

AML POLICY

Version 4

Abstract

This document defines Arrow Wood Group's Anti-Money Laundering policy. All employees and processes within will be setup to ensure compliance to this policy.

Document Synopsis

This document defines Arrow Wood Group's Anti-Money Laundering policy. All employees and processes within will be setup to ensure compliance to this policy.

Documentation Control

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Documentation Approval

Name	Role	Date	Signature
Ok Rye You	Director	13 th July 2021	Approved digitally
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ANTI-MONEY LAUNDERING POLICY

Anti-Money-Laundering Policy

Introduction:

Money laundering is a process by which the illicit source of assets obtained or generated by criminal activity is concealed to obscure the link between the funds and the original criminal activity. Terrorist financing involves the raising and processing of assets to supply terrorists with resources to pursue their activities. While these two phenomena differ in many ways, they often exploit the same vulnerabilities in financial systems that allow for an inappropriate level of anonymity and non-transparency in the execution of financial transaction

Arrow Wood N.V. AML policy is designed to ensure that the company complies with the requirements and obligations set out for Gaming Curacao, rules and industry guidance for the e-gambling sector, including the need to have adequate systems and controls in place to mitigate risk of the firm being used to facilitate financial crime. The AML Policy Sets out the minimum standards which must be complied with and includes.

The appointment of a Money Laundering officer (MLRO) – being Martin Elliott (MLRO@thearrowwood.com) who has sufficient seniority, and is responsible for oversight of the company's compliance with legislation, rules and industry guidance. In the event that the MLRO is unavailable, the on-site Deputy MLRO, Ritesh Ball, (MLRO@thearrowwood.com) will be similarly responsible;

Establishing and maintaining a Risk Based Approach towards managing money laundering and terrorist finance risks of the company;

Establishing and maintaining risk-based customer due diligence, identification, verification and know your customer (KYC) procedures, including enhanced due diligence for those customers presenting higher risk such as Politically Exposed Persons (PEPs) or any individual, entity or group which is subject to sanctions.

Establishing and maintaining risk-based systems and procedures to monitor ongoing customer activity;

Procedures for reporting activity internally and to the relevant law enforcement authorities as appropriate;

The maintenance of appropriate records for the minimum prescribed period;

Training and awareness for all relevant employees; and

Appropriate management information and reporting to senior management of the compliance with the requirements.

Sanctions Policy:

Arrow Wood N.V. is prohibited from transacting with individuals, companies and countries that are on prescribed Sanctions lists. In order to meet the requirements of the UN, EU and other sanctions lists, Arrow Wood N.V. do not make any funds and/or services available to or for the benefit of any particular individual, entity or group which is named on the below mentioned list:-

- <https://data.europa.eu/euodp/en/data/dataset/consolidated-list-of-persons-groups-and-entities-subject-to-eu-financial-sanctions>



Sanctions list.pdf

- <https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets/consolidated-list-of-targets>
- <https://home.treasury.gov/policy-issues/financial-sanctions/other-ofac-sanctions-lists>

Arrow Wood N.V. also uses Refinitiv world check tool to screen the Registered Customer against any PEP/Negative News screening.

In case a sanctioned person/country/corporate entity is identified, it should be immediately reported to the MLRO and Senior Management.

In addition, if any person is identified as being subject to CDD or EDD (where their betting activity has exceeded certain thresholds or has been flagged as suspicious), they will also be subject to PEP screening and will be checked against the sanctions list.

Risks associated with dealing with a sanctioned person/country/corporate entity can lead to

- Reputational damage
- Strained commercial relationships with clients and suppliers
- Inquiry by regulatory authority
- Financial loss to company

Below is the list of data points used to rule out potential hits on Refinitiv screening reports:-

- Name
- Gender
- Date of birth
- Residential address location
- Where there is any potential match with the name, in-depth research is done on that hit based on the data available on Refinitiv source before declaring it a false match
- Based on the local cultural customs, many individuals use their father's name or initials as their middle/fore name, in such cases father's name becomes a reason to rule out potential hits

A summary of the data points used to rule out screening hits as false positive is required to be mentioned in the Audit section of the Refinitiv screening report. MLRO team to ensure that each potential hit is assessed and where the system cannot rule out a potential hit automatically an appropriate annotation is added to the system to record the data point/logic used to rule out the hit.

The full name of the customer is to be screened along with any abbreviations they may use. This includes instances where customers use their fathers name in their full name.

Participants

Registered Customers (RC) and Super Master Agent (SMA) accounts

Arrow Wood N.V. does not allow online betting or the depositing of funds for online betting unless the prospective customer has:

- Registered with the company and provided suitable KYC documents;
- Confirmed their acceptance of Arrow Wood's terms and conditions.

To register, corporate customers must provide CDD as outlined below:

1. Certificate of Incorporation
2. Memorandum and Articles of Association
3. Registers of Directors and Members
4. Where director is an individual - Passport and Utility bill for at least 2 directors. (In case of high risk factors, all directors should be identified and verified)
5. Where director is a corporate entity – Certificate of incorporation, MOA/AOA and Registers of Directors and Members.
6. Passport and Utility bill for all members holding shares of 25% or more
7. Identity of the ultimate beneficial owner(s)

To register, Individual customers must provide CDD as outlined below:

1. Verification of identity
 - A colour copy of a valid government issued form of ID (e.g. Driver's license, passport, State ID or Military ID).
2. Verification of address (issued within 90 days)
 - A copy of a recent utility bill showing the address;
 - Any other documentation as Arrow Wood may require.

Arrow Wood N.V. will require a copy of the UBO's passport and a utility bill together with information about their financial status and business background. Further background checks on the UBO will be carried out as listed above for individual clients.

Checks are made on Refinitiv against PEP's and sanctions lists of all directors, members and UBO's. If a PEP is found, then the approval of the MLRO or Deputy MLRO prior to registration must be sought and enhanced due diligence performed such as further proof of source of funds like bank statement or extra verification checks on Bank of England Sanctions List or Refinitiv World Check. A template Source of Wealth Statement is available on the shared file database.

In case of a director being a corporate entity, proper screening of entity is done against the Sanctions list and Refinitiv check for any potential match.

Further scrutiny as to the source of wealth and funds is confirmed by checks of company accounts and bank statements.

Senior management approval should be obtained to service the PEP client.

AML Policy and procedures of all Registered Customers will be acquired and assessed at the time of onboarding. Annual reviews will be conducted on the customer's AML Policy and procedures by Assistant MLRO and/or Deputy MLRO. Sample testing of documentation will be done annually to assess the implementation of Policies and procedures. AML Policy and procedures along with summarized report will be submitted to MLRO for review.

Records will be maintained by Arrow Wood N.V. of all current, attempted, and past registrations.

Upon completion of all required DD/KYC an email will be sent to the Registered Customer asking them to confirm agreement to the terms and conditions and for the deposit of funds.

Registered Customers may not use Arrow Wood's services in any way directly or indirectly associated with money laundering.

As soon as an SMA account is opened by a RC of Arrow Wood, the Registered Customer is agreeing to abide by all the rules and regulations relating to Anti-Money Laundering that are required by Arrow Wood and all relevant legislation. In short, the RC binds himself not to use funds that are, in any way whatsoever, the proceeds of crime.

If the Registered Customer does not respect these rules and regulations, then Arrow Wood may suspend the RC and the related SMA account pending investigation and alert the relevant authorities as required.

Registration of Master Agents (MA)

As part of the customer registration process, Registered Customers are required to agree they will not accept into their agency tree minors, problem gamblers or customers residing in territories that do not apply the FATF Recommendations.

Once their initial Senior Master Agent (SMA) account has been activated, the RC is free to create and manage their agency tree of Master Agent(s), Agent(s) and Member(s) under this account. On request, with the approval of the MLRO or Deputy MLRO, Arrow Wood will create additional SMA accounts for a customer to enable them to distinguish and track different betting activity from their downlines.

The Registered Customer is required by Arrow Wood to perform their own Customer Due Diligence on Master Agents to ensure they are not recruiting underage or restricted Super Master Agents and also that should Arrow Wood ask for evidence of a particular account identity they are in a position to provide it.

Arrow Wood expect the Registered Customer to perform similar checks to those carried out by Arrow Wood on the Registered Customer.

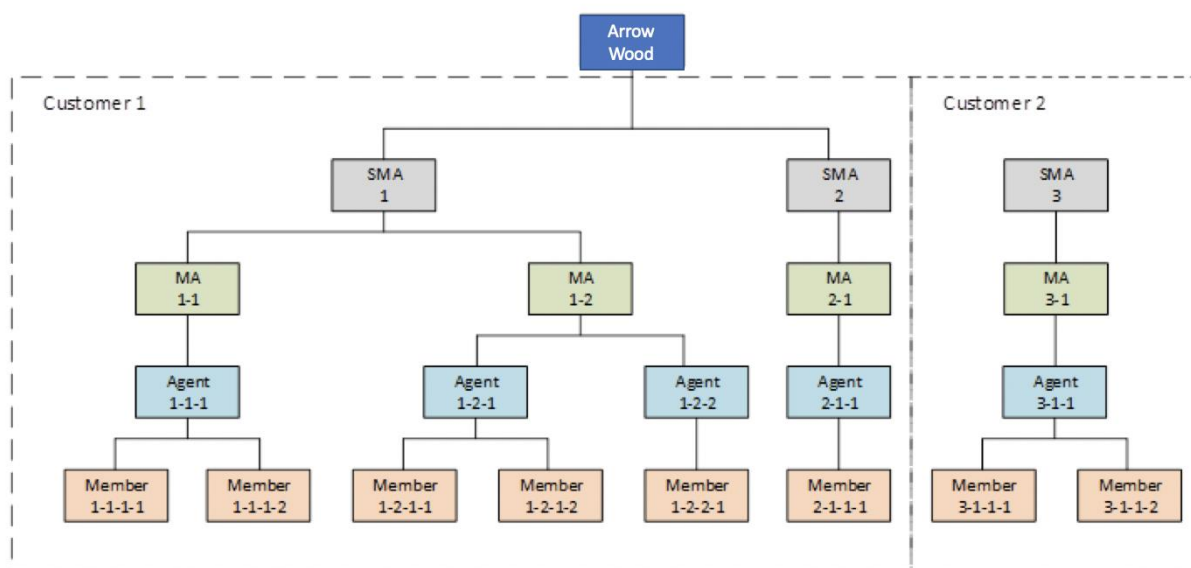


Illustration of the Arrow Wood Agency Tree

The contract between Arrow Wood and the RC enables Arrow Wood to oblige the RC to be of legal age and requires them to ensure that any contract they enter into with a Master Agent will ensure that the Master Agent is of legal age. Moreover, the contract will oblige any contract that the Master Agent enters into with an Agent ensures the Agent is of legal age and that the Agent is obliged to ensure every member under their control are of legal age. Each level is responsible for ensuring that the level below them is compliant with the age verification process and any instances of non-compliance will lead to account closure by the level above.

In addition, when a new member logs in for the first time a confirmation will be required that he/she is over 18, before being transferred to the betting site.

This provides for the due diligence process that must be carried out before the opening of SMA accounts for a RC. The due diligence procedure is carried out for the purposes of the prevention of money laundering. The due diligence activities include the following at the minimum:

- Verification of Identity
- Verification of Address
- Verification of source of funds

Before opening of any SMA account, the RC must register the SMA, and the process will require provision of accurate details to Arrow Wood. It is the RC's responsibility to immediately provide Arrow Wood with updated information to any information provided at the initial account opening stage.

The RC may be requested to provide proof of identity and other relevant documents at any time. If a RC wants to withdraw any funds full documentation will be collected including proof the identity of the RC and the ownership of the source and destination of any funds to be withdrawn. Arrow Wood has the discretion to verify creditworthiness of a RC with third parties who previously provided any information on the RC.

If Arrow Wood becomes aware that a person has provided false information when providing due diligence documents, then Arrow Wood shall not register such person and where that person has already been registered, the Arrow Wood shall immediately cancel that person's registration as a RC with Arrow Wood.

No person under eighteen years of age shall be registered as a RC and any funds deposited or any money won by any such persons shall be forfeited.

Arrow Wood shall, at all times, keep a secure online list of all RCs. Any one individual can only register a single account with Arrow Wood and can have multiple SMA's registered under the same

KYC for SMAs, Master Agents and Agents

Arrow Wood holds up to date KYC for all its Registered Customers. The RC's are required to hold KYC for all SMAs, Master Agents and Agents which shall consist of:

Where SMAs, Master Agents and Agents are an individual

3. Verification of identity
 - A colour copy of a valid government issued form of ID (e.g. Driver's license, passport, State ID or Military ID).
4. Verification of address
 - A copy of a recent utility bill showing the address;
 - Any other documentation as Arrow Wood may require.

Where SMAs, Master Agents and Agents are a Corporate Entity

1. Certificate of Incorporation
2. Memorandum and Articles of Association
3. Registers of Directors and Members
4. Passport and Utility bill for at least 1 director
5. Passport and Utility bill for all members holding shares of 25% or more
6. Identity of the ultimate beneficial owner(s)

This information is requested to be provided on a first account log in and must be completed before any withdrawal of funds can take place.

Customer Due Diligence Measures

CDD documentation must be obtained by Arrow Wood for any person (member) where the following occurs:

1. Where their betting activity has been identified as suspicious by the monitoring team/MLRO; or
2. Where their gross losses/settlements reach £2,000 (or any equivalent currency) within a rolling 30 day period.
3. Where deposits of £2,000 or higher have been made within a rolling 30-day period.

Ongoing monitoring of accounts is undertaken. Any inconsistencies such as a pattern of transactions that are particularly complex and have no apparent economic or lawful purpose will be investigated and if suspicious reported to the MLRO. Other suspicious behaviour such as depositing an unusually large amount of money, placing a very small bet followed by a request to withdraw the balance will also be investigated and escalated.

For the purposes of CDD checks in these circumstances, the following documents are acceptable:

1. Verification of identity
Documents need to be of good clear copy, plainly legible, unexpired at the date of receipt, bear a photo of the holder:
 - Passport
 - National identity card
 - Full driving license
2. Verification of address
 - A recent bank statement or credit card statement, or utility bill (recent in respect of utility bills is for the last quarter i.e. no more than 3 months old). Mobile telephone bills are not acceptable as evidence of address under any circumstances.
 - Correspondence from an official independent source such as a central or local government department or agency.
 - Government issued identity cards can be accepted for verification of address.
 - Documents provided to verify an address should not refer to P O Boxes or 'care of' addresses.
 - Identity and proof of address can be provided in the same document.

Where, the identity document received has been issued more than 18 months old, a confirmation via an email or via Whatsapp communication channel is required that the address given is still the residential address of the bettor.

If Arrow Wood has not received satisfactory CDD documents within 28 days of requesting them, the account will be closed.

Enhanced Due Diligence

EDD checks must be carried out for any person where:

- A member has accrued gross losses of £30,000 (or any equivalent currency) within a rolling 365 days (or any other minimum threshold that is applicable); or
- A member who has engaged in any other suspicious activity identified or set out by the MLRO in any particular case.; or
- A member who has deposited £30,000 or more within a rolling 365-day period.

The reasons for EDD include but are not limited to:

- PEP being identified;
- Any notification to the MLRO of unexplained or unusual betting activity where the MLRO considers it desirable to investigate further

The EDD will consist of, at a minimum:

- Additional identification documents (e.g. certified copies of current passport)
- Original utility bills no more than three months old to evidence residential address or official, independent correspondence.

It is necessary to obtain Source of Wealth information to confirm the source of funds and this includes:

- Review of publicly available information
- Bank statements to further evidence source of funds/personal wealth
- Obtaining and verifying a mini Biography of a person
- Reference letter from Bank/Accountant for verification of assets and earnings

A Source of Wealth Statement template is available on the shared file database.

Also, a brief analysis and consideration of the monetary value of the member's wealth in line with the value of bets placed will be ascertained.

In additional further verification checks will be carried out by referring to the Bank of England's Sanctions List and/or World Check.

Members who refuse to provide SOW documents cannot reopen an account until the documents are provided. Arrow Wood will keep track of these users by either recording their IP address, their identity details and if a member is found to have re-open the account the Agent will be censured.

Examination of transactions

Arrow Wood reserves the right to examine with special attention, and to the extent possible, the background and purpose of any complex or large transactions and any transactions which are particularly likely, by their nature, to be related to money laundering or the funding of terrorism.

Arrow Wood also reserves the right to request any RC, SMA or MA to provide samples at any time of KYC checks carried out on members, both in relation to proof of identify and to verify that such persons are over 18.

Arrow Wood will do sample testing of the transactions received from RC annually . RC will need to provide their statement of accounts displaying the transaction/or group of transactions that made up the funds. (Risk assessment added to AML Policy and Procedures page 22)

Deposits/Payments of winnings

Registered Customers can only make deposits from an account that is in their own name held with either a bank or a licensed payment provider. All payments should be sent in the recipient. Payment of winnings or refunds shall be transferred back to the same account from which the Registered Customer had made the original transaction.

Acceptance of wager

Arrow Wood shall not accept a wager from a RC unless:

- A SMA account has been established in the name of the RC and there are adequate funds in the account to cover the amount of the wager; or
- The funds necessary to cover the amount of the wager are provided in an approved way and through approved provider.
- Checks have been undertaken to ensure that the maximum limit of payment out of SMA account will not be exceeded.

Arrow Wood shall not make a payment out of a SMA account to a RC until the RC's identity, age and place of residence have been verified.

Account Closure

If no transaction has been recorded on a SMA account for thirty months, Arrow Wood shall remit the balance in that account to the RC.

Financial transaction – Record & Report

All financial transactions by all customers are recorded and can be reported on a daily, weekly, monthly or annual basis.

It is recognised that a significant change to the normal operation of an account could be a sign of suspicious activity. A change may be:

- Unusually large deposits based on past deposit history
- Large deposits followed by large withdrawals combined with minimal betting transactions
- Multiple changes to address details

For these purposes, any deposits in excess of £2,000 within a rolling day 30 period, or £30,000 within a rolling 365 day period will be considered to be significant and further investigations will be carried out accordingly which could result in:

- The account being locked while investigations are carried out;
- CDD or EDD being required;
- Consideration of whether to make a SAR;
- Closure of the account.

In addition, changes made to the customer's identity and personal information will be reported on to the company's management. The evidence of identity previously provided by the customer will be reviewed and steps taken to renew and update that information in light of the reported changes to the customer's identity. In certain cases, this may mean that the account is suspended pending receipt of new identity and address verification.

In the event that CDD documentation has been requested following an AML related alert from the MLRO or following the breach of a stated threshold as detailed in this document), and the required documentation not being satisfactorily provided, then the specific and directly related account will be suspended within 28 days, and no further betting activity will be allowed. Arrow Wood may decide to suspend the account immediately if it sees fit. Prior to suspending any account due to suspicions of money laundering or terrorist financing, consideration shall be given to the risk of tipping off.

Arrow Wood maintains appropriate records of all customers and their associated transactions. The Director of Finance and the MLRO/Deputy MLRO have unfettered access to all records and reporting available in the back-office computer system. Where a report is unavailable in the back-office computer system, the Director of Finance and the MLRO/Deputy MLRO can request any records and audit trails through the Operations Team who will provide hard or soft copies without delay and within one week of the request being made.

The Director and any other member of the Senior Management team can request any report at any time through the Deputy MLRO and will receive hard or soft copies without delay and within one week of the request being made.

Identification and verification of identify

The Director of Finance and the MLRO/Deputy MLRO will always retain access to the physical files that hold the registration details of all customers. Upon creation of a new customer account in the back-office computer system, the Operations Team will confirm the account codes for that customer to the Director of Finance who will update the customers file accordingly.

The MLRO/Deputy MLRO can retrieve all identity verification that has been collated on those considered to pose a higher risk. Hard copies can be retrieved on request.

Deposits, Withdrawals

All financial transactions are recorded against the customer within the Tally accounting system and are reconciled against banking records provided by the Payment Service Providers, and bank. This includes the name of the customer or unique identity number, the amount and nature of the transaction, the date of the transaction, the source or recipient of the funds and the nature of the financial transaction – bank transfer, Skrill etc.

All financial transactions are maintained in a system audit log which is available to the Director of Finance and the MLRO/Deputy MLRO upon request.

Each transaction is recorded in the Tally accounting system with a specific reference. Transactions are sorted in the back-office using the same reference pattern and can be scrutinised by the Director of Finance and MLRO/Deputy MLRO by date, participant or nature of the transaction.

Retention of Records

Records will be maintained in a secure and accessible form: Secure backups of all data are made daily.

Records include:

- all registration details

- identification verification
- enhanced due diligence
- suspended accounts and reason for suspension
- closed accounts
- suspicious transaction reports
- financial transactions – deposits, withdrawals,
- self-exclusions
- self-imposed limits
- excluded players
- bets placed
- complaints and responses
- audit trails
- accounting and bookkeeping.
- bank reconciliations
- Customer Service electronic correspondence records

Records associated with a customer (including all identification records and the financial transactions made by them) are to be maintained for a period of 5 years after the date of closure of the customer's account or the date of the last transaction.

The MLRO/Deputy MLRO logs any customers who have been the subject of a suspicious transaction report on the computer system. Records associated with such participants will be maintained until the MLRO agrees to them being destroyed. In cases where an on-going investigation is being conducted, the MLRO will retain the records until such time (but in any case, for at least 5 years) as the investigating FCU officer confirms that the records are no longer required.

Reporting of Suspicious Transactions

All transactions by all customers are recorded for suspicious activity and can be reported on a daily, weekly, monthly or annual basis.

Suspicious activity may include market manipulation or other abnormal activity.

In addition, changes made to the customer's identity and personal information will be reported on to the MLRO/Deputy MLRO. The evidence of identity previously provided by the customer will be reviewed and steps taken to renew and update that information in light of the reported changes to the customer's identity. In certain cases, this may mean that the account is suspended pending receipt of new identity and address verification.

In the event that satisfactory confirmation of the information as to the identity of the customer or satisfactory verification of evidence of identity is not provided, then the account will be suspended, no further betting activity allowed, and consideration be given to the lodging of a suspicious transaction report.

(i) Reporting to the MLRO.

If an employee or service provider suspects an instance of fraud, suspicious activity or questionable behaviour, including, but not limited to, market manipulation activity on the Exchange, or any other suspicious activity as set by the MLRO, no matter how insignificant they may think it is, they must report it to the MLRO for investigation. A report must be made in writing.

If a report is about an element of suspected internal fraud the employee or service provider is permitted to delete the email from the sent items folder to protect their anonymity.

It is then the responsibility of the MLRO Officer to thoroughly investigate the instance. Any individual suspected of fraud should not be notified or confronted until a thorough understanding of the situation has been gained and an investigation has been completed unless the MLRO decides that it is necessary to provide more information to facilitate the investigation.

The MLRO will open a file (as specific and detailed as possible) on each reported instance of suspicious activity.

Any account that is making excessive transactions (i.e. transactions which are larger or more frequent than transactions usually made by that customer) is flagged and manually checked.

Employees and service providers will be reminded that they should not discuss any pending investigation.

(ii) Reporting to Authorities

It is the responsibility of the MLRO to ensure that any suspicions are thoroughly investigated.

The MLRO will open a file (as specific and detailed as possible) on each instance of suspicious activity and submit a report on every investigation. In certain cases, third party processors or parties may be contacted to warn them of the actions of any fraudster.

Cases where the MLRO suspects or has reason to suspect that fraudulent, suspicious activity or terrorist property exists will be referred to the Curaçao Gaming Control Board (GCB) and other authorities as required, on a timely basis in accordance with the processes detailed in the section below and through a dedicated and completed Suspicious Activity Report (SAR) per case.

A SAR template is available on the shared file database.

The MLRO will provide the GCB with a monthly report of any such suspicious activity, by 28th of each calendar month, by email to compliance@gaming-curaçao.com.

All cases, including those that are not referred to the GCB, will have conclusions fully documented and stored internally.

The report will include:

- The nature of the suspected impropriety;
- The name and details of the persons believed to have engaged in the impropriety;
- The dates of any transactions or incidents;
- How the concern came to light;
- All supporting evidence;
- The results of the investigation;
- The decision that has been reached;
- The decision on whether to escalate the report to the authorities.
- Any additional details deemed relevant by the MLRO.

All information reported or gained during any investigation will remain confidential with complete discretion exercised during any investigation.

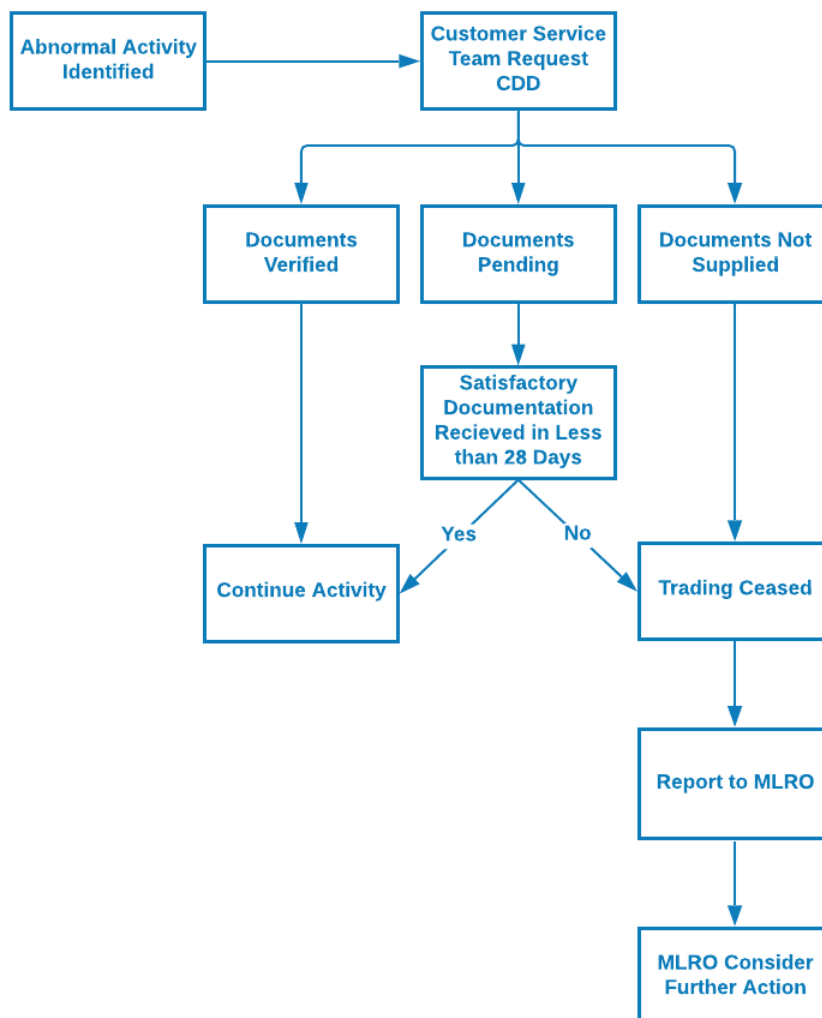
Strict codes of practice must be followed during an investigation and stringent controls will be in operation on reporting cases of fraud.

During the investigation suspected persons may be contacted to clarify issues or give more information. After the investigation process has been completed suspected persons may be contacted with the results of the investigation if appropriate.

Reporting processes for Suspicious Activity

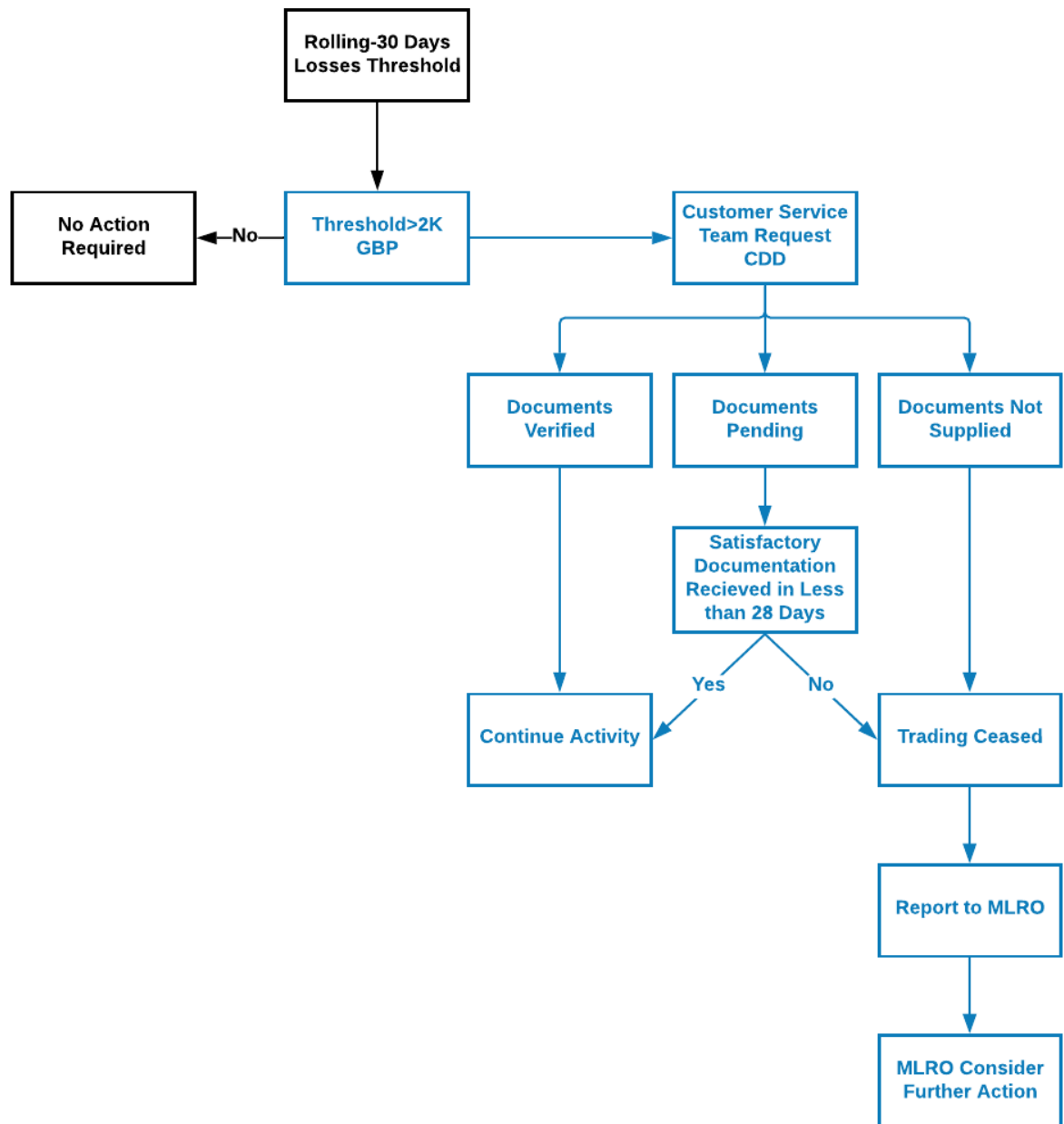
- A) Where any suspicious activity is identified, the following processes will be applied: Bettors whose activity has been identified as suspicious by the EMP monitoring team / MLRO

Daily reports will be delivered to the MLRO by email to MLRO@thearrowwood.com. The process to be followed is shown below:



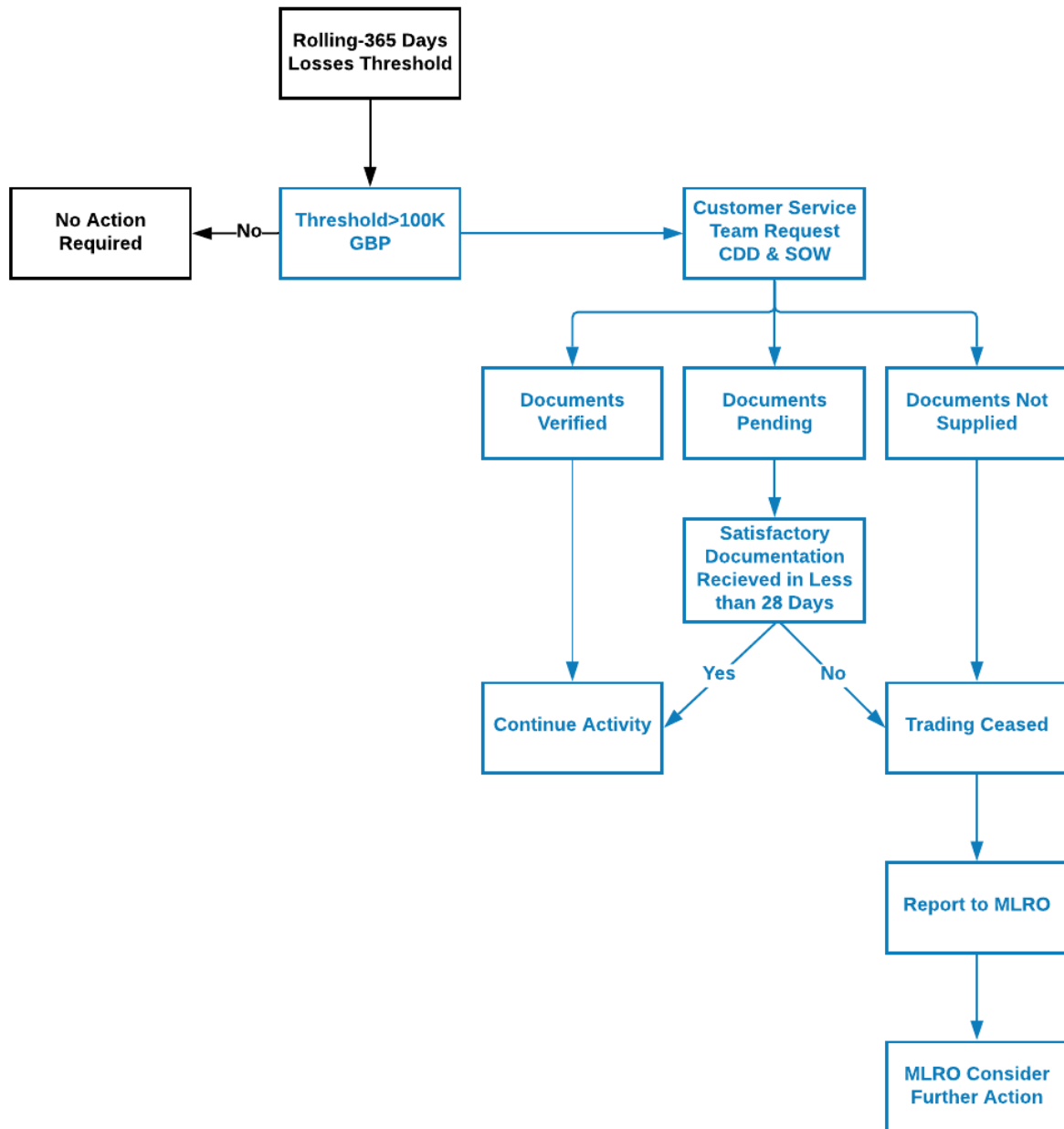
- B) Bettors with gross losses/settlements of £2k within a rolling 30 day period

Daily reports will be delivered to the MLRO by email to MLRO@thearrowwood.com. The process to be followed is shown below:



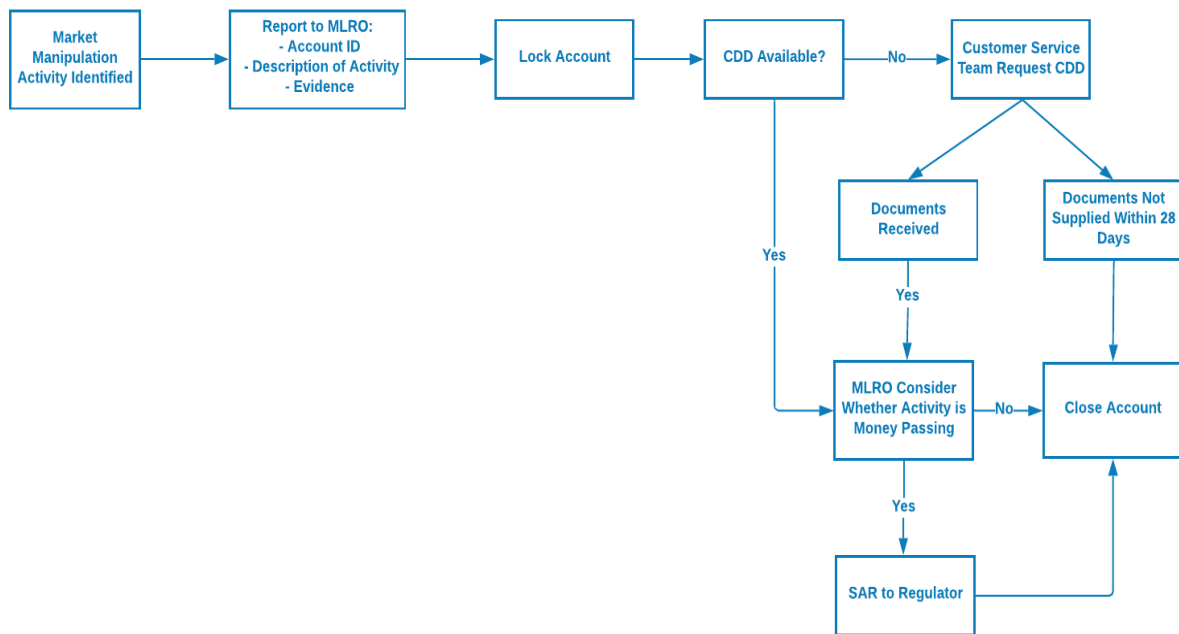
- C) Bettors with gross losses of £30k within a rolling 365 days. From March 31, 2021 all the bettors with gross losses/ settlements of £30k within a rolling 365 days will be subject to EDD.

Daily reports will be delivered to the MLRO by email to MLRO@thearrowwood.com. The process to be followed is shown below:



D) An Investigation concludes that there is evidence of a market manipulation incident on the Exchange.

Daily reports will be delivered to the MLRO by email to MLRO@thearrowwood.com. The process to be followed is shown below:

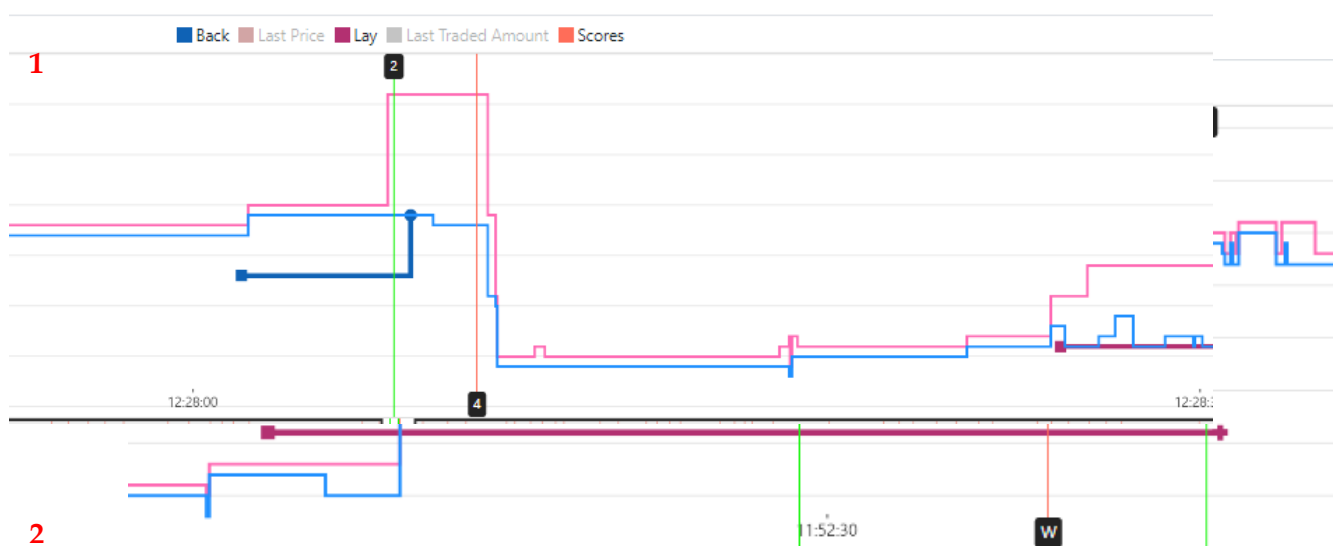


E) Where insufficient SOW documentation is provided

Where member does not provide a sufficient source of wealth documentation when requested to substantiate the level of betting, such cases should be reported to MLRO for further consideration and decision whether a SAR should be reported to the authorities or not. A SAR should be submitted, if it is deemed by the MLRO to give rise to suspicions regarding the provenance of funds.

Exchange Manipulation Examples

Sniping

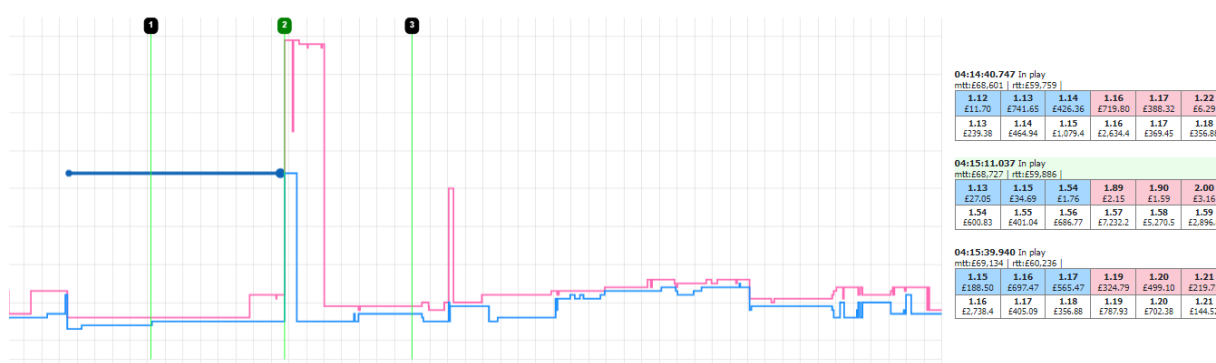


Examples 1 and 2 above show a successful (1) and an attempted snipe (2) by two members. In these examples, the members place their bets knowing that a boundary has been scored (1) and that a wicket was taken (2), requesting their bets before the market moves in response to these events. Members usually request odds that give them slightly less value to ensure they get matched, in case they haven't placed their bet early enough. In example 1, the member requests their back bet at odds slightly below market, and in example 2 the member requests their lay bet at odds slightly above market.

There is extra evidence that example 1 is a snipe as the member almost immediately requests a lay bet at odds below their back bet to ensure a green book. The bet in example 2 was not matched, and is therefore considered an attempted snipe, as the characteristics of a snipe (bet placed shortly before a major game event, would gain value on the market if matched, requested slightly above market) are present. If this was seen alongside successful snipes, we would look to invalidate.

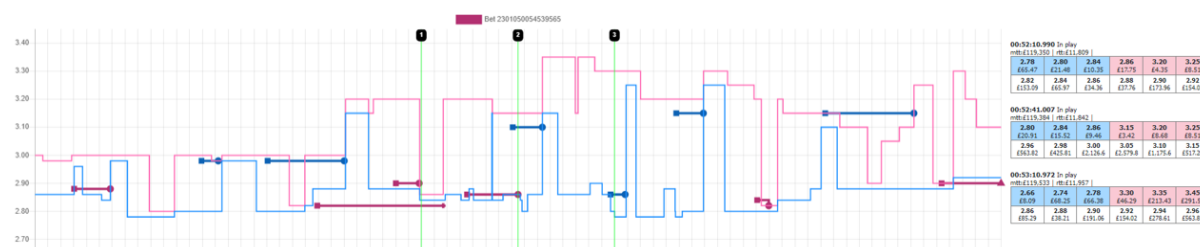
In both examples, the bets gain value on the market. If the bet in example 1 had been a lay bet, we would not consider this a snipe as the member would have lost value against the market.

Passing – Spike



Obvious examples of passing include when a member's bet matches on a 'spike' in the market like the one above. In this example, the member requests their back bet well above market price. The market then moves to exactly the requested price a short while after, before returning to its previous price immediately after the bet is matched. It may be difficult to tell given the resolution of this screenshot but the price stacks on the right show that there is very little liquidity in this market at the time the bet is matched. The member does not have to match anyone else's back bets with their counterparty account to ensure their bet is matched, only the percentage of their own back bet that hits Betfair.

Passing – Back/Lay Abuse



Back/lay abuse is an extension of passing whereby members repeatedly use counterparty accounts to cause spikes in a market in both the back and lay directions in order to build a green book and ensure a positive PnL in a market. This activity is fairly obvious in the example above, where the member causes spikes in both the back and the lay prices to achieve a green book. Their back bets are mostly at prices above their lay bets in order to get this green book. As with the spike example above, the market is not very liquid at this point, so it is relatively cheap for the member to self-match their bets using a Betfair counterparty account.

Record Keeping

The MLRO keeps specific records of suspicious transactions in order to create an audit trail. Arrow Wood keep transaction records for a minimum of five years, and records of customer due diligence are retained for at least five years beyond the termination of the customer relationship.

(i) Transaction documents

All customer transactions are maintained for the lifetime of the customer's account. Once the account is closed, the information is maintained for a further 5 years in soft format. All deposit and withdrawal transactions are additionally maintained in soft copy format saved to a secured server and to a backup server.

(ii) Customer due diligence information

CDD notes are saved to the customer's contact log and stored in the customer file. Files (ID) are uploaded to the customer's account and stored. All customer details in documentation are saved to the secure server and maintained for 5 years after termination of the relationship with the customer.

All details for customers who fail to meet the company's CDD requirements are saved in the same format.

(iii) Findings made in relation to complex, unusual and large transactions

Reports are submitted to the MLRO when a suspicious wager transaction is noted by the customer service and account monitoring team provided by Star Lizard. The MLRO additionally monitors bank account transactions for any suspicious transfer of funds or wager activity.

Any suspicious actions noted are also reported.

(iv) Internal suspicion reports

The MLRO investigates all reports. All reports are maintained by the MLRO in soft copy format on a secured server for a minimum of 5 years. Additionally, comments are added to the customer's contact log which is stored in the customers file.

Reports from staff to MLRO are reviewed as they are submitted. Each report is investigated and updated with findings. The report is reviewed once a month to document any changes and updates until it is deemed closed and no further updates or review is necessary.

(v) Training in relation to AML/CFT matters

The MLRO ensures all employees are up to date with the companies AML/CFT policies with an annual refresher training session appropriate to their position and level of seniority.

(vi) Minutes or other documents

A review of the company's business risk assessment and compliance with the requirements is carried out annually and discussed by the board annually. The review involves reading through the AML policy and asking if the risks have changed and does our policy still effectively cover them.

A quarterly AML report is submitted to the board with the status update of the AML activities performed in the previous quarter. Report should include statistical data along with a brief summary on any highlighted issues, and AML related developments in previous quarter. MLRO reports to include any suspicious activity as identified by the partner's Monitoring Team/MLRO. Where any case of suspicious activity is identified, a note is to be included in the respective quarterly MLRO report and context given on how these suspicious activities were identified, the review process carried out by the MLRO, and the subsequent resolution/further action taken where necessary. The Board meets every quarter to discuss all aspects of business and it relies on the MLRO to notify the board of any changes to the AML/CFT requirement which will then require the board to approve new measures to effectively comply with its compliance.

All minutes or other documents prepared in relation to AML/CFT compliance reviews are kept electronically and in a readily retrievable form by the MLRO.

AML/CFT Staff Training

It is the policy of Arrow Wood to encourage a compliance culture by:

- Demonstrating support for compliance with these procedures and with sound corporate ethics
- Providing support for staff in their AML/CFT efforts
- Demonstrating support for the MLRO and the Deputy MLRO
- Demonstrating no tolerance of clients and other external parties who are not transparent or are not cooperative in AML/CFT efforts
- Encouraging risk awareness in staff
- Encouraging a spirit of compliance
- Fostering awareness through training
- Setting remuneration and reward packages appropriately
- Taking appropriate action in respect of breaches
- Encouraging the raising of concerns by staff at all levels
- Providing the necessary resources for proper application of procedures and to address concerns

It is key to effective AML/CFT arrangements that:

- Staff have sufficient knowledge or awareness to detect money laundering and terrorist financing.
- Staff have sufficient training to know how to deal with cases once they know of or suspect money laundering
- Staff are aware of their personal legal obligations

The steps adopted by Arrow Wood to ensure staff have appropriate awareness and training are as follows:

1. All new staff will receive AML/CFT induction training within three months of commencing employment, to include:
 - The legal and regulatory requirements relating to anti-money laundering and counter terrorist financing
 - The appropriate internal procedures and policies including registration and identification procedures, record keeping etc.
 - The identity and responsibilities of the MLRO and the Deputy MLRO
 - The detection of unusual or suspicious transactions
 - The principal risks for Arrow Wood and how these can be mitigated
 - Their personal obligations under the AML/CFT Code and associated personal liabilities for non-compliance
 - The internal reporting procedures
2. AML/CFT refresher training will be delivered at least annually for all staff. The MLRO is responsible for organising this, using external providers as necessary.

3. The MLRO will provide other ad hoc information about news and developments. This will be targeted as appropriate.
4. The MLRO will send periodic reminders of the need to report certain matters.
5. The Deputy MLRO and MLRO will receive additional relevant training and also attend annual seminars to update any changes or developments.
6. The Deputy MLRO will retain training records to record the nature of the training delivered, and attendance by staff. These records will be retained for at least five years from the date on which the training was carried out.
7. The MLRO will assess the effectiveness of all training sessions, whether delivered as part of an induction program or annual refresher training, by requesting feedback from participants

Business Associates, Foreign Branches and Subsidiaries (AML/CFT specific)

All business associates are required to comply with the requirements of the law in the country of their residence which are consistent with FATF recommendations.

Business Associates, Foreign Branches and Subsidiaries (General)

Star Lizard provides a service to identify suspicious betting practices or transactions to Arrow Wood. Arrow Wood does not outsource any other AML/CFT functions or services.

Arrow Wood receive services from the following companies:

Billion Key Trading Limited

Flat/Room 330, Eton Tower, 8 Hysan Avenue, Causeway Bay, Hong Kong

Payment Processor Services

Skrill Limited

25 Canada Square, London, E14 5LQ

Payment Processor Services

Star Lizard Consulting Limited

Principal place of business at Iceworks, 34/36 Jamestown Road, London NW1 7BY.

Operational and customer support, legal and financial transactional support services.

Limited Liability Company SunTech Innovation

Principal place of business at 6/2 Krutyi Uzviz Street, Letter A, Kyiv 01004, Ukraine

IT software development services

Regal Crown Trading Limited

Rooms 2201-2, 22/F, Grand Business Plaza, 153 Wai Yip Street, Kwun Tong, Hong Kong

Payment Processor Services

RISK ASSESSMENT**RISK**

Business does not see all the transaction data in the Registered customer's statement of accounts during the sample testing of funds received from RC.

RISK OWNER

Assistant MLRO/Deputy MLRO

RISK CATEGORY

Transaction Level Risk

RESPONSE TEAM/OWNER

- MLRO/Compliance Team
- Finance Team

MITIGATING ACTIONS

1. Ask for a ledger copy from RC on their Company Letterhead adding up to the sum transferred to upline.
2. MLRO to include reporting of checks carried out on RC's Account Statements annually to verify the transaction/or group of transactions that totalled the funds transferred to Arrow Wood.