

CLIENT ACCEPTANCE AND ANTI-MONEY LAUNDERING PROCEDURES

ABN AMRO – ODDO BHF B.V.



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1. Background

The JV has been created by ABN AMRO and ODDO BHF to address mainly the Dutch market for the Equities business. On the Equity Research side, the JV will concentrate on covering (mainly) Benelux stocks. The E research product and JV will be branded “ABN AMRO – ODDO-BHF”. This will be true for research on all Benelux stocks, also if produced outside the JV (i.e. by ODDO BHF), as well as for research on non-Benelux stocks covered by the JV. On the equity sales and equity sales-trading side, the JV will concentrate on serving institutional clients (mostly in the UK, the US, the Benelux, and Germany) by providing and selling the “ABN AMRO – ODDO BHF”-branded research product and providing services to ABN AMRO regarding ABN AMRO originated ECM deals in cooperation with the ODDO BHF salesforce. The JV will only receive orders, which it will transmit for execution to the ODDO-BHF platform in Paris. The JV is regulated by both the Dutch regulators, the AFM and DNB.

2. Introduction

The JV is subject to the Dutch law regarding Anti Money Laundering (Wet ter voorkoming van witwassen en financieren van terrorisme or "Wwft"). Therefore, the JV has put in place strict anti-money laundering ("AML") rules which are applicable to its investment services.

3. Objectives

The purpose of these procedures is to establish the general AML framework for the fight against money laundering and terrorism financing throughout the JV. These global rules will be then detailed in different procedures.

3. Definitions

Money laundering

Money Laundering is the process by which large amounts of illegally obtained assets (e.g. money) are infiltrated into the legal circuit of finance and economy in order to disguise the illegal source and to give it the appearance of legitimacy. Generally speaking, the money laundering process consists of three stages (see below).

Placement

The introduction of illegally obtained money or other valuables into financial or nonfinancial institutions.

Layering

Separating the proceeds of criminal activity from their source through the use of layers of complex financial transactions, with the purpose to disguise the audit trail and provide anonymity.

Integration

Illegal proceeds (now disguised) are integrated into the legitimate economy so that they appear to be regular business funds.

Terrorism financing

Is the provision or collection of funds and other assets, by any means, directly or indirectly, with a view to, or in the knowledge that those means will be used in full or in part by a terrorist organization or by a terrorist acting alone, even without any connection to a particular act of terrorism.

4. Governance

The Risk & Compliance Officer is the AML responsible officer and reports directly to the Management Board.

5. Minimum standards



Following standards are to be considered as minimum requirements for all the procedures and policies of the JV and are elaborated in more detail rules with respect to “Know Your Customer” and “Transactions Monitoring”.

6.1. *AML Risk Assessment*

In accordance with the current EU AML Directives on the prevention of the use of the financial system for the purposes of money laundering or terrorism financing (Directive 2015/849) and Wwft and as part of JV's risk-based approach, the JV is required to assess the risks of money laundering and terrorism financing, taking into account risk factors relating to their customers, countries or geographic areas, products, services, transactions and delivery channels. These AML risk assessments are documented, kept up-to-date and made available to group compliance and local competent authorities.

6.2. *Know Your Customer (KYC)*

6.2.1. *Customer Identification and Verification*

The JV will delegate the KYC due diligence to ODDO BHF that has established standards regarding Know-Your-Customer. These standards require due diligence on each prospective customer before entering into a business relationship:

- Identification and verification of their identity and, if applicable, their representatives and beneficial owners based on documents, data or information obtained from a reliable source.
- Obtaining information on the purpose and intended nature of the business relationship.
- The JV does not allow its entities to open anonymous accounts.

6.2.2. *Individual Risk Assessment*

The factors considered for the individual risk assessment and classification of our customers on a risk-sensitive basis are the ones that are in scope of the risk assessment as mentioned above and relate to the same categories of risk: risk associated to the entities' business lines; risk linked to the product or service offered to the customer; risk linked to the economic activity of the customer; geographical risk as defined in ODDO BHF Group country list. The JV should at least have three levels of risk: High, Medium, and Low.

Examples of such risk factors that the JV is taking into account to assess customers' ML/TF risk are: the home country or country of residence or registration; the nationality; the profession; the economic activity; the appearance on sanction lists; the PEP-status (politically exposed persons) of customers, representatives and beneficial owners; the delivery channel (face-to-face or remotely with or without safeguards); the source of wealth; the type of customer; the tax evasion risk; the type and size of payments that could be expected.

6.2.3. *Customer Acceptance Procedures*

The ODDO BHF group to which the KYC part has been delegated under the control of the Risk & Compliance Officer organizes a Compliance Acceptance Committee (CLAC) that centralizes high-risk client acceptance at group level. Examples of business relationship that should be submitted for CLAC approval:

- Concerns PEPs (Prospect, UBO).
- Concerns prospect residing in high risk countries as defined in ODDO BHF Group country list.

The ODDO BHF compliance rulebook provides more details on the business relationship that should be submitted to the CLAC approval and details prohibited business relationships.

6.2.4. *Ongoing Customer Due Diligence*

Periodic and risk-based reviews are carried out to ensure that customer-related documents, data or information are kept up to date following the frequency defined by the JV AML Procedures.

6.3. *Monitoring of Transactions*



The Risk & Compliance Officer ensures that ongoing transaction monitoring is conducted to detect transactions that are unusual or suspicious compared to the customer's risk profile.

Each business line (first line of control) monitors all customers and their transactions and applies an enhanced due diligence on those customer's transactions that are considered as a higher ML/TF risk due to the client risk profile or the transaction itself.

The first line of control is supplemented by a risk-based second line of control, including an increased monitoring of transactions of customers regarded as a higher ML/TF risk performed by the compliance department.

6.4. *Record keeping*

Records of KYC data obtained for the purposes of the prevention of money laundering and terrorist financing are processed and kept in accordance with the requirements and should be kept at least seven years after the termination of the business relationship.

7. **Organisation of internal control**

7.1. *Unusual Transactions Reporting (STR)*

The JV Compliance Officer is the person responsible for sending unusual transaction report to the FIU NL. The reporting of unusual transactions must comply with the laws and regulations of the Dutch Law.

7.2. *Procedures*

The JV has implemented AML/CTF rules, including minimum KYC standards, into operational procedures taking into account their type of activities, their volume and their size together with the Dutch legal and regulatory requirements.

7.3. *Training*

The JV has developed a coherent training program, including follow-up trainings on a regular basis (e.g. in-class trainings, E-learning, webinars, etc.), in order to create and maintain a satisfying AML/CTF awareness. The content of this training program has to be worked out in accordance with the kind of business the trainees are working for and the kind of functions they hold.

7.4. *Compliance Monitoring Program*

The implementation of the JV compliance rules is subject to control by the ABN AMRO audit function in the course of their regular controls. Additionally, the shareholders' compliance departments work on ongoing convergence of procedures. The ODDO BHF compliance team may carry out controls on the proper implementation of Group Compliance Rules in its subsidiaries in compliance local regulations.

7.5. *Reporting*

AML/CTF issues and activity reports are submitted on a regular basis to the Management Board and might be discussed in quarterly Group compliance meeting – Meeting put in place with all the AML team of the subsidiaries.

8. **Exchange of information**

The JV should share with its shareholders, when permitted by local regulations:

- The content of their FIU reports including the name of the customer.



- The name of customer for which the business relationship was terminated for AML-CTF reasons.
- The name of customer they refused to enter in a business relationship with for AML-CTF reasons.