

Prohibited And Restricted Industries And Business Activities

Sector Eligibility Policy

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1. Introduction

- 1.1. Escrowfy GmbH, operating under the Oxen Finance brand (“Oxen”, “we”, “our”), adopts a risk-based approach to the types of businesses and industries it serves. Certain industries present inherently elevated risks of money laundering, terrorist financing, sanctions evasion, regulatory non-compliance, or reputational harm. This policy sets out the industries and business activities that are prohibited or restricted across the Oxen Finance platform.
- 1.2. This policy applies to all prospective and existing clients, whether natural persons or legal entities, and extends to the ultimate beneficial owners, directors, and authorised representatives of such clients.
- 1.3. This policy is informed by the requirements of the Swiss Anti-Money Laundering Act (AMLA/GwG), VQF SRO regulations, EU Anti-Money Laundering Directives, UK Money Laundering Regulations, ADGM AML Rules, FATF Recommendations, and the internal risk appetite of Escrowfy GmbH and its banking partners.
- 1.4. This policy should be read in conjunction with our Prohibited and Restricted Countries Policy (OXN-POL-JRP-001), General Terms and Conditions, and AML/KYC Policy.
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2. Classification Framework

Industries and business activities are classified into two tiers:

Classification	Definition	Impact
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PROHIBITED	Industries that are unlawful, subject to international prohibition, inherently incompatible with our regulatory obligations, or presenting unacceptable reputational risk. No exceptions.	No services. No accounts. No transactions. Applications automatically declined.
RESTRICTED	Industries that are lawful but present elevated regulatory, compliance, or reputational risk. Services may be available subject to enhanced due diligence, licensing verification, senior management approval, and ongoing enhanced monitoring.	EDD required. CCO approval. Valid licence verification. Enhanced ongoing monitoring.

3. Prohibited Industries and Business Activities

Oxen Finance does not provide services to, and will not onboard, any client whose primary or substantial business activity falls within any of the categories listed below. This prohibition is absolute and applies regardless of the jurisdiction in which the client operates.

3.1 Unlawful and Criminal Activities

Industry / Activity	Rationale
Drug trafficking and production of controlled substances	Illegal under international conventions (1988 Vienna Convention); predicate offence for money laundering in all jurisdictions
Human trafficking and forced labour	International prohibition (UN Protocol to Prevent, Suppress and Punish Trafficking in Persons); predicate ML offence
Terrorism and terrorism financing	UNSC Resolutions; FATF Recommendations 5–8; Swiss AMLA; EU Directive 2015/849; UK Terrorism Act 2000
Child exploitation and child sexual abuse material (CSAM)	Universal criminal prohibition; no commercial nexus permitted
Counterfeiting (currency, goods, documents)	Predicate offence for ML; intellectual property violations; fraud
Wildlife trafficking and poaching	CITES violations; environmental crime; predicate offence for ML
Cybercrime, ransomware, and malicious hacking services	Computer Fraud and Abuse; EU Directive 2013/40/EU; predicate ML offences
Piracy (digital or maritime)	International criminal law; IP violations; organised crime nexus
Fraud, Ponzi, pyramid, and multi-level marketing schemes	Securities fraud; consumer protection violations; predicate ML offences
Money laundering, structuring, and proceeds of crime	Direct violation of AMLA, AMLD, MLR 2017, and all applicable AML frameworks
Sanctions evasion and embargo circumvention	Violation of SECO, EU, OFAC, OFSI, and UNSC sanctions regimes

Tax evasion facilitation	Criminal offence under Swiss, EU, and international tax laws; predicate ML offence
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3.2 Weapons, Defence, and Dual-Use

Industry / Activity	Rationale
Weapons of mass destruction (nuclear, chemical, biological, radiological)	Universal prohibition; UNSC Resolutions 1540, 1718, 1737; EU Regulation 2021/821; FATF Recommendation 7
Military arms and defence equipment	Arms export control laws; EU Common Position 2008/944/CFSP; Swiss War Material Act (KMG); licensing and end-user certificate requirements
Landmines and cluster munitions	Convention on Cluster Munitions; Ottawa Treaty; universal prohibition
Dual-use goods subject to export controls (without valid licence)	EU Regulation 2021/821; Swiss Goods Control Act; Wassenaar Arrangement
Private military and mercenary services	Swiss Federal Act on Private Security Services Abroad; international humanitarian law concerns

3.3 Unregulated Financial Services

Industry / Activity	Rationale
Unlicensed money transmission and remittance services	Requires MSB/PSP/EMI licensing in all major jurisdictions; operating without licence is a criminal offence
Unlicensed foreign exchange dealing	Regulated activity in Switzerland (FINMA), EU (PSD2/MiFID), UK (FCA), UAE (CBUAE/ADGM)
Shell banks and brass-plate financial institutions	FATF Recommendation 13; AMLA Art. 4; AMLD Art. 5; institutions with no physical presence or meaningful management in country of incorporation
Unregistered or fraudulent ICOs, IEOs, and token offerings	Securities law violations; consumer protection; MiCA (EU); FCA guidance; no verifiable product or utility
Binary options platforms	Prohibited or heavily restricted in EU (ESMA Decision), UK (FCA ban), and most jurisdictions; high fraud incidence
High-yield investment programmes (HYIPs) and guaranteed return schemes	Hallmarks of investment fraud; incompatible with consumer protection standards
Unlicensed crowdfunding and peer-to-peer lending	Regulated activity under EU Regulation 2020/1503; FCA requirements; FINMA guidance
Mixing services, tumblers, and crypto anonymisation tools	Designed to obscure transaction trails; incompatible with AML/CTF obligations; sanctions evasion risk

3.4 Adult Content and Exploitation

Industry / Activity	Rationale
Pornography production and distribution	Requires MSB/PSP/EMI licensing in all major jurisdictions; operating without licence is a criminal offence
Escort services and prostitution facilitation	Illegal or heavily regulated in most jurisdictions; trafficking nexus; reputational risk
Non-consensual intimate imagery platforms	Criminal offence in most jurisdictions; exploitation

3.5 Other Prohibited Activities

Industry / Activity	Rationale
Clairvoyance, fortune telling, psychic services, and astrology services (commercial)	High fraud and consumer deception risk; payment scheme restrictions; chargeback exposure
Fake documents, novelty IDs, and diploma mills	Facilitates identity fraud and immigration violations
Darknet marketplaces and hidden services	Facilitates illicit trade; anonymous transactions incompatible with AML obligations
Payday lending and predatory lending practices	Consumer protection concerns; usury laws; reputational risk; regulatory scrutiny in EU/UK
Debt collection agencies using illegal or aggressive practices	Consumer protection violations; reputational risk; regulatory enforcement
Assassination, violence-for-hire, or intimidation services	Criminal activity; universal prohibition
Sale of human organs, tissue, or body parts	International prohibition; criminal offence; humanitarian law
Environmental crimes (illegal logging, hazardous waste dumping, illegal mining)	Environmental criminal law; predicate offences for ML; CITES; Basel Convention

4. Restricted Industries and Business Activities

The following industries are lawful but present elevated regulatory, compliance, reputational, or operational risk. Clients operating in these sectors may be considered for onboarding subject to successful completion of Enhanced Due Diligence (EDD), verification of all required licences and authorisations, written approval from the Chief Compliance Officer (CCO), and ongoing enhanced monitoring. Onboarding of clients in restricted industries requires a documented risk assessment retained in the client file. The assessment must be reviewed and approved by the CCO before account activation.

4.1 Gaming, Gambling, and iGaming

Sub-Sector	Conditions and Requirements
Online gambling and iGaming operators	Requires valid gambling licence from a recognised jurisdiction (e.g., MGA, UKGC, Curaçao, Isle of Man, Gibraltar, Kahnawake, Alderney). Must demonstrate compliance with responsible gambling obligations. Licence verification mandatory before onboarding. Enhanced transaction monitoring with focus on layering, structuring, and source of funds.
Sports betting operators	Same licensing requirements as iGaming. Integrity risk (match-fixing). Enhanced AML monitoring for unusual betting patterns.
Lottery operators and platforms	Requires valid licence. Verify legitimacy and regulatory compliance. Lower risk than interactive gambling.
Skill gaming and esports platforms	Regulatory classification varies by jurisdiction. Assess whether platform constitutes "gambling" under applicable law. Licence required where classified as gambling.

4.2 Cannabis, CBD, and Regulated Substances

Sub-Sector	Conditions and Requirements
CBD and hemp products (THC below legal threshold)	Must comply with local THC limits (e.g., < 0.2% THC in EU, < 0.3% in US, < 1.0% in Switzerland). Requires evidence of regulatory compliance, product testing, and licensing where applicable. Fiat services only in jurisdictions where crypto restrictions apply.
Licensed medical cannabis operators	Requires valid medical cannabis licence from a recognised regulatory authority. Must demonstrate full regulatory compliance. Enhanced monitoring for cross-border transactions. Restricted to jurisdictions where medical cannabis is legal.
Licensed recreational cannabis operators	Accepted only where fully legal and regulated (e.g., Canada, select US states). Requires federal/state/provincial licence verification. US operators subject to additional banking compliance review due to federal-state conflict. Enhanced monitoring.

4.3 Crypto-Asset Services and Virtual Assets

Sub-Sector	Conditions and Requirements
Crypto exchanges and trading platforms	Requires valid VASP/CASP registration or licence in jurisdiction of operation (e.g., MiCA registration, FCA registration, ADGM FSRA licence, FINTRAC MSB). Must demonstrate Travel Rule compliance. Enhanced AML/CTF monitoring. Blockchain analytics screening mandatory.

Crypto custody and wallet providers	Requires applicable licence. Must demonstrate segregation of client assets, cybersecurity standards, and insurance coverage where applicable.
OTC crypto desks and brokers	Enhanced source of funds requirements for all transactions. Counterparty verification mandatory. Elevated structuring and layering risk.
DeFi protocols and DAOs (entity-level interaction)	Case-by-case assessment. Must identify beneficial ownership and governance structure. Increased regulatory uncertainty. Fully anonymous or ungoverned protocols will be declined.
NFT platforms and marketplaces	Assess for ML risk (price manipulation, wash trading). AML controls must be in place. High-value NFT transactions subject to enhanced scrutiny.
Stablecoin issuers	Requires MiCA authorisation (EU), FCA recognition (UK), or equivalent. Must demonstrate reserve transparency and audit trail. Algorithmic stablecoins without full reserve backing will be declined.

4.4 Financial Services (Regulated)

Sub-Sector	Conditions and Requirements
Money Service Businesses (MSBs) and payment institutions	Requires valid MSB/PI licence (FINTRAC, FCA, BaFin, FINMA, or equivalent). Licence verification and ongoing monitoring of regulatory standing. Enhanced AML/CTF monitoring for nested accounts and downstream clients.
Foreign exchange brokers and dealers	Requires applicable licence. Enhanced monitoring for structuring and round-tripping. Source of funds verification for large-value transactions.
Crowdfunding platforms (regulated)	Requires licence under EU Crowdfunding Regulation 2020/1503 or equivalent. Investor protection verification.
Peer-to-peer lending platforms (regulated)	Requires applicable licence. Verify compliance with consumer credit regulations and borrower protection.
Insurance and reinsurance (non-life)	Requires regulatory authorisation. Verify solvency and regulatory standing. Lower risk than other financial services but EDD still required.
Family offices and wealth management structures	Verify UBO structure, source of wealth, and investment mandate. Enhanced screening for PEP exposure. Complex structures require additional scrutiny.

4.5 High-Value Goods and Luxury Assets

Sub-Sector	Conditions and Requirements
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Precious metals and precious stones dealers	Designated Non-Financial Business or Profession (DNFBP) under FATF. AML/CTF obligations apply. Requires evidence of lawful sourcing (Kimberley Process for diamonds). Enhanced transaction monitoring. Cash-intensive nature increases ML risk.
High-value art dealers and auction houses	ML risk through overvaluation, undervaluation, and anonymous buyers. Must verify provenance. Enhanced source of funds for transactions above EUR/CHF 10,000.
Luxury vehicle and yacht dealers	High-value asset purchases; potential for ML through overvaluation or straw purchases. Source of funds verification mandatory.
Real estate investment (high-value or cross-border)	DNFBP under FATF. Complex ownership structures. Verify beneficial ownership, source of funds, and purpose of transaction. Enhanced monitoring for cross-border transactions.

4.6 Other Restricted Industries

Sub-Sector	Conditions and Requirements
Tobacco, e-cigarettes, and vaping products	Legal but heavily regulated. Requires compliance with excise, import/export, and advertising regulations. Age verification obligations. High chargeback risk in e-commerce.
Pharmaceutical and nutraceutical companies	Requires valid pharmaceutical licence or product registration. Must comply with Good Manufacturing Practice (GMP). Online pharmacy operations require additional verification. Controlled substance handling will be declined (see Section 3.1).
Charities, NGOs, and non-profit organisations	Vulnerability to abuse for terrorism financing (FATF Recommendation 8). Requires registration verification, governance review, and enhanced source of funds monitoring. Transparency of fund flows mandatory.
Political parties, campaigns, and Political Action Committees (PACs)	Strict donation and spending regulations vary by jurisdiction. Risk of corruption, bribery, and PEP exposure. Must verify compliance with campaign finance laws. Enhanced PEP screening.
Defence contractors and security consultancies (non-weapons)	Distinguish from prohibited weapons trade. Requires verification of contracts, government clearances, and export control compliance. Enhanced sanctions screening.
Cryptocurrency ATM operators	Requires MSB/VASP registration. High cash-to-crypto conversion risk. Must demonstrate AML controls, transaction limits, and customer identification at point of sale.
Adult entertainment (non-pornographic)	Nightclubs, strip clubs, adult novelty retail. Legal but cash-intensive. Reputational risk. Enhanced source of funds monitoring. Payment scheme restrictions may apply.
Weapons retail (licensed civilian firearms dealers)	Requires valid firearms dealer licence. Must comply with all applicable arms legislation. Enhanced end-user verification. Limited to jurisdictions where civilian firearms sale is legal and regulated.

Mining and extractive industries	Environmental and corruption risk (Extractive Industries Transparency Initiative). Verify licences, environmental compliance, and beneficial ownership. Enhanced sanctions screening for conflict minerals.
Shipping, freight, and maritime services	Sanctions evasion risk (flag-hopping, ship-to-ship transfers). Enhanced screening against maritime sanctions lists. Verify vessel ownership and flag state.

5. Enhanced Due Diligence for Restricted Industries

For all clients operating in restricted industries, the following additional measures apply beyond standard KYC/KYB procedures:

Prior written approval from the Chief Compliance Officer (CCO) before onboarding. The CCO may escalate to the Board where the risk assessment warrants it.

Verification of all licences, authorisations, and registrations required for the client's business activity in its jurisdiction of operation. Licence copies must be retained in the client file and verified against the issuing authority's public register where available.

Enhanced source of funds and source of wealth documentation, including audited financial statements where available, bank statements, and evidence of legitimate business revenue.

Adverse media screening covering the client, its directors, UBOs, and key personnel, with particular focus on regulatory enforcement actions, fraud allegations, and sanctions-related reporting.

Documented risk assessment setting out the specific risks identified, the mitigating factors, and the rationale for accepting the client. This assessment must be signed off by the CCO.

Increased frequency of periodic reviews: minimum every 6 months for restricted industry clients (compared to the standard 12–24 month cycle).

Enhanced transaction monitoring with sector-specific alert rules and lower thresholds calibrated to the risk profile of the industry.

Ongoing licence monitoring: the compliance team must verify at least annually that the client's licences remain valid, in good standing, and have not been revoked, suspended, or made subject to enforcement action.

6. Multi-Sector and Mixed Business Activities

6.1. Where a client's business spans multiple sectors, the highest-risk classification applies. If any material portion of the client's revenue, operations, or business purpose falls within a prohibited category, the client will be declined regardless of other activities.

6.2. For clients with mixed activities that include one or more restricted sectors, all restricted-industry EDD requirements apply to the entire client relationship, not only to the restricted activity.

6.3. "Material portion" means, for the purpose of this policy, any activity that constitutes 10% or more of the client's revenue, assets under management, transaction volume, or operational focus, or any activity that is the stated primary purpose of the business relationship with Oxen Finance.

7. Consequences of Non-Disclosure or Misrepresentation

7.1. Clients who fail to disclose, or who misrepresent, the nature of their business activities in order to circumvent this policy may be subject to:

- Immediate suspension and/or termination of all accounts and services;
- Freezing of funds pending investigation;
- Reporting to the Swiss Money Laundering Reporting Office (MROS) and/or other applicable authorities;
- Legal action to recover losses, costs, and damages.

7.2. Where a client's business activity changes after onboarding such that it falls within a prohibited or restricted category, the client must notify Oxen Finance immediately. Failure to do so constitutes a material breach of the General Terms and Conditions.

8. Updates and Review

8.1. This policy is reviewed on a semi-annual basis and updated as necessary following:

Changes in applicable law, regulation, or regulatory guidance;

Updates to banking partner or payment scheme (Visa/Mastercard) acceptability policies;

Changes to the FATF Recommendations or typology reports;

Material changes to our risk appetite or business strategy;

Regulatory enforcement actions or industry developments affecting sector risk.

8.2. The most current version of this policy is available at oxen.finance/prohibited-industries.

9. Contact

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