MAINFIRST

Anti-Money Laundering & Counter-Terrorist Financing Policy

MAINFIRST AFFILIATED FUND MANAGERS S.A.

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Anti-Money Laundering & Counter-Terrorist Financing Policy

Content

1 Short description

MainFirst Affiliated Fund Managers S.A. (hereinafter the ”Company”) is a Luxembourg Management Company established under Chapter 15 of the 2010 Law and an AIFM under the terms of the Law of 2013. The Company is acting as Management Company for a number of Luxembourg UCITS and Alternative Investment Funds.

Under the Law of 12 November 2004 on the fight against money laundering and terrorist financing and the FATF International Standards on combating Money Laundering and the Financing of Terrorism & Proliferation, the Management Company on its own behalf and on behalf of the Funds is obliged to organize its operations in order to ensure to the extent possible that it will not be involved in any aspects of Money Laundering (ML) or Terrorist Financing (TF) & Proliferation. Such legal obligations are further specified in a number of acts and regulations a detail of which is provided in Appendix II - Applicable Rules as may be amended from time to time.

With regards to the purpose of the CSSF Circular 20/740, which provides guidance subject to anti-money laundering and counter-terrorism financing (AML/CFT) in relation to the money laundering and terrorism financing (ML/TF) risks and AML/CFT implications of the COVID-19 pandemic, this policy set up appropriate procedures and measures; effective systems and controls to ensure that the Company is not abused for ML/TF purposes.

The Financial Action Task Force (FATF) is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction. The FATF Recommendations are recognised as the global anti-money laundering (AML) and counter-terrorist financing (CFT) standard.

This Policy is set out in writing and the Board of Directors of the Company believes it is appropriate to the size and organisation of the funds and the nature, scale and complexity of the business.

2 Legal background

Luxembourg AML and CTF regulations are drawn from international recommendations and treaties and transposed into national laws, Grand Ducal Regulations, Ministerial Regulations, CSSF Regulations and CSSF Circulars (as amended from time to time).

The Company has appointed the service providers as listed in Appendix V - List of Delegates as depositary bank (hereinafter the “Depositary”) and as Central Administration encompassing Transfer Agent activities (hereinafter the “TA”) of the funds. All service providers listed in Appendix V - List of Delegates are regulated and supervised by the CSSF and, pursuant to its own legal obligations, have established adequate policies and procedures in order to secure proper performance of their AML/CTF related duties. Their proper organisational and

operational AML/CTF set up is disclosed in the respective contractual arrangement with the Company.

3 Internal principles

In order to perform the Company's obligations in terms of KYC, AML and CTF, the Board of Directors of the Company wishes to rely on controls and checks performed by the AML/CFT Controller. The Depositary in its turn may rely on the Company in respect of certain tasks linked to the identification and verification of the fund's investments, buyers/sellers, as well as transaction and activities monitoring.

To this extent, the Board of Directors of the Company names a Dedicated Director from the Management Board as member in charge of AML/CFT matters of the Company.

4 Policy description

4.1. Objectives

The object of this AML/CTF Policy is to set out the internal rules and principles, as well as related actions, which the Company must implement in order to comply with the following obligations:

1. Obligation to perform risk based approach AML/KYC due diligence procedures;
2. Obligation to perform Due Diligence procedures to identify the Beneficial owner of legal persons, companies, and any other arrangements;
3. Obligation to implement measures to identify and fight against money laundering, terrorist financing and the financing of proliferation of weapons and mass destructions;
4. Obligation to perform AML/KYC due diligence to fight against emerging ML/TF threats from COVID 19
5. Obligation to monitor on a permanent basis and pay special attention to certain activities and transactions engaged by the Company (on its own account or on behalf of the Funds) ;
6. Obligation to keep certain records and information ;
7. Obligation to have an adequate internal organization to address the AML/CTF purpose;
8. Obligation to cooperate with the authorities and if required with other relevant external cooperation or authorities (e.g. law enforcement, FIU, supervisors) and other.

4.2. Due Diligence (DD) Obligation

4.2.1 Scope - Due Diligence on Customers

The Company's obligations in terms of "knowing its customers" involves the performance of due diligences on the Company's business partners and counterparties. Due to the nature of the Fund managed by the Company, the due diligence obligations of the Company also encompass the Customers of the Fund.

The Company shall ensure that the DD is performed on each of the following occasions:

- On establishing a business relationship with any direct Customer of the Company or of the Fund, meaning:
    - Investors in the Fund;
    - Intermediaries involved in the subscription and redemption by investors in the Fund - these intermediaries appointed by the Company for the distribution of the Fund all act in a capacity as Nominee on behalf of the client investors;
    - Investments to be acquired;
    - Entities or persons from whom investments are acquired or to whom portfolio investments are sold (i.e. buyers or sellers);
    - Business Partners of the Fund and of the Company including DZ Bank;
- When there is a suspicion of ML or TF, regardless of any derogation, exemption or threshold;
- When there are doubts about the veracity or adequacy of information obtained from Customers regarding their identity.

4.2.2. Scope - Due Diligence (DD) on Investments

The Company's obligations in terms of investments involves the performance of due diligences on the investments held by the Funds. Due to the nature of the Fund, the due diligence obligation only arises for investments that are non-liquid. This includes in particular, but not exclusively, real estate, ownership in companies not being listed and/or companies not being rated or priced.

The Company shall ensure the DD is performed on any occasion where necessary.

4.2.3. DD Modalities

4.2.3.1. DD Measures

The Due Diligence Measures involve the following verifications:

- Identifying the Customer and verifying the Customer's identity on the basis of documents, data or information obtained from a reliable and independent source; (mitigate the impact of a lack of face-to-face contact with clients, customers, counterparts in digital onboarding procedures; using digital ID checks and procedures based on FATF Guidance on digital ID 2020);
- Identifying, where applicable, the beneficial owner and taking reasonable measures to verify its identity, including, as regards legal persons, trusts and similar legal

arrangements, taking reasonable measures to understand the ownership and control structure of the customer;

- Obtaining information on the purpose and intended nature of the business relationship with the Customers;
- Conducting ongoing monitoring of the business relationship including scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the professional's knowledge of the customer, the business and risk profile, including, where necessary, the source of funds and ensuring that the documents, data or information held are kept up-to-date;
- Ad-hoc vigilance towards relationships involving particular risks.
- Mitigation of emerging ML/TF risks from COVID 19 (Cybercrime, Fraud, Corruptions, Trafficking in counterfeit medicines and other goods, robbery, Insider trading and market manipulation
- Cooperation with authorities.

The means by which such controls must be performed will depend on the assessment, which the Company has to make of the ML and TF risk of each Customer relationship, so called "Risk Based Approach".

In response to new and emerging risks, the company implemented effective systems and controls to ensure the Company nor Funds are abused or misused for ML/TF purposes. This includes appropriate internal procedures and measurements for outsourcing controlling.

4.2.3.2. Risk-Based Approach

Whenever entering into a new business relationship the Company shall perform, as the case may be with the assistance of the AML/CTF Controller and of the Nominees, the evaluation of the ML/TF Risk Rating of each Customer, such assessment is notably done on the basis of the following criteria (not exhaustive):

- Country of nationality/origin/incorporation;
- Country of residence/registered office;
- Profession/Industry/activities performed;
- Politically Exposed Person (PEP) status;
- Remote business relationship;
- Any other criteria that the CCO may deem appropriate from time to time.

The Company shall ensure that the outcome of the evaluation is properly documented.

Should the outcome of the evaluation show a higher risk of money laundering or terrorist financing, then Enhanced Due Diligence (EDD) must apply.

In other situations, the Company may conclude on the fact that the business relationship involves very limited risks of money laundering or terrorist financing. In this latter case, The Company may decide to apply a Simplified Due Diligence Process (SDD).

4.2.3.3. Enhanced Due Diligence (EDD) indicators

The Company must apply Enhanced Customer Due Diligence in situations which by their nature or otherwise according to its own judgement, can present a higher risk of money laundering or terrorist financing.

The EDD will notably cover the following situations (non-exhaustive list):

- Non face-to-face entering into business relationship;
- Correspondent banks in non-equivalent countries;
- The client (or beneficial owner or representative) is a PEP;
- Customers and intermediaries involved in the Fund distribution from high risk countries;
- Products, structures or transactions that favour anonymity (such as bearer shares);
- Intermediaries subscribing Fund units on behalf of underlying customers (Nominees);
- Use of complex distribution channels.

In addition to the situations listed above, the Company considers that the profession and the business sector of the Customer are criteria to be taken into consideration in order to define the risk rating of the Customer. In particular, the following sectors are considered as high risk (non-exhaustive list):

- Handles large amounts of physical cash (e.g. casinos, clubs);
- Money service businesses (e.g. bureaux de change);
- Gaming and gambling businesses;
- Computer, high-tech, telecom or mobile sales and distribution;
- Military consultants and companies involved primarily in either arms manufacture or sales;
- Individuals or companies whose operations lead to environmental damage/pollution;
- Companies or individuals who have entered into government contracts;
- Mobile phone dealers, retailers and wholesalers;
- Individuals and companies involved with pornography;
- Time share companies;
- PEP and blacklisted Customers;
- Any other criteria, which the COO may identify as triggering higher risks requiring enhanced Due Diligence and vigilance.

4.2.3.4. Simplified Due Diligence (SDD) indicators

Simplified Due Diligence measures can be applied under the following conditions:

- The Customer is a listed company whose securities are admitted to trading on a regulated market in a country recognized as equivalent;
- The Customer is a credit or financial institution regulated in a country considered as equivalent;
- The Customer is a Luxembourg public authority or body.

The Company must ensure that it obtains, as the case may be with the assistance or through the AML/CTF Controller, sufficient information from the Customer in order to confirm that it falls under one of the above mentioned categories.

The Company must perform as the case may be with the assistance or through the AML/CTF Controller the regular review of such Customer in order to ensure that the categorization remains relevant for each Customer.

Should any suspicion arise on a Customer in due course, then EDD must be applied, and the level of risk of the Customer updated accordingly.

4.2.4. Transaction Monitoring

The monitoring system must cover all the accounts of Customers and their transactions and all transactions of the funds.

The modalities of the Transaction Monitoring activities shall vary according to the category of risks associated to each Customer relationship as per the assessment of risks (Risk Based Approach) made by the Company as described above.

The Company has implemented measures and due diligences of outsourcing partners to freeze without delay the funds or assets of, and to ensure that no funds and other assets are made available, direct or indirectly, to or for the benefit of, any person or entity designated by or under the authority of United Nations Security Council.

4.2.5. Obligation to keep certain records and information

Copies of Customers identification documents, information collected and documented processes must be retained for a minimum of five years from the end of the relationship with the Company.

4.2.6. Adequate internal management requirements

Pursuant to the Rules, the Company shall:

5. Establish adequate and appropriate procedures documenting the processing of their AML/KYC obligations.

6. Ensure that its employees are properly trained to the Rules on a permanent basis.

6.2.2. Obligation to cooperate with the authorities and obligation to report

The Company has to cooperate with the Luxembourg authorities responsible for the fight against ML and TF and is obliged to inform the authorities, without delay, and on its own initiative, of any suspicion of ML and TF of which it becomes aware. The Company is also obliged in this regards to provide, without delay, the Financial Intelligence Unit (FIU) of the Public Prosecutor`s office of the District Court in Luxembourg with all necessary information upon any request from the FIU.

The obligation to inform the authorities even applies when the Company refuses to accept business on the basis of an element of suspicion.

Following a suspicious transaction report to the FIU, the FIU may block and seize funds or assets which are held by the Company.

The Company's employees shall not reveal to the Customer concerned or to any third person that information has been transmitted to the FIU or that an investigation regarding ML and TF has been started. If this prohibition is not respected, the employee will be guilty of tipping off. Tipping off is strictly forbidden.

This however does not prevent the Company, where it discovers an element or circumstance, which could constitute a suspicion of ML and TF to contact the investor and ask for explanations or underlying documentary evidence.

6.3. Reliance on Third Parties

For the purpose of securing that proper AML/CTF measures are in place, the Company will rely on:

- The TA - in respect to identification and verification of the Fund's investors transaction and activities monitoring
- The Depositary - in respect to identification and verification of Fund's investments, buyers/sellers, business partners, transaction and activities monitoring. The Depositary may in its turn rely on the Company with respect to the collection of certain information and documents required as part of its own AML/CTF obligations
- The TA in its turn may, upon instruction of the Company, rely on the Nominees appointed by the Company as distributors of the Fund.

The Company will not rely on third parties established in high-risk countries.

The Company may rely on third parties to meet the requirements of customer Due Diligence measures, provided that obtaining immediately, from the Third Party they rely on, the information referred to be assured. However, the ultimate responsibility for meeting those requirements remain with the Company.

The Company shall take adequate steps to ensure that this Third Party provides immediately, upon request, the necessary documents relating to the customer Due Diligence obligations including, where available, data obtained through electronic identification means, relevant trust services as set out in Regulation (EU) No 910/2014, or any other secure, remote or electronic, identification process regulated, recognised, approved or accepted by the relevant national authorities.

The Company shall also ensure that this Third Party is regulated, supervised and has measures in place in order to comply with the customer Due Diligence and record-keeping requirements of the law.

Where a Third Party acts in accordance with the law it shall make the information requested immediately available to the Company, notwithstanding any applicable rules on confidentiality or professional secrecy.

In this case, relevant copies of identification and verification data, including, where available, data obtained through electronic identification means, trust services concerned as set out in Regulation (EU) No 910/2014 or any other secure, remote or electronic identification process regulated, recognised, approved or accepted by the national authorities concerned and other relevant documentation on the identity of the customer or the beneficial owner shall immediately be forwarded, on request, by the Third Party to the Company.

6.3.2. Reliance on AML/CTF Controllers

6.3.2.1. AML/ CTF Controller compliance framework

The Company ensures that the TA and the Depositary on which it relies while performing DD and Transaction Monitoring, are securing:

- They adopt a Risk Based Approach in line with the Company's instructions from time to time;
- They adopt appropriate measurements and procedures to mitigate the emerging of AML/CTF risk from COVID 19 (CSSF 20/740)
- Adequate AML/KYC Compliance Framework, in particular in terms of the frequency and ongoing vigilance processes;
- Adequate scope of information verified over the KYC process (identification of person, origins of funds, etc.) and documents requested;
- Diligent assessment of the collected documents in line with its own procedures;
- Provide access at all times to the Company to all information and documents requested regarding Fund investors and Business Partners and analysed by them;
- Archive the AML/CTF documents;
- Implement an adequate escalation process in case of AML/CTF issues which allows the Company to be informed promptly and to decide on any actions required to be taken;
- Periodically report to the Company on the AML/CTF activity.

The AML/CTF Controller shall follow the DD process defined in agreement with the Company and will operate at all times under the Company's directions.

6.3.2.2. Tools

The TA and Depositary is required to have a transactions monitoring software, which will be based on rules such as volume, frequency and pattern. The tool must also have a "Case Management System" to document the review of the alerts. All alerts will have to be double-checked, and the related decision-making process documented and filed. Furthermore, it shall be secured, that the Depositary has appropriate procedures and systems to detect whether in every wire transfer the sender and the recipient of the funds are duly identified and will pay a particular attention to transactions received on behalf of Customers if those transactions lack information related to the payer.

6.3.3. Particular case of the Nominees

6.3.3.1. Principle

To the extent the Nominee is sufficiently regulated in a jurisdiction applying EU rules or their equivalent, the Company has no obligation to identify the underlying investors (UBO). The Company's obligations will stop where it is satisfied with the completion of its AML/KYC/CTF checks on the Nominee.

AML/KYC/CTF activities on the Nominee must follow the general rules governing the Identification and ongoing monitoring of the activities of the Fund Customers, i.e. in particular by applying the Risk Based Approach.

6.3.3.2. Exception

By derogation to the foregoing, the Company (through the TA) has an obligation to look-through and identify the underlying investors which hold positions in the Fund or in a Sub-Fund of the Fund representing at least 25% of the units in issue.

In this latter case, the Company still may rely on the Nominee in order to perform the AML/KYC/CTF activities on the underlying unitholder, within the limits and according to the modalities illustrated under Chapter I hereof regarding the reliance on AML/CTF Controller.

6.3.4. Prerogatives retained by the Company

In the context of the Company relying on a Third Party in order to perform part of the AML/KYC/CTF activities, MAINFIRST shall retain responsibility for at least:

- Determining or validating the criteria retained for the categorization of the Customer relationships according to their level of risks as being relevant and adequate to the situation.
- Determining or validating the practical modalities of implementation by the Third party of the different control and monitoring obligations defined by the Rules.
- Ensuring from time to time that the Third Party actually complies with the agreed upon principles and rules defined as relevant and adequate by the Company.
- Arbitrating of any case escalated by the Third Party.

Furthermore, the Company must ensure that the Third Party:

- Reports to the Company periodically, upon the occurrence of certain events or circumstances as well as on first demand of the Company reasonably justified.

- The Company can request the Third Party to receive the documentations regarding the Customers, including the possibility to visit the Third Party on its site.

These guarantees are given through the contractual arrangements in place between the Company and each Third Party.

6.4. Governance

6.4.2. CCO

The Compliance Officer/CCO is primarily responsible for ensuring compliance of the Company with the Rules.

The CCO is the escalation point for the TA, the Depositary, and the Nominees and is responsible for following-up closely on any subsequent remedial action taken by them.

The CCO in close consultation with the Dedicated Director is responsible for reviewing the relevancy and adequacy of the AML/CTF processes established at the level of Third Parties, at least on a yearly basis or following the communication of significant changes of business model or organizational structure.

The CCO ensures that any developments in applicable Rules and new rule components are immediately taken into account and enforced, as soon as they become mandatory.

The CCO is also responsible for ensuring that this Policy remains up to speed of developing regulations, continues to reflect the Company's operating model and that the Policy is amended according to any possible change in circumstances, perception of risks. Such changes will be discussed and validated each time with the Dedicated Director and ultimately ratified by the Board of Directors.

Finally, the CCO is the internal reporting line for staff reporting on suspicious transaction.

Only if the query has not been properly addressed and actions taken by the CCO, the relevant member of staff may directly report the transaction to the FIU.

6.4.3. Conducting Officer - Dedicated Director

The Dedicated Director upon decision of the Board of Directors may also act as the CCO.

The Dedicated Director with the support of the CCO will prepare at least once a year a compliance report (the "Report") to the attention of the Company's Board of Directors on the results of the performance of AML/CTF. The Report shall cover at least the points enumerated under point 318 and 319 CSSF Circular 18/698.

The Report shall be sent to the Board of Directors for approbation each time.

Once a year, the Report must be sent to CSSF within the five months following the end of the year.

The Dedicated Director is also in charge of the transmission and receipt of information to/from the FIU. The obligation of reporting imposed by the law exempts the professional from professional secrecy duties.

6.4.4. Board of Directors

The Board of Directors is ultimately responsible for ensuring proper completion of their obligations by the CCO and the Dedicated Director.

The Board of Directors will also be the escalation point of the Dedicated Director.

The Board of Directors approves the AML/KYC/CTF Policy.

6.5. Monitoring

The quality and appropriateness of the Policy will be monitored on an ex-ante and an ex-post basis by the Compliance Officer and Chief Compliance Officer of the Executive Management Board.

This also includes a review on a regular basis whether the Policy is effective, i.e. whether the processes are applied correctly and whether all legal and regulatory obligations are fulfilled.

6.6. Review of the Policy

The Policy will be amended, if necessary,

a. Annually taking into account the results of the monitoring.

b. Ad-hoc when the results of the monitoring constitute a necessary change.

7. Appendix

7.1 Appendix I - Acronyms

AML:	Anti Money Laundering
BO:	Beneficial Owner
BoD:	Board of Directors
CCO:	Chief Compliance Officer
CDD:	Customer Due Diligence
CSSF:	Commission de Surveillance du Secteur Financier
CTF:	Counter Terrorism Financing
DD:	Due Diligence
EDD:	Enhanced Due Diligence
FATF:	Financial Action Task Force
FIU:	Financial Intelligence Unit of the Public Prosecutor`s office of the District Court in Luxembourg (“Parquet” in Luxembourg)
GDR:	Grand Ducal Regulation
KYC:	Know Your Customer
PEP:	Politically Exposed Person

SDD: Simplified Due Diligence

STR: Suspicious Transaction Report

TA: Transfer Agent

7.2. Appendix II - Applicable Rules

Luxembourg AML/CTF Regulations are drawn from international recommendations and treaties and transposed into national laws, Grand Ducal Regulations, Ministerial Regulations, CSSF Regulations and CSSF Circulars (as amended from time to time).

7.2.2. International Level

The AML framework has been considerably developed both at international and national levels.

First of all, the “FATF 40 Recommendations” set an international standard, which countries should implement through measures adapted to their particular circumstances. From the FATF also, there is the “Methodology 2013”, peer reviews, where members from different countries assess another country.

The European Union has also adopted several texts, which directly impact the Regulations applicable to professionals supervised by the CSSF. Among others:

- Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU
- Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC
- Regulation (EU) 2018/1672 of the European Parliament and of the Council of 23 October 2018 on controls on cash entering or leaving the Union and repealing Regulation (EC) No 1889/2005
- Regulation (EU) 2015/847 of the European Parliament and of the Council of 20 May 2015 on information accompanying transfers of funds and repealing Regulation (EC) No 1781/2006

7.2.3. Luxembourg National Laws, Regulations and CSSF Circulars

The various Luxembourg laws, regulations and CSSF circulars regarding anti-money laundering and counter terrorism financing are available on the CSSF website.

7.2.3.1. AML Laws:

- Law of 25 March 2020 establishing a central electronic data retrieval system concerning payment accounts and bank accounts identified by IBAN and safe-deposit

boxes held by credit institutions in Luxembourg and amending: 1° the Law of 12 November 2004 on the fight against Money Laundering and Terrorist Financing (AML-CFT), as amended; 2° the Law of 5 July 2016 reorganising the State Intelligence Service, as amended; 3° the Law of 30 May 2018 on markets in financial instruments; 4° the Law of 13 January 2019 establishing a register of Beneficial Owners

- Law of 13 January 2019 establishing a register of Beneficial Owners
- Law of 10 August 2018 amending: 1° the Code of Criminal Procedure; 2° the Law of 7 March 1980 on the organisation of the judicial system, as amended; 3° the Law of 12 November 2004 on the fight against money laundering and terrorist financing, as amended; 4° the Law of 25 March 2015 determining the salaries and the advancement conditions and rules for civil servants for the purpose of organising the Financial Intelligence Unit (FIU)
- Law of 10 August 2018 on information to be obtained and held by trustees and transposing Article 31 of Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC
- By the Law of 17 April 2018 implementing Regulation (EU) of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014
- By the Law of 13 February 2018 1. transposing the provisions on the professional obligations and the powers of the supervisory authorities as regards the fight against money laundering and terrorist financing of Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC; 2. implementing Regulation (EU) 2015/847 of the European Parliament and of the Council of 20 May 2015 on information accompanying transfers of funds and repealing Regulation (EC) No 1781/2006;
- By the Law of 12 July 2013 on alternative investment fund managers and 4 – transposing Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010
- 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; implementing United Nations Security Council resolutions as well as acts 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

- Law of 12 November 2004 as amended on the fight against ML and the financing of terrorism, transposing directive 2001/97/EC of the European Parliament and Council of 4 December 2001 modifying the directive 91/308/EEC of the Council relating to the prevention of the use of the financial system for ML purposes and modifying certain legislation

7.2.3.2. Grand Ducal Regulations:

The following Grand Ducal Regulations are currently in force in Luxembourg in the framework of AML:

- Grand Ducal Regulation of 29 October 2010 enforcing the law of 27 October 2010 implementing the UN Security Council resolutions and EU acts on interdiction and restrictive financial measures against certain persons, groups or entities in the context of the fight against financing of terrorism
- Grand Ducal Regulation of 1 February 2010 providing details on certain provisions of the Law of 12 November 2004 on the fight against money laundering and the financing of terrorism

7.2.3.3. Ministerial Regulations:

The Ministry of Finance publishes Ministerial Regulations regarding sanctioned entities on the Memorial A. They are available on the Ministry of Finance website and aim to update the list of persons, entities and groups concerned by interdictions and restrictive financial measures in the context of the fight against financing of terrorism.

The Ministry of Finance is competent regarding questions and interrogations on interdictions and restrictive financial measures, which can be raised by professionals, who are obliged to apply them.

- Ministerial regulations amending Annex I C of Grand-ducal Regulation of 29 October 2010 implementing the law of 27 October 2010 relating to the implementation of United Nations Security Council resolutions as well as acts 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

7.2.3.4. CSSF Regulation:

- CSSF Regulation 12-02 dated 14 December 2012 replacing Circular CSSF 08/387 on the professional obligations for the fight against ML and the TF

7.2.3.5. CSSF Circulars, among others:

- Circular CSSF 18/701 24.10.2018: FATF statements concerning:

  1. Jurisdictions whose anti-money laundering and combating the financing of terrorism regime has substantial and strategic deficiencies;

2. Jurisdictions whose anti-money laundering and combating the financing of terrorism regime requires the application of enhanced due diligence measures proportionate to the risks arising from these jurisdictions;

3. Jurisdictions whose anti-money laundering and combating the financing of terrorism regime is not satisfactory.

- Circular CSSF 18/698 23.08.2018: Authorisation and organisation of investment fund managers incorporated under Luxembourg law. Specific provisions on the fight against money laundering and terrorist financing applicable to investment fund managers and entities carrying out the activity of registrar agent
- Circular CSSF 18/680 23.01.2018: Joint Guidelines of the three European Supervisory Authorities on the measures payment service providers should take to detect missing or incomplete information on the payer or the payee
- Circular CSSF 17/661 24.07.2017: Adoption of the joint guidelines issued by the three European Supervisory Authorities (EBA/ESMA/EIOPA) on money laundering and terrorist financing risk factors
- Circular CSSF 17/660 05.07.2017: Regulation (EU) 2015/847 of the European Parliament and of the Council of 20 May 2015 on information accompanying transfers of funds and repealing Regulation (EC) No 1781/2006
- Circular CSSF 17/650 17.02.2017: Application of the Law of 12 November 2004 on the fight against money laundering and terrorist financing, as amended (hereinafter "AML/CFT Law") and of the Grand-ducal Regulation of 1 February 2010 providing details on certain provisions of the AML/CFT Law ("AML/CFT GDR") to predicate tax offences
- Circular CSSF 15/609 27.03.2015: Developments in automatic exchange of tax information and anti-money laundering in tax matters
- Circular CSSF 13/556 16.01.2013: Entry into force of CSSF Regulation N° 12-02 of 14 December 2012 on the fight against money laundering and terrorist financing - repeal of Circulars CSSF 08/387 and CSSF 10/476
- Circular CSSF 11/529 22.12.2011: Risk analysis regarding the fight against money laundering and terrorist financing (AML/CTF)
- Circular CSSF 11/528 15.12.2011: Abolition of the transmission to the CSSF of suspicious transaction reports regarding potential money laundering or terrorist financing
- Circular CSSF 11/519 19.07.2011: Risk analysis regarding the fight against money laundering and terrorist financing (AML/CTF)
- Circular CSSF 10/495 9.12.2010: Entry into force of the law of 27 October 2010 on the fight against money laundering and terrorist financing
- Circular CSSF 10/486 11.10.2010: Fight against money laundering and terrorist financing: amendment of certain provisions of Circular CSSF 03/113

- Circular CSSF 10/484 26.08.2010: Fight against money laundering and terrorist financing: amendment of certain provisions of Circular CSSF 01/27, as amended
- Circular CSSF 20/740 10.04.2020: Financial crime and AML/CFT implications during the COVID-19 pandemic

7.2.3.6. Cellule de Renseignement Financier Circular:

- FIU - Suspicious operations report guideline applicable from 01/01/2017
- FIU - Freezing of suspicious transactions guideline applicable from 01/01/2017

7.3. Appendix III - AML/CFT definitions

7.3.2. Beneficial Owners

Beneficial Owner shall mean any natural person who ultimately owns or controls the customer and/or any natural person on whose behalf a transaction or activity is being conducted. The Beneficial Owner shall at least include:

a. In the case of corporate entities:

i. Any natural person who ultimately owns or controls a legal entity through direct or indirect ownership of a sufficient percentage of the shares or voting rights or ownership interest in that entity, including through bearer shareholdings, or through *control via other means*, other than a company listed on a regulated market that is subject to disclosure requirements consistent with European Union law or subject to equivalent international standards which ensure adequate transparency of ownership information. A shareholding of 25% plus one share or an ownership interest of more than 25% in the customer held by a natural person shall be an indication of direct ownership. A shareholding of 25% plus one share or an ownership interest of more than 25% in the customer held by a corporate entity, which is under the control of a natural person(s), or by multiple corporate entities, which are under the control of the same natural person(s), shall be an indication of indirect ownership;

1. Control via other means may be determined in accordance with Articles 1711-1 to 1711-3 of the Law of 10 August 1915 on commercial companies, as amended, as well as in accordance with the following criteria:

a) The direct or indirect right to exercise a dominant influence over a customer, on the basis of a contract entered into with that customer or of a clause of the articles of association of that customer, where the law governing that customer allows being subject to such contracts or such statutory clauses;

b) The fact that a majority of the members of the administrative, management or supervisory bodies of the customer, in office during the financial year as well as the preceding financial year and until the preparation of the consolidated financial statements, were appointed through direct or indirect exercise of the voting rights of one natural person;

c) The direct or indirect power to exercise or the actual direct or indirect exercise of a dominant influence or control over the customer, including the fact that the customer is placed under a single management with another undertaking;

d) An obligation, under the national law to which the parent undertaking of the customer is subject, to prepare consolidated financial statements and a consolidated management report;

ii. If, after having exhausted all possible means and provided there are no grounds for suspicion, no person under point (i) is identified, or if there is any doubt that the person(s) identified are the beneficial owner(s), any natural person who holds the position of senior managing official.

b. in the case of fiducies/Trusts and trusts all following persons:

i. The settlor(s);

ii. The fiduciaire(s) or trustee(s);

iii. The protector(s), if any;

iv. The beneficiaries, or where the individuals benefiting from the legal arrangement or entity have yet to be determined, the class of persons in whose main interest the legal arrangement or entity is set up or operates;

v. Any other natural person exercising ultimate control over the fiducie or trust by means of direct or indirect ownership or by other means;

c. In the case of legal entities such as foundations, and legal arrangements similar to trusts, any natural person holding equivalent or similar positions to those referred to in point (b).

Article 1 (2) of the Grand-Ducal Regulation 01/02/2010, providing details on certain provisions of the amended law of 12 November 2004 on the fight against ML and TF, provides additional details on the definition of a Beneficial Owner:

- Reasonable measures should be taken to verify the Beneficial Owner's identity using relevant information or data obtained from a reliable source.
- The professional should determine whether the customer is acting on behalf of another person and take reasonable steps to obtain sufficient identification data to verify the other person's identity.
- For legal persons, identify the ownership and control structure (with the natural persons who ultimately own or control the customer).

Article 23 of the CSSF Regulation n° 12-02 of 14 December 2012 on the fight against ML and TF specifies that the minimum shareholding or control requirements of 25% do not need to be reached in order to qualify a natural person as a Beneficial Owner.

7.3.3. Money Laundering (ML)

- Knowingly facilitating by any means the false justification of the source of the property constituting the object or the direct or indirect proceeds, or constituting a patrimonial benefit of any nature whatsoever from one or several of the designated predicate offences;
- Knowingly assisting in a placement, dissimulation or conversion transaction of property constituting the object or the direct or indirect proceeds, or constituting a patrimonial benefit of any nature whatsoever from one or several of the predicate offences;
- Having acquired, held or used the property constituting the object or the direct or indirect proceeds, or a patrimonial benefit of any nature whatsoever from one or several of the predicate offences, knowing, at the time they received them, that they originated from one of the designated offences or from the participation in one or several of these offences.

7.3.4. Politically Exposed Persons (PEP)

- Natural persons who are or have been entrusted with prominent public functions and family members or persons known to be close associates, of such persons.
- "Natural persons who are or have been entrusted with prominent public functions" shall mean all natural persons, including:

  a. Heads of State, heads of government, ministers and deputy or assistant ministers;

  b. Members of parliament or of similar legislative bodies;

  c. Members of supreme courts, of constitutional courts or of other high-level judicial bodies, the decisions of which are not subject to further appeal, except in exceptional circumstances;

  d. Members of courts of auditors or of the boards or directorates of central banks;

  e. Ambassadors, chargés d'affaires and high-ranking officers in the armed forces;

  f. Members of the administrative, management or supervisory bodies of State-owned enterprises;

  g. Important officials and members of the governing bodies of political parties;

  h. Directors, deputy directors and members of the board or equivalent function of an international organization;

  i. The natural persons exercising the functions included in the list published by the European Commission based on Article 20a(3) of Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purpose of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC, hereinafter referred to as "Directive (EU) 2015/849".

None of the categories set out in (a) to (h) above shall be understood as covering middle ranking or more junior officials.

- "Family members" shall mean all physical persons, including in particular:
  a. The spouse;
  b. Any partner considered by national law as equivalent to the spouse;
  c. The children and their spouses, or partners considered by national law as equivalent to a spouse;
  d. The parents;
  e. The brothers and sisters.
- "Persons known to be close associates" shall mean all natural persons, including:
  a. Any natural person who is known to have joint beneficial ownership of legal entities or legal arrangements, or any other close business relations, with natural persons who are or have been entrusted with prominent public functions;
  b. Any natural person who has sole beneficial ownership of a legal entity or legal arrangement which is known to have been set up for the benefit de facto of natural persons who are or have been entrusted with prominent public functions.

NOTE: both domestic and foreign PEPs will need to be considered.

7.3.5. Predicate offenses

ML presupposes the existence of a predicate offence whose object or proceeds may give rise to a ML offence:

- Involvement with an organized criminal gang and a racket;
- Terrorism, including financing thereof;
- Terrorist attacks against persons who benefit from international protection;
- Human trafficking or illicit trafficking of immigrants;
- Sexual exploitation, including of minors;
- Illicit trafficking in narcotic drugs and psychotropic substances;
- Arms and weapons trafficking;
- Illicit trafficking in stolen goods and other goods;
- Corruption;
- Fraud and swindle (including bankruptcy);
- Forgery of money;
- Forgery and product piracy;

- Crimes and misdemeanors against the environment;
- Murder and bodily harm;
- Kidnapping, illegal detention and taking of hostages;
- Theft;
- Smuggling;
- Extortion;
- Forgery;
- Piracy;
- Insider dealing and market manipulation;
- Fraudulent balance sheet;
- Aggravated tax fraud;
- Tax swindling;
- Any other offence incurring a minimum six-month custodial sentence under Luxembourg law.

ML offence occurs even where the predicate offence has been committed abroad, provided however that such offence constitutes a predicate offence both in Luxembourg and abroad.

7.3.6. Representatives

- Legal representatives of customers who are incapacitated natural persons;
- Natural or legal persons authorized to act on behalf of customers by virtue of a proxy;
- Persons authorized to represent customers which are legal persons or legal arrangements in their relations with the professional.

7.3.7. Terrorism Financing (TF)

Providing or collecting by any means, directly or indirectly, unlawfully and intentionally, funds, assets or properties of any nature, 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 an act of terrorism or taking hostages, even if they have not actually been used to commit one of these offences.

7.3.8. Third parties

Third parties are all professionals listed in Article 2 of the law of 12 November 2004 (as lastly amended by the law of 25 March 2020), the member organisations or federations of those professionals, or other institutions or persons situated in a Member State or third country that:

a. Apply customer due diligence requirements and record-keeping requirements that are consistent with those laid down in this law and in Directive (EU) 2015/849; and

b. Have their compliance with the requirements of this law, Directive (EU) 2015/849 or equivalent rules applicable to them, supervised in a manner consistent with Chapter VI, Section 2 of Directive (EU) 2015/849.

7.4. Appendix IV - Suspicious transaction reporting form

"Suspicious Transaction Report relating to Anti-Money Laundering and Combating the Financing of Terrorism"

The obligation to report suspicious transactions shall apply regardless of whether those filing the report can determine the predicate offence. Employees are required to inform without delay, on their own initiative, when they have knowledge, suspicion or reasonable grounds to suspect that money laundering or terrorist financing is being committed or has been committed or attempted, in particular in consideration of the person concerned, its development, the origin of the funds, the purpose, nature and procedure of the operation. This report must be accompanied by all supporting information and documents having prompted the report.

The report can only be submitted via GoAML. The company has a direct access to that platform.

7.5. Appendix V - List of Delegates

The list is available at the company's registered office.

7.6. Appendix VI - Glossary

AML/CFT Controller:	Means the Transfer Agent and Depositary of the Funds as listed in Appendix V - List of Delegates.
Board of Directors:	Means the governing body of MainFirst Affiliated Fund Managers S.A.
Chief Compliance Officer (CCO):	Means the person appointed by the Management Board and approved by the Board of Directors of MainFirst as person in charge of compliance with AML/CFT regulations.
COVID 19:	Coronavirus disease (COVID-19) is an infectious disease caused by the SARS-CoV-2 virus
Customers:	Investors, counterparties and business partners
Dedicated Director:	Means the member of the Management Board appointed by the Board of Directors as member in charge of AML/CFT matters.
Fund(s):	Means each and all of the OGAW and AIF in relation to which MainFirst is acting as Management Company.
Management Board:	Means the committee formed by the Management Board of Directors of MainFirst.
Management Company:	Means MainFirst Affiliated Fund Managers S.A., subject to Chapter 15 of the Law of 17 December 2010 relating to undertakings for collective investment (the "2010 Law"), acting as Management Company of the Funds.

Nominee:	Means any intermediary appointed by MainFirst which is distributing the Funds on behalf of MainFirst acting in a capacity as Nominee as per definition of the CSSF Circular 18/698.
Portfolio Investment:	Means the infrastructure company held by the funds.
The Rules:	Means the current set of EU Directives, Luxembourg Laws, Regulations and Circulars governing AML/KYC/CTF obligations of MainFirst, as listed in Appendix I - Acronyms hereto.
Third Party:	Means Clients and any Counterparts