



Gold Dollar

AML / KYC Policy

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USDKG AML/KYC Policy

Introduction

In this AML/KYC Policy ("Policy"), "VAI" refers to Open Joint Stock Company "Virtual Asset Issuer", duly registered and existing under the laws of Kyrgyz Republic, registered address is 17 Razzakova Street, Pervomaisky District, Bishkek, Kyrgyz Republic, registration number: 311855-3301-OAO, and any of its subsidiaries and/or affiliate companies.

VAI is the issuer of USDKG, global and trusted dollar stablecoin which is backed by real reserves of gold.

Policy Applicability

This Policy applies to:

- a. all employees, officers, directors, and contracted personnel of VAI, and to such other persons as designated by VAI from time to time (each an "**Officer**", collectively "**Officers**"); and,
- b. all individuals and legal entities (and their respective employees, officers and directors) that perform services for or on behalf of VAI, including without limitation, supply chain business partners, suppliers, consultants, contractors, distributors, and agents (including without limitation, sales agents/representatives) (each an "**Associated Person**", collectively "**Associated Persons**").

Contracts and agreements executed between VAI and Associated Persons may contain more specific provisions addressing some of the issues set out in this Policy. Nothing in this Policy is meant to supersede any more specific provision in a particular contract or agreement executed between VAI and an Associated Person, and to the extent there is any inconsistency between this Policy and any other provision of a particular contract or agreement, the provision in the contract or agreement will prevail.

This Policy is a statement of principles and expectations for individual and business conduct. It is not intended to and does not in any way constitute a contract, an employment contract, or assurance of continued employment, and does not create any right in any Officer or Associated Person. The enforcement and interpretation of this Policy rest solely with VAI. This Policy only creates rights in favour of VAI. The headings contained in this Policy are for convenience only and shall not be interpreted to limit or otherwise affect the provisions of this Policy. In the event of any conflict between this Policy and the Kyrgyz Republic law, the Kyrgyz Republic law shall prevail.

Limitation of Liability

Nothing in this Policy shall be construed as:

- a. A waiver of VAI's rights under the laws of the Kyrgyz Republic law.
- b. An acceptance of the extraterritorial application of foreign sanctions absent explicit incorporation into laws of the Kyrgyz Republic.

Policy Governance

This Policy is subject to the exclusive oversight of VAI's Compliance Committee, which reserves the right to determine the practical implementation of sanctions controls based on legal advisability under Kyrgyz Republic law and materiality of risks to VAI operations.

Officers and Associated Persons must read and apply this Policy and must ensure compliance with this Policy.

Customer Onboarding

VAI requires all prospective customers to successfully complete its customer identification and verification process prior to being permitted to purchase or sell USDKG. Customer verification processes are governed by written policies and procedures for verifying customers and conducting risk-based enhanced due diligence processes on customers. VAI's Compliance Committee members are trained on and required to follow those policies and procedures in connection with all customer verifications. Verification processes use financial industry standard vendors and tools to verify prospective customers' information and screen their names against sanctions, politically exposed persons, and law enforcement lists. As a part of this process, all prospective customers are screened for adverse media using open-source intelligence ("**OSINT**") by trained analysts.

Know Your Customer (KYC)

VAI shall screen (independently or by engaging appropriate providers) both the individuals/entities and its transactions (KYT) for KYC purposes. The level of screening and due diligence undertaken depends on the risk profile of the particular relationship or transaction, with enhanced screening and diligence undertaken where the risks are greater.

In carrying out such screening, VAI may rely on information provided to it by its customers and business partners unless it is aware or suspects that those customers and business partners, or the information provided, is unreliable or dishonest, or relates to a high-risk jurisdiction.

Trusted partners of VAI may conduct their own KYC in accordance with this Policy.

Common Compliance Measures

Anti-Money Laundering, Countering the Financing of Terrorism

VAI's current Anti-Financial Crime compliance landscape is shaped by standard-setting organizations such as Financial Market Regulation and Supervision Service under the Ministry of Economy and Commerce of the Kyrgyz Republic, Financial Intelligence Service under the Ministry of Finance of the Kyrgyz Republic, International Organization of Securities Commissions (IOSCO) (in part applicable to the essence of the core business of the VAI).

Smart Contract Audits

VAI conducts smart contract reviews through constant and ongoing testing. These reviews are conducted at two levels. The first ensures that operating procedures are consistent and accurate, and that any issues identified are addressed in a timely and effective manner. The second level involves testing in a live environment and ensuring that only those with administrative permissions are able to amend or make decisions on privileged functions, such as minting, freezing, unfreezing, revoking, burning, or other functions that form the basis of the smart contract.

Additionally, VAI regularly engages a qualified auditor who conducts audits of smart contracts in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures Engagements, issued by the International Auditing and Assurance Standards Board (IAASB).

Suspicious Transactions

VAI engages an investigations team, many members of which are drawn from financial institutions whose role is to review unusual or suspicious activity and file suspicious activity reports ("**SAR**") with the relevant body or organization. VAI may, in certain circumstances, temporarily restrict access to, and/or terminate customer relationships with KYC verified customers in the event that they are believed to be engaged in suspicious activity or to be in breach of this Policy.

Termination of the Relationships

In connection with customer investigations conducted by VAI's Compliance Committee, VAI will assess if a customer relationship should be terminated or placed on enhanced monitoring.

Sanctions Compliance

Applicable Regulations

VAI sanctions compliance landscape is shaped by (“Applicable Regulations”):

- VAI’s place of incorporation and primary regulatory supervision (e.g., Law of the Kyrgyz Republic No. 12 dated January 21, 2022 “On Virtual Assets”, Law of the Kyrgyz Republic No. 87 of August 6, 2018 On Combating the Financing of Criminal Activities and the Legalization (Laundering) of Criminal Proceeds, relevant acts of the Cabinet of Ministers of the Kyrgyz Republic, and acts of the National Bank of the Kyrgyz Republic, acts of the Service for Regulation and Supervision of the Financial Market under the Ministry of Economy and Commerce of the Kyrgyz Republic, Financial Intelligence Service under the Ministry of Finance of the Kyrgyz Republic).
- Sanctions acts and regimes established by United Nations Security Council under Chapter VII of the United Nations Charter.
- Acts and standards of International Organization of Securities Commissions (IOSCO) in part applicable to the essence of the core business of VAI.
- Financial Action Task Force (FATF) guidelines.

Overview

This Policy sets out VAI’s approach to identifying and managing sanctions-related risks, including:

- a. Guidance about the meaning of sanctions and how to comply;
- b. Principles and measures that VAI follows to comply with applicable legislation and to identify, mitigate and manage sanctions risk in the jurisdictions where it operates; and,
- c. Consequences of failing to comply with this Policy.

This Policy applies to all countries and/or jurisdictions in which VAI operates and extends to any additional countries and/or jurisdictions where VAI commences operations and/or has an active registration or license.

Meaning of Sanctions and How to Comply

It is understood that some persons may be targeted by some restrictive measures in certain jurisdictions.

Sanctions are laws and regulations enacted by governments international organizations and supranational bodies for various reasons from promotion of its foreign policy to limiting illegal activities and other objectives, including but not limited to:

- limiting the adverse consequences of a situation of international concern (for example, by denying access to military or paramilitary goods, or to goods, technologies or funding that enable international terrorism or the proliferation of weapons of mass destruction);
- seeking to influence other persons or governments to modify their behavior; and
- penalizing other persons or entities (for example, by blocking or “freezing” their assets, or denying access to international travel or to the international financial system).

Sanctions are implemented largely by prohibiting companies and individuals from doing business with persons, entities, countries and governments that are the targets of the sanctions. Such restrictions can include:

- export bans, import bans and prohibitions on the provision of certain specified services;
- prohibiting certain commercial activities (such as joint ventures and other investment);
- barring the transfer of funds to and from a sanctioned country;
- targeted financial sanctions, which include freezing the assets of and prohibiting any dealings with, a government, country, or territory, and designated entities and individuals;
- travel bans; and other.

Some sanctions regimes proposing extraterritorial application, some have secondary nature.

Key Principles

VAI may decide not to provide products or services even where it is permitted by law, particularly where the circumstances present reputational or other risk.

Compensatory and Risk-Mitigating Measures

The relevant VAI units/departments dealing with customers, suppliers and other business partners/ counterparties shall screen and perform customary due diligence on prospective customer, suppliers and potential business partner/counterparty. If there is any doubt whether screening and due diligence has been conducted with respect to any such person or entity, contact VAI's Compliance Committee immediately.

VAI and Officers and Associated Persons cannot advise customers or others as to how transactions may be structured or presented to evade applicable sanctions or this Policy. This includes, but is not limited to, advising customers and others to amend any information or documents to include false or misleading information, to omit accurate information, or changing, removing or omitting information from a transaction or any business record that would otherwise lead to detection of a compliance issue

It is the responsibility of each Officer, Associated Person, prospective or existing customer, supplier and potential business partner/counterparty to understand and meet their sanctions obligations as a person of a particular country or as a result of their presence and/or activities in a particular country. Questions about particular circumstances should be directed to VAI's Compliance Committee. Depending on such circumstances, VAI may require the Officer or Associated Person to adhere to certain practices to ensure that VAI and the individual Officer, Associated Person, prospective or existing customer, supplier and potential business partner/counterparty comply with all applicable requirements.

Consequences of Failure to Comply

Failure to comply with applicable laws would constitute a breach of legal and/or regulatory requirements, and can expose VAI to significant reputational damage, legal and regulatory actions, and financial loss, and can expose individual Officers or Associated Persons involved in any violation to substantial fines and imprisonment.

VAI has a zero-tolerance approach to intentional violations of this Policy. If an Officer fails to comply with this Policy, then he/she may be subject to disciplinary action that may include dismissal from employment. Disciplinary measures will depend on the circumstances of the violation and will be applied in a manner consistent with VAI's policies. In addition, Officers who violate the law during the course of their employment may also be subject to criminal and civil action.

VAI may terminate a business relationship with any Associated Person (including terminating all contracts and agreements in force between VAI and any such Associated Person) by means of written notice to the Associated Person, with immediate effect, without need of judicial recourse, and without liability for compensation or damages (whether direct and/or indirect) of any type or nature in favour of the said Associated Person, in the event that:

- a. the Associated Person fails to comply with any provision in this Policy and fails to remedy (if such a failure is remediable) that failure within 10 days of the Associated Person being notified in writing of the failure; or,
- b. the Associated Person becomes the subject or target of sanctions of Applicable Regulations.

Audits

Each Associated Person shall, without expense to VAI, provide access (with appropriate prior notice from VAI) to all relevant documents, records, systems, processes, policies and procedures in order to enable VAI (or its third-party professional representatives) to audit and verify compliance by the Associated Person with this Policy. If an audit shows that an Associated Person is in breach of this Policy then the Associated Person shall, without delay, implement the necessary corrective action (if the breach can be corrected) determined by VAI.

Revisions and Enquiries

VAI will unilaterally review this Policy on a regular basis at its absolute discretion, and will introduce revisions where necessary or appropriate. VAI may also issue addenda, guidelines and memoranda from time to time to supplement this Policy. It is the responsibility of Officers and Associated Persons to access these online systems and view the latest version of this Policy and of any addenda, guidelines and memoranda, from time to time. VAI may update this Policy at any time.

For enquires or any other matter relating to this Policy, please contact at contact@usdkg.com.

Reporting of Violations

Officers and Associated Persons should at all times feel comfortable sharing their views, asking questions, flagging anomalies, expressing concerns, or reporting perceived violations of this Policy. If an Officer or Associated Person becomes aware of any suspected or known violations of this Policy or she/he realizes that VAI or an Associated Person performed a transaction prohibited by applicable law, then he/she has a duty to promptly report such concerns to VAI's Compliance Committee.

Confirmation

Officers and Associated Persons shall periodically, whenever requested by VAI, individually confirm in writing to VAI that they read this Policy and agrees to comply therewith.