

guidelines

Practices and Recommendations aimed at reducing the risk of money laundering and terrorist financing in the Luxembourg Fund Industry







in association with

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I. Glossary

AML - Anti-Money Laundering

Business Relationship - Professional or commercial relationship which is connected with the professional activities of the UCI and which is expected, at the time when the contact is established, to have an element of duration

CDD - Customer Due Diligence

Correspondent Account - Account maintained by an Intermediary which maintains a regular relationship with the UCI or any party acting on behalf of the UCI and which transmits orders on behalf of its Customers

Correspondent Relationship - Regular relationship between the UCI, or any party acting on its behalf and processing orders on behalf of the UCI, and an Intermediary which is supervised by a financial authority, transmitting orders on behalf of its Customers

CSSF - Commission de Surveillance du Secteur Financier

CTF - Counter Terrorist Financing

Customer - Investor/Intermediary who has a direct relationship with the UCI

Delegate - Outsourcing agent pursuant to article 3-3 (5) of the Law

Direct Investor - Investor whose identity is registered in the share- or unit-register and who sends his orders directly to the Registrar Agent

Distributor - Intermediary, who has been appointed for the distribution of shares or units of Investment Funds (also referred to as "Intermediary" in these Practices and Recommendations) **EC Common Understanding** - Common Understanding between EU member states on third country equivalence under the Anti-Money Laundering Directive (Directive 2005/60/EC) **EDD** - Enhanced Due Diligence, as per article 3-2 of the Law

EEA - European Economic Area (EU member states + Iceland, Liechtenstein and Norway) **EU** - European Union

FATF - Financial Action Task Force on Money Laundering (GAFI)

Global Distributor - Financial professional appointed by an Investment Fund in order to appoint the Distributors of an Investment Fund

Intermediary - Regulated intermediary, who is obliged by law to perform AML/CTF controls on its Customers and who is supervised by a public supervisory authority

Investment Fund or Undertaking for Collective Investments (UCI) - Undertaking for collective investment, investment company or investment fund set up under the relevant applicable Luxembourg law, domiciled and/or administered in Luxembourg

Investments - Investments and disinvestments in/from an Investment Fund

Investor - Person, including ultimate beneficial owners and connected third parties (such as joint holders, proxy holders, etc.), who makes Investments

KYC - Know Your Customer

Law - Law of 12 November 2004 on the fight against money laundering and terrorist financing, as amended

MLRO - Money Laundering Reporting Officer

Politically Exposed Person (PEP) - Natural person holding a public function, including ultimate beneficial owners and connected third parties (such as family members, joint holders, proxy holders, etc.), as defined in the Regulation

Practices and Recommendations – These joint ALFI/ABBL/ALRiM recommendations constitute guidance on best practice for the Luxembourg fund industry

Professional - Agent representing or acting on behalf of a UCI, including but not limited to: - credit institutions and financial services professionals within the meaning of the law of 5 April 1993 on the financial sector, as amended;

- management companies of UCIs or which conduct additional or auxiliary activities within the meaning of the law of 17 December 2010 relating to undertakings for collective investment

- management companies of Specialised Investment Funds subject to the law of 13 February 2007, as amended

Registrar Agent - Management company or professional, as per article 25 of the law of 5 April 1993 on the financial sector, as amended, whose business is to maintain the register of one or more financial instruments. The maintenance of the register includes the reception and execution of orders relating to such financial instruments.

Regulation - Any relevant legislation/regulation applicable in Luxembourg on combating money laundering and terrorist financing and prevention of the use of the financial sector for the purpose of money laundering and terrorist financing

RIN - (Jurisdiction) respecting international norms

SDD - Simplified Due Diligence, as per article 3-1 of the Law

Senior Management - "*Direction Autorisée*" or "*Haute Direction*", as defined in Regulation, i.e., conducting officers in the case of investment fund management companies

Third Party Introducer - Third Party which fulfils the conditions set out in article 3-3 (1) of the Law

Please note that any terms used in these Practices and Recommendations, which have not been defined in the above Glossary, have the meaning defined in the Regulation.

- II. Preamble In consideration of applicable Regulation, including:
 - Directive 2005/60/EC of the European Parliament and Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing;
 - Commission Directive 2006/70/EC of 1 August 2006 laying down implementing measures for Directive 2005/60/EC as regards the definition of 'politically exposed person' and the technical criteria for simplified customer due diligence procedures;
 - Regulation (EC) No 1781/2006 of the European Parliament and of the Council of 15 November 2006 on information on the payer accompanying transfers of funds;
 - Law of 12 November 2004 on the fight against money laundering and terrorist financing, as amended;
 - Grand-ducal regulation of 1 February 2010 providing details on certain provisions of the amended law of 12 November 2004 on the fight against money laundering and terrorist financing;
 - Law of 27 October 2010 enhancing the anti-money laundering and counter-terrorist financing legal framework; organising the controls of physical transport of cash entering, transiting through or leaving the Grand-Duchy of Luxembourg; relating to the implementation of the United Nations Security Council resolutions as well as provisions adopted by the European Union concerning prohibitions and restrictive measures in financial matters in respect of certain persons, entities and groups in the context of the combat against terrorist financing;
 - Grand-ducal regulation of 29 October 2010 implementing the law of 27 October 2010 relating to the implementation of the United Nations Security Council resolutions as well as provisions adopted by the European Union concerning prohibitions and restrictive measures in financial matters in respect of

certain persons, entities and groups in the context of the combat against terrorist financing;

- CSSF regulation ("Règlement CSSF") N° 12-02 of 14 December 2012 on the fight against money laundering and terrorist financing;
- Other regulation on the fight against money laundering and terrorist financing published on the CSSF website: www.cssf.lu.

This document provides practices and recommendations for the due diligence measures to be applied to Investors and Intermediaries in foreign jurisdictions, in alignment with international standards. including the FATF recommendations as well as the European Directives 2005/60/EC and 2006/70/EC on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing and by taking into consideration the Wolfsberg Statement on "Anti-Money Laundering Guidance for Mutual Funds and Other Pooled Investment Vehicles". The extent to which UCIs and Professionals in the fund industry follow the described Practices and Recommendations is under the responsibility of their respective governance bodies.

The purpose of the document is furthermore to amend and replace the ALFI/ABBL/ALCO "Practices and Recommendations aimed at reducing the risk of money laundering and terrorist financing in the Luxembourg Fund Industry" dated February 2007.

This document provides practical guidance as a complement to existing Regulation to prevent money laundering and terrorist financing and should be read in conjunction with such Regulation.

III. Scope of the Practices and Recommendations

The Practices and Recommendations apply to UCIs and all Professionals as defined in the Glossary in section I. They do not constitute and shall not be construed as legal advice. UCIs and Professionals should refer to their legal advisor for all general advice on AML and CTF matters and the specific question on responsibilities, as outlined in section IV.

Article 3 of the CSSF regulation N° 12-02 of 14 December 2012 on the fight against money laundering and terrorist financing defines the scope of enhanced due diligence on Intermediaries as follows: "Where the units or shares of an undertaking for collective investment or of an investment company in risk capital ("SICAR") are subscribed by an intermediary acting on behalf of its customers, the undertaking for collective investment, its management company, the investment company in risk capital or, where relevant, the respective proxies of these professionals must implement enhanced due diligence measures with regard to the intermediary which are applicable, mutatis mutandis, pursuant to article 3-2 paragraph 3 of the Law, article 3 paragraph 3 of the Grand-ducal regulation and article 28 of the present regulation to ensure that all obligations from the Law, the Grand-ducal regulation and the present regulation or at least equivalent obligations are being complied with."

IV. AML and CTF Responsibilities

As a key principle, it is the responsibility of the UCI or management company (in the case of an unincorporated UCI) to develop and maintain a distribution network which complies with the Regulation. Whilst the UCI or management company may rely on Professionals assisting the UCI to fulfill its AML and CTF obligations, responsibilities for performing such duties must be clarified to ensure that such obligations are being complied with at the Customer level.

The following categories of Professionals may assist a UCI to fulfill its AML and CTF obligations, but the ultimate responsibility remains with the UCI or management company (in the case of an unincorporated UCI). However, it is understood that the Professionals concerned must comply with their own obligations under the Law, including but not limited to cooperation with the public authorities. These Professionals shall perform a due diligence on the UCI to ensure that the risk of money laundering or terrorist financing linked to the UCI's activity is assessed, understood and controlled accordingly. The board of directors of the UCI (including self-managed SICAVs) and/or, as the case may be, of its management company is responsible for the appointment of the Distributors and should take all appropriate measures to ensure compliance with the Regulation.

A. The Management Company

A management company is either appointed by an incorporated UCI or, in the case of an unincorporated UCI (e.g., *Fonds Commun de Placement*), it represents the UCI. In the latter case, the management company acts on behalf of the UCI.

When an incorporated UCI appoints a management company, the management company's primary AML/CTF obligation is to perform a due diligence on the UCI, including the assessment of the UCI's AML/CTF policies and procedures. Under the terms of its mandate, a management company takes care of implementing the AML/CTF policies and procedures on behalf of the UCI, including the supervision of outsourced functions and of the distribution network.

Furthermore, the management company may act as Global Distributor and/or appoint other Distributors (please refer to point C. below).

B. The Registrar Agent

A UCI/management company acting on behalf of the UCI may appoint a Registrar Agent for the purpose of maintaining its share- or unit-register and perform the AML and CTF controls on behalf of the UCI.

In this case, the UCI/management company has outsourced to the Registrar Agent who acts under the mandate of the UCI/management company. Under Luxembourg law, the Registrar Agent thereby operates under the responsibility of the UCI/management company to the extent that the applicable measures are those of the UCI /management company.

It is understood that the Registrar Agent must comply with its own obligations under the Law, including but not limited to cooperation with the public authorities.

C. The Global Distributor and the Distributors

A UCI/management company may decide to appoint a Global Distributor and/or Distributors or other third parties involved in the Investments in the UCI.

Where the Registrar Agent is not the same entity as the Global Distributor, it has in practice no or very little influence on the selection process of the Distributors and the inclusion of AML/KYC clauses in the distribution agreements signed between the Global Distributor and the appointed Distributors.

D. The Depository

The situation of the depository, who is appointed by the UCI board or the board of the management company (in the case of an unincorporated UCI), is different from that of the Registrar Agent, the Global Distributor or the Distributors, without prejudice to the case where the depository itself performs the role of Registrar Agent, Global Distributor or Distributor. The depository is not, in this capacity, a Professional to whom investor due diligence has been delegated and is not in the scope of these Practices and Recommendations.

V. Risk based approach

An effective risk-based approach allows the UCI/Professional to identify and mitigate money laundering/terrorist financing risks and to exercise reasonable judgment with respect to its Customers.

The UCI/Professional evaluates the risk of money laundering and terrorist financing on an annual basis, at a minimum.

The assessment should focus on identifying and mitigating the risks of money laundering (placement, layering, integration) and terrorist financing the UCI may be exposed to. The

assessment will need to be updated as circumstances and behaviours develop, especially when significant change occurs to the business and operating models, integrating new regulatory requirements or appointing third parties for the execution of due diligence obligations. It must be documented in writing and the assessment must be retained for a period of at least five years after the end of the Business Relationship. The points below outline elements to be considered during the application of the risk based approach. The assessment should lead to the identification of low and higher risk cases, in particular in relation to:

- Customer types;
- Nature of the relationship;
- Transaction types;
- Distribution channels;
- Geographical locations.

UCIs/Professionals should apply additional criteria to assess money laundering/terrorist financing risks, as applicable to their business and as required by Regulation.

A. Customer risk assessment

A UCI/Professional shall perform customer due diligence when it enters into a Business Relationship with a Customer as provided for in article 3 (1) of the Law.

The Law defines Politically Exposed Persons (PEPs) as Customers representing a higher risk.

B. Relationship risk assessment

The following higher risk relationships may be of particular relevance to the fund industry:

- Non face to face relationships;
- Correspondent Relationships with Intermediaries.

The UCI/Professional may determine other higher risk relationships depending on its business model and/or the nature of the Business Relationship.

C. Transaction risk assessment

The Law defines as having higher risk, complex transactions, transactions with an unusually high amount, non face-to-face transactions as well as all transactions which have no apparent economic purpose or licit object. Section XI lists examples of money laundering indicators in the fund industry.

D. Distribution channel risk assessment

The Law does not provide a definition or example of a higher risk distribution channel. Each UCI/Professional shall determine the risks inherent to a distribution channel by considering the risk profile of the parties involved in the distribution channel, i.e., the level of AML and CTF controls they apply as well as the level of supervision they are subject to, the distribution country risk profile, the transparency of the distribution channel, the nature of the business and source of funds and the UCI/Professional's ability to monitor and obtain additional information about the business made through the distribution channel.

E. Geographical risk assessment

There is no universally agreed definition of how to rate a particular country or geographic area as higher risk. Country risk, in conjunction with other risk factors, provides useful information as to potential money laundering and terrorist financing risks. Factors to be considered in order to assess the risk level of a particular country include:

- Countries subject to sanctions, embargoes or similar measures issued by, for example, the United Nations and the European Union;
- Countries identified as lacking appropriate AML/CTF laws and regulations, as defined by the FATF;
- Countries identified as providing funding or support for terrorists or their activities;
- Countries identified as having significant levels of criminal activity, including corruption and drug trafficking, and countries facing a period of political instability.

A UCI/Professional should use all available material and sources to assess a country's money laundering/terrorist financing risk level. Such material may be found from the following sources:

- FATF reports and declarations;
- International Monetary Fund reports;
- Worldbank reports;
- CSSF notifications (e.g., circulars, press releases);
- European Commission: www.ec.europa.eu/internal_market /company/financialcrime/index_en.htm; www.eeas.europa.eu/cfsp/sanction s/consol-list en.htm
- Transparency International (Corruption Perceptions Index): ww.transparency.org

From an AML/CTF risk perspective, countries may be classified in five categories as outlined below.

Where countries to be assessed do not fall into these categories, the UCI/Professional should, in addition to the AML/CTF risk assessment, make a more holistic country risk assessment by considering the various risk categories outlined above (e.g., countries identified as having significant levels of criminal activity) (cf. article 7 of CSSF regulation N° 12-02 of 14 December 2012 on the fight against money laundering and terrorist financing).

The lists of countries belonging to categories 1 and 3 – 5 are published and regularly updated by the European Commission (category 1) and by the FATF (categories 3 – 5), respectively. It is important to note that the country list for category 1 "does not override the need to continue to operate the risk-based approach. The fact that a financial institution is based in a 3rd country featuring on the list only constitutes a refutable presumption of the application of simplified customer due diligence. Moreover, the list does not override the obligation under article 13 of the Directive to apply enhanced customer due diligence measures in all situations which by their nature can present a higher risk of money laundering or terrorist financing, when dealing with credit and financial institutions, as customers,

based in an equivalent jurisdiction." (EC Common Understanding)

1. Equivalent Jurisdictions:

- EU and EEA countries, unless assessed to be higher risk; as well as
- Third countries which, further to a risk assessment, impose requirements equivalent to those laid down in the Law, in principle those from the "EC Common Understanding", unless assessed to be higher risk.

2. Jurisdictions Respecting International Norms (RIN):

- Jurisdictions which are not fully equivalent from a legal perspective, but do respect nevertheless AML and CTF measures required by international norms and which apply them effectively. These are the jurisdictions which:

AML/CTF deficiencies that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the FATF to address the deficiencies; or (iii) jurisdictions which have strategic AML/CTF deficiencies for which they have developed an action plan with the FATF; and

- have been subject to at least the third round of mutual evaluations and where results published by either FATF or a FATF style body conclude that no strategic AML/CTF deficiencies have been identified; or
- have not been assessed by FATF or a FATF style body to date, but where the UCI/Professional has performed its own country risk assessment and has not identified

any strategic AML/CTF deficiencies.

3. Jurisdictions which have strategic AML/CTF deficiencies for which they have developed an action plan with the FATF

4. Jurisdictions with strategic AML/CTF deficiencies that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the FATF to address the deficiencies

5. Jurisdictions subject to a FATF call on its members and other jurisdictions to apply counter-measures to protect the international financial system from the on-going and substantial money laundering and terrorist financing risks emanating from the jurisdictions

VI. The due Diligence process

The UCI/Professional shall apply CDD measures in the following cases:

- When establishing a Business Relationship, e.g., at the time of the subscription /signing a distribution agreement;
- When there is a suspicion of money laundering or terrorist financing, regardless of any derogation, exemption or threshold;
- When there are doubts about the veracity or adequacy of previously obtained Customer identification data.

The due diligence process applies to all Customers and typically follows five steps:

- Identification, collection and verification (where applic
- able) of Customer details;
- Risk assessment of the Customer, including sanction list screening and documentation of the assessment, e.g., results of sanction list screenings and other review outputs;
- Monitoring, e.g., risk-based transaction monitoring, payment monitoring, monitoring of change in static data, such as address changes, bank mandates and pledges. The monitoring comprises investigating alerts and deciding whether unusual transactions need to be escalated to the MLRO;
- Escalation to MLRO and case assessment to decide whether any immediate steps need to be taken, including putting a stop on the account and on payments;
- Suspicious transaction reporting, where required.

The due diligence is a cyclical process, whereby unexpected Customer behavior will result in requesting additional information from or about the Customer in order to update the KYC and risk profile and, if necessary, adapt the settings of transaction monitoring and/or take further action.

A. Customer identification (identification and verification of identity) and KYC

A.1. Normal Customer Due Diligence

As per article 3 (2) of the Law, CDD measures comprise:

- Identifying the Customer and verifying the Customer's identity on the basis of documents, data or information obtained from a reliable and independent source;
- Where applicable, identifying the beneficial owner and taking riskbased and reasonable measures to verify their identity so that the UCI/Professional is satisfied that it knows who the beneficial owner is, including, as regards legal persons, trusts and similar legal arrangements, taking risk-based and reasonable measures to understand the ownership and control structure of the Customer;
- Obtaining information on the purpose and intended nature of the Business Relationship;
- Conducting ongoing monitoring of the Business Relationship, including monitoring of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the UCI/Professional's knowledge of the Customer, the business and risk profile, including, where necessary, the source of funds and ensuring that documents, data or information held are up-to-date.

Article 3 (3) of the Law confirms that a UCI/Professional shall apply each of these CDD measures and allows the extent of normal due diligence measures to be adapted on a risk-sensitive basis.

A.2. Simplified Due Diligence

The Customer types which may be subject to the SDD regime are defined in article 3-1 of the Law.

The simplified due diligence regime allows for a reduction of identification and verification of identity requirements for Customers and beneficial owners. It applies only in case of low risk. The UCI/Professional may thus reduce or simplify (but not avoid completely) the required measures, and has the obligation to retain the evidence that the Customer meets the criteria of low risk. Notwithstanding the above, the

UCI/Professional shall perform the following due diligence obligations:

- Obtain information on the purpose and intended nature of the Business Relationship;
- Conduct ongoing monitoring of the Customer including scrutiny of transactions undertaken throughout the course of that relationship.

Periodic monitoring shall be carried out with respect to the Business Relationship so as to ensure that the conditions allowing SDD remain applicable. In case of doubt regarding the applicability of SDD, the UCI/Professional may need to re-classify into

CDD or EDD.

A.3. Enhanced Due Diligence

The EDD regime is not a substitute for simplified or normal customer due diligence. The Law foresees enhanced due diligence measures, which are in addition to the above due diligence measures, in the following cases that may be relevant in the fund industry:

- Situations which by their nature can present a higher risk of money laundering or terrorist financing;
- Non-face-to-face relationships, in which case some or all of the following measures shall be taken:
 - measures ensuring that the Customer's identity is established by additional documents, data or information;
 - supplementary measures to verify the documents supplied, such as certification by an authorised body or person or by a recognised credit or financial institution;
 - measures ensuring that the first payment for the Investment is carried out through an account opened in the Customer's name with a credit institution subject to equivalent identification requirements.
- In respect of cross-border

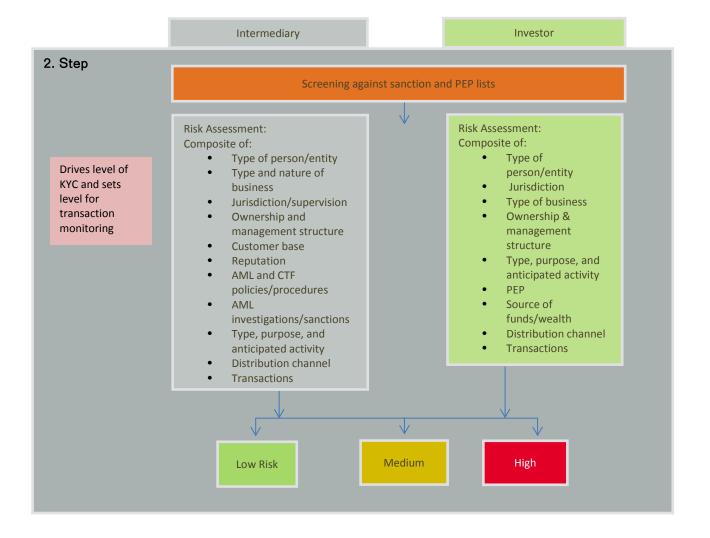
Correspondent Relationships, as defined in section VIII, with Intermediaries (Respondent institutions), the UCI/Professional shall:

- gather sufficient information about an Intermediary (Respondent) to fully understand the nature of the Intermediary's business and to determine from publicly available information the reputation of the Intermediary and the level of supervision;
- evaluate the Intermediary's anti-money laundering and antiterrorist financing controls;
- obtain approval from Senior Management before establishing new Correspondent Relationships;
- understand the respective responsibilities between the UCI/Professional and the Respondent.
- In respect of transactions or Business Relationships with Politically Exposed Persons, the UCI/Professional shall:
 - have appropriate risk-based procedures to determine whether the Customer is or has become a Politically Exposed Person;
 - obtain Senior Management approval for establishing / continuing a Business Relationship with such a Customer;
 - take reasonable measures to establish the source of wealth and source of funds that are involved in the Business Relationship or transaction;
 - conduct enhanced ongoing monitoring of the Business Relationship.

All contractual arrangements with Intermediaries entering into a Correspondent Relationship, whose beneficial owner or senior management qualify as a PEP or being qualified as high risk must be approved by Senior Management.

B. Customer risk assessment

The UCI/Professional shall define adequate risk assessment criteria at the Intermediary and Investor level, in line with section IV of the Practices and Recommendations.



Risk Assessment

All Customers should be risk profiled, including the screening against sanction and PEP lists which is part of the initial and ongoing risk profiling. The outcome of the risk assessment dictates the level of due diligence requirements, i.e., data collection about the Customer and level of transaction monitoring.

C. Sanction list screening and transaction monitoring

As a minimum, all Customers should be screened by the UCI/Professional against the lists arising from any regulation adopted at a national level and by the European Union concerning prohibitions and restrictive measures in financial matters in respect of certain persons, entities and groups.

Transaction monitoring is part of the ongoing monitoring of the Business Relationship. The ultimate aim of transaction monitoring is to identify suspicious transactions by analysing a Customer's behaviour. Transaction monitoring includes monitoring changes in Customerrelated data, payments and all other forms of transactions by which a Customer could use their Investment for the purpose of money laundering or terrorist financing.

The UCI/Professional should set monitoring rules in line with the Customer risk profile and reassess and change the setting in line with any change to the Customer risk profile.

Any unusual or unexpected Customer behaviour shall be analysed. Data contained in the KYC file may help support the explanation and justification of the behaviour. It may be necessary to request additional information to mitigate any doubt about a Customer and/or their transactions.

D. Escalation to MLRO

Any doubts and/or suspicion about a Customer and/or his transactions must be escalated internally to the MLRO without delay.

E. Suspicious transaction reporting

The MLRO of the UCI/Professional must inform the Financial Intelligence Unit (*Cellule de renseignement financier*), on behalf of the UCI/Professional, without delay if the UCI/Professional has a suspicion, good reasons to suspect or knows that money laundering or terrorist financing is taking place, has taken place, or is being attempted. VII. Direct Investor Due Diligence This section relates to Investors whose identity is registered in the share- or unitregister and who send their orders directly to the UCI/management company/Registrar Agent. It thus relates to all direct Business Relationships between a Direct Investor and the UCI.

In case of a Direct Investor, the UCI/Professional is responsible for the identification of the Direct Investor and any beneficial owners. The guidelines outlined in Appendix shall be seen as the minimum documentary standards to be applied in each case by taking into consideration the specific case of non-face-to-face identification of Direct Investors in the fund industry. As these are minimum documentary standards, more information may be required under certain circumstances.

Appendix shall not be deemed to be an exhaustive list; therefore, other cases that UCI/Professionals might face should be analysed on a case-by-case basis. In particular, any acceptance of Direct Investors from Country List 5 is not covered in the guidelines below, as utmost care is required before accepting Direct Investors from these jurisdictions and as specific enhanced due diligence measures must be defined under the responsibility of the UCI/Professional concerned. Appendix outlines the due diligence checklists for the following Direct Investor types:

- Individual Investor (Natural Person)
- Regulated Financial Institution
- Publicly Listed Company on a Recognised Stock Exchange
- Privately Held/Unlisted Company
- Open and Closed Ended Investment Fund
- Trust
- Pension Scheme/Pension Fund
- Supra-National Organisation / Government Body/Local Authority /University
- Partnership/Foundation/Charity/ Association/Club.

VIII. Correspondent Relationship Due Diligence

A. General Due Diligence Requirement

In accordance with Article 29 of the CSSF regulation N° 12-02 of 14 December 2012 on the fight against money laundering and terrorist financing, fund subscriptions, transfers and redemptions operated by a professional in its capacity as proxy holder or for the account of his clients are considered to be "similar relationships" to correspondent banking as defined in article 3-2 (3) of the Law. In this context the fund industry defines a Correspondent Relationship as a regular relationship between the UCI or any party acting on its behalf and processing orders on behalf of the UCI, and an Intermediary which is supervised by a financial authority. transmitting orders on behalf of its Customers, a so-called "Respondent". Enhanced due diligence, as described below, must be applied on the Correspondent Relationship with an Intermediary acting for its Customers' account when subscribing units or shares of UCIs, as provided for by article 3 of the CSSF regulation N° 12-02 of 14 December 2012 on the fight against money laundering and terrorist financing.

Thus all due diligence obligations are performed primarily on the Intermediary (Respondent) and the level of due diligence is driven by regulatory requirements as well as the conclusions of risk assessments.

The UCI/Professional should satisfy itself that the Intermediary (Respondent) has procedures and controls in place to verify the identity of and perform due diligence, including sanction screening, on its own underlying Customers and verifies the legal origin of wealth.

Due diligence with regard to a Correspondent Relationship with an Intermediary generally takes place at two levels:

Due diligence on the Intermediary (Respondent):

- Normal due diligence in accordance with article 3 (2) of the Law; or
- Subject to a lower risk, adaptation of the extent of normal due diligence measures on a risksensitive basis; or
- Subject to a higher risk, enhanced due diligence in accordance with article 3-2 of the Law in addition to the normal due diligence measures defined in article 3 (2) of the Law.

Enhanced due diligence on the Correspondent Relationship in addition to due diligence on the Intermediary (Respondent):

- Gather sufficient information about the Intermediary to understand fully the nature of the Intermediary's business and to determine from publicly available information the reputation of the Intermediary and the quality of supervision; and
- Evaluate the Intermediary's antimoney laundering and anti-terrorist financing controls; and
- Obtain approval from Senior Management of the UCI/Professional before establishing a new Correspondent Relationship; and
- Clearly understand the respective responsibilities of the UCI/Professional and of the Intermediary.

The following table provides guidance in relation to the due diligence obligation on the Intermediary maintaining a Correspondent Account and on the additional enhanced due diligence obligation on the Correspondent Relationship by taking into consideration the geographic location of the Intermediary:

| Minimum Due Diligence Obligations | | |
|--|--|--|
| EEA/EU/Equivalent Intermediary | Adaptation of the extent of normal due diligence measures on a risk- sensitive basis on the Intermediary. AND Enhanced due diligence measures on the Correspondent Relationship. | |
| RIN Intermediary | Normal due diligence on the Intermediary. AND Enhanced due diligence measures on the Correspondent Relationship with written documentation of the AML/CTF responsibilities of the Intermediary. | |
| Intermediary in jurisdiction with strategic AML/CTF deficiencies (Categories 3 and 4 in section V.E.) | nhanced due diligence on the Intermediary (including certification of relevant identification documents of the Intermediary). AND Enhanced due diligence measures on the Correspondent Relationship with detailed written documentation of the AML/CTF responsibilities of the Intermediary. AND Intermediary's written commitment to provide relevant Customer due diligence data to the UCI/Professional upon request. | |
| Intermediary in jurisdiction subject to a FATF call on its members and other jurisdictions to apply counter-measures to protect the international financial system from the on-going and substantial money laundering and terrorist financing risks emanating from the jurisdictions (Category 5 in section V.E.) | As part of the counter-measures to protect the financial system from the on-going and substantial money laundering and terrorist financing risks, no Correspondent Account will be opened. The UCI/Professional is responsible for the due diligence on the underlying Investor of the Intermediary, as defined in the Regulation. | |

In addition to the minimum due diligence obligations outlined above for Intermediaries in EEA/EU/equivalent and RIN jurisdictions, enhanced due diligence on an Intermediary may be necessary in cases of higher country and/or Intermediary risks.

In cases other than those described above or if the UCI/Professional is not sure about the nature of the Business Relationship, it must identify the (underlying) Investor. As a general principle, the UCI/Professional shall identify the Intermediary in accordance with article 3 (2) of the Law - respectively where permitted as per article 3-1 of the Law or where required as per article 3-2 of the Law -, document the nature of the relationship, monitor

transactions and perform ongoing due diligence on a risk basis. As soon as the Intermediary does permit its underlying Customers to establish a relationship with the UCI, i.e. allow underlying Customers to enter into a direct relationship with the UCI by providing access to its Correspondent Accounts (e.g., through a power of attorney or permitting the Investor to place orders directly with the UCI while settling them through the Correspondent Account), the UCI must have access to the underlying customer due diligence data and research the underlying economic beneficiaries, where applicable.

B. Intermediary in EEA/EU/equivalent jurisdiction

Where the Intermediary is a:

- Credit or financial institution covered by the law dated 12 November 2004, as amended; or a
- Credit or financial institution within the meaning of article 3 of Directive 2005/60/EC regulated and subject to supervision in an EU/EEA/equivalent jurisdiction, unless they represent a higher risk;

the extent of due diligence on the Intermediary may be adapted to reflect the risk. The UCI/Professional shall however document the nature of the relationship and monitor the transactions of the Intermediary. The following due diligence information will be helpful to establish the status of regulation and the identity of the representatives of the Intermediary:

- Evidence of regulation;
- Certified signing powers (including specimen signatures and powers of the persons who instruct transactions);
- On a risk-based approach, certified copies of valid and signed ID(s) of the authorised signatory(ies) who sign(s) the application form/agreement.

In accordance with article 3-2 (3) of the Law and with articles 3 and 29 of the CSSF regulation N° 12-02 of 14 December 2012, the UCI/Professional must perform an enhanced due diligence on the Correspondent Relationship, as described under point VIII A. above.

In the case of higher risk, the UCI/Professional should sign a legal agreement with the Intermediary containing an AML/CTF clause that clearly sets out the responsibilities of the respective parties. The UCI/Professional must satisfy itself that (i) the Intermediary has procedures and controls in place to verify the identity of and perform ongoing due diligence on its own underlying Customers and beneficial owners, where applicable, and to verify the origin of wealth and (ii) the Intermediary has the necessary controls in place in relation to higher risk Customers, including PEPs, and to screen underlying Customer and beneficial owners, where applicable, against the relevant sanction lists.

C. Intermediary in jurisdiction respecting international norms (RIN)

The following due diligence information will be helpful to establish the status of regulation and the identity of the beneficial owners and representatives of the Intermediary:

- Evidence of regulation;
- Certified signing powers (including specimen signatures and powers of the persons who instruct transactions);
- On a risk-based approach, certified copies of valid and signed ID(s) of the authorised signatory(ies) who sign(s) the application form/agreement;
- List of Directors;
- On a risk-based approach, list of the shareholders of the Intermediary in order to identify the beneficial owners;
- On a risk-based approach, certified copies of valid identification documents of the beneficial owners.

In accordance with article 3-2 (3) of the Law and with articles 3 and 29 of the CSSF regulation N° 12-02 of 14 December 2012, the UCI/Professional must perform an enhanced due diligence on the Correspondent Relationship, as described under point VIII. A. above.

In particular, the UCI/Professional should consider the use of a dedicated AML/CTF Due Diligence Questionnaire (example: Wolfsberg questionnaire) in order to assess the Intermediary's anti-money laundering and anti-terrorist financing controls.

The UCI/Professional should sign a legal agreement with the Intermediary containing an AML/CTF clause that clearly sets out the responsibilities of the respective parties and that foresees, amongst others, the possibility, where appropriate, to carry out on-site visits/audits.

The UCI/Professional must satisfy itself that (i) the Intermediary has procedures and controls in place to verify the identity of and perform ongoing due diligence on its own underlying Customers and beneficial owners, where applicable, and to verify the origin of wealth and (ii) the Intermediary has the necessary controls in place in relation to higher risk Customers, including PEPs, and to screen underlying Customer and beneficial owners, where applicable, against the relevant sanction lists.

D. Intermediary in jurisdiction which has strategic AML/CTF deficiencies for which it has developed an action plan with the FATF or in jurisdiction with strategic AML/CTF deficiencies that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the FATF to address the deficiencies

The following due diligence information will be helpful to establish the status of regulation and the identity of the beneficial owners and representatives of the Intermediary:

- Evidence of regulation;
- Certified signing powers (including specimen signatures and powers of the persons who instruct);
- Certified copies of valid and signed ID(s) of the authorised signatory(ies) who sign(s) the application form/agreement;
- Articles and Statutes of Incorporation (or equivalent);
- List of all Directors;
- List of the shareholders of the Intermediary in order to identify the beneficial owners;
- Certified copies of valid identification documents of the beneficial owners;
- Copy of the latest financial report and accounts (or equivalent).

In accordance with article 3-2 (3) of the Law and with articles 3 and 29 of the CSSF regulation N° 12-02 of 14 December 2012, the UCI/Professional must perform an enhanced due diligence on the Correspondent Relationship, as described under point VIII. A. above. In particular, the UCI/Professional should consider the use of a dedicated AML/CTF Due Diligence Questionnaire (example: Wolfsberg questionnaire) and review the Intermediary's AML/CTF policies and procedures in order to assess the Intermediary's anti-money laundering and anti-terrorist financing controls.

The UCI/Professional should sign a legal agreement with the Intermediary containing an AML/CTF clause that clearly sets out the **detailed** responsibilities of the respective parties and that foresees, amongst others, the possibility, where appropriate, to carry out on-site visits/audits.

The UCI/Professional must satisfy itself that (i) the Intermediary has procedures and controls in place to verify the identity of and perform ongoing due diligence on its own underlying Customers and beneficial owners, where applicable, and to verify the origin of wealth and (ii) the Intermediary has the necessary controls in place in relation to higher risk Customers, including PEPs, and to screen underlying Customer and beneficial owners, where applicable, against the relevant sanction lists.

Finally, the UCI/Professional shall ensure that the Intermediary will provide relevant underlying Customer due diligence data to the UCI/Professional upon request.

E. Jurisdiction subject to a FATF call on its members and other jurisdictions to apply counter-measures to protect the international financial system from the on-going and substantial money laundering and terrorist financing risks emanating from the jurisdiction

The UCI/Professional will take utmost care when accepting an Intermediary and is fully responsible for the enhanced due diligence on the underlying Customers of the Intermediary, including, but not limited to the verification of the legal source of funds and wealth. As part of the countermeasures to protect the financial system from the on-going and substantial money laundering and terrorist financing risks, the UCI/Professional will not open a Correspondent Account with any counterparty in such a jurisdiction.

IX. Third Party Introducer The Introducer regime allows UCI/Professionals to rely on the verification of identity performed by a Third Party Introducer. The introduced Customer becomes the Direct Investor of the UCI. In consequence the UCI/Professional is responsible for due diligence on the Direct Investor.

The UCI/Professional can rely on the verification of the Direct Investor's identity, provided that cumulatively:

- The Third Party Introducer is subject to mandatory professional registration, recognised by law;
- The Third Party Introducer applies Customer due diligence and record keeping requirements as laid down, or equivalent to those laid down, in the Law or in the Directive 2005/60/EC;
- The Third Party Introducer's compliance with the requirements of the law is supervised.

The ultimate responsibility for verifying compliance with the above listed requirements remains with the UCI/Professional. The UCI/Professional shall have access to the Customer identification documentation at any point in time.

A. Introducer Certificate

The Third Party Introducer introducing a Direct Investor has the option to either systematically complete for each introduced Business Relationship an introducer certificate or agree to insert a "reliance clause" into the distribution agreement including the same content as described below.

The purpose of such certificate is to obtain assurance from the Third Party Introducer that:

- The information provided in the Customer information profile accurately reflects the Customer due diligence information that he holds;
- The introduced Customer has an established relationship with him;
- He has identified and verified the identity of the introduced Customer (and any beneficial owners and controllers) and recorded the

evidence of identity;

- He applies Customer due diligence and record keeping requirements as laid down, or equivalent to those laid down in the Law or in the EU Directive 2005/60/EC;
- He does not rely himself on another Third Party Introducer;
- He consents to the UCI/Professional to rely on the performance of these procedures;
- He agrees to provide other relevant Customer due diligence information and copies of documentation establishing evidence of identity of the introduced Customer (and any beneficial owners and controllers) upon request and without delay (i.e. within 24 hours).

B. Customer information profile

The Customer information profile is a form which should be completed systematically for each introduced Customer. The form contains information in relation to:

- The identity of the Customer, his address (mailing address and registered address and in the case of legal entities, the address of the registered office, mailing address and principle place of business);
- Business Relationship information (e.g., volume and value of expected activities, source of funds);
- Activities;
- Additional information (ownership and control, including underlying companies);
- Classes of beneficiaries (e.g., discretionary trusts).

The risk assessment to be performed on the introduced Customer remains the responsibility of the UCI/Professional.

X. Outsourcing

A. Performance of identification and verification of identity by third outsourced parties (Delegate)

The Regulation distinguishes between:

- Identifying a person, i.e., obtaining their name, residential address, date and place of birth as well as nationality; and
- Verifying such information, i.e., obtaining (for instance) certified true copies, utility bills, etc.

Where the UCI/Professional does not meet the Customer face to face, it should request a certified true copy of the Customer's identification document(s). The certification can either be performed by a competent authority, provided that such authority has the power under local law to perform certifications or by a credit or financial institution domiciled in an equivalent jurisdiction.

The UCI shall only accept such certification if:

- It is an original certification dating back to less than six months;
- The certifier is clearly identifiable (i.e., the office and person who certified);
- The copy mentions "certified true copy";
- The certified true copy is legible.

For legal persons, certified true copies can be issued by the issuer of the original documentation or any third party that has the power under national law to perform such duty.

B. Delegation arrangements

B.1. Principle

The delegated third party (Delegate) operates under the mandate and responsibility of the UCI/Professional.

Before appointing a Delegate, the UCI/Professional should perform a detailed due diligence on the Delegate and be convinced of its ability and integrity to perform the delegated tasks.

For instance when the UCI/Professional appoints a Delegate which is not subject to equivalent AML and CTF supervision, the UCI/Professional may decide to authorise the Delegate to perform the Customer due diligence and verify the Customer's identity to avoid that the Customer has to contact an independent third party to "certify" its identity or oblige the UCI/Professional to take other measures to verify the Customer's identity.

Customers can either send their orders through the Delegate or directly to the Registrar Agent.

The Registrar Agent can delegate the order collection and processing, Customer registration as well as the verification of identity of Customers, transaction monitoring and sanction lists screening subject to effective supervision and control.

B.2. Contractual framework

The delegation has to be described in a delegation agreement or integrated into the operational memorandum and/or service level agreement.

The delegation shall describe:

- Tasks outsourced;
- Exact operational handling of the tasks (how Customers shall be identified, in which circumstances and on what basis);
- Type of documentation to be requested;
- Validation and retention of these documents;
- How and where the data shall be stored and entered into electronic systems;
- How and within which delay the documentation shall be available to the UCI/Professional;
- How the Delegate escalates unusual transactions or suspicion of money laundering or terrorist financing;
- How the UCI/Professional will supervise the Delegate;
- Oligations of the Delegate in case of termination of the delegation.
 - B.3. Supervision

When the UCI/Professional appoints a Delegate to execute any of the obligations described above, it must take measures to control the performance of the Delegate and assess the risk linked to the delegation on a regular basis.

XI. List of money laundering indicators in the fund industry The following list of indicators is indicative and not exhaustive.

Receipts/Payments:

It is recommended to ensure that redemption proceeds are paid back to the initial subscriber. Thus, the avoidance of a "third party payment" will considerably reduce the risk that the Investment Funds might be used for the purpose of money laundering or terrorist financing. It is recommended that in principle the prospectus stipulates that third party receipts or payments will not be permitted.

Transactions:

Special care should be taken by the UCI/Professional when operating transactions at the following levels:

- When requested to make changes to static data:
 - Difficulties in obtaining identification documents
 - Contradicting or inconsistent information provided by the Customer
 - Frequent address changes
 - P.O. box address only
 - Frequent changes in payment details
 - Incomplete application details and lack of willingness to provide evidence or answers required
- When analysing the transactions of a Customer:
 - In/out transactions for substantial amounts on a short term basis
 - Disproportionate transaction volumes, compared to usual transactions for individual Investors
 - Significant capital turnover on Correspondent Accounts
 - Activation of dormant accounts
 - Request for partial investment and return of surplus funds
 - Receipt of unexplained amounts, request to return amounts
 - Payment of redemption proceeds to a third party account, unconnected to the Customer's account
 - Transfer(s) of ownership. To be cautiously applied as some institutional Investors/Correspondent

Accounts holders frequently transfer positions to other parties

- Several transfers from different individual accounts to the Investor's account
- Frequent and large transfers arriving from different countries
- Origin or destination of asset (money, securities) transfers to countries which are unrelated with the Investor's residence
- Origin or destination of asset transfers to more sensitive jurisdictions
- Subscriptions, transfers and redemptions by ordering banks located in higher risk jurisdictions, acting on behalf of the Customers
- Bearer securities with physical delivery

Appendix: Direct Investor Due Diligence Guidelines

A. Individual Investor (Natural Person)

Individual Investor accounts can be opened in the name of one or several individuals. All individuals must be identified and their identity must be verified by means of:

- Certified copy of valid ID (certified copies of valid ID documents should be obtained for the individual Investor; identification documents must be issued by a government body);
- Investor name;
- Investor signature (in some countries, ID cards do not bear signatures. In such cases, the card holder must sign next to the ID card copy prior to certification);
- Investor date and place of birth;
- Photo of the Investor;
- ID number;
- Expiry date of the document (if applicable);
- Written confirmation from the Investor confirming that he/she invests on their own behalf.

B. Regulated Financial Institutions (e.g., Banks, Insurance)

B.1. Due Diligence for Country List 1

- Evidence of regulation;
- Certified signing powers (including specimen signatures and powers of the persons who instruct transactions):
- Confirmation issued by the financial institution that it invests on its own behalf. If the financial institution is not investing on its own behalf, please refer to Section VIII of the core document relating to Correspondent Relationships.

B.2. Due Diligence for Country List 2

- Evidence of regulation;
- Certified signing powers (including specimen signatures and powers of the persons who instruct transactions);
- Certified copies of valid and signed ID of the authorised signatory(ies) who sign(s) the application form/agreement;

- List of Directors;
- On a risk-based approach, list of the shareholders of the financial institution in order to identify the beneficiaries owning (directly or indirectly) more than 25% of the company's shares;
- On a risk-based approach, certified copies of valid identification documents of the beneficiaries owning more than 25% of the company's shares in order to verify the identity of the beneficiaries;
- Written confirmation issued by the financial institution that it invests on its own behalf. If the financial institution is not investing on its own behalf, please refer to Section VIII of the core document relating to Correspondent Relationships.

B.3. Due Diligence for Country Lists 3 and 4

- Evidence of regulation;
- Certified signing powers (including specimen signatures and powers of the persons who instruct transactions);
- Certified copies of valid and signed ID of the authorised signatory(ies) who sign(s) the application form/agreement;
- Articles and Statutes of Incorporation (or equivalent);
- List of all Directors;
- List of the shareholders of the financial institution in order to identify the beneficiaries owning (directly or indirectly) more than 25% of the company's shares;
- Certified copies of valid identification documents of the beneficiaries owning more than 25% of the company's shares in order to verify the identity of the beneficiaries;
- Written confirmation issued by the financial institution confirming that it invests on its own behalf. If the financial institution is not investing on its own behalf, please refer to Section VIII of the core document relating to Correspondent Relationships.

C. Publicly Listed Companies on a Recognized Stock Exchange

As an example, one may refer to the following website for a list of recognised stock exchanges (www.world-stock-exchanges.net). In any case, the AML risk exposure of each country where the Stock Exchange referred to is located shall be taken into consideration in the assessment performed and the following documentation shall be received as a minimum:

- Evidence of the company's listing (e.g., Bloomberg, Reuters or webpage of a recognized Stock Exchange);
- Certified signing powers (including specimen signatures and powers of the persons who instruct transactions).

D. Privately Held/Unlisted Companies

*Based on the risk assessment, professionals may wish to add more requirements than listed below in terms of documentation.

- Evidence of registration;
- Articles and Statutes of Incorporation (or equivalent);
- Certified signing powers (including specimen signatures and powers of the persons who instruct transactions);
- Certified copies of valid and signed ID of the authorised signatory(ies) who sign(s) the application form/agreement;
- List of Directors;
- List of the shareholders of the company in order to identify the beneficiaries owning (directly or indirectly) more than 25% of the company's shares;
- Certified copies of valid identification documents of the beneficiaries owning more than 25% of the company's shares in order to verify the identity of the beneficiaries;
- List of natural persons who otherwise exercise control over the management of the company;
- Certified copies of valid identification documents of natural persons who otherwise exercise control over the management of the company in order to verify the identity of the

beneficiaries;

- Beneficial owner declaration;
- Copy of the latest financial report and accounts (or equivalent);
- Written confirmation issued by the company confirming that it invests on its own behalf.
- E. Open Ended Investment Funds

E.1. Due Diligence for Country List 1

- Proof of regulation of the fund and/or Copy of the last prospectus of the fund;
- Certified signing powers (including specimen signatures and powers of the persons who instruct transactions);
- Confirmation from the administrator of the fund of any shareholders owning (directly or indirectly) more than 25% of the company's shares;
- Where instructions are given by an administrating party identified in the prospectus or otherwise appointed by the fund's board, identification of that party should be undertaken in line with the applicable section of this Guidance.

E.2. Due Diligence for Country List 2

- Proof of regulation of the fund and/or Copy of the last prospectus of the fund;
- Evidence of registration, if applicable;
- Articles and Statutes of Incorporation (or equivalent), if applicable;
- Certified signing powers (including specimen signatures and powers of the persons who instruct transactions);
- Certified copies of valid and signed ID of the authorised signatory(ies) who sign(s) the application form/agreement;
- List of Directors;
- Confirmation from the administrator of the fund of any shareholders owning (directly or indirectly) more

than 25% of the company's shares;

• Where instructions are given by an administrating party identified in the prospectus or otherwise appointed by the fund's board, identification of that party should be undertaken in line with the applicable section of this Guidance.

E.3. Due Diligence for Country Lists 3 and 4 $\,$

- Proof of regulation of the fund;
- Copy of the last prospectus of the fund;
- Evidence of registration, if applicable;
- Articles and Statutes of Incorporation
- (or equivalent), if applicable;
 Certified signing powers (including specimen signatures and powers of the persons who instruct transactions);
- Certified copies of valid and signed ID of the authorised signatory who sign(s) the application form/agreement;
- List of Directors;
- Duly completed AML Due Diligence Questionnaire (i.e., Wolfsberg questionnaire); in case of non selfmanaged funds, this documentation should originate from counterparties in charge of managing/administering the fund (i.e. the Administrator);
- Copy of the Administrator's AML and CTF policy and procedures; in case of non self-managed funds, this documentation should originate from counterparties in charge of managing/administering the fund (i.e. the Administrator);
- Confirmation from the administrator of the fund of any shareholders owning (directly or indirectly) more than 25% of the company's shares;
- Where instructions are given by an administrating party identified in the prospectus or otherwise appointed by the fund's board, identification of that party should be undertaken in line with the applicable section of this Guidance.
- F. Closed Ended Investment Funds
 - F.1. Due Diligence for Country List 1

- Proof of regulation of the fund and/or Copy of the last prospectus of the fund;
- Certified signing powers (including specimen signatures and powers of the persons who instruct transactions);
- Certified copies of valid and signed ID of the authorised signatory(ies) who sign(s) the application form/agreement;
- Certified copies of valid and signed ID of the ultimate shareholders/beneficiaries (if any) holding – directly or indirectly – more than 25% of the outstanding shares (or voting rights) of the company;
- Where instructions are given by an administrating party identified in the prospectus or otherwise appointed by the fund's board, identification of that party should be undertaken in line with the applicable section of this Guidance.

F.2. Due Diligence for Country List 2

- Proof of regulation of the fund and/or Copy of the last prospectus of the fund;
- Evidence of registration, if applicable;
- Articles and Statutes of Incorporation (or equivalent), if applicable;
- Certified signing powers (including specimen signatures and powers of the persons who instruct transactions);
- Certified copies of valid and signed ID of the authorised signatory(ies) who sign(s) the application form/agreement;
- List of Directors;
- List of the shareholders of the company in order to identify the beneficiaries owning (directly or indirectly) more than 25% of the company's shares;
- Certified copies of valid and signed ID of the ultimate shareholders/beneficiaries (if any) holding – directly or indirectly

- more than 25% of the outstanding shares (or voting rights) of the company;
- Where instructions are given by an administrating party identified in the prospectus or otherwise appointed by the fund's board, identification of that party should be undertaken in line with the applicable section of this Guidance.

F.3. Due Diligence for Country Lists 3 and 4

- Proof of regulation of the fund and/or Copy of the last prospectus of the fund;
- Evidence of registration, if applicable;
- Articles and Statutes of Incorporation (or equivalent), if applicable;
- Certified signing powers (including specimen signatures and powers of the persons who instruct transactions);
- Certified copies of valid and signed ID of the authorised signatory(ies) who sign(s) the application form/agreement;
- List of Directors;
- Duly completed AML Due Diligence Questionnaire (i.e., Wolfsberg questionnaire); In case of non-selfmanaged funds, this documentation should originate from counterparties in charge of managing/administering the funds (i.e., the administrator);
- Copy of the administrator's AML and CTF policy and procedures; in case of non-self-managed funds, this documentation should originate from counterparties in charge of managing/administering the funds (i.e., the administrator);
- List of the shareholders of the company in order to identify the beneficiaries owning (directly or indirectly) more than 25% of the company's shares;
- Certified copies of valid and signed ID of the ultimate shareholders /beneficiaries (if any) holding – directly or indirectly – more than 25% of the outstanding shares (or voting rights) of the company;
- Where instructions are given by an administrating party identified in the

prospectus or otherwise appointed by the fund's board, identification of that party should be undertaken in line with the applicable section of this Guidance.

G. Trusts

*Depending on whether the trust is regulated or unregulated, requirements will vary on a risk-based approach.

- Certified copy of trust deed or a certified extract of the latest Trust Deed which identifies the purpose of the trust, the settlor, the source of funds, the protector (if applicable), the trustees, the authority of the trustees; and the capacity of the trustees;
- Certified signing powers (including specimen signatures and powers of the persons who instruct transactions);
- Certified copies of valid and signed ID of the authorised signatory(ies) who sign(s) the application form/agreement;
- Verification of the person(s) that have to be identified in their capacity as beneficial owners. For trusts, the beneficial owner shall at least include:
 - Where the future beneficiaries have already been determined and cannot be changed (example of an irrevocable trust), the natural person(s) who is the beneficiary of 25% or more of the property of a legal arrangement or entity;
 - Where the individuals that benefit from the legal arrangement or entity have yet to be determined (example of a revocable trust), the class of persons in whose main interest the legal arrangement or entity is set up or operates;
 - The natural person(s) who exercise(s) control over 25% or more of the property of a legal arrangement or entity.

H. Pension Schemes/Pension Funds

- Proof of regulation of the scheme/fund ;
- Dependent on the structure of the Pension Scheme (i.e. trust, fund, company, etc.), identification of the pension scheme should be undertaken in line with the applicable section of this Guidance;
- Certified signing powers (including specimen signatures and powers of the persons who instruct transactions);
- Certified copies of valid and signed ID of the authorised signatory(ies) who sign(s) the application form/agreement;
- Verification of the employer who is making the payments into the scheme (the settlor);
- Where instructions are given by an administrating party identified in the prospectus or otherwise appointed by the fund's board, identification of that party should be undertaken in line with the applicable section of this Guidance.

I. Supra-National Organisations/ Government bodies/Local Authorities/ Universities

- Proof of existence (official document issued by a governmental body);
- Certified signing powers (including specimen signatures and powers of the persons who instruct transactions);
- Certified copies of valid and signed ID of the authorised signatory who sign(s) the application form/agreement;
- Evidence should be obtained to confirm that the official representing the body has the authority to act (i.e. official letter from the organisation);
- Written confirmation issued by the body confirming that it invests on its own behalf.

J. Partnerships, Foundations, Charities, Associations and Clubs

- Certificate of Incorporation/ Evidence of registration;
- Partnership agreement or equivalent for Foundations, Charities, Associations and Clubs;
- Certified signing powers (including specimen signatures and powers of the persons who instruct transactions);
- Certified copies of valid and signed ID of the authorised signatory who sign(s) the application form/agreement;
- List of the shareholders of the partnership, foundation, charity, association or club in order to identify the beneficiaries owning (directly or indirectly) more than 25% of the shares;
- List of the natural person(s) who exercise(s) control over 25% or more of the property of a legal arrangement or entity.
- Copy of the latest financial report and accounts (or equivalent);
- Written confirmation issued by the partnership, foundation, charity, association or club confirming that it invests on its own behalf.

About ALFI

The Association of the Luxembourg Fund

Industry (ALFI), the representative body for the Luxembourg investment fund community, was founded in 1988. Today it represents more than 1 300 Luxembourg-domiciled investment funds, asset management companies and a wide variety of service providers including depositary banks, fund administrators, transfer agents, distributors, law firms, consultants, tax advisers, auditors and accountants, specialist IT providers and communications agencies.

Luxembourg is the largest fund domicile in Europe and its investment fund industry is a worldwide leader in cross-border fund distribution. Luxembourg-domiciled investment structures are distributed in more than 50 countries around the globe, with a particular focus on Europe, Asia, Latin America and the Middle East.

ALFI defines its mission as to "Lead industry efforts to make Luxembourg the most attractive international centre".

Its main objectives are to:

Help members capitalise on industry trends

ALFI's many technical committees and working groups constantly review and analyse developments worldwide, as well as legal and regulatory changes in Luxembourg, the EU and beyond, to identify threats and opportunities for the Luxembourg fund industry.

Shape regulation

An up-to-date, innovative legal and fiscal environment is critical to defend and improve Luxembourg's competitive position as a centre for the domiciliation, administration and distribution of investment funds. Strong relationships with regulatory authorities, the government and the legislative body enable ALFI to make an effective contribution to decision-making through relevant input for changes to the regulatory framework, implementation of European directives and regulation of new products or services.

Foster dedication to professional standards, integrity and quality

Investor trust is essential for success in collective investment services and ALFI thus does all it can to promote high professional standards, quality products and services, and integrity. Action in this area includes organising training at all levels, defining codes of conduct, transparency and good corporate governance, and supporting initiatives to combat money laundering.

Promote the Luxembourg investment fund industry

ALFI actively promotes the Luxembourg investment fund industry, its products and its services. It represents the sector in financial and in economic missions organised by the Luxembourg government around the world and takes an active part in meetings of the global fund industry.

ALFI is an active member of the European Fund and Asset Management Association, of the European Federation for Retirement and of the International Investment Funds Association.

To keep up to date with all the news from the association and the fund industry in Luxembourg, join us on LinkedIn (The Luxembourg Fund Industry Group by ALFI), Twitter (@ALFIfunds), Youtube, or visit our website at www.alfi.lu.



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The practices and recommendations outlined in this document are adopted by the Association of the Luxembourg Fund Industry (ALFI), the Luxembourg Bankers' Association (ABBL), the Association of Luxembourg Compliance Officers (ALCO) and the Association of Professionals in Risk Management, Luxembourg (ALRiM).



Practices and Recommendations aimed at reducing the risk of money laundering and terrorist financing in the Luxembourg Fund Industry

guidelines