



ANTI-MONEY LAUNDERING PROGRAM

Money laundering involves acts committed to conceal or disguise the criminal origin of funds, usually involving the placement of illicit funds into the financial system by converting those funds into some other financial instrument or medium, separating those illicit funds from their source by diverting them through a series of seemingly legitimate transactions, and disbursing those funds back to the criminal as though derived from a legitimate source. As a financial institution, VTB is required to commit effort and resources in the detection and prevention of money laundering. VTB's Anti-Money Laundering Program (the "AML Program") includes compliance with the requirements of:

- USA PATRIOT Act
- SEC Rule 17a-8 and the Bank Secrecy Act (BSA)
- NASD Conduct Rule 3011
- Office of Foreign Assets Control (OFAC)

Firm Policy

VTB has the policy to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities. Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the unlawful proceeds appear to have derived from legitimate origins or constitute legitimate assets. Generally, money laundering occurs in three stages. Cash first enters the financial system at the "placement" stage, where the cash generated from criminal activities is converted into monetary instruments, such as money orders or traveler's checks, or deposited into accounts at financial institutions. At the "layering" stage, the funds are transferred or moved into other accounts or other financial institutions to further separate the money from its criminal origin. At the "integration" stage, the funds are reintroduced into the economy and used to purchase legitimate assets or to fund other criminal activities or legitimate businesses. Terrorist financing may not involve the proceeds of criminal conduct, but rather an attempt to conceal the origin or intended use of the funds, which will later be used for criminal purposes.

Customer Notice, Identification and Verification

In addition to the information we must collect under NASD Rules 2110 (Standards of Commercial Honor and Principles of Trade), 2310 (Recommendations to Customers - Suitability), and 3110 (Books and Records), and SEC Rules 17a-3(a)(9) (Beneficial Ownership regarding Cash and Margin Accounts) and 17a-3(a)(17) (Customer Accounts), we have established, documented, and maintained a written Customer Identification Program (or CIP). We will collect certain minimum customer identification information from each customer who opens an account; utilize risk-based measures to verify the identity of each customer who opens an account; record customer identification information and the verification methods and results; provide notice to customers that we will seek identification information and compare customer identification information with government-provided lists of suspected terrorists.

Required Customer Information

Important Information About Procedures for Opening a New Account

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

What this means for you: When you open account, we will ask for your name, address, date of birth and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.].

Prior to opening an account, we will collect the following information for all accounts, if applicable, for any person, entity or organization who is opening a new account and whose name is on the account: the name; date of birth (for an individual); an address, which will be a residential or business street address (for an individual), an Army Post Office ("APO") or Fleet Post Office ("FPO") number, or residential or business street address of next of kin or another contact individual (for an individual who does not have a residential or business street address), or a principal place of business, local office or other physical location (for a person other than an individual); an identification number, which will be a taxpayer identification number (for U.S. persons) or one or more of the following: 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 other similar safeguard (for non-U.S. persons). In the event that a customer has applied for, but has not received, a taxpayer identification number, we will obtain a copy of such application and confirm that it was filed before the customer opens the account and then will obtain the taxpayer identification number within a reasonable period of time after the account is opened.

If and when opening an account for a foreign business or enterprise that does not have an identification number, we will request alternative government-issued documentation certifying the existence of the business or enterprise.

Customers Who Refuse To Provide Information

If a potential or existing customer either refuses to provide the information described above when requested, or appears to have intentionally provided misleading information, our firm will not open a new account and, after considering the risks involved, consider closing any existing account. In either case, our AML Compliance Officer will be notified so that we can determine whether we should report the situation to FinCEN (i.e., file a Form SAR-SF).

Verifying Information

Based on the risk, and to the extent reasonable and practicable, we will ensure that we have a reasonable belief that we know the true identity of our customers by using risk-based procedures to verify and document the accuracy of the information we get about our customers. In verifying customer identity, we will analyze any logical inconsistencies in the information we obtain.

We will verify customer identity through documentary evidence, non-documentary evidence, or both. We will use documents to verify customer identity when appropriate documents are available. In light of the increased instances of identity fraud, we will supplement the use of documentary evidence by using the non-documentary means described below whenever possible. We may also use such non-documentary means, after using documentary evidence, if we are still uncertain about whether we know the true identity of the customer. In analyzing the verification information, we will consider whether there is a logical consistency among the identifying information provided, such as the customer's name, street address, zip code, telephone number (if provided), date of birth, and social security number.

Appropriate documents for verifying the identity of customers include, but are not limited to, the following:

- For an individual, an unexpired government-issued identification evidencing nationality, residence, and bearing a photograph or similar safeguard, such as a driver's license or passport; and
- For a person other than an individual, documents showing the existence of the entity, such as certified articles of incorporation, a government-issued business license, a partnership agreement, or a trust instrument.

We understand that we are not required to take steps to determine whether the document that the customer has provided to us for identity verification has been validly issued and that we may rely on a government-issued identification as verification of a customer's identity. If, however, we note that the document shows some obvious form of fraud, we must consider that factor in determining whether we can form a reasonable belief that we know the customer's true identity.

We will use the following non-documentary methods of verifying identity:

- Contacting a customer;
- Independently verifying the customer's identity through the comparison of information provided by the customer with information obtained from a consumer reporting agency, public database, or other source;
- Checking references with other financial institutions; or
- Obtaining a financial statement.

We will use non-documentary methods of verification in the following situations: (1) when the customer is unable to present an unexpired government-issued identification document with a photograph or other similar safeguard; (2) when the firm is unfamiliar with the documents the customer presents for identification verification; (3) when the customer and firm do not have face-to-face contact; and (4) when there are other circumstances that increase the risk that the firm will be unable to verify the true identity of the customer through documentary means.

We will verify the information within a reasonable time before or after the account is opened. Depending on the nature of the account and requested transactions, we may refuse to complete a transaction before we have verified the information, or in some instances when we need more time, we may, pending verification, restrict the types of transactions or dollar amount of transactions. If we find suspicious information that indicates possible money laundering or terrorist financing activity, we will, after internal consultation with the firm's AML Compliance Officer, file a SAR-SF in accordance with applicable law and regulation.

We recognize that the risk that we may not know the customer's true identity may be heightened for certain types of accounts, such as an account opened in the name of a corporation, partnership or trust that is created or conducts substantial business in a jurisdiction that has been designated by the U.S. as a primary money laundering concern or has been designated as non-cooperative by an international body. We will identify customer accounts that pose a heightened risk of not being properly identified. Therefore, we will request and obtain information about the individuals with authority or control over such accounts when standard documentary methods prove insufficient.

Lack of Verification

When we cannot form a reasonable belief that we know the true identity of a customer, we will do the following: (A) not open an account; (B) impose terms under which a customer may conduct transactions while we attempt to verify the customer's identity; (C) close an account after attempts to verify customer's identity fail; and (D) file a SAR-SF in accordance with applicable law and regulation.

Reliance on Another Financial Institution for Identity Verification

We may, under the following circumstances, rely on the performance by another financial institution (including an affiliate) of some or all of the elements of our customer identification program with respect to any customer that is opening an account or has established an account or similar business relationship with the other financial institution to provide or engage in services, dealings, or other financial transactions:

Foreign Correspondent Accounts and Foreign Shell Banks

VTB will detect and prohibit the opening foreign correspondent accounts (any account that permits a foreign financial institution to engage in securities or futures transactions, funds transfers, or other types of financial transactions) for foreign banks or institutions and particularly for unregulated foreign shell banks. The firm will also detect whenever possible and prohibit the opening of accounts providing services to foreign banks and foreign shell banks. This detection will be done by specific investigations and reviews of customer identification documents for all customers by the AML Compliance Officer to identify any foreign banks, foreign shell banks or accounts being used to provide services to such banks or institutions and thereby to prevent such accounts from being opened. (Foreign shell banks are foreign banks without a physical presence in any country.)

Upon finding or suspecting such an account exists among accounts already opened, firm employees will notify the AML Compliance Officer who will investigate and then terminate any verified foreign correspondent account held in the United States for a foreign bank or institution including an unregulated foreign shell bank. The AML Compliance Officer will also terminate any foreign correspondent account that is not maintained directly by a foreign bank or unregulated foreign shell bank but is being used to provide services to such a foreign bank or shell bank. The firm will exercise caution regarding liquidating positions in such accounts and take reasonable steps to ensure that no new positions are established in these accounts during the termination period.

Private Banking Accounts and Foreign Officials

We do not open or maintain "private banking" accounts or accounts for a "senior foreign political figure" as defined below. We will detect such accounts by specific reviews of customer identification documents particularly for foreign accounts by the AML Compliance Officer.

A "private banking" account is an account (or any combination of accounts) that requires a minimum aggregate deposit of \$1,000,000, is established for one or more individuals, and is assigned to or administered or managed by, in whole or in part, an officer, employee, or agent of a financial institution acting as a liaison between the financial institution and the direct or beneficial owner of the account

A "senior foreign political figure" includes a current or former senior official in the executive, legislative, administrative, military or judicial branches of a foreign government (whether elected or not), a senior official of a major foreign political party, or a senior executive of a foreign government-owned commercial enterprise; a corporation, business, or other entity formed by or for the benefit of any such individual; an immediate family member of such an individual; or any individual publicly known (or actually known by the firm) to be a close personal or professional associate of such an individual.

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Member of:

