



Datsoft Compliance Suite

A Complete Anti-Money Laundering Solution

DATASOFT GROUP OF COMPANIES

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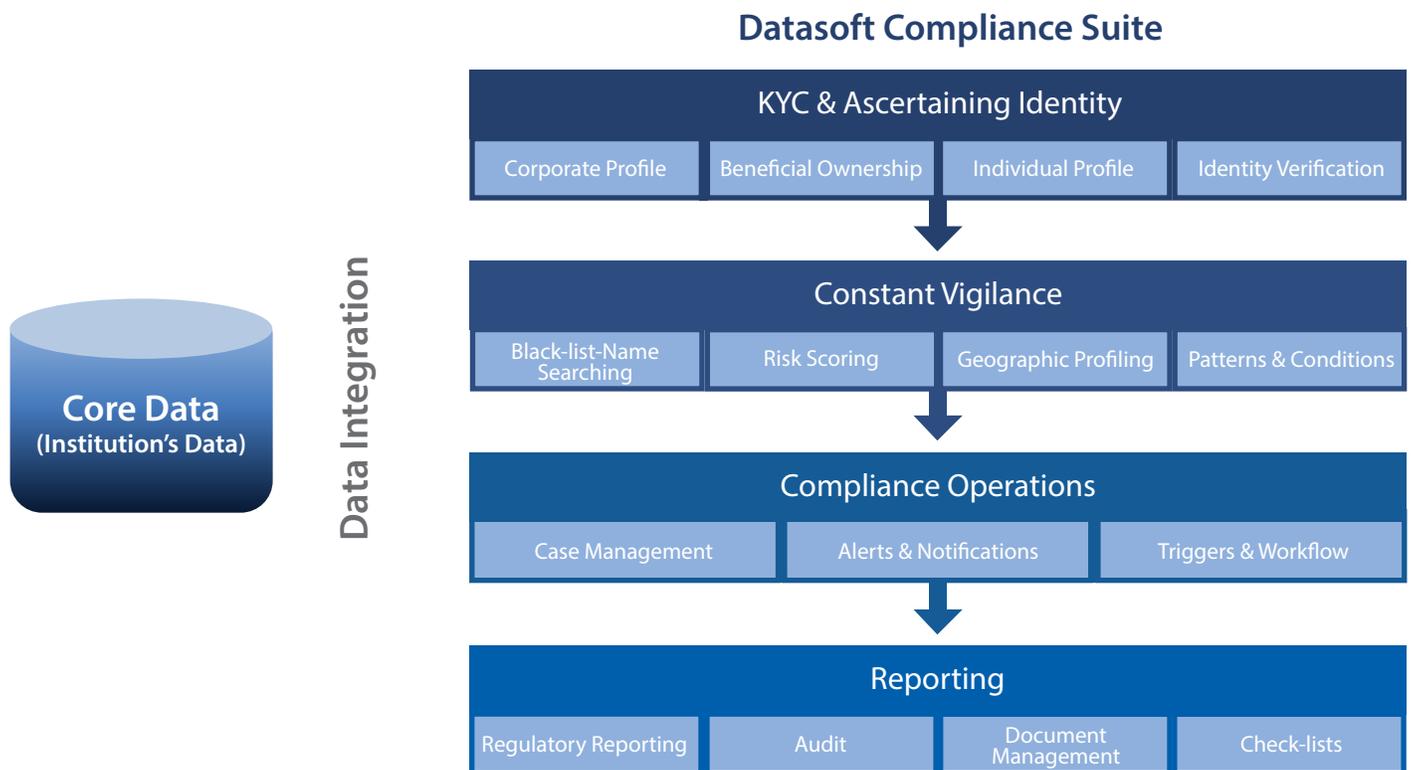
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Operational Overview

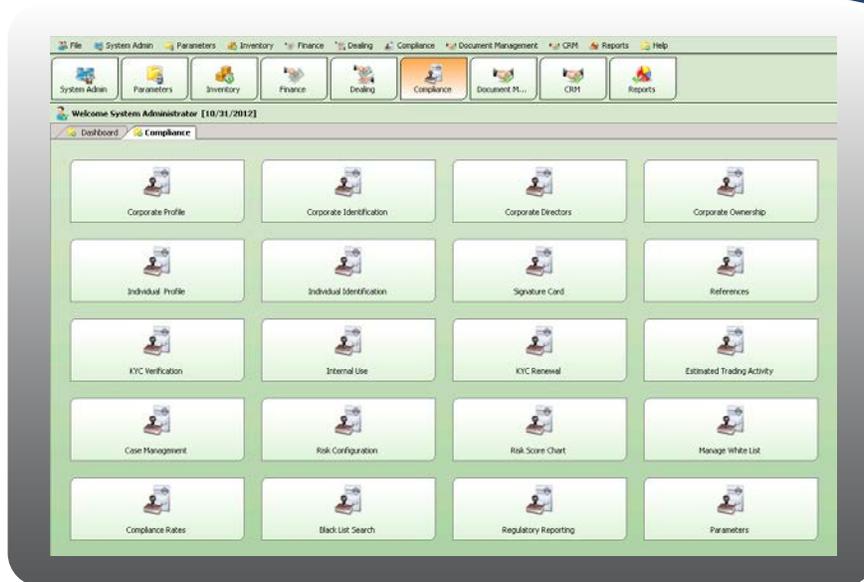
Operational Overview: Introduction

Datasoft Compliance Suite's functionality spans from client on-boarding through regulatory reporting and delivers a complete AML solution. The risk-based methodologies combine with workflow and business modeling modules to enforce desired policies and procedures of the AML Regime. A flexible and fully customizable risk scoring engine derives level of risk on the basis of client information and perpetually computes as transactions occur. Risk scoring combined with real-time black-list name searching secures a constant vigilance environment which immediately triggers compliance cases, escalation and alerts on suspicious activity, non-compliance or exceptions to policies and procedures.

Datasoft Compliance Suite is summarized in the diagram below.



The operational aspect of each module is very flexible and virtually any process can be customized to fit specific needs. Datasoft also provides operating templates that will allow for rapid implementation and immediate adoption for turn-key functionality.



Supporting operational modules such as Document Management, Check-lists and Dashboards streamline AML operations further solidifying compliance procedures and management.

Know Your Client and Recordkeeping

Datasoft Compliance Suite provides a Know Your Client (“KYC”) program that governs and reasonably proves the true identity of each client and the profile of transactions the client will likely undertake. The complete process of collecting and verifying information of each corporate or individual customer is streamlined in Datasoft’s KYC methodology. Workflow enforcement and other management tools ensure completeness of KYC processes and identify incomplete elements.

Customer On-boarding

The processes surrounding creating new customers are systematically defined and controlled using the Datasoft Compliance Suite templated KYC approach. Templates can be easily modified to suit specific needs.

Corporate Customers

The following processes, which are modifiable, are defined in the Corporate Customer KYC procedure:

- a. Completion of corporate application forms (scanned into Document Management library)
- b. Information on corporate profile
- c. Proof of corporations’ existence (scanned into Document Management library)
- d. Information on directors (and scanned personal identification copies if applicable)
- e. Information on beneficial owners (and scanned personal identification copies if applicable)
- f. Confirmation of primary address and existence
- g. Initial black-list name search and Politically Exposed Foreign Persons (“PEFP”) search
- h. Initial risk score calculation prior to account approval

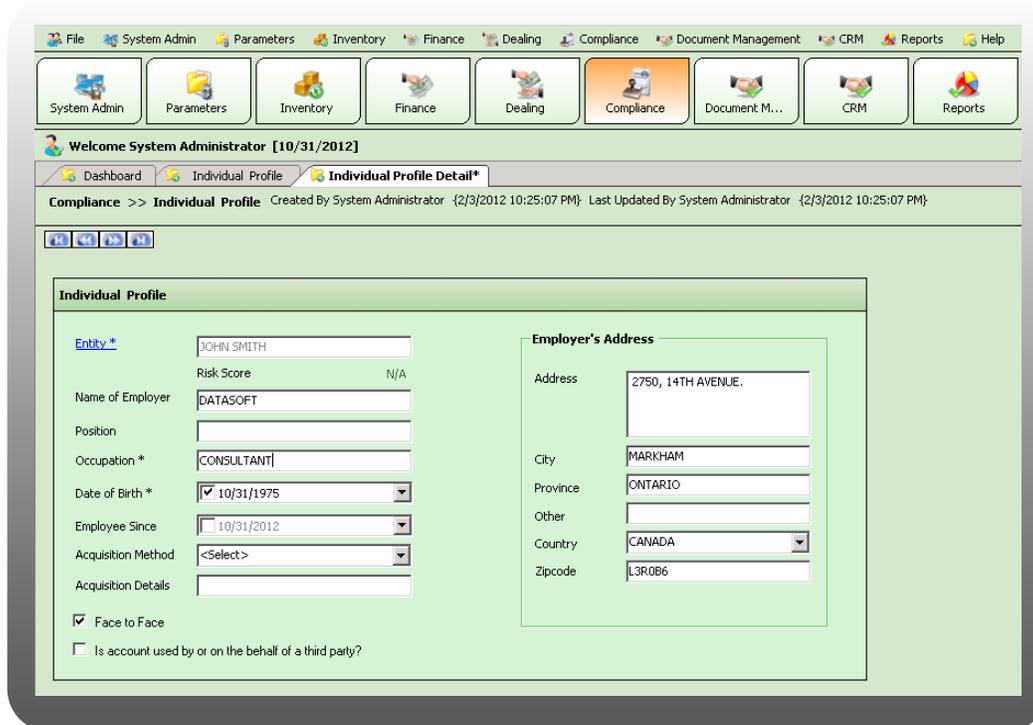
The screenshot shows a web application interface for a System Administrator. The main content area is titled 'Corporate Profile' and contains the following form fields:

Entity *	DATASOFT GLOBAL TECHNOLOGIES INC	Organizational Structure *	Incorporated
Risk Score	50.00 / 85.00	Organizational Jurisdiction *	Canada
Legal Name *	Datasoft	Date of Incorporation	<input checked="" type="checkbox"/> 1/ 1/2012
Trade Name *	Datasoft	<input checked="" type="checkbox"/> Onsite Visit	
Acquisition Method	Employee Referral	<input type="checkbox"/> Is account used by or on the behalf of a third party?	
Acquisition Details			
Nature of Business Classification *	Information Technology		
Nature of Business Description			

Individual Customers

The following processes, which are modifiable, are defined in the Individual Customer KYC procedure:

- Completion of individual application forms (scanned into Document Management library)
- Information on individual profile
- Government issued photo identification (scanned into Document Management library)
- Initial black-list name search and Politically Exposed Foreign Persons ("PEFP") search
- Initial risk score calculation prior to account approval

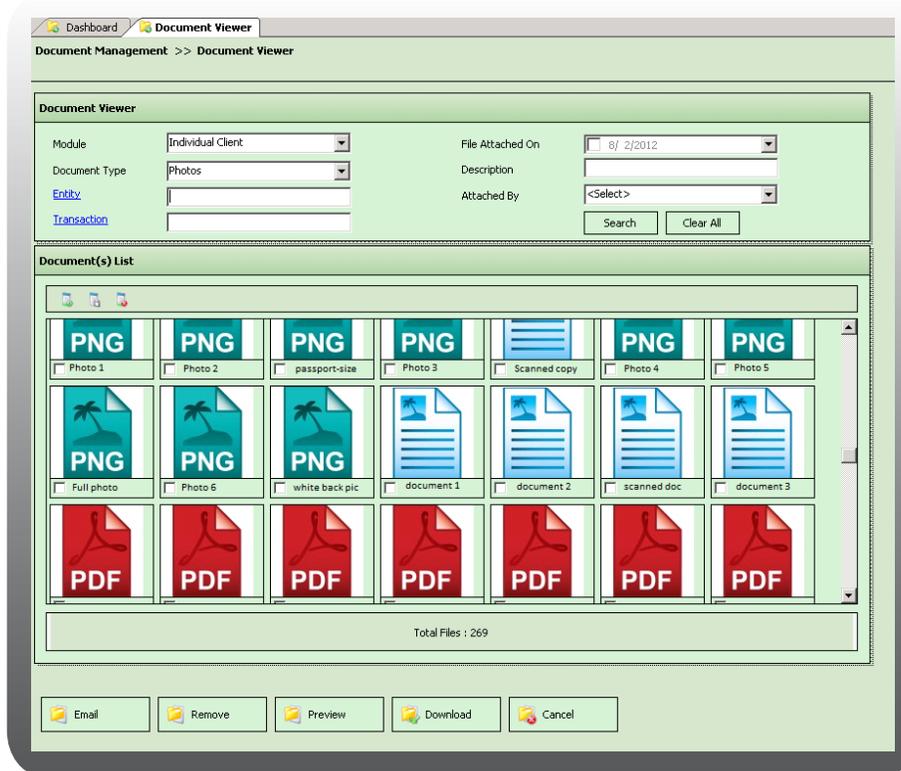


Historical Customers

Existing customers may have adhered to prior AML Regimes and with evolving AML guidelines and practices, operational migration or adoption of new requirements for older customers is necessary. Datasoft Compliance Suite creates a platform whereby customers that have incomplete KYC records can enforce an account suspension until the customer is made compliant or simply present action items via email notification or CRM interfaces.

Document Management (DART)

Datasoft Compliance Suite comes integrated with an electronic document management system (referred to as "DART" – Document-Archive-Retrieve-Track) which integrates to all AML modules such that documents are accessible on-demand for each specific screen. DART allows for document workflow creation and the implementation of control functions to enforce specific document related workflow. Digitizing AML regimes through imaging and electronic storage creates a truly integrated compliance platform with streamlined collection, storage and access of KYC documentation.



Risk Analysis and Assessment

Datasoft Compliance Suite uses a risk-based approach to identify potential money laundering risks. This includes the profiling of customer data, segmenting corporate customers, frequency and volume of transactions, and deposit and withdrawal channels. Risk scores determine and implement proportionate measures and controls to mitigate these risks. While a risk assessment is routinely performed at the inception of a customer relationship, a comprehensive risk profile may only become evident through the analysis of transactions. Thus, the systematic monitoring of transactions and ongoing vigilance is a fundamental component of the platform.

Datasoft measures money laundering and terrorist financing risks using several predefined categories; these categories can be modified and added to with ease. The application of risk categories provides a strategy for managing potential risks and will trigger customers to proportionate controls and oversight. Risk weight is given to each category (individually or in combination) and will comprise the overall composite risk. Composite risk can be configured with limitless flexibility to fit unique circumstances.

Entity Name	Is Client Type Individual	Country	Wire - EDD Country	Corporate Client No Onsite Visit
Enterprises Component	7	5	2	2
INTERNATIONAL DISTRIBUTORS	7	2	10	0
FIVE STAR CORPORATION	3	2	10	0
GLOBAL SYSTEMS	3	17	15	6
GS JEWELLERS LTD	7	13	5	0
Quest Liquidation	7	4	21	0
Trading Group	3	4	17	0
S.V.S. DISTRIBUTORS	3	5	13	1
MOTORSPORT INC	3	10	13	1
ENERGY ARMOR	3	9	21	6
CAM TECHNOLOGY	3	2	8	2
Auto Repairs Consultants	3	9	8	6
INVESTMENT COLLECTION	7	2	21	2
INTERNATIONAL FASHION	7	2	8	2

Country or Geographic Risk

Country risk, in conjunction with other risk factors, provides useful information identifying potential money laundering and terrorist financing risks. Factors that may result in a determination that a country poses a higher risk include:

- a. Countries subject to sanctions, embargoes or similar measures issued by regulatory bodies;
- b. Countries identified that lack appropriate AML laws, regulations and other measures;
- c. Countries identified by regulatory bodies as providing funding or support for terrorist activities that have designated terrorist organizations operating within them;
- d. Countries identified as having significant levels of corruption, or other criminal activity; or
- e. Financial secrecy havens

Datasoft Compliance Suite has embedded “watch-list” and “block-list” functionality within its ISO3166 country configuration. This feature can be used in various manners including granular integration into risk scoring, business rules to enforce prevention, triggers to create compliance cases or workflow to simply warn users. Based on policies and procedures, various forms of business rules can add supplemental block-list of countries.

Customer Risk

Determining the potential money laundering or terrorist financing risks posed by a customers or profiles of customers is a vital component of Datasoft Compliance Suite. Using a robust risk scoring engine, Datasoft Compliance Suite is able to determine whether a particular customer poses a higher risk and will continually monitor all customer profiles immediately effecting risk scores with profile changes. Datasoft provides modifiable template customer risk configuration which includes but not limited to:

- a. Customers conducting their business relationship or transactions in unusual circumstances, such as:
 - A customer does not merit the movement of funds or the execution of transactions in relation to the size of the customer's operations;
 - Significant and unexplained geographic distance between the customer and the location of the branch; and
 - Frequent and unexplained transfers of funds to different local and international financial institutions.
- b. The structure or nature of the entity or relationship makes it difficult to identify the true owner or controlling interests of the customer.
- c. Incomplete or insufficient KYC data.
- d. Cash (and cash equivalent) intensive businesses including:
 - Money services businesses (e.g. remittance houses, currency exchange houses, casas de cambio, bureaux de change, money transfer agents and bank note traders or other businesses offering money transfer facilities);
 - Casinos, betting and other gambling related activities; and
 - Businesses that while not normally cash intensive generate substantial amounts of cash for certain transactions.
- e. Charities and other "not for profit" organizations which may not be subject to monitoring or supervision (especially those operating on a "cross border" basis).
- f. "Gatekeepers" such as accountants, lawyers, or other professionals, acting on behalf of their customers, and unreasonable reliance is placed on the gatekeeper.
- g. Customers that are Politically Exposed Foreign Persons (PEFPs).
- h. Shell corporations.

In all cases where customer data elements are collected (such as name, address, related parties), submission of this data to the Black-List Name Search engine is done immediately and matches are promptly reported. Matches would trigger enhanced due diligence by creating a compliance case. In the event of positive matches or unverifiable matches, the incorporation of appropriate incremental score is reflected in the customer composite risk score.

Product and Service Risk

Product and Service Risk includes the determination of potential risks presented by products and services offered. The volume, frequency, ultimate source of funds and ultimate beneficiary of funds are all components that require scrutiny and risk assessment. Datasoft Compliance Suite's modifiable templates for product and service risk scoring include (but not limited to):

- a. Products and services identified by competent authorities or other credible sources as being potentially higher risk, including, for example:
 - Transactions involving payments for non-clients (for example, making a payment on behalf of an unknown third party);
 - Large cash transactions; and

- Split transactions – typically under \$10,000 in a short timeframe.
- b. Products and services that inherently have provided more anonymity or can readily cross international borders. Some examples are:
 - Electronic payments such as SWIFT payments, SEPA, FED and EFTs;
 - Bank drafts that mask the origin of funds; and
 - Large cash transactions.

In all cases where the transaction data elements are collected (such as payee names, beneficiary details, by-order-of details and intermediary bank data), submission of this data to the Black-List Name Search engine is done immediately and matches are promptly reported. Matches would trigger enhanced due diligence by creating a compliance case. In the event of positive matches or unverifiable matches, the incorporation of appropriate incremental score is reflected in the customer composite risk score.

Other Risk Variables

Datasoft Compliance Suite's risk based approach methodology may take into account other risk variables specific to a particular customer or transaction. These variables may increase or decrease the perceived risk posed by a particular customer or transaction and may include:

- a. The size of transactions undertaken. Unusually large transactions compared to what might reasonably be expected of clients with a similar profile may indicate that a client not otherwise seen as higher risk should be treated as such.
- b. Regularity or duration of the relationship. Long standing relationships involving frequent client contact throughout the relationship may present less risk from a money laundering perspective.
- c. Familiarity AML laws, regulations and rules, in addition to the structure and extent of AML guidelines and law as published by regulatory bodies while making efforts to avoid recordkeeping or reporting requirements.
- d. Structures that have no apparent commercial or other rationale or that unnecessarily increase the complexity or otherwise result in a lack of transparency. The use of such vehicles or structures, without an acceptable explanation, increases the risk.

Black-List Name Searching

Datasoft Compliance Suite interfaces with Lexis Nexis Choicepoint Bridger¹ or Worldcheck² to perform name searches. Each service provides the most current lists and the ability to search through a number of databases. For instance, Choicepoint Bridger has a number of lists from various regulatory and enforcement bodies as follows:

1- <http://www.lexisnexis.com/risk/solutions/bridger-insight.aspx>

2- <http://www.world-check.com/>

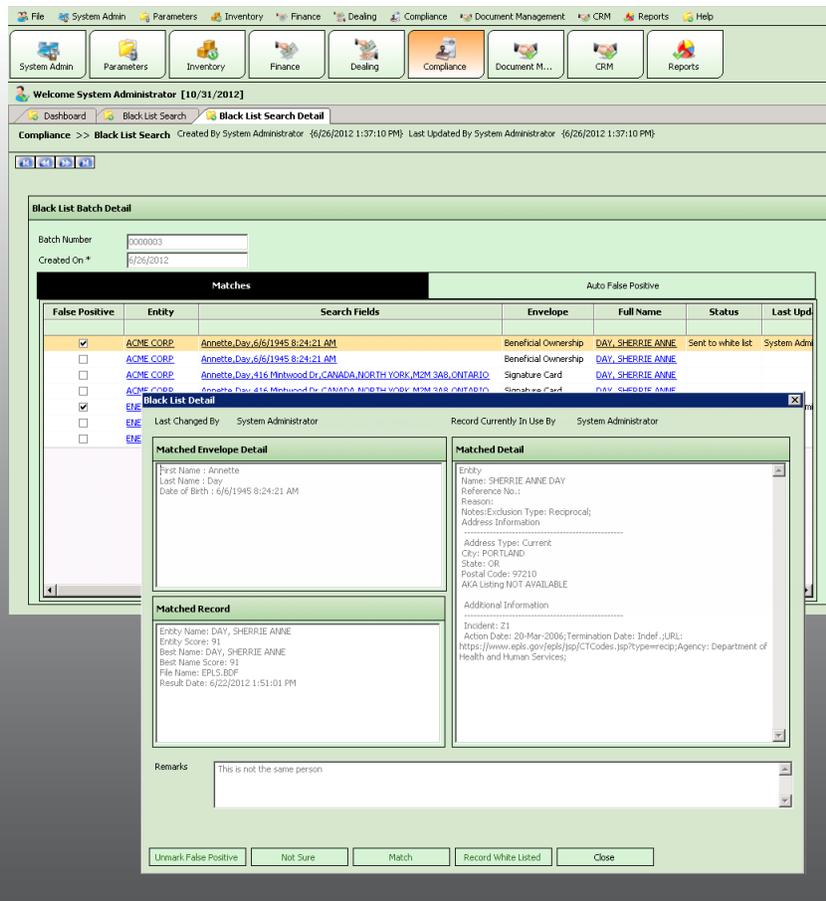
Database Name
Australian Department of Foreign Affairs and Trade
Chiefs of State and Foreign Cabinet Members
Commodity Futures Trading Commission Sanctions
Defense Trade Controls Debarred Parties
European Union Consolidated List
Excluded Parties List System
Federal Bureau of Investigations Lists
FBI Hijack Suspects
FBI Most Wanted
FBI Most Wanted Terrorists
FBI Seeking Information
FBI Top Ten Most Wanted
Financial Action Task Force
Foreign Agents Registrations
Her Majesty's Treasury's Asset Freezing Unit Consolidated List
Her Majesty's Treasury's Investment Ban List
Interpol Most Wanted
Ireland Financial Regulator Unauthorized Firms
Japan Financial Services Agency
Japan Ministry of Economy Trade and Industry—Weapons of Mass Destruction Proliferators
Japan Ministry of Finance Sanctions
Housing and Urban Development Limited Denials of Participation
Monetary Authority of Singapore
Nonproliferation Sanctions
Office of Foreign Assets Control Non-SDN Entities
Office of Foreign Assets Control Sanctions
Office of Foreign Assets Control Specially Designated Nationals
Office of the Inspector General Exclusions
OSFI Consolidated List—Canada
OSFI Country
Offshore Financial Centers
Peoples Bank of China (PBC)
Primary Money Laundering Concern (PMLC) Lists
Primary Money Laundering Concern
Primary Money Laundering Concern—Jurisdictions
Reserve Bank of Australia
Terrorist Exclusion List
Unauthorized Banks
United Kingdom Financial Services Authority
United Nations Consolidated List
World Bank Ineligible Firms

Custom “in-house” negative lists can also be imported and added to the list of public databases and will be searched against along with all the other vendor managed lists. Very sophisticated search algorithms are utilized taking into account variance in data and phonetic and linguistic factors. To minimize false-positive matches, results use fuzzy logic to score matches and provide filter tools to disregard low scoring matches.

Datasoft Compliance Suite provides the capability to configure custom envelopes that allow for multiple data elements and are easy to reconfigure. Template envelopes provided include:

- Name
- Name + address
- MT103 messages
- Business name
- Business name + address
- Others

Searches can be done on demand, on saving of records or in batch at a schedule time. XML SOAP technology is used to securely send envelopes over the internet. Responses received use the same technology with very quick response times.



All matches are stored inside Datasoft Compliance Suite including a white-list repository that tracks all false-positive matches. This prevents re-reviews of matches already deemed to be false-positive thereby streamlining the process

Regulatory Reporting

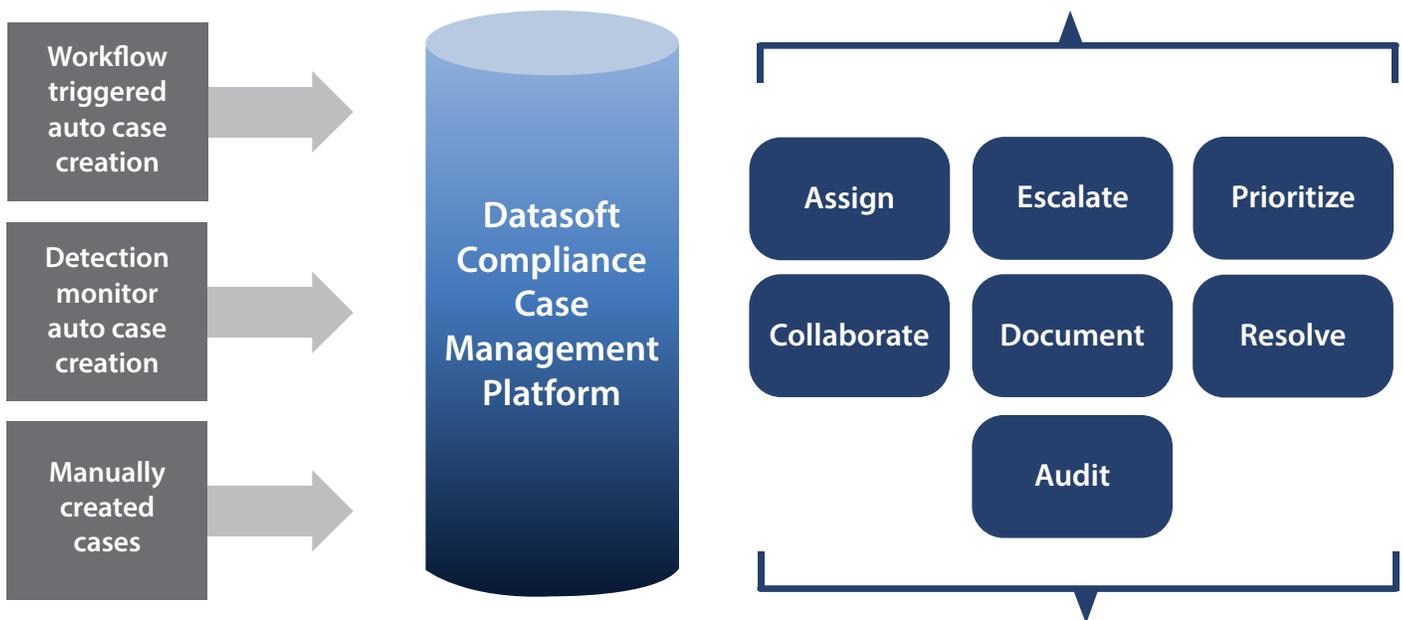
Datasoft Compliance Suite has an electronic data interface library and is able to automatically generate regulatory reports and customized to specific proprietary formats. The platform can generate several types of reports:

- Electronic Funds Transfers Outbound (EFTO) Reporting – inclusive of split transactions
- Electronic Funds Transfers Inbound (EFTI) Reporting – inclusive of split transactions
- Large Cash Transactions Reporting (LCTR)
- Others

Case Management

Datsoft Compliance Suite Case Management module provides a centralized workflow driven platform to systemize AML operations. Cases are received through multiple channels including automatic workflow triggers, detection filters, external sources or directly from employees. Using workflow rules and business modeling, cases can be easily prioritized, assigned or escalated to the appropriate people. Dashboards and task enforcement ensure that every case is resolved and serves as a platform for collaboration or task-segmented case handling. The Case Management Module can be summarized as follows:

Datsoft Compliance Case Management

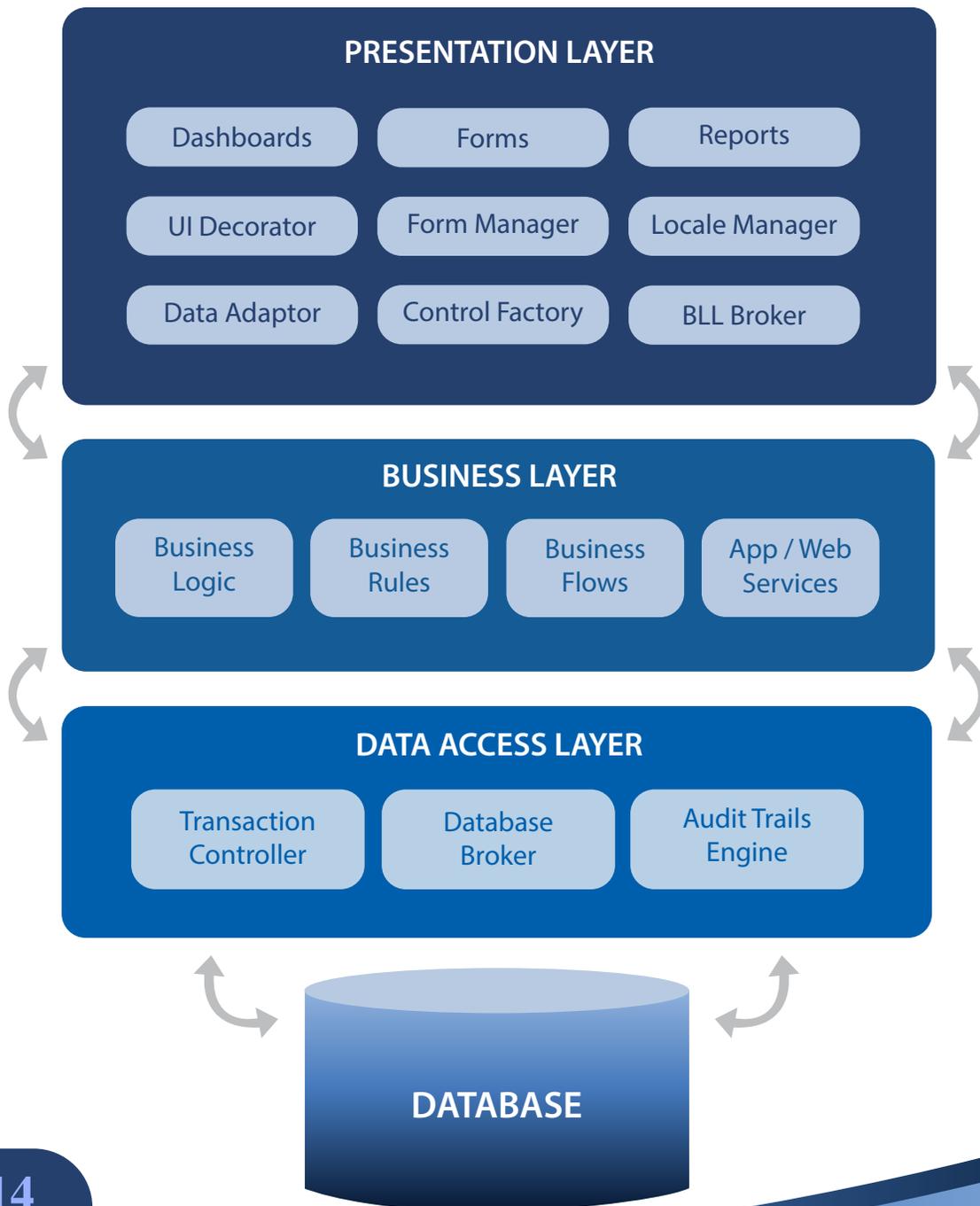


Internal and external auditors and regulators require ready access to supporting evidence and documentation in order to prove adherence to policies and procedures. The centralized nature of the Case Management data, the cross-referencing to transactional or customer data and the embedded Document Management create a reliable platform for audits and evidentiary requests.

Technical Overview

Technical Overview: Summary

Datasoft FxOffice (which includes the Compliance Suite) is a database independent enterprise platform engineering on the .NET framework using a 3-tier object-oriented model. Database independence is achieved through the separation of the data access layer from business logic and presentation layer as follows:



The Compliance Suite is a subset of Datasoft FxOffice which is an end-to-end corporate foreign exchange and global payments platform. The platform is highly customizable and scalable with each macro-module integrating with a universal framework layer. This full breadth of FxOffice is summarized in the following diagram:



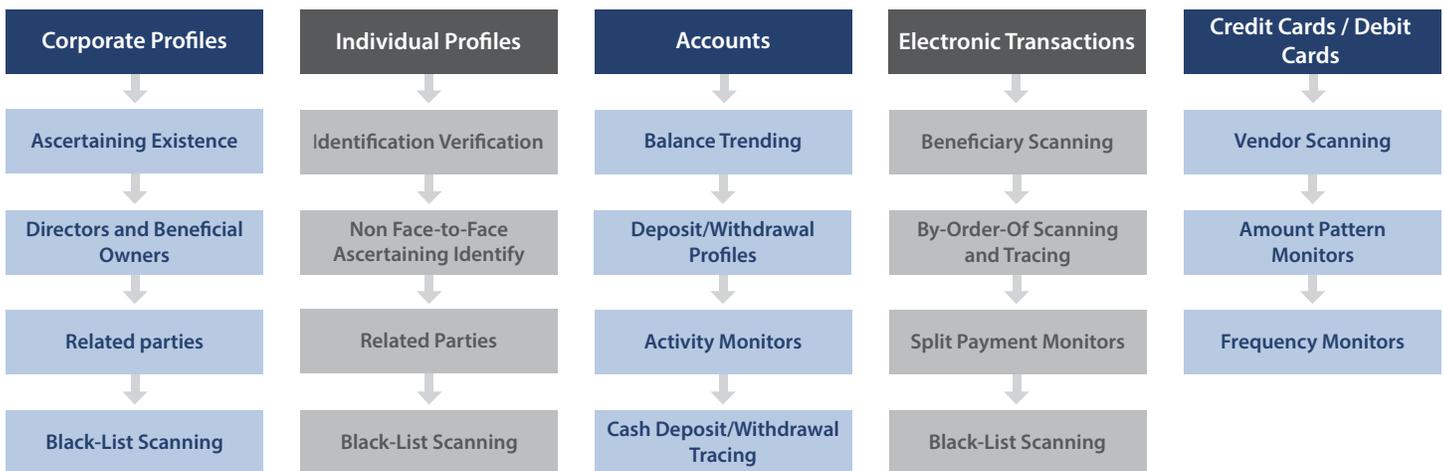
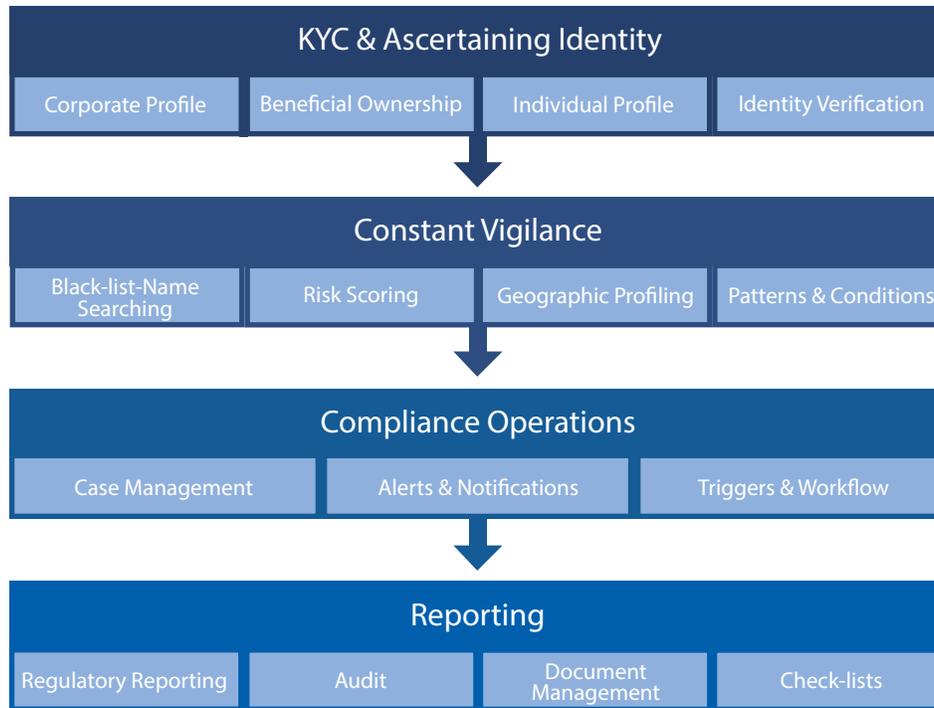
Datasoft FxOffice Suite delivers rich functionality to banks, credit unions and financial institutions. There are a comprehensive set of modules spanning forex dealing, payments, treasury, compliance and a robust online client portal. The platform has been built to operate in global markets and can run in multiple languages. Datasoft FxOffice emphatically delivers end-to-end functionality that fully integrates financial institutions in a straight-through-processing environment.

The Compliance Suite is built in a modular fashion within Datasoft FxOffice and shares an elaborate base framework whose functionality ranges from security, document management, business analytics,

dashboards and business modeling tools. Therefore, Datasoft Compliance Suite leverages enterprise-grade tools built within FxOffice’s other modules that further enhance the AML functionality.

Datasoft Compliance Suite has the following module schema and functional illustration:

Datasoft Compliance Suite



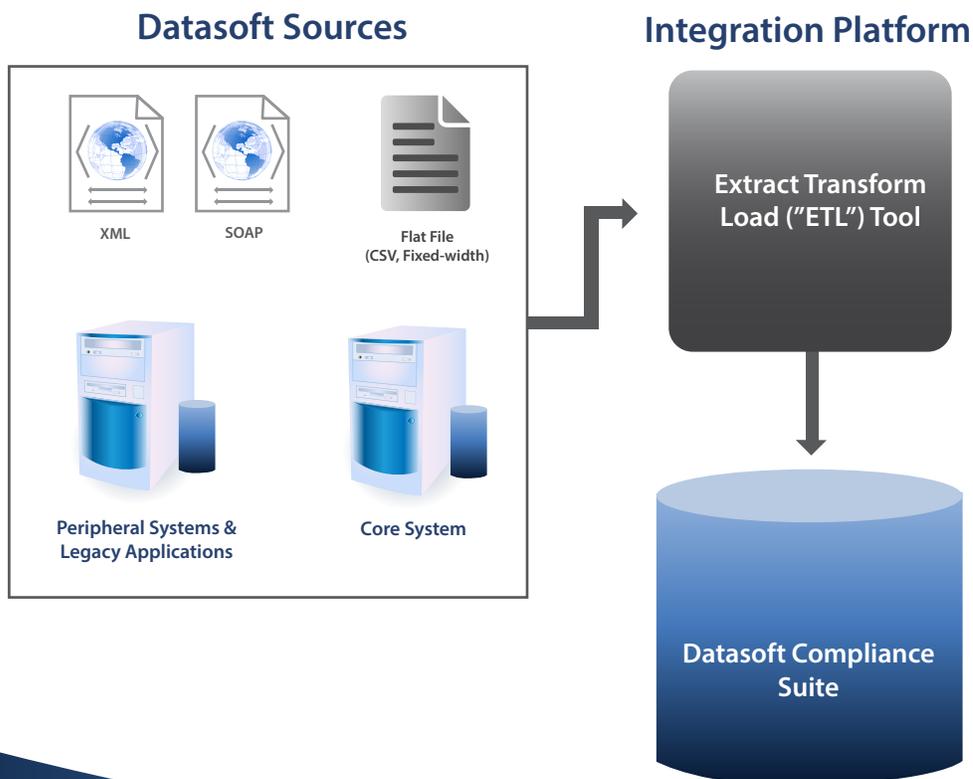
Integration Layer

Several models of data integration exist to unify data from a combination of data sources and regions. Datasoft's integration technology is capable of connecting to a wide variety of platforms and is able to scale to massive volumes of data. Unlimited connectivity is achieved by applying any one or a combination of these methods through the Extract Transform Load modules ("ETL"):

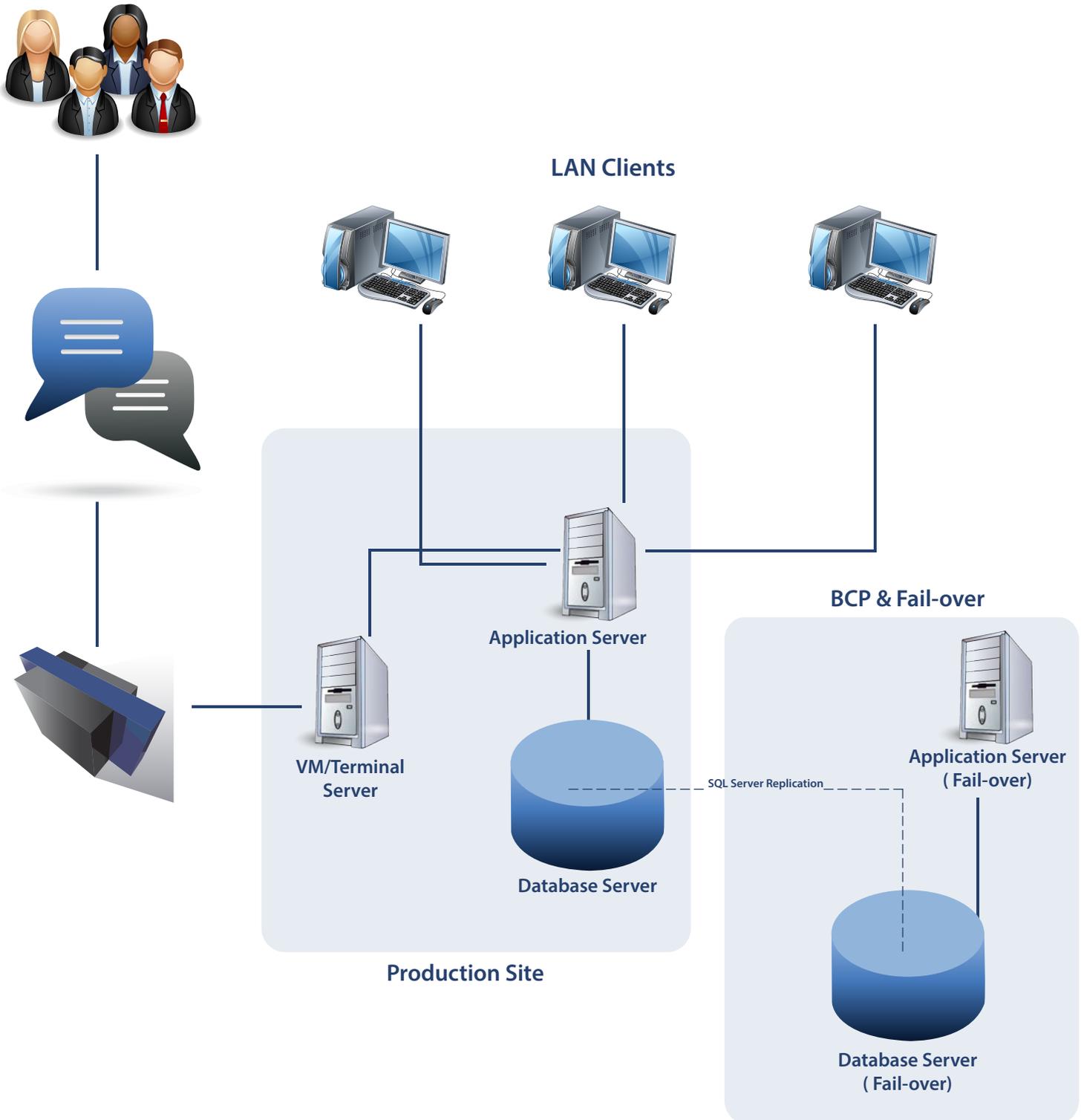
- Direct Connectivity with ODBC Compliant source databases
- Electronic Data Interchange ("EDI") import functionality
 - XML
 - SOAP
 - CSV
 - Global flat-file formats
- Application Programming Interfaces ("API")
 - Pushed utilizing Datasoft's API
 - Pulled by Datasoft API Execution methods

The ETL uses intelligent algorithms to analyze data while validating and filtering for only relevant data; purified data is then transformed and inserted into Datasoft Compliance Suite's data layer. Choosing the optimal ETL methodology provides for various modes of integration: continuous; event-driven or routine scheduled.

The integration ETL channels can be run as services, web services or listeners.



Recommended Server Topology



About Datasoft

About Datasoft Solutions

Datasoft was founded in 1999 in Toronto, Canada, initially consulting in the money service industry and engineering decision support systems and anti-money laundering regulatory software for the financial services sector. In 2002, these modules were extended to form an end-to-end dealing platform addressing front-office, back-office and regulatory requirements of foreign exchange firms thereby inaugurating the first version of Datasoft FxOffice. At the same time, the impact of growth in international trade presented compelling opportunities for Datasoft to provide solutions for businesses seeking increased sales from exports and/or reduced costs from imports. In 2002, Datasoft released its initial version of Datasoft ERP complete with purchasing, sales, multicurrency financials and MIS management modules.

Today, Datasoft serves clients in several countries and has physical presence in North America, Asia and the Middle East.

What we do

After acquiring the appropriate funding in 2007 and armed with extensive experience and expertise, Datasoft commenced re-engineering the next generation of Datasoft software that would scale for the enterprise and large multinational corporate market place. In 2011, built using the best-of-class technology and engineering methods, Datasoft released Datasoft ERP and Datasoft FxOffice.

Datasoft FxOffice offers financial institutions and banks an integrated corporate foreign exchange, cash management and payments platform. FxOffice is an end-to-end solution incorporating a broad range of modules built specifically for those focused on foreign exchange and global payments.

Datasoft ERP is a real-time integration of applications that unifies operations of commodity import/export companies. The platform covers a full range of business requirements including purchasing, sales, inventory control, accounting, logistics management, warehouse management, and other specialized needs of the import/export of commodities.

What we want to achieve

Today, our employees, our partners and our management are tied together by one common denominator: to help our customers succeed without boundaries or borders. Tomorrow, we want Datasoft ERP and Datasoft FxOffice to be recognized global giants built on our absolute commitment to quality, our integrity and our unrelenting pursuit of innovation and improvement.



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