FIDELITRADE
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USA Patriot Act

In the global marketplace, the attempted use of financial institutions to launder money is a significant problem that has caused great concern in the international and domestic community, which has resulted in the passage of strict laws and increased penalties for money laundering worldwide.

While the U.S. has had strong anti-money laundering laws applicable to certain financial institutions, including banks, broker-dealers and investment advisors, those laws have recently been strengthened and extended to other financial institutions including stand-alone futures commission merchants, commodity trading advisors, commodity pool operators, and precious metals dealers and refiners. Among other things, the USA PATRIOT Act requires all these financial institutions to establish anti-money laundering compliance programs, which include internal policies, procedures and controls designed to detect and prevent money laundering. The new requirements include enhanced "know your customer" obligations (e.g., verification of customer identity), monitoring and reporting suspicious transactions, special due diligence checks for certain customers, ongoing employee training, record keeping and independent audits to test the programs.

FideliTrade and its businesses have established policies and procedures to protect it from being used to launder money. All FideliTrade employees must be vigilant in the fight against money laundering and must not allow FideliTrade to be used for money laundering activities.

Reporting of Cash Transactions

Federal law imposes reporting requirements for certain transactions involving cash or cash-equivalent instruments (e.g., travelers checks, money orders, cashier's checks). In general, transactions involving the deposit, withdrawal or exchange of more than $10,000 in currency in a day must be reported to the Financial Crimes Enforcement Network ("FinCEN"), a bureau of the U.S. Treasury Department, by filing a Currency Transaction Report. Multiple transactions are treated as a single transaction if they total more than $10,000 during any one-business day, and must be reported.

Customer Identification

Federal law requires that financial institutions establish "know your customer" policies and procedures. These requirements are one borne of sound business practices and established regulatory oversight. Presently, industry regulations require firms to undertake reasonable efforts to obtain and maintain the essential facts relative to each customer and each account opened. For ease of use, this information is captured and maintained in the firm's account documentation, which includes the customer account application, Form W-9 (Request for Taxpayer Identification Number and Certification), corporate resolutions (if applicable), governmental photo identification (e.g., driver's license, passport, national identity card) or other such documentation as may be appropriate to ascertain and verify a person's identity. Additionally, the firm may verify customer information using various electronic databases such as Equifax/CDC, Dunn & Bradstreet and the like. The process of "knowing" one's customer is not concluded once the initial account opening information has been obtained. Even after the account is established, employees are required to update customer's information in the normal course of the relationship