BRYAN, GARNIER & CO

Anti Money Laundering Policy

Approach to Anti-Money Laundering and Counter-Terrorist Financing

General introduction

BRYAN GARNIER & CO. LIMITED ("Bryan Garnier", the "Company") is required by law to take all reasonable steps to detect, prevent, and report instances of money laundering and terrorist financing in relation to its activities and operations.

In compliance with the applicable provisions (defined below), the Company must implement a risk-based approach that is proportionate to the nature, size, and complexity of its business.

The UK has had legislation in place since the early 1990s aimed at preventing and detecting money laundering. There is a similar regime in place, paralleling the anti-money laundering regime, aimed at detecting, and preventing the financing of terrorist activities ("AML"). Most other major countries in the World have adopted similar approaches to the prevention and detection of both money laundering and the financing of terrorism.

The scope of the legislation has developed over the years and now covers the business activities undertaken in the whole of the UK's financial services sector as well as, amongst others, accountants and solicitors in practice, tax advisers, estate agents and casinos.

Legislation

The current AML legislation in the UK consists of the following primary sources:

- the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (SI 2017/692),
- the Proceeds of Crime Act 2002,
- the Serious Organised Crime and Police Act 2005,
- the Terrorism Act 2000
- the Anti-Terrorism, Crime and Security Act 2001, and
- the Sanctions and Money Laundering Act 2018

Each may be amended from time to time by the competent authorities.

There are sundry other minor pieces of legislation also in current force.

Regulation

The UK financial national competent authority is the FCA. The FCA has had responsibility for overseeing the compliance by regulated firms with their anti-money laundering obligations longer than any other regulatory body. Most other regulators provide guidance to their members on how to comply; the FCA ceased doing this as from 2006 but instead relies on member firms being aware of and following guidance issued by a body called the Joint Money Laundering Steering Group, the JMLSG (www.jmlsg.org.uk).

The JMLSG is made up of 18 trade association members from the financial services sector. The FCA has just a few high-level actual rules relevant to the prevention and detection of money laundering and countering the financing of

terrorism. The overall purpose of these rules is to place prime responsibility for compliance at the senior manager level in a firm, the board in a company, the partners in a partnership, etc.

Client Onboarding

It is fundamental that Bryan Garnier knows the customers for whom it does or intends to do business. It is important in terms of assessing the reputation risks in dealing with a particular client; assessing the level of sophistication of the client and an understanding of the investment product and therefore the degree of protection that he is due under the Financial Services & Markets Act 2000; and not least as part of Bryan Garnier's statutory obligations under the Money Laundering Regulations (see money laundering awareness).

All systems and controls to combat financial crime focus on the Customer Due Diligence ("CDD") obligation which essentially consists of knowing the client, knowing the client's expected business patterns, and monitoring the client's transactions and activities. Having sufficient KYC information on clients minimises the risk of being used for illicit activities and protects against fraud. It also enables suspicious activity to be recognised.

The client due diligence process ensures the Company is reasonably satisfied that clients are who they say they are, to know whether they are acting on behalf of another, and that there is no legal barrier (e.g., government sanctions) to providing them with the product or service requested; and to enable the Firm to assist law enforcement, by providing available information on clients or activities being investigated.

Prior therefore to entering into any business relationship with a client, the Company will ensure that it has sufficient information on the client, i.e., there is evidence on file to confirm that, firstly, the client has been identified and, secondly, that the nature of the business the client is expected to undertake, including the expected or predictable pattern of transactions. This will enable the firm to identify suspicious clients and transactions and for these suspicions to be reported to the appropriate authorities.

For the purposes of the Company's anti-money laundering procedures a client is any person or entity who is engaged in, or who has contact with the Company with a view to engaging in, any transaction (which includes the giving of advice and any other business or service undertaken in the course of carrying on a regulated activity) with the Company. All such clients have to be identified and verified as part of the Customer Due Diligence process.

For each Customer Due Diligence client, the Company will complete:

A KYC file note which provides information on why the client is setting up an account and where the funds will be coming from.

Completed Identification Verification Form(s) which will include a risk assessment of the client and the business to be undertaken. Additional verification evidence will be required where the risk assessment indicates that there is a higher than standard risk for that client and/or business. The Identification Verification Form(s) are:

- corporate/unincorporated businesses & partnerships
- regulated corporates
- pension funds
- individuals
- trusts
- introduced clients

For certain types of clients, the Company is exempt from the requirement to obtain complete identification information but supporting evidence to support this exemption will still be obtained and recorded. The Company will however need to obtain sufficient evidence to support the exemption. These are:

An FCA regulated firm authorised to carry out deposit taking, investment, insurance, or intermediary services: or

A non-UK financial institution that is subject to the EU Money Laundering Directive or is based in a country with "equivalence" status. DEMO COMPANY will use guidance issued by the JMLSG to determine whether a country has equivalence status.

Where the Company utilises other brokers to execute transactions on behalf of the Company's clients, then the broker will generally be treated as a client of the Company for Customer Due Diligence purposes and the Company will carry out appropriate procedures to establish the identity, regulatory status, and credit worthiness of the broker. This due diligence will be evidenced on the Brokers ID Form.

Bryan, Garnier & Co. is legally responsible for the Paris office' compliance with FCA standards and UK Money Laundering Regulations (not to mention existing or future European norms in these matters or with regards to tax-avoidance and/or other fraud or market/other misbehaviour controls).

The Paris offices must make sure that a copy of all client documentation files is forwarded to the London office as soon as each is received.

This includes:

The documentation/identification request letter or email (a hard copy must always be addressed to a prospective client, in addition to any email or fax) sent out to a prospective client,

and a copy of the prospective client's latest audited reports and accounts, as well as of all other relevant corporate (or other) documents and data.

All such mail should be addressed to Bryan Garnier & Company's Compliance Officer in London.

A copy of such client documentation files must be kept in the Paris office as well, without any restriction to any other applicable requirements pursuant to national laws and regulations.

If sufficient documentation cannot be obtained on a client, the Money Laundering Reporting Officer should be informed immediately, so that he can decide which steps to take next.

Education and Reporting

The Company has designated a Money Laundering Reporting Officer, who is responsible for compliance with statutory money laundering obligations and to whom any suspicions or knowledge of money laundering should be reported.

All staff will be given basic education on their statutory obligation to vet possible money laundering and staff whose duties include handling relevant business will be made aware of procedures to prevent money laundering and how to detect suspicious transactions.

The Money Laundering Reporting Officer will be responsible for carrying out a preliminary investigation of any suspected money laundering and reporting the matter to the Police Force's National Criminal Intelligence Service should he conclude that the circumstances justify it. In the event of a money laundering investigation being commenced, it is important that no action is taken which would alert the person suspected of such activities (such "tipping-off" is an offence). Client confidentiality is not relevant in this context and should not prevent notification to the police.

Record Keeping Requirements

A record must be kept of the nature of the evidence obtained for identification purposes together with a copy (or information enabling the Company to obtain a copy) of the evidence. This record should be retained for a period of

at least 5 years after the completion of all one-off transactions or the ending of the business relationship (or the commencement of proceedings to recover debts payable on insolvency).

Records of all transactions carried out by the Company in the course of its investment business must also be retained for the same period. The Company must also retain a record of, or have ready access to a record of:

- the name and address of each prospective client wanting to do business with the Company.
- the form, source and destination of funds and investments and the form of instruction or authority; and
- any facts giving rise to a suspicion of money laundering, even if thought to be ill-founded.

In situations where the records relate to on-going investigations, or transactions which have been the subject of a disclosure, they should be retained until it is confirmed that the case has been closed.

Managerial Responsibilities

In broad terms, there are five obligations for senior management in a firm subject to the Money Laundering Regulations, which includes firms carrying out investment business.

The first of these is to appoint a suitable person to deal with receiving and processing Suspicious Activity Reports (SARs). In law, this person is referred to as the Nominated Officer but, for historic reasons, will invariably been known by the more meaningful title of Money Laundering Reporting Officer.

Next, management must arrange the putting in place of systems, controls, and procedures to prevent money laundering and to counter the financing of terrorism. To start meeting this obligation, management must produce and sign off an assessment of the money laundering risks for their business, broken by types of customers/clients, the types of products and services offered, how the services are delivered and geographic risks. Doing this produces base standards from which all of the policies, systems, controls, and procedures can then be developed.

Management's third obligation is to ensure that adequate CDD is undertaken on all new business relationships before business commences for them. The CDD obligation has been much more clearly defined in law since the latest Money Laundering Regulations than has previously been the case and the obligations are now tougher, including the requirement to keep due diligence records up to date for as long as the relationship lasts.

Significant importance is attached to the training obligation coming from Regulation 21 of the Money Laundering Regulations; it is bolstered by FCA rules relating to training and competence. This requirement covers all relevant staff, this includes management and everyone else who could ever find themselves, in the course of doing their jobs, being suspicious of money laundering. Thus, secretarial and HR staff need to be included and enough instances exist of firms' receptionists becoming suspicious to warrant including such staff in the training obligation.

Staff are required to be trained on matters relating to anti money laundering and countering the finance of terrorism when they join the firm and at appropriate intervals thereafter. What intervals are appropriate are down to management to determine and different intervals may be appropriate for different jobs in a firm.

The fifth management responsibility for management is to keep records. There are only two explicit record keeping obligations in the Money Laundering Regulations. These are to keep Customer Due Diligence records until at least 5 years after the relationship has ended and transaction records for a minimum of 5 years after the transaction has been completed. Other record keeping requirements can exist in parallel form as a result of other legislative requirements (including fundamental corporate records to comply with Companies Acts and records relating to payroll issues for HM Revenue & Customs) and many more are simply a matter of common sense.

If senior management fail in any of these responsibilities, the firm can be fined, and the individual managers can be fined or sent to prison for up to 2 years or both.

Personal Responsibilities

The following information about individual, personal responsibilities applies to management and staff alike; references to money laundering should be read as applying equally to terrorist financing.

Whenever someone knows or suspects money laundering, they must report that promptly to their firm's Nominated Officer/Money Laundering Reporting Officer. The law also requires that a report be made when there are reasonable grounds to know or suspect. This means that someone who does not make a report can still be prosecuted when they did not know or suspect, a court can decide that there were reasonable grounds from which an accused person ought to have known or suspected and therefore should have made a report. It is no defence to a charge of failing to report to claim no knowledge or suspicion when there were reasonable grounds, as judged by a court.

Making a report discharges a statutory obligation and avoids the risk of being charged with failing to report. The potential penalty for failing to report is a fine or up to 5 years in prison or both.

Under no circumstances may anyone be a money launderer in their own right. They do not have to have committed the original crime and thereby acquired, taken possession of or control over such assets. Money laundering also includes any activity – which could be doing the normal day-to-day job – which assists a money launderer. Further, simply giving advice or guidance to a money launderer, so that their money laundering is progressed by them, is also money laundering. Taken together, these three represent what are known as the primary money laundering offences.

There is another condition that has to be met before anyone, be they the original criminal or not, can be accused of being a money launderer. That condition is that they must know or suspect money laundering and fail to report that knowledge or suspicion. Thus, making a report, as soon as knowledge or suspicion is identified keeps a person on the right side of the law. Failure to do so can make the person liable not just to the failure to report offence (including the 'reasonable grounds' test) but also to penalties for being a money launderer which can be a fine or imprisonment up to 14 years or both.

The Tipping Off offence's name is pretty well self-explanatory. If someone is aware, following submission of a Suspicious Activity Report (SAR), either from themselves or by someone else, then it is a criminal offence to cause the person under suspicion to become aware of that fact. Awareness can come by anything that is said or done and communication can be directly to the suspected person or via an intermediary. The effect of such an unauthorised disclosure to the suspected person is to compromise an actual or potential investigation of the suspicion by law enforcement. The penalties for the tipping off offence are a fine or up to 2 years in prison or both.

The summary above represents the anti-money laundering criminal offences to be avoided by management and staff. All should be aware of the absolute necessity of complying with their own firm's anti money laundering regime in all of its aspects. An employer would be expected to invoke disciplinary processes in the event that an employee fails to comply. This could lead to allegations of gross misconduct and potentially to dismissal.