

AML/CFT by Arendt

RC/AML-CFT compliance officer: a pivotal role in anti-money laundering and counter terrorist financing efforts

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WHO AM I?

Registered IFMs, authorised IFMs, UCITS, SIFs, SICARs, RAIFs (supervised by the AED for AML matters), other unregulated AIFs

Article 4 (1) of Law of 12 November 2004

Art. 40 et seq. of the CSSF regulation No. 12-02

CSSF FAQ of 25 November 2019

Investment funds and managers must implement a series of robust measures and controls to combat money laundering (AML) and terrorist financing (CFT), including the mandatory appointment of a *responsable du contrôle du respect des obligations* (RC) and AML-CFT compliance officer.

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WHAT ARE MY CHALLENGES ?

- The mandatory appointment of a RC/AML-CFT compliance officer
- Increasing scrutiny on RC/AML duties by the regulators
- Growing complexity of RC/AML duties such as framework definition (policies, procedures, risk appetite statement...), controls and oversight, and reportings
- Strong expertise needed internally and robust control framework system to cope with fast-evolving regulatory requirements and market changes in order to adapt AML/CFT framework and risk-based approach
- Extended scope of counterparties to monitor (clients, delegates, service providers, assets, transactions, etc.), controls to perform and document and methodologies to apply

Investment funds are required to adapt to several clarifications over anti-money laundering (AML) and combatting terrorism financing (CFT) obligations. “AML/CFT competent authorities recently provided very interesting feedback via investment fund managers and fund industry conferences, industry surveys and the sub-sectorial

national risk assessment, on the way in which regulation in force is applied,” explains Christophe Lentschat, Arendt Fund Solution Director. Pursuant to the 2004 law, investment firms and AIFMs are legally required to appoint both a *responsable du respect* (RR) and a *responsable du contrôle* (RC) to oversee compliance with the aforementioned requirements.

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HOW CAN WE HELP YOU?

Providing experienced individuals to act as RC/AML-CFT compliance officer

Helping the RC perform AML/CFT duties

Regular review and update of AML/CFT framework

Annual AML/CFT risk assessment

Periodic and ad hoc written reports to the management/board of directors

Know your Clients

Know your Transactions

Know your Counterparties

Know your Assets

Annual AML/CFT training

Summary report on RC's activities and operations

Serving as the central contact with the Luxembourg authorities for AML/CFT purposes

Documenting controls

“This represents a major organisational and operational challenge for investment firms, especially for the RC role, explains Christophe Lentschat. The latter must be appointed, meet numerous eligibility criteria and ensure that a complete framework of measures is put in place and well documented with regular reporting and evidence of the controls performed. Remember, an undocumented control cannot exist.”

Procedures to reinforce include distributor due diligence (Know Your Distributor) – especially for cross-border distribu-

tion of UCITS, and asset due diligence (Know Your Asset). “Implementing controls and procedures involves data collection and analysis, as well as risk assessment and, where appropriate, proper risk mitigations to ensure a sound and robust risk management, all while taking into account asset classification. This requires specialist skills and appropriate tools,” explains Nicolas Descharmes, Head of Internal Compliance Product Solutions.

Smart solutions

With this in mind, Arendt group offers dedicated services for investment

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THE ADDED VALUE OF ARENDT

A multidisciplinary team of legal professionals, regulatory/compliance experts and corporate services specialists to help address any and all AML/CFT concerns

Proven methodologies delivered by a regulated Luxembourg PFS

Experienced individuals to serve in the role of RC

A highly skilled support team to assist RCs in their duties

A digital platform generating transparent, up-to-date reports

For further information, please contact us at rc@arendtservices.com or arendt.com

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