

KYC and AML Policy

1. Policy Statement and Scope

1.1. “**VAIOT LIMITED**“ (hereinafter referred as “**VAIOT**“, the “**Company**“), a private limited liability company incorporated under the laws of Malta on 6 December, 2018 for indefinite period of time, having its registered office at Cornerstone Business Centre, Suite 1, Level 2, 16th September Square, Mosta MST 1180, Malta and registered with the Malta Financial Services Authority (MFSA), Registrar of Companies (RoC) under the number C89746, is committed to complying with relevant global Anti Money Laundering (“**AML**”) and Counter-Terrorist Financing (“**CTF**”) rules, regulations and guidelines. As part of its AML obligations, the VAIOT carries out a Know Your Customer (KYC) procedure with all users (referred as “**Users**“, and alternatively referred as “**Customer**“, “**Purchasers**“, “**Applicants**“) to meet its requirements. This KYC and AML Policy (hereinafter referred as “**Policy**“) applies to all VAIOT Users during the Pre-ICO and ICO stage.

1.2. Each User must carefully read and comply with this KYC and AML Policy. It is understood and presumed per se that by the fact of the VAIOT Website use and vAI Coin tokens purchase during the Pre-ICO, ICO or otherwise, the respective User fully read, understood and accepted this Policy. If any User does not agree with this Policy in general or any part of it, such User must not access and use the Website and/or purchase vAI Coin tokens.

1.3. The Company reserves the right to modify or amend this Policy at its sole discretion. Any revisions to this KYC and AML Policy will be posted on the homepage of our Website. If we make changes, we will notify you by revising the date at the top of this Policy. We strongly recommend You to periodically visit the Website to review any changes that may be made to this KYC and AML Policy to stay updated on our KYC and AML procedures. Your continued usage of the Website and/or services shall mean Your acceptance of those amendments.

1.4. In terms of VAIOT Pre-ICO, this Policy shall be considered as inalienable part of the “Privacy Policy”, “Terms and Conditions of Use” and “Purchase Agreement for Future Tokens”, the latter incorporating by reference “vAI Coin token Pre-ICO General Terms and Conditions”. In terms of the VAIOT ICO, this Policy shall be considered as inalienable part of the “Privacy Policy”, “Terms and Conditions of Use” and “vAI Coin Token Sale Agreement”, the latter incorporating by reference “VAIOT ICO General Terms and Conditions”.

1.5. This Policy is administered by compliance officer or compliance department within VAIOT or the company entrusted with this mission by VAIOT.

1.6. It is the personal obligation and responsibility of each Employee to act in a manner consistent with this Policy.

1.7. All Employees must report any breaches, violations, risks, incidents and complaints, as deemed appropriate.

2. Definitions

2.1. **KYC and AML Policy** (also referred to as “**Policy**”) – this KYC and AML Policy posted on our Website which may be revised or updated from time to time as stated in subsection 1.3 of this KYC and AML Policy.

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2.2. **Applicable Law** – laws of Malta applicable under this Policy to any and all relations between a User and a Company.

2.3. **Employee** – a VAIOT employee or employee of the entrusted company as per subsection 1.5 of this Policy.

2.4. **Personal Information** - information or totality of information that can be associated with a specific person (the User) and can be used to identify and verify that person. The rules governing the Personal Information collection, processing and use by VAIOT are documented in a separate Privacy Policy, which can be accessed via www.vaiot.ai

2.5. **User** (also referred to as “**You**”) – any person (both natural person, legal entity, including a corporation, association, partnership and any form of legal organization), who uses the Website, with or without prior registration and authorization using the Account and purchases vAI Coin tokens. The Company reserves its right to set forth at any time, upon its own discretion special eligibility or other requirements to certain Users to participate in a certain phase of vAI Coin token Pre-ICO and/or ICO as shall be mentioned on the Website and Whitepaper.

2.6. **vAI Coin tokens** (“**Tokens**”)- tokens developed by VAIOT to be used to solely access the VAIOT platform and solely to pay for its products and services. vAI Coin tokens are Distributed Ledger Technology (DLT) assets and as per token standard they qualify as virtual tokens, as further described on the Website and in the Whitepaper.

2.7. **VAIOT** (also referred to as “**Company**”, “**We**”, “**Us**”) - a private limited liability company incorporated under the laws of Malta on 6 December, 2018 for indefinite period of time, having its registered office at Cornerstone Business Centre, Suite 1, Level 2, 16th September Square, Mosta MST 1180, Malta and registered with the Malta Financial Services Authority (MFSA), Registrar of Companies (RoC) under the number C89746 for the purpose of developing VAIOT, its products and services.

2.8. **VAIOT ICO** – initial coin offering of vAI Coin tokens to eligible Users during the sale period, according to the respective phases (launches) and vAI Coin tokens price described on the Website and in Whitepaper.

2.9. **VAIOT Platform** – the platform allowing the creation of Artificial Intelligence (AI) based Intelligent Contracts (IC) being solely accessed through the vAI Coin tokens.

2.10. **VAIOT Pre-ICO** – a period of limited time, limited supply, special conditions offer when early vAI Coin token subscribers can contribute to the development and promotion of the VAIOT Project.

2.11. **Website** – the website maintained and owned by the Company at www.VAIOT.ai.

2.12. **Whitepaper** – official electronic document written and published by VAIOT on the Website, describing technical and marketing details of the vAI Coin token, its pre-sale and sale, the idea and purpose of the VAIOT platform, as well as vAI Coin token price and sale and pre-sale period.

3. KYC/AML Procedures

3.1. VAIOT is strongly committed to preventing the use of its operations for money laundering or any activity which facilitates money laundering, or the funding of terrorist or criminal activities.

3.2. On a global level, in order to prevent and combat money laundering and terrorism financing, there has been an introduction of the number of laws concerning the customer identification and verification procedures including but not limited to the EU Directive 2018/843 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (the “5th AML Directive”), which brings the virtual currencies under the scope of the Anti-Money Laundering Directive.

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3.3. In Malta, regulation of the AML is carried out by a government agency established under the Prevention of Money Laundering Act (Cap 373 of the Laws of Malta) – the Financial Intelligence Analysis Unit (FIAU). FIAU is the entity responsible for monitoring compliance with the relevant legislative provisions.

3.4. In order to ensure that our operations are compliant with the AML/KYC rules and procedures, we are implementing the KYC and AML policies detailed below. In doing so, we rely on Cap 373 of the Laws of Malta – Prevention of Money Laundering Act and subsidiary legislation thereof: Prevention of Money Laundering and Funding of Terrorism Regulations S.L. 373.01, Civil Code (Second Schedule) (Register of Beneficial Owners - Associations) Regulations, S.L. 16.15, Prevention of Money Laundering and Funding of Terrorism Regulations, S.L. 373.01, L.N. 117 of 2018 - National Coordinating Committee on Combating Money Laundering and Funding of Terrorism Regulations, 2018 and related legislation thereof Criminal Code, Chapter 9. VAIOT relies on Implementing Procedures issued by the Financial Intelligence Analysis Unit in Terms of the Provisions of the Prevention of Money Laundering and Funding of Terrorism Regulations, Part I, issued on May 20, 2011 and last amended on January 27, 2017 (hereinafter referred as “**Implementing Procedures**”).

3.5. As part of our KYC and AML Policy in order to combat money laundering and illegal financing activities, the Company follows the customer risk assessment principles that include but are not limited to the following:

- raise awareness on money laundering issues;
- appoint a designated compliance officer or compliance department, who in case of reasonable doubt should report any suspicious transactions to the appropriate Financial Authority;
- freeze any funds deemed suspicious and investigate the source of finance;
- introduce a Know-Your-Customer Policy (KYC);
- exercise reasonable measures to obtain information about the true identity of the persons on whose behalf a transaction is made;
- record keeping procedures – maintain, for a specific time period, all necessary records on transactions, both domestic and international;
- pay special attention to all complex, unusually large transactions;
- adopt reasonable measures (economic, administrative, self-regulatory and other measures) which can be taken to create an effective shield against money laundering;

3.6. As part of the customer risk assessment, the following will act as Money Laundering warning signs based on guidance provided by Financial Action Task Force (FATF) – international body set up to combat money laundering:

- evasiveness or reluctance to provide information;
- incomplete or inconsistent information; negative public information available about the client or company ;
- when money is coming from the list of ‘high-risk and non-co-operative jurisdictions’ according to FATF;
- customer tells that the funds are coming from one source but then at the last minute the source changes;
- unusual money transfer or transactions, at times intended not to come under the threshold when KYC applies;
- complex group structures without obvious explanation that may be designed to disguise the true source and ownership of money;

3.7. As part of the risk assessment procedure employed by VAIOT, the Company shall follow, among other anti-money laundering legislation and guidance documents, Implementing Procedures and Prevention of Money Laundering Act (Cap 373 of the Laws of Malta) and

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subsidiary legislation thereof Prevention of Money Laundering and Funding of Terrorism Regulations (S.L. 373.01 of the Laws of Malta) and take into account risk factors including those relating to customers, countries or geographical areas, products, services, transactions and delivery channels and shall furthermore take into consideration any national or supranational risk assessments relating to risks of money laundering and the funding of terrorism.

3.8. The above principles and warning signs are aimed at determining the customer's risk in terms of propensity to commit money laundering, terrorist financing or identity theft.

3.9. Every Employee is required to act in furtherance of this policy statement to protect the Company from exploitation by money launderers or terrorists.

4. Due Diligence

4.1. Customer Due Diligence

4.1.1. Company adopts this Policy and reserves the right to undertake Customer Due Diligence (CDD) in order to identify the Customer and verify the identity of the Customer when establishing business relationship, when carrying out occasional transaction, when the Company has knowledge or suspicion of proceeds of criminal activity, money laundering or the funding of terrorism, regardless of any derogation, exemption or threshold. Customer due diligence measures shall also be applied, at appropriate times, to existing customers on a risk-sensitive basis, including at times when the Company becomes aware that the relevant circumstances surrounding a business relationship have changed. Customer due diligence measures shall be repeated whenever, in relation to a business relationship, doubts arise about the veracity or adequacy of the previously obtained customer identification information. Please note that that the following countries are considered as restricted areas, the residents of such countries shall not be allowed to participate to the Pre-ICO and ICO stage and consequently, CDD Procedure will not be conducted: *USA, Puerto Rico, US Virgin Islands, Canada, China, Singapore, Afghanistan, Central African Republic, Cuba, Democratic Republic of the Congo, Eritrea, Iran, Iraq, Libya, North and South Korea, Somalia, South Sudan, Sudan, Yemen, Zambia.*

4.1.2. As part of the exercise of this right, Customers will be required to provide the following information to create an "account" on the VAIOT Website:

- Name/corporate denomination;
- Date of birth (for individuals) or date of registration (for corporations);
- Address (residence and mailing addresses (if different) for a natural person; or principal place of business and/or registered address (if different) for a person other than a natural person);
- Identification number (a taxpayer identification number, passport number and country of issuance, alien identification card number, or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard).
- As an evidence of your nationality or residence you shall provide the Company with a copy of your passport (or national ID) in high quality color format. If you represent a legal entity, you shall provide the Company with documents showing the legal existence of such legal entity, such as certificate of incorporation/registration and other similar document certifying the registration of legal entity in its country of residence (e.g., trust instrument, certificate of formation, corporate resolutions, partnership agreement, operating agreement, plan documents, etc.).

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- As an evidence of address you shall provide a recent utility bill, whereas recent means bill issued no longer than 3 months prior to the provision date.
- Source of Funds and appropriate evidence. Should such evidence be recent bank account statement, it should be issued no longer than 3 months prior to the provision date.
- Provided where the customer is a body corporate, a body of persons, or any other form of legal entity or arrangement, VAIOT shall also verify identify all directors and, where the customer does not have directors, all such other persons vested with its administration and representation; Where applicable, VAIOT will identify beneficial owners, and the taking of reasonable measures to verify their identity so that the Company is satisfied of knowing who the beneficial owners are, including, in the case of a body corporate, foundations, trusts and similar legal arrangements, the taking of reasonable measures to understand the ownership and control structure of the customer; VAIOT will assess and as appropriate, obtain information on the purpose and intended nature of the business relationship, and establishing the business and risk profile of the customer; VAIOT will conduct ongoing monitoring of the business relationship.
- Where a person purports to act on behalf of a customer, in addition to identifying and verifying the identity of the customer and, where applicable, the beneficial owner, the Company shall ensure that such person is duly authorised in writing to act on behalf of the customer and shall identify and verify the identity of that person.

4.1.3. Please note that the list above is not exhaustive and we reserve the right to require additional information at any time to verify the client's identification and to fully satisfy the latest Anti-Money Laundering rules.

4.1.4. The Personal Information requested as part of the KYC procedure will be collected, processed, used and stored in accordance with the General Data Protection Regulation (GDPR), rules and principles of which have been reflected in the Privacy Policy and implemented on the legal, technical and organizational level.

4.1.5. If any of the above documents are requested, prior to sending them to us we may require them to be certified as a true copy of the original by a Solicitor or a Lawyer who must use their company stamp. We require the documents to be sent to us in high quality color format. We reserve the right to reject any documents, which do not comply with the above or if we have doubts as to their veracity.

4.1.6. If any doubt arises we reserve the right to check the information provided, as part of the KYC and AML Policy, using nondocumentary methods including but not limited to contacting the customer directly.

4.1.7. Compliance officer or compliance department retains the right to freeze any funds already transferred should the suspicion as to the sources of those funds arises after they have been deposited and investigate the customer's transaction in retrospect.

4.2. Simplified Customer Due Diligence

4.2.1. Simplified Due Diligence (SDD) will be applied a) in relation to activities or services that are determined by the FIAU to represent a low risk of money laundering and funding of terrorism, having taken into consideration the findings of any national risk assessment and any other relevant factors as may be deemed appropriate; or (b) where, on the basis of the risk assessment, the Company determines that any occasional transaction or a business relationship represents a low risk of money laundering and funding of terrorism.

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4.2.2. Simplified due diligence will be performed by VAIOT or by the Company entrusted by VAIOT as per subsection 1.5. of this Policy, whereas it will only be required to maintain a minimal amount of information about the applicant for business or the beneficial owner. Although, SDD might include conducting number of electronic checks, including running on Politically Exposed Persons (PEPs) and Sanctions lists.

4.2.3. Simplified Customer Due diligence shall not constitute an exemption from all customer due diligence measures. The Company retains the right to carry measures commensurate with the low risk identified.

4.3. Enhanced Customer Due Diligence

4.3.1. Enhanced Due Diligence (EDD) measures might be applied by VAIOT in addition to the Customer Due Diligence (CDD) (Section 4.1.) measures in the following cases:

- in relation to the activities or services that are determined by the Financial Intelligence Analysis Unit to represent a high risk of money laundering or funding of terrorism, having taken into consideration the findings of any national risk assessment and any other relevant factors as may be deemed appropriate;
- where, on the basis of the risk assessment, the Company determines that an occasional transaction, a business relationship or any transaction represents a high risk of money laundering or funding of terrorism;
- when dealing with natural or legal persons established in a non-reputable jurisdiction, other than branches or majority-owned subsidiaries which comply with group-wide policies and procedures in which cases enhanced due diligence measures shall be applied where there is a high risk of money laundering or funding of terrorism; and
- in other cases;

4.3.2. EDD measures will be applied on a risk-sensitive basis and should be appropriate in the view of the higher risk of ML/FT. EDD measures can be applied in the following cases:

4.3.2.1. Where the applicant for business has not been physically present for identification purposes, the Company is not in a position to establish that the applicant for business is actually the person he purports to be without resorting to adequate measures to compensate for the higher risk. Therefore, the Company is entitled to apply one or more of the following measures:

(a) establish the identity of the applicant for business by using additional documentation and information. This measure is intended to ensure that the identity details appearing on the documents used for verification would have been obtained from different sources. Therefore, the additional document cannot be the same document obtained for CDD purposes. If the document is of the same type as that obtained for CDD purposes (for example a second bank statement), the Company should ensure that it is issued by a different entity / service provider.

(b) verify or certify the documentation supplied using supplementary measures;

(c) require certified confirmation of the documentation supplied by a person carrying out relevant financial business;

(d) ensure that the first payment or transaction into the account is carried out through an account held by the applicant for business in his name with a authorized credit institution in Malta or otherwise authorised in another Member State or in a reputable jurisdiction.

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4.3.2.2. Where applicants are natural persons who are or have been entrusted with prominent public functions including their immediate family members or persons known to be close associates of such persons, but shall not include middle ranking or more junior officials, they are identified as PEPs. Therefore, the Company is entitled to apply one or more of the following measures:

- (a) obtaining senior management approval;
- (b) taking adequate measures to establish the source of wealth and funds involved;
- (c) conducting enhanced ongoing monitoring.

5. Reference to the Agreements and the Law

5.1. Besides the present Policy, VAIOT shall ensure full compliance with any AML specific provision provided by any agreement including but not limited to the “Privacy Policy”, “Terms and Conditions of Use”, “vAI Coin token Pre-ICO General Terms and Conditions”, “Purchase Agreement for Future Tokens”, “VAIOT ICO General Terms and Conditions”, “vAI Coin Token Sale Agreement”, “VAIOT Whitepaper” as published on the Website or otherwise communicated to the Customer.

5.2. VAIOT shall ensure full compliance with the Fourth Anti-Money Laundering Directive (Directive 2015/849) being fully transposed into Maltese law by virtue of Legal Notice 372 of 2017, through ensuring compliance with Cap 373 of the Laws of Malta – Prevention of Money Laundering Act and subsidiary legislation thereof: Prevention of Money Laundering and Funding of Terrorism Regulations S.L. 373.01, Civil Code (Second Schedule) (Register of Beneficial Owners - Associations) Regulations, S.L. 16.15, Prevention of Money Laundering and Funding of Terrorism Regulations, S.L. 373.01, L.N. 117 of 2018 - National Coordinating Committee on Combating Money Laundering and Funding of Terrorism Regulations, 2018 and related legislation thereof Criminal Code, Chapter 9, Implementing Procedures issued by the Financial Intelligence Analysis Unit in Terms of the Provisions of the Prevention of Money Laundering and Funding of Terrorism Regulations, Part I, issued on May 20, 2011 and last amended on January 27, 2017.

5.3. The new EU Directive 2018/843 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (the “5th AML Directive”) has entered into force on 9 July 2018. As a member state Malta is required to implement the “5th AML Directive” into national law by 10 January 2020. Such transposition might result in the modification or amendment of this Policy as envisioned in the subsection 1.3.

6. CONTACT DETAILS

If you have any questions regarding this KYC and AML Policy, please contact Us at info@vaiot.com.

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