



# ORGANIZATION OF THE PREVENTION OF MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM IN ALLFUNDS GROUP



# 1. INTRODUCTION

The prevention of money laundering (ML) and the countering of financing of terrorism (FT) is an area of particular concern for Allfunds Group. The firm commitment of Allfunds Group in this matter is reflected in its Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Programme, and the policies, procedures and controls developed under this programme.

The objective of the Allfunds Group in the development of its Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Programme is:

- To protect the reputation of Allfunds Group by preventing it to be used for laundering illicit proceeds or raising or moving funds in support of terrorism; and
- To contribute to preserve the integrity of the financial system as well as the work of supervisory authorities in addressing money laundering, corruption and in combating the financing of terrorism.

In line with this objective, all entities of Allfunds Group, regardless of their geographical location, must fully comply with the applicable anti-money laundering and terrorism financing legislation. The AML/CTF Programme of Allfunds Group is defined according to the principles and rules contained in:

- The 40 Recommendations of the International Financial Action Task Force (FATF) establishing international standards on combating money laundering and the financing of terrorism and proliferation, of February 2012, updated in February 2016.
- The sound management of risks related to money laundering and financing of terrorism of the Basel Committee on Banking Supervision, of January 2014.
- The European Parliament and Council Directive 2015/849/EC, regarding the prevention of the use of the financial system for money-laundering and the financing of terrorism, of 20th May 2015.
- The Spanish Act 10/2010, on prevention of money laundering and terrorist financing, of 28th April 2010, as amended and updated.
- The Luxembourg Law on the fight against money laundering and terrorist financing, of 12th November 2004, as amended and updated.
- The AML rules and regulations applicable in those jurisdictions where Allfunds Group has established branches and/or representative offices.

Where the AML/CTF requirements in the host country or jurisdiction differ from those above, Allfunds Group shall require that the overseas branch or subsidiary apply the higher of the two standards, to the extent that the law of the host country or jurisdiction so permits

## 2. THE CONCEPT OF MONEY LAUNDERING AND TERRORISM FINANCING

"*Money laundering*" is (a) the conversion or transfer of property, knowing that such property is derived from criminal activity or from an act of participation in such activity, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in such activity to evade the legal consequences of his actions; (b) the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing that such property is derived from criminal activity or involvement in criminal activity; (c) the acquisition, possession or use of property, knowing, at the time of receipt, that such property is derived from criminal activity or from an act of participation in criminal activity; and (d) the participation in, association to commit, attempts to commit and aiding, abetting, facilitating and counselling the actions mentioned in the foregoing points.

"*Terrorism financing*" means the provision, depositing, distribution or collection of funds or property, by any means, directly or indirectly, with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out any of the terrorist offences punishable under the Criminal Code. Terrorism financing shall be regarded as such even where the provision or collection of money or property were carried out in the territory of another State.

## 3. RISK ASSESMENT AND MANAGEMENT

The sound management of risks related to money laundering (ML) and financing of terrorism (FT) require the identification and analysis of the ML/FT risks present within Allfunds Group, and the design and effective implementation of policies and procedures that are commensurate with the identified risks. Such risk analysis should consider the typology of customers, the products and services offered to those customers, the delivery channels of products and services and the jurisdictions within which Allfunds Group's customers do business.

The Board of Directors of Allfunds Bank, S.A.U. approves and supervises the policies and procedures for the management of the ML/FT risks. The Board of Directors appoints an appropriately qualified Global Anti Money Laundering (AML) Officer who will be the Global Head of Compliance of AFB. The Global AML Officer will have the stature and authority within Allfunds Group such that issues raised by him/her receive the necessary attention from the Board, the senior management and the business lines. The Global AML Officer will have the overall responsibility for creating, coordinating and supervising a single group-wide AML/CTF Programme, applicable to all the branches and subsidiaries of Allfunds Group. The Global AML Officer is empowered to give orders to and take the necessary measures for all branches and subsidiaries nationally and abroad, to ensure the fulfilment of all AML/CFT requirements on group-wide basis. The Global AML Officer will inform the Board of Directors in a timely, complete and accurate manner on all issues regarding

the effective management of ML/FT risks, in order to allow the latter to make informed decisions.

## 4. THREE LINES OF DEFENCE

The policies and procedures for customer due diligence, customer acceptance, due diligence and ongoing monitoring developed under Allfunds Group's AML/CTF Programme are specified in writing, communicated to all employees, and include a clear description of their obligations and instructions, and guidelines on how to develop Allfunds Group's activities in compliance with regulations. The business units and all front-office employees are part of the first line of defence, responsible for identifying, assessing and controlling the ML/FT risks. In this context, Allfunds Group implements training plans tailored to the specific responsibilities and/or functions of each employee.

The Global AML Officer – as part of the second line of defence – is responsible for the ongoing monitoring of the fulfilment of all AML/CFT duties by Allfunds Group. (S)he will be the contact point for all internal and external AML/CTF issues and responsible for reporting to the supervisory authorities. The Global AML Officer must have the necessary material, human and technical resources for exercising his/her duties effectively. (S)he will have a direct reporting line to the senior management and the Board of Directors of Allfunds Group.

The third line of defence is ensured by the internal audit function, who will periodically evaluate the effectiveness of compliance with the AML/CTF policies and procedures.