



Provenance

APE Compliance Services Proposal

Compliance, Audit
and Risk Advisory

SERVICES

Contents

- 1. GENERAL INFORMATION 2
- 2. INTRODUCTION 2
- 3. SCOPE OF WORK 3
- 4. KNOWLEDGE/SKILLS/SYSTEMS REQUIREMENTS AND WORK EXPERIENCE . 5
- 5. AVAILABILITY & CAPACITY 6
- 6. PRICING INFORMATION..... 9
- 7. SUMMARY 9



Provenance

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1. GENERAL INFORMATION

- 1.1. **Name** – Provenance Ltd
- 1.2. **Website** – www.provenance.company
- 1.3. **Key Contact** – ruan@provenance.company

2. INTRODUCTION

- 2.1. Provenance has established service lines across the specialist functions of compliance, risk and advisory, with a focus on enhancing compliance and risk management solutions available to CeFi and DeFi projects and protocols. Provenance combines equivalent and expert skill sets across legal/regulatory/compliance and on-chain analytics.
- 2.2. Provenance is ideally situated to support the APE Community in satisfying their compliance requirements and form part of its working groups. Provenance has other DAO clients, well known in this space.
- 2.3. Provenance has built a universal compliance framework that addresses the current gap in the virtual assets space. We build holistic, automated, and cost-effective control frameworks to ensure compliance with local and international requirements. We call this embedded compliance framework, or compliance-by-design. We make sure that the risk and control framework is aligned with the Communities growth strategy and business needs.
- 2.4. Provenance has a working relationship with Autonomous and Lemma who are separate legal entities with separate leadership and employees, however many individuals among our firms have a long-standing and harmonious working relationship, both through previous and current engagements where we collaborate on several web3 projects. As each entity has submitted separate proposals the Community will benefit from benefit of decentralization for the DAO while mitigating the single point of failure risk that was present with the previous administrator. The cordial relationship between



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Autonomous, Lemma and Provenance will enhance the services offering, providing the DAO with the advantages of a more decentralized nature while avoiding the risk of centralization. The combination of Autonomous, Lemma and Provenance with an independent board and supervisor provides the necessary oversight where service providers will hold each other accountable.

- 2.5. With the recent change in regulation within the Digital Asset space and fallout of certain platforms and providers, CeFi and DeFi initiatives are bracing to meet new regulatory requirements. As compliance experts in the Crypto space, Provenance, together with Autonomous and Lema proposes to collaborate with APE to provide sound advice, services and assistance, enabling APE to comply with regulations, be aware of the risks and operate safely in the space and ensure APE's reputation remains intact and the community continues to grow.

3. SCOPE OF WORK

- 3.1. Provenance is applying to be considered only for the "Compliance" category of work. For the APE foundation Provenance could provide any of the following range of services. Autonomous and Lemma will separately cover the remaining scope of the RFP.

Proposal/AIPs – review and assessment

- Provenance collateral includes in depth due diligence questionnaires and risk assessment methodologies, to assess our clients counterparties, investments and service providers. Provenance team include forensic analysts, who conduct deep dives on projects, their principals, strategies, governance and financials. A comfort letter /report would be issued to the Company Secretary outlining the assessment results and associated risk rating.

AML Delegate and Screening



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Provenance offers compliance support by directly onboarding grantees/vendors/counterparties/token holders on the Provenance KYC Chain portal (“KYCC”) [KYC-Chain - Blockchain & Banking KYC / AML Compliance Solution](#). This service includes risk rating; screening for adverse media, PEPs, and sanctions; review and validation of relevant KYC and KYB documents for grantees. The KYCC portal invitation can be customized in consultation with our clients.

Provenance also offers bulk screening which includes sanction, PEP, and adverse media checks.

Wallet Screenings

Provenance can assist with verifying that participating wallets have not interacted with high risk factors and/or sanctioned wallets. Provenance leverages the on-chain analytics tool Chainalysis [The Blockchain Data Platform - Chainalysis](#) to conduct its wallet screening. Provenance is also establishing relationships with [Blockchain Analysis, Compliance | Blockchain Intelligence Group \(blockchaingroup.io\)](#) and [TRM Labs](#).

Provenance has in depth knowledge to conduct wallet screening and source of funds reports as requested. Provenance specifically developed methodology for wallet screenings for non-hosted (private) wallets based on the best practices and solutions currently available in the industry, in order to verify any interactions with the wallet and any bad actors, high risk categories, significant transactions and any suspicious interactions. As part of the Wallet Screening Services, there are several levels of investigation possible, as follows:

Intermediate Screening covers the general risk rating & critical exposure to sanctions, dark web or other high-risk activities, plus review of all direct exposure (receiving and/or sending transactions, frequent counterparties and patterns), as well as an overview of the recent activities.



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In-depth Screening would cover, in addition to the above, source of funds tracing (incoming transactions) and review of Indirect Exposure (receiving and/or sending exposure).

Wallet Identification Test serves the purpose to verify that the specific grantee address is verified to belong to the person claiming to be the owner.

Covered blockchains and tokens for intermediate and in-depth screening are:

Blockchains															
	BTC		BCH		LTC		ETH		ETC						
	XRP		ZEC		DASH		EOS		ALGO						
	BSV		DOGE		Tron										
ERC-20 Tokens															
	USDT		USDC		BUSD		GUSD		TUSD		DAI		LINK		PAX
	AMPL		BAT		BNB		BNT		COMP		cBAT		cDAI		cETH
	cREP		cSAI		cUSDC		cWBTC		cZRX		CEL		CELR		CGT
	CHZ		CRO		CRPT		CVC		DRGN		ELF		ENG		ENJ
	EURS		FET		FTT		GNO		GNT		GYEN		HOT		HT
	HUSD		ICN		IDRT		KCS		KNC		LEND		LEO		LOOM
	LRC		MANA		MATIC		MCO		MKR		MLN		MTL		NEXO
	NMR		NPXS		OKB		OMG		OXT		PAXG		PAY		POWR
	QNT		RCN		REN		REP		RLC		SAI		SALT		SENT
	SNT		STORJ		sUSD		TGBP		VGX		WBTC		WETH		WTC
	XAUT		XCHF		ZIL		ZRX		ZUSD		AAVE		CRV		RENBTC
	SUSHI		UNI		YFI										

4. KNOWLEDGE/SKILLS/SYSTEMS REQUIREMENTS AND WORK EXPERIENCE

- 4.1. Our Team is led by six expert co-founders with excellent backgrounds in both traditional Finance, across the spectrum of Legal, Compliance, Tax and Audit as well as many years



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working in the digital assets sector. For full profiles of Co-Founders and the wider team please see here. [Provenance Compliance Meet the Team - Provenance](#)

- 4.2. As highly trained, multi-disciplinary individuals, backed by expert service providers, Provenance is a legal, regulatory and compliance advisory that embeds a risk-based approach to regulatory compliance. Provenance provides a multi-disciplinary compliance team to facilitate a full range of services and has a good working knowledge of distributed ledger technologies, including open source blockchain protocols, smart contracts, distributed data storage, and incentive systems. The Provenance team has sufficient understanding and experience in of DeFi applications, token economics, and token issuance; and can assist with compliance audit process for the ApeCoin DAO.
- 4.3. By combining our knowledge and practical experience of Foundations operating in the Cayman Islands digital asset compliance space, Provenance as an Administrator, is excellently positioned to assess the Foundation's compliance risks.
- 4.4. Provenance has assisted similar Cayman foundations with the collection of due diligence documentation and screening of token / grant recipients throughout the KYC (individuals) or KYB (entities) process. Our team is also well versed with screening numerous service providers and crafting AML Policies and Procedures. Lastly, we have created a seamless wallet screening service which caters for basic, intermediate, in-depth screening and wallet identification tests. We also cater for API integration. Provenance is grounded in a risk-based approach when providing comfort to Directors, Company Secretaries, and the Community as a whole.

5. AVAILABILITY & CAPACITY

- 5.1. Provenance will have the capacity and availability to start immediately and will dedicate two team members to ensure a successful handover is achieved as outlined below and supplemented by the Community.



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- 5.2. We are continuing to add to our team and presently have some exceptional candidates in the US we are looking to onboard.
- 5.3. Currently our team is split across Cayman and South Africa and soon we will have a presence in Ireland and the US, so we have robust coverage. We also have a principal that we hire before our Team are at capacity.
- 5.4. As part of the project plan, Provenance will break the project into three phases:
 - 5.4.1. Phase 1 – Onboarding and transition (Day 1)
 - 5.4.1.1. After the election date of 22 February 2023, Provenance proposes that the onboarding and transition phase start the following day. Here Provenance will assign one team member from the BD department who will oversee the onboarding process.
 - 5.4.1.2. Onboarding
 - 5.4.1.2.1. Our BD team member will have all required DD documentation on hand from day one, engagement letters will be pre-drafted and will have direct line to our Director of Compliance to sign any engagement letters etc., or processes to Discourse.
 - 5.4.1.3. Transition
 - 5.4.1.3.1. Whilst the onboarding process is undertaken our operational member will craft and implement the integration plan to ensure that there are no gaps in the grant payout timeline. This will include current screenings and future proofing of workflows for upcoming grant recipients.
 - 5.4.2. Phase 2 – Integration (Day 1 – Week 1)
 - 5.4.2.1. This phase will circle around the integration of a 24-hour compliance architecture which will include:



- 5.4.2.1.1. Evaluating the current workflow of recipients screening and review of AML P&P etc. Here Provenance will also allocate an additional 2 team members to assist with a risk assessment and gap analysis.
- 5.4.2.1.2. Looking at how KYC/ KYB information and documentation are collected including but not limited to corporate documentation such as COI, MOI, director's registries, and share registries; and UBO information and documentation i.e., proof of identity and proof of address. This will be done in accordance with the Cayman standard – our systems use AI integration to verify documentation and Biometric Scanners for liveness tests to save time and remove some of the sticky parts of the on-onboarding process.
- 5.4.2.1.3. The verification and cross referencing of aforementioned information and documentation against open-source information. Where necessary our team will intervene manually.
- 5.4.2.1.4. The next step will be screening against PEP registries, Sanctions and Adverse media and finally allocating a risk rating: low / medium / high.
- 5.4.2.1.5. Where necessary or instructed our team can also run KYT wallet screenings through API integration and where there are red flags produce in-depth reports detailing direct and indirect exposure.
- 5.4.3. Phase 3 – Follow through (week 2>)
 - 5.4.3.1. This phase focuses on Provenance's ability to continuously meet the prescribed deadlines. As there is always room for improvement and workflow processes changes to adapt to the market / regulation Provenance will keep a keen eye on how to adhere to the communities needs and safeguard its risks. This phase will also include ongoing monitoring.
 - 5.4.3.2. Depending on final volume Provenance will continue to dedicate two team members to the project on an ongoing basis.



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- 5.5. Once the handover process is completed Provenance will continue to complete the work in a timely manner and within expectations from the APE Foundation and the ApeCoin DAO Community. As our team is based in various continents, we can provide true 24-hour service.
- 5.6. Regarding capacity and redundancy, Provenance prides itself in hiring and continuously building a strong team. Since inception Provenance has not lost a staff member, we also strive to invest in not only our team members but also their families and include them in our future planning and thought process. In addition, we have more than enough staffing resources to stand in should life happen, and they fall ill etc. We also love growing with our projects and as capacity scales on our project we organically add team members.

6. PRICING INFORMATION

- 6.1. As pricing is always important to us, Provenance together with Autonomous and Lemma have decided to match the monthly price point of \$75k between our collective services.
- 6.2. As such, pricing for Compliance services (KYC, KYB, Wallet risk ratings for AIPs or identified counterparties) rendered by Provenance is proposed at US\$50,000 per annum.
- 6.3. Further, it is proposed that 85% of the proposed amount is to be settled in fiat, with the remaining 15% to be settled in ApeCoin.

7. SUMMARY

- 7.1. Provenance's distinct ability to effectively understand and apply risk principles through technical knowledge and/or people training, creates an opportunity to redefine the compliance sphere.
- 7.2. In doing so, Provenance delivers a secure and hands-on approach through its multi-disciplinary team. In all areas of our work, we apply extremely high levels of rigor,



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accuracy, and professionalism, and emphasize the importance of clear communication and responsiveness to our client needs.

- 7.3. Provenance would be honored to support the APE foundation in navigating the regulatory and compliance environment and welcomes the Community feedback and any additional questions.

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