

# **NSDQ-ETF-COIN, LP**

## **KYC and AML Policy**

V 1.0

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### **1. Purpose and Scope**

NSDQ-ETF-COIN, LP (the “Issuer”), a Delaware limited partnership, is committed to preventing money laundering, terrorist financing, and other illicit activities in connection with the offering of its tokenized Notes (“NSDQ Tokens”) linked to the NASDAQ-100 index. This KYC/AML Policy establishes the procedures for onboarding and verifying investors, in compliance with applicable U.S. laws and international best practices. It applies to all subscribers of the NSDQ Tokens, including both individual investors and institutional investors. Importantly, this Policy governs initial onboarding only. It covers the identification and due diligence performed at the time of subscription. Ongoing transaction monitoring of token transfers and periodic re-verification of investors are not within the scope of this Policy.

### **2. Responsibility for Investor Onboarding**

All onboarding and investor verification activities under this Policy are managed directly by the Issuer’s compliance team. The Issuer implements a Customer Identification Program and due diligence measures. The Issuer is responsible for ensuring that each prospective investor meets the KYC/AML requirements before any NSDQ Tokens are issued to that investor. In practice, this means the Issuer will collect required information and documentation from subscribers, verify their identities, and approve (whitelist) only eligible investors’ wallet addresses for token receipt. The Issuer shall maintain clear internal roles and recordkeeping for these compliance procedures and will exercise discretion to reject or refuse any subscription that does not satisfy the KYC/AML criteria outlined in this Policy.

### **3. Customer Identification and Verification Procedures**

#### **3.1 Overview**

Every prospective investor (whether an individual or an entity) must undergo identity verification prior to being accepted as a Note holder. The Issuer’s Customer Identification Program requires obtaining, at a minimum, the information and documentation detailed below. All information must be accurate and supported by valid documents, which the Issuer will review for authenticity. Investors are required to provide an Ethereum wallet address during onboarding; this address will be subject to verification and whitelisting as described in the “Wallet Whitelisting” section of this Policy.

### 3.2 Individual Subscribers

For individual investors (natural persons), the Issuer will collect and verify the following KYC information and documents.

- **Personal Information.** Full legal name, date of birth, nationality, and contact details (physical address, phone number, email). The investor's residential address must be provided and will be verified as part of address confirmation.
- **Government-Issued Photo Identification.** A clear copy of an unexpired government-issued ID is required. Acceptable IDs include a passport, driver's license, or national identity card that shows the investor's photo, name, and date of birth. The Issuer will verify the ID's validity and ensure the photo matches the investor (a selfie or live video verification may be required for comparison).
- **Proof of Address.** Documentation to verify the investor's residential address, dated within the last 3 months. Acceptable proof includes utility bills, bank or credit card statements, or government correspondence showing the name and address provided. The document must be from a reliable source and cannot be a digital screenshot; the Issuer may require an original or certified copy if deemed necessary.

All individual investors are subject to screening against sanctions and watchlists as detailed later in this Policy. If any information or document is missing, unclear, or fails verification (for example, if an ID is illegible or appears altered), the Issuer will request clarification or additional documents. Individuals who do not pass the KYC checks will not be allowed to invest in or receive NSDQ Tokens.

### 3.3 Entity Subscribers (Corporations, Partnerships, Trusts, etc.)

For entity investors (such as corporations, partnerships, limited liability companies, trusts, or other legal entities), the Issuer will conduct due diligence on both the entity itself and its beneficial owners and controllers. The following information and documentation must be provided for entity subscribers.

- **Entity Identification.** Full legal name, jurisdiction and date of formation, and principal business address of the entity. The entity's registration number (e.g., EIN or company registration number) and organizational structure (type of entity) should be stated.
- **Formation and Governance Documents.** Certified copies of the entity's formation documents are required to verify its existence and ownership. For example, a corporation should provide its Certificate of Incorporation and bylaws; a limited partnership should provide its Certificate of Limited Partnership and LP Agreement; an LLC should provide its Articles of Organization and Operating Agreement; a trust should

provide the trust deed. If applicable, a Certificate of Good Standing or equivalent from the jurisdiction of formation may be required to ensure the entity's status is active.

- **Authorized Representative.** The entity must designate at least one authorized representative (such as a director, general partner, or officer) who is empowered to act on its behalf in the subscription. The Issuer will collect the name and contact details of this representative and require proof of their authority (e.g. a board resolution or incumbency certificate). The representative must also provide a government-issued photo ID and possibly proof of address, similar to an individual investor, to verify their identity.
- **Beneficial Owners.** The entity is required to disclose its ultimate beneficial owners, meaning any natural persons who directly or indirectly own or control a significant percentage of the entity. At a minimum, all individuals with an ownership stake of 25% or more in the entity must be identified. The Issuer, at its discretion, may require identification of owners with smaller percentages if necessary (especially if no one meets the 25% threshold or if multiple small owners raise concern), and in any event will identify at least one control person (such as an executive or senior manager) who exercises control over the entity's affairs. For each such beneficial owner or control person, the entity must provide the individual's full name, date of birth, nationality, and residential address, along with that individual's government-issued photo ID and proof of address (as detailed above for individual subscribers). These individuals will be subject to the same sanctions screening as direct investors.
- **Ownership Structure.** The entity should provide a diagram or description of its ownership chain, if not evident from the provided documents, to clarify how the disclosed beneficial owners ultimately hold their stakes. If the entity is owned by another legal entity (e.g., a parent company), the Issuer may require a look-through up to the ultimate individual owners. Exceptions may be made for widely-held, publicly listed companies or regulated financial institutions, but those will be reviewed on a case-by-case basis.
- **Entity's Ethereum Wallet Address.** The subscribing entity must provide an Ethereum wallet address under its control to which the NSDQ Tokens will be delivered. This could be, for example, the address of the entity's self-custody wallet or the wallet of an exchange or qualified custodian designated by the entity. The provided address will undergo verification and be whitelisted by the Issuer prior to token delivery, exactly as with individual subscribers.

All entity subscribers and their related individuals (owners/controllers) will be screened against sanctions lists and high-risk jurisdiction lists as described below. If an entity or any of its beneficial owners or controlling persons fails any required checks (for example, appearing on a sanctions list or refusing to provide required information), the subscription will be rejected. The Issuer reserves the right to request additional information from entities, such as financial

statements or information on the source of funds, if warranted by the risk profile of the subscriber.

#### **4. Sanctions Compliance and Prohibited Jurisdictions**

**4.1 Sanctions Screening.** The Issuer will screen all prospective investors (and, in the case of entities, their beneficial owners and control persons) against relevant sanctions and watchlists, including the U.S. Treasury Department's Office of Foreign Assets Control (OFAC) Specially Designated Nationals (SDN) list and other government-issued sanctions lists. Any individual or entity that is found to be on a sanctions list, or that is 50% or more owned by a sanctioned party, will not be permitted to invest. Furthermore, the Issuer will not onboard or transact with any person or entity that is organized, located, or resident in a country or region that is subject to comprehensive OFAC sanctions. Prohibited jurisdictions include, for example, Iran, North Korea, Cuba, Syria, as well as the Crimea, Donetsk, and Luhansk regions of Ukraine (and any other regions under comprehensive sanctions). The Issuer will implement measures (such as IP address blocking during the onboarding process and requiring proof of residency) to identify and exclude investors from these OFAC-sanctioned jurisdictions.

**4.2 FATF High-Risk Jurisdictions.** In addition to OFAC-sanctioned countries, the Issuer considers high-risk jurisdictions identified by the Financial Action Task Force (FATF). The Issuer will not accept investors who are citizens or residents of countries that FATF has identified as high-risk or non-cooperative in the global AML/CFT effort. This includes countries on the FATF "Black List" (Jurisdictions subject to a Call for Action, such as Myanmar, Iran, and North Korea), and may, at the Issuer's discretion, include jurisdictions on the "Grey List" (Jurisdictions under Increased Monitoring) if the AML risk is deemed too great. Investors from any such high-risk country may be required to undergo enhanced due diligence or will be rejected outright. The list of high-risk jurisdictions is updated regularly, and the Issuer's compliance team will update its internal country restrictions accordingly.

**4.3 Other High-Risk Categories.** The Issuer also pays special attention to other risk factors. For example, if a prospective investor is a Politically Exposed Person (PEP) or has negative results in adverse media searches, the Issuer may require senior management approval before onboarding or may impose additional checks. The Issuer's policy is generally to avoid relationships that present a high risk of money laundering or reputational damage. Consequently, even if a subscriber is not in a prohibited country or on a sanctions list, the Issuer reserves the right to refuse onboarding if the overall risk assessment of that investor is beyond the Issuer's risk tolerance.

**4.4 Certification and Attestation.** As part of the subscription process, investors must certify that they are not subject to any sanctions and are not located in a prohibited jurisdiction. Any misrepresentation in this regard is grounds for immediate rejection and/or termination of the investment. The Issuer will keep evidence of sanctions screening and the investor's jurisdiction information on record for each investor.

## **5. Recordkeeping and Data Protection**

All information collected through the KYC/AML onboarding process will be kept in secure records by the Issuer. This includes copies of identification documents, proof of address, entity formation documents, ownership disclosures, and records of sanctions and blockchain wallet screenings. The Issuer maintains these records in compliance with regulatory requirements – at minimum, KYC records will be retained for at least five (5) years after an investor's relationship with the Issuer has ended (or longer if required by law). Access to these sensitive records is restricted to authorized personnel only, and the Issuer implements appropriate safeguards (encryption, secure storage, confidentiality agreements) to prevent unauthorized access or data breaches.

The personal data of investors collected under this Policy will **only** be used for the purposes of compliance with KYC/AML obligations and will not be shared with third parties except as required to comply with law enforcement requests, regulatory inquiries, or as part of routine audits by authorized authorities. The Issuer's handling of personal information is also governed by its Privacy Policy, which is made available to investors. By undergoing the KYC process, investors acknowledge that their data will be processed for compliance purposes. The Issuer will promptly report any suspicious activity identified during onboarding to the appropriate authorities as required under law (e.g., filing a suspicious activity report), and will cooperate with regulators in the event of any inquiries.

## **6. Policy Updates and Governance**

This KYC/AML Policy is approved by the Issuer's general partner and compliance officer. It will be reviewed periodically and updated as needed to reflect changes in law, regulations, or risk appetite. Investors will be notified of any material changes to the Policy. The Issuer is dedicated to maintaining the highest standards of compliance and will adjust its procedures (including introducing ongoing monitoring or re-verification) if future regulations require it. Any questions about this Policy or requests for clarification can be directed to the Issuer's compliance department.

By subscribing to NSDQ Tokens, investors acknowledge and agree to comply with this KYC/AML Policy. This Policy ensures that NSDQ-ETF-COIN, LP's operations remain within legal requirements and that the investor community of NSDQ Tokens remains trustworthy and compliant. The Issuer believes that robust KYC/AML practices not only satisfy regulatory obligations but also protect the integrity and reputation of the token offering and its investors.

### **General Partner**

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**KI Coins, LLC**

**Date**