a breach, or has evidence that the business partner is not complying with the minimum standards set out in the agreement.

10. Politically Exposed Persons

10.1 Definition

The term PEP refers to a person who holds high public office, or a prominent public function. The current AML/CFT regime requires firms to apply extra measures EDD when dealing with PEPs, as well as family members or close associates of those PEPs.

The relevant legislation defines the following as PEPs: -

- a) A natural person who is or has been entrusted with prominent public functions, including –
 - a. A head of state, head of government, minister or deputy or assistant minister;
 - b. A senior government official;
 - c. A member of parliament;
 - d. A senior politician;
 - e. An important political party official;
 - f. A senior judicial official;
 - g. A member of a court of auditors or the board of a central bank;
 - h. An ambassador, chargé d'affaires or other high-ranking officer in a diplomatic service;
 - i. A high-ranking officer in an armed force;
 - j. A senior member of an administrative, management or supervisory body of a state-owned enterprise; or
 - k. A senior member of management of, or a member of, the governing body of an international entity or organisation.

- b) Any of the following family members of a person mentioned in a)
 - a. A spouse;
 - b. A partner considered by national law as equivalent to a spouse;
 - c. Other known close personal relationships not covered by i or ii such as a partner, boyfriend of girlfriend;
 - d. A child;
 - e. A spouse or partner of a child;
 - f. A brother or sister (including a half-brother or half-sister);
 - g. A spouse or partner of a brother or sister;
 - h. A parent;
 - i. A parent-in-law;
 - j. A grandparent; or
 - k. A grandchild.
- c) Any natural person known to be a close associate, including –
 - a. A joint beneficial owner of a legal person or legal arrangement, or any other close business relationship with a person as listed in a);
 - b. The sole beneficial owner of a legal person or legal arrangement known to have been set up for the benefit of a person listed in a);
 - c. A beneficiary of a legal arrangement of which a person listed in a) is a beneficial owner or beneficiary; or
 - d. A person in a position to conduct substantial financial transactions on behalf of a person listed in a).

10.2 Identifying PEPs

For the purpose of deciding whether a person is a known close associate of a PEP, Raean Exchange N.V. needs only have regard to information, which is in its possession, or to credible information which is publicly known. To achieve this, AML checks will be completed which includes PEP screening – more specifically a check against a register of publicly known individuals with public functions, their associates and close family.

Any match, or possible match to a PEP (using third-party databases) requires the MLRO / Compliance Officer's approval and / or further advice before allowing the BP to engage with Raean Exchange N.V.

SCREENING WILL BE UNDERTAKEN BY THE MLRO AND/OR ANOTHER APPROPRIATE AUTHORITY (APPROPRIATE AUTHORITY TO INCLUDE A COMPLIANCE OFFICER AND/OR THE CEO WITH DESIGNATED AUTHORITY FROM THE MLRO) WITHIN THE COMPANY.

Screening undertaken will include running a full PEP, sanction and adverse media report. If any positive matches are identified then the business will have to run enhanced due diligence (EDD) prior to making any decision whether to conduct business with the entity or not. Positive matches will include the utilisation of different data points to rule out any potential positive match. These data points to include full name, gender, date of birth, place of birth, national ID card number, media coverage, newspaper articles, or any other relevant data point that may come up from time to time in the carrying out of screening.

It is recognised that from time to time, we made identify false positive matches. In these cases, careful consideration will be given to the information returned on the screening

report and commentary provided on the cover sheet as to why the potential positive match is deemed to be in fact negative.

In any case, DETAILS OF THE SCREENING UNDERTAKEN WILL BE SUMMARISED ON THE SCREENING COVER SHEET ATTACHED TO EACH ASSESSMENT, INCLUDING THE REASONS WHERE A POSITIVE MATCH HAS BEEN DECLINED

Should approval be granted for a PEP relationship, EDD may be required (such as additional documentation) but all PEPs will also be subject to ongoing monitoring of their account activity.

10.3 Requirements

Raeen Exchange N.V. must establish, record, maintain and operate appropriate procedures and controls for the purpose of determining whether: -

- a) any business partner;
- b) any natural person having the power to direct the activities of a business partner;
- c) and any known beneficial owner of a business partner is a PEP, or subsequently becomes a PEP.

All PEP relationships must be approved by senior management / the Board before: -

- a) any ongoing business partner relationship is established with a PEP;
- b) any occasional transaction is carried out with a PEP; or
- c) any ongoing business partner relationship is continued with a PEP.

Raeen Exchange N.V. must also take reasonable measures to establish the source of wealth of PEPs and must perform ongoing effective enhanced monitoring of PEP relationships.

11. Ongoing Monitoring

Raeen Exchange N.V. must conduct ongoing monitoring of business relationships with partners (High Risk Partners every 6 months, Medium Risk Partners every 12 months, and Low Risk Partners every 24 months). The same level of monitoring will be expected of RAEEN Exchange's BPs on their partners and/or customers.

Training to RAEEN Exchange's staff will be provided quarterly or more regularly if required (for example with certain individuals). Training will also be provided to RAEEN's BPs annually however there is an expectation that the BPs conduct internal training quarterly.

Ongoing monitoring of a business relationships can include:

- Scrutiny of transactions undertaken throughout the course of the relationship (including, where necessary, the source of funds) to ensure that the transactions are consistent with Raeen Exchange N.V.'s knowledge of the BP, their business and risk profile (risk rating as deemed by RAEEN's risk assessment carried out), and customer risk assessment; and
- Ensuring that the documents or information obtained for the purposes of applying due diligence are kept up to date, accurate and appropriate.

Monitoring partner activity helps identify unusual activity. If unusual activities cannot be rationally explained, there is a risk they may involve money laundering or terrorist financing.

Monitoring partner activity and transactions that take place throughout a relationship helps in assessing the risk a partner poses, and provides greater assurance that the entity (RAEEN Exchange and/or the BP) is not being used for the purposes of financial crime.

Monitoring such as the following will be undertaken by the MLRO / Compliance Officer (or a relevant compliance officer in the case of the BP) on a periodic basis (High Risk Partners every 6 months, Medium Risk Partners every 12 months, and Low Risk Partners every 24 months) or as necessary as advised by MLRO:

- Checking controls in place to ensure the individual placing bets is > 18.
 - Via checking of IDs to ensure that age is > 18
- Checking quality of CDD documentation obtained for:
 - Bettors whose activity has been identified as suspicious by the Emerging Market Partner (“EMP”) monitoring team / MLRO; and
 - Bettors with gross losses/settlements of £2k within a rolling 30-day period.
- Monitoring that CDD has been collected within required timeframe of 28 days.
- Checking quality of Source of Wealth information obtained from underlying individual bettors to include at a minimum:
 - Bettors with gross settlements of £100k within a rolling 365 days. This threshold will be subject to future review; and
 - Bettors who have engaged in any other suspicious activity as set out by the MLRO.

Where Raeen Exchange N.V., (or the BP) following its risk-based approach, identifies higher risk accounts and BP relationships, enhanced ongoing monitoring is required. This will generally mean more frequent or intensive monitoring and scrutiny of transactions to ensure the expected activity of the BP remains the same.

Raeen Exchange N.V. (and the BP) can develop several reports to monitor BP activity. Such reports allow the MLRO / Compliance Officer to quickly understand the pattern of the customer’s activity over a given period and determine whether this is within keeping as to the expectations of the partner based on their risk profile.

In undertaking these checks, Raeen will work closely with the business partners to ensure that compliance requirements are being adhered to. Whilst Raeen will not be conducting any direct due diligence on entities other than our own business partners, Raeen will ensure that our business partners are following the correct measures with their business partners.

11.1 Ceasing to be a PEP for Monitoring Purposes

Generally, under the definition of a PEP the obligation to apply EDD measures to an individual ceases after he or she has left office for one year, or for such longer period as Raeen Exchange N.V. considers appropriate, to address risks of ML/TF in relation to that person. For lower risk situations it will not normally be necessary to continue to treat someone as a PEP for longer than 12 months after they leave office.

Raeen Exchange N.V. must take into consideration the following factors when removing the PEP status from a BP: -

- a) The nature and duration of the individual's role;
- b) How much time has passed since they were in the role;
- c) The level of (informal) influence that the individual could still exercise; and
- d) Whether the individual's previous and current function are linked in any way (e.g. formally by appointment of the PEP's successor or informally by the fact that the PEP continues to deal with the same substantive matters).

In such circumstances, Raean Exchange N.V. will remove any designated 'PEP' flag associated with the BP only if the BP's risk profile is deemed low or medium. If the BP's risk profile is deemed as high, even if they are no longer classified as a PEP, then the enhanced ongoing monitoring and EDD measures will still apply to that individual.

12. Sanctions Screening and Monitoring

Sanctions involve a wide range of measures—from asset freezes to trade embargoes—to exact pressure on individuals, organizations, and nation states to meet international and national standards of conduct. What's more, the number of sanctions regimes continues to grow, further complicating on-going risk management.

The costs of inadequate sanctions screenings are significant, including:

- potential reputational damage,
- substantial fines, and
- exclusion from future business contracts.

Keeping sanctions, watchlists and politically exposed persons (PEPs) on your company's radar demands a proactive approach. Here is a list of best practices that RAEEN will deploy to ensure we are managing our Sanctions' risk proactively:

- Top down – build a culture of compliance from Board to Managers to Staff.
- Maintain up-to-date policies and procedures that are reviewed regularly.
- Clearly communicate our policies / procedures to staff and our business partners.
- Actively train employees and business partners to ensure they understand sanctions compliance obligations, as well as how to recognize and address sanctions compliance.
- Audit and regularly review our sanction screening policies, procedures, and training to ensure we are keeping up with any changes.

As such, during the BP registration and/or ongoing monitoring of BPs against third party <https://namescan.io/> databases covering PEPs and Sanctions, should at any time an individual be flagged as a potential sanction match, the relationship will immediately be suspended and flagged, and an alert generated for the MLRO / Compliance Officer to review. The same level of compliance will be expected from Raean's BPs when they are engaging with its own BPs and/or customers.

In addition, RAEEN will also run checks against negative news and/or adverse media and ensure that its Business Partners are doing the same with its own BPs and/or customers. Adverse media or negative news is defined as any kind of unfavourable information found across a wide variety of news sources – including:

- traditional news media like newspapers in print or online,
- broadcast news across radio and TV, and/or

- social media

One of the most common types of adverse information is the past criminal activity of an individual. If it is suspected that a person may be involved in financial crime, and authorities discover that that person has been previously caught for committing another crime, this gives authorities even more reason to suspect that individual to be involved. In contrast, if a person has no criminal history and is not known for associating with individuals who do, they are then at a much lower risk of being involved in something such as a money laundering scheme.

These checks against adverse media / negative news will be conducted by RAEEN's compliance team through a combination of resources available through <https://namescan.io/> and manually by conducting thorough online research. RAEEN will also ensure that its BPs are conducting the same level of due diligence on their BPs and / or customers.

Training to RAEEN Exchange's staff will be provided quarterly or more regularly if required (for example with certain individuals). Training will also be provided to RAEEN's BPs annually however there is an expectation that the BPs conduct internal training quarterly.

Screening will be conducted – in the least - against the following sanctions lists:

- Office of Foreign Assets Control (OFAC)
- EU Terrorism List
- Interpol Most Wanted
- SDN and Blocked Entities
- World Bank Debarred Parties List
- Politically Exposed Person (PEP)
- Negative News
- EU, USA, UK, Malta, Ireland and Isle of Man

The MLRO / Compliance Officer will review the account information against the public information contained within the third party (NameScan – <https://namescan.io/>) database about the sanctioned individual and will determine whether further information is required (such as EDD) to help eliminate the BP or associated entity (discount based on evidence), or whether such information confirms the entity is (or appears to be) the same as that one named on the sanctions list.

Should a positive match materialise, the MLRO will inform the Curacao Financial Intelligence Unit immediately and follow their guidance from that point on in how to manage the partner and / or any funds that may be present on the BP's account at that time.

13. Appendix A

Source of Funds v Source of Wealth

Source of Funds

Source of Funds is required to verify the source and amount the of the transaction relating to the business relationship with Raeen Exchange N.V. We will need to see proof of the funding source (e.g. bank account ownership and proof of funds available) and confirmation of how those funds have been generated.

Source of Wealth

Source of Wealth is distinct from Source of Funds and comprises the full net worth of an entity. This is to ensure Raeen Exchange N.V. fully understands who the business partner is, and the activities of their operation.

Depending on the transaction amount, a determination of what underlying verification must be considered.

Documentation

In order to verify the source of funds, Raeen Exchange N.V. will obtain proof of how the business relationship is being funded; this may be in the form of copies of relevant bank statements.

In order to verify the source of wealth, documents may be requested to gain a greater understanding of the BP's business activities and their financial standing; this could include copies of audited financial statements or undertaking open source research.

Each business partner relationship is unique and it therefore other suitable documents as evidence of the Source of Wealth may have to be considered. In each case where either Source of Funds or Source of Wealth is required, the MLRO / Compliance Officer will provide advice and guidance to staff.

14. Appendix B – Business Partner Risk Assessment

This form is to be completed prior to engaging with business partners in order to assess the level of ML / TF risk posed by the partner and relationship.

Risk Factor	Comment	Type	Risk
Provider or customer	Is the Partner providing a service to or purchasing a service from the business? A provider will be lower risk than a purchaser.		L/M/H
Type of Partner	Individual, Limited or Public Company?		
Licensed business?	Is the Partner a regulatory licensed business?		
Type of Provision or service	Could the service be linked to money laundering or terrorist financing?		
ML or TF risk of provision	What is the risk associated with the provision?		
Existence of PEPs?	Likelihood of a PEP being a partner		
Jurisdictional risk	Is the Partner based or trading from a high-risk jurisdiction?		
Payment methods?	How are funds transacted with the Partner; Bank to Bank, Debit Card, Cash etc?		
Is partners' source of wealth exposed to significant amounts of cash?	Is the Partner's business a cash-based business?		
Likelihood of partner being unable to evidence source of funds/source of wealth?	Partners are businesses that provide annual accounts. All transactions undertaken from own accounts and not of 3 rd party		
Profile of transactions?	Value of transactions v frequency e.g. high value low frequency, low frequency high value		
Monitoring Process?	Will the partner be monitored i.e. invoice levels checked for changes on a monthly basis etc.		
Technological Development Risks?	Any new technologies are reviewed for AML/CFT risk in line with the Tech Development policy		

15. Appendix C – RAEEN Exchange's Minimum Standards

These Minimum Compliance Standards will be subject to review and amendment on a periodic basis.

AML Governance / Policies

- AML awareness programme in place to ensure that controls exist within the agency structure to understand and manage AML risk and ID documentation obligations.
- A suitable Money Laundering Reporting Officer (MLRO) is appointed by the Operator.
- An AML policy has been prepared and is reviewed annually by the MLRO and approved by the directors of the Operator.
- AML Business Risk Assessment prepared annually outlining awareness of key risks along with mitigating controls and owners (draft template can be shared if desired).
- Suspicious Activity Report (SAR) template in place and procedures outlining how to submit same to the relevant authorities in place
- Regular (at least quarterly) AML reporting to directors takes place and an annual MLRO report is produced covering governance and operational issues.

Operating Procedures

- Up-to-date documentation (to include proof of identity and proof of address) is held on super-masters, masters and agents within the EMP structure.
 - Where the Super Master/Master Agent is a legal entity, the documentation held by the Exchange Partner should include at a minimum documentation to identify and verify:
 - the incorporated status of the legal entity,
 - the legal entity's registered address, and
 - the identity of the legal entity's officers and Ultimate Beneficial Owner. The identity of the legal entity's officers and Ultimate Beneficial Owners should also be verified through appropriate documentation.
- Any fund settlements directly received by the Operator must be from banks / licensed payment providers in the name of the recipient i.e. no third-party funding / payments and no cash receipts.
- Controls are in place to ensure that the individual placing bets is over 18 years of age.
- Sanctions / PEPs / Negative News screening is in place for all agent participants within the structure or members who meet the CDD requirements set out below.
- CDD documentation is obtained for Bettors on a risk sensitive basis to include at a minimum:
 - Bettors whose activity has been identified as suspicious by the EMP monitoring team or MLRO;
 - Players with settlements of £2,000 within a rolling 30-day period.
- Trade will be ceased with any Player who fails to produce the required documentation within 28 days.
- Source of Wealth information will be obtained from underlying individual Players to include at a minimum:
 - Bettors with gross settlements of £30,000 within a rolling 365-day period. This threshold is subject to future review by Betfair;

- Bettors who have engaged in any other suspicious activity as set out by the MLRO.
- A Suspicious Activity Report will be filed in any of the following circumstances:
 - Where insufficient source of wealth documentation is provided when requested to substantiate the level of betting and this is deemed by the MLRO to give rise to suspicion regarding the provenance of funds;
 - An investigation concludes that there is evidence of money-passing on the Exchange which is deemed by the MLRO to be indicative of attempted money-laundering;
 - Any other suspicious activity as set out by the MLRO.
- Where a PEP is identified as the beneficiary to an account, the Exchange Partner should have sufficient controls in place to address the additional risks of such accounts. These should include mandatory
 - Verification of identity through the receipt of CDD documentation
 - Requirement to establish the PEPs Source of Wealth/Source of Funds.
 - Senior Management Approval to service the PEP
- Defined Sanctions policy, setting out at a minimum:
 - The risks associated with dealing with a sanctioned person/country/corporate entity.
 - The Sanctions lists that they will screen against
 - The measures to be taken if a sanctioned person/country/corporate entity is identified.

End of Document