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## **A. Client Acceptance & Recertification Procedures**

In order to comply with various Know Your Client (“KYC”) requirements from regulators and from BNPP policies, it is mandatory for the Bank to enter into a due diligence process when starting a relationship with a new client to make sure:

- The prospective client, subject to Vigilance / Safewatch scanning, is not listed as sanctioned individuals/entities, terrorist, money launders and criminals according to the various lists issued by the Authorities in Hong Kong, Singapore, United States, Europe or elsewhere.
- The operations to be booked will not be used as a cover for money laundering, terrorism financing or sanctioned individuals/entities.

Moreover, the Bank would not accept the following clients:

- Clients whose integrity / reputation are questionable.
- Clients who refuse to provide the required information and/or who provide inaccurate information.

In addition, all employees of BNP Paribas and its affiliates are required to:

- Refrain from engaging in any activity, or have any formal or informal policies and procedures in place, directing, encouraging, or assisting account holders with respect to strategies as preliminary action to avoid identification of their accounts as U.S. accounts under the procedures that could be set forth for implementation of the FATCA statute.
- Refrain from advising U.S. account holders on how to avoid having their accounts identified.
- Details please refer to the Group Policy on ‘FATCA Anti-avoidance Procedure’.

## **1 Starting A Relationship with New Clients and Due Diligence**

### **1.1 RM’s Responsibilities**

- Each client is assigned to a Relationship Manager (RM) who is responsible for the Customer Due Diligence (CDD), on-going monitoring, follows up any irregularities and performs account recertification periodically.
- RM has to strictly adhere to an instruction on the US FATCA statute issued by Head Office Group Compliance and Group Tax.

#### **1.1.1 At Account Opening**

- RM must exercise care in selecting clients. They should insist on proper identification, information and documentation regarding clients’ professional or business activities, background information. In this regard, RM has to check the true identity of the client and all account parties and the legal capacity of the company according to the law and regulation in force.
- RM must prepare the documentation, i.e. Client Acceptance Form (“CAF”) / equivalent client profile, for the approval of the client by the Client Acceptance Committee (“CAC”), and for the performance of the Customer Due Diligence at Account Opening.

### 1.1.2 Meeting with clients

Client (i.e. Individual Account holder or beneficial owner of corporate entities) must meet with a Relationship Manager ("RM") in BNP PARIBAS Group before opening an account unless it is new account under existing relationship where face-to-face meeting has been conducted or it is External Asset Manager ("EAM") / Third Party Manager (TPM) account. It should be documented in call report. For physical meeting with client, the country and location should always be indicated in the call report.

According to Section 12.7 of HKMA AML Guideline, a face to face meeting is an important part of the overall Customer Due Diligence ("CDD") process and will assist in obtaining the above customer profile information and determining risk. The same requirements are stated in the MAS Notice 626. As such, the Bank should not establish a private banking relationship without a face-to-face meeting with the customer.

All exceptions must be highlighted in CAC, and for such exceptions with good justification (e.g. another representative of BNP PARIBAS Group has met the client), the RM assigned for the client relationship needs to meet with client within 6 months after the account is opened. Please refer to 4.6 for follow-up action. RM has to contact the client directly to ensure the necessary risk disclosures are drawn to the client's attention.

### 1.1.3 Maintenance of Clients

- Monitoring the relationship is also part of RM's responsibility, via regular contacts and written records. Please refer to Client Contact and Call Report Procedures for details.
- RM has to maintain regular and documented contacts on the evolution of clients' financial background. Any factor which negatively changes his assessment should be immediately notified to the Entity's Management and Compliance, followed by updating CAF for immediate CAC Review.

## 1.2 Customer Due Diligence at Account Opening

A complete set of account opening documents as described in the Account Opening Checklist must be prepared by the RM. Care should be taken to put in writing only objective information concerning the private management of potential clients.

Documentary evidence concerning the identity of the client must be procured. The purpose of this procurement is to enable the Bank to fulfil its obligations of knowing its clients and ensuring that investments made on their behalf are suitable.

Moreover, it is to prevent money laundering and to ensure that the client has authority to execute the agreement and operate the account.

The customer due diligence aims to identify risk profile of clients related to KYC in general. The factors to be considered in risk assessment are the followings:

- Identity of client;
- Origin of the client (includes place of birth, residency, clients' counterparts, etc.);
- Origin of client relationship;
- Purpose and reasons for opening the account;
- Family background, e.g. information on spouse, parents (in case of inherited wealth)
- Background or profile of the client;
- Nature of the client's business / profession;
- Country of activity
- Estimated net worth;

- Source of wealth and source of funds;
- Anticipated account activity including nature and level of business and transactions;
- Knowledge of financial instruments and appetite for financial risk;
- “US indicia” that establish whether the client is a US person or not;
- Possible tax evasion implication;
- Holding structure of the corporate / trust account; and
- Any other reference information.

In addition, it is MAS Notice 626 requirement to ensure at least one telephone number is in bank record. For regional consistency, this requirement applies to all accounts booked in both WMHK and WMSG.

No new account should be maintained with **US Legal Person** in general. For details, please refer to ‘WM – US Persons Policy’ and ‘Operating Procedure for Handling US Persons for Wealth Management in Asia’.

**No new account should be established, and no transaction can be allowed unless the approval of Client Acceptance Committee (CAC) is granted. WM do not accept occasional clients, i.e. persons who approach the Bank exclusively to conduct a one-time transaction, whether it is carried in one transaction or split into several related transactions.**

## 1.2.1 Client’s Identity

### 1.2.1.1 Natural Persons

	Identification requirement	Verification requirement
Private Individual account holder (the “Client”)	(a) Legal full name which has to be verified. Former names or other names or aliases commonly known should also be provided in client profile for name search but verification is not required; (b) Residential address (and permanent address if different); (c) Date of birth; (d) Nationality; and (e) Identity document type and number (f) Place of birth (g) Contact details	<ul style="list-style-type: none"> <li>• Valid passport / ID card under specific circumstances</li> <li>• Address proof</li> </ul>
Beneficial owners (the “Client”)	See below for definition. Information to be identified is the same as individual account holder.	Same as individual account holder.
Directors of account holder	Identify ALL directors.	Verify directors who sign on account opening documents and in any case at least 2 directors.  Verification documents are the same as individual account holder.

	Identification requirement	Verification requirement
Authorised signers / POAs / gatekeeper / investment advisor of the account	Identify ALL such persons	Same as individual account holder.

#### Definition of Beneficial Owner (“Client” / “BO” / “UBO”)

The beneficial owner is the natural person (i) who holds 10% or more of the shares or voting rights of a legal entity which is the client or (ii) who directly or indirectly controls such entity or (iii) for whom a transaction is executed or an activity is performed.

- In the case of an account opened in the name of a natural person, the beneficial owner(s) is (are) generally the account holder(s).
- In the case where the account is opened in the name of a legal entity, the beneficial owner is a natural person who either directly or indirectly owns at least 10% of the issued share capital or voting rights and/or exercises control over its management, or who through any other means control(s) the entity's management or administrative bodies or the general meeting of its shareholders. For avoidance of doubt, the 10% or more shareholder of issued share capital has to be verified regardless of voting right or not. 10% voting right holders have to be verified regardless of percentage out of issued share capital.
- In the case of a fiduciary structure (foundation, trust, etc.), beneficial owners are natural persons who have one of the following characteristics:
  - Pursuant to a legal arrangement, they are the intended holders of the rights to at least 10% of the assets transferred to the structure,
  - When beneficiaries have not been named, they belong to a group in whose interest the structure was set up,
  - They hold the rights to at least 10% of the assets in the structure or
  - They have the status of settlor, trustee, protector or beneficiary.

For individual/joint accounts, unless otherwise notified to the Bank in writing, the declaration that the accountholder(s) is/are the beneficial owner(s) has been embedded in the account opening mandate for accountholder signature.

For corporate accounts, see 1.2.1.3 Declaration of Beneficial Ownership for Corporate Account.

#### Verification of identity

An official, valid identification document (a copy of the original passport or a national ID card) showing the individual's full name, date of birth, place of birth, nationality, identity documentation type and number, and photograph of the individual. For Hong Kong / Macau Permanent ID Card, place of birth is not specified if it is non-HK/Macau, and the card does not show nationality. As such, going forward only those Hong Kong /Macau Permanent ID card with specified place of birth are acceptable for Hong Kong booked accounts. National ID card which can be held only by national of the country and with place of birth specified, e.g. Singapore ID card and Malaysia “MyKad”, are acceptable for both Hong Kong and Singapore booking centre. A clear copy of this document should be kept in the client file with either the RM certification “original sighted” and indicate the RM name and date, or certified true by suitable certifier.

Where indicators of dual nationality are present (country of birth different from country of nationality, permanent activity in a country different from primary residence, extended sojourn in another country, family ties, etc.), the Relationship Manager must inquire whether the client



has two or more nationalities, document in call report, and obtain all the nationality proof documentation (e.g. passport copy).

Documents confirming residence address (and permanent residence, if different), of the individual.

The followings are acceptable address proof:

Address proof	WMHK	WMSG
a) a recent utility bill issued within the last 3 months. Electronic bill/statement downloaded/ printed by client is acceptable;	Yes	Yes
b) a recent correspondence from a Government department or agency (i.e. issued within the last 3 months). Electronic bill/statement downloaded/ printed by client is acceptable;	Yes	Yes
c) a statement, issued by a regulated bank or financial institution (including securities house and insurer) in reputable countries issued within the last 3 months. Electronic statement downloaded/ printed by client is acceptable;	Yes	Yes
d) a record of a visit within the last 3 months to the residential address by the RM specifying name of client visited, date of visit and the address visited;	Yes	BC Compliance approval on case by case basis.
e) an acknowledgement of receipt duly signed by the customer within the last 3 months in response to a letter sent by the Bank to the address provided by the customer;	Yes	BC Compliance approval on case by case basis.
f) For husband and wife relationship, or parent and minor relationship, to use address proof with only one name of the couple or the name of the parent, provided a written confirmation from the family member who has banking relationship with us and has provided valid address proof confirms that the other client lives at the same address.	Yes	Yes
g) mobile phone or pay TV statement (sent to the address provided by the customer) issued within the last 3 months;	Yes	Yes
h) a letter from a university or college in the respective booking centre, which Compliance is satisfied that it can place reliance on, that confirms residence at a stated address issued within the last 3 months;	BC Compliance approval on case by case basis.	BC Compliance approval on case by case basis.
i) a tenancy agreement in the respective booking centre which has been duly stamped by the relevant authority (e.g. Inland Revenue Department in Hong Kong or equivalent in Singapore)	Yes for HK agreement	.Yes for Singapore agreement

Address proof	WMHK	WMSG
j) a letter from an employer in the respective booking centre issued within the last 3 months together with proof of employment, which Compliance is satisfied that it can place reliance on and that confirms residence at a stated address in Hong Kong / Singapore;	BC Compliance approval on case by case basis.	BC Compliance approval on case by case basis.
k) a lawyer's confirmation of property purchase, or legal document recognising title to property issued within the last 3 months; and	Yes	Yes
l) Driving license or national ID card containing photograph of the cardholder and residential address issued within the last 3 months. If the document is issued more than 3 months, only Singapore national ID card is accepted as address proof for AML purpose.  Note: For AEOI/CRS (i.e. tax reporting) purpose, client may be requested to provide driving license or national ID card with residential address as tax resident documentary proof regardless of issue date. However this does not satisfy the BNPP Head Office 'issued within 3 months' address proof requirement.	Yes	Yes

Unless specified above, Client Management can accept the above document as address proof and Compliance/CAC approval is not required. If in doubt about whether it is a valid address proof, RM and Client Management should approach Booking Centre Compliance ("BC Compliance") for advice and Compliance's decision is deemed final.

For clarity's sake, document showing non-residential address (e.g. office, commercial or industrial building) is not acceptable address proof.

Address proof stated 'within the last 3 months' refer to at the time of receipt from client by Front Office.

Address proof of primary residency (i.e. fiscal address or tax residence stated in KYC profile) must be a separate document from the identification document (i.e. two different documents needed)

The document provided to prove the primary residency must match the address mentioned in the account opening booklet in case of new account opening and match the address mentioned in the KYC profile for all cases.

Applicable for Singapore booked accounts:

To comply with specific MAS requirement, when correspondence address of the account is not the residential address of any parties involved in the account, RM should document the reason in CAF or call report.

For rules regarding account recertification, please refer to 5.7.

Directors of Account Holder – Identification Information

Effective from 1 July 2015 for both new account opening and submission of account recertification, identification information of all directors has to be provided, by having

authorized signer to sign a form “List of Company’s Director” or List of Company’s Directors – For Corporate Director(s) Only”. Once the form is in file, updated form is required only when there are changes. For pre-existing corporate clients, Forms should be signed by authorized signatories when the accounts are due for recertification. It is a major document, without such account recertification submission would not be accepted. If information required in the Form is already available in other official format (e.g. passport copy and address proof provided), Client Management can make the discretion not to enforce the Form.

### **1.2.1.2 Corporate Clients**

With regards to Corporates, as per WM procedures, the Bank should not, in general, book accounts for listed or operating companies unless all conditions listed in Section 9 are met. In any circumstances, no new accounts can be opened for corporate entities for commercial types of flows.

The following documents must be obtained from client:

- a) Certificate of Incumbency or, Company Search or, Certificate of Agents must be obtained from clients issued within 3 months as of date received by Front Office. The documents or equivalent need to show company name, legal form, address of its registered office, identity of the director(s) and shareholder(s). Certificate of Good Standing is required if status of good standing is not already shown in the other documents;
- b) Certificate of Incorporation, Business Registration Certificate (where applicable);
- c) Memorandum and articles of association;
- d) Valid Board Resolutions authorising the opening of account and the account signatories; and
- e) The following identity should be obtained and verified for the individual/entities linked to corporate clients:
  - all ultimate 10% controlling interest principal shareholders of the accountholder. Where the shareholder is only nominee on behalf of BO, relevant certified documentary proof (e.g. nominee agreement, declaration of trust) is required. Less than 10% corporate shareholders in the ownership chain should still be identified though not verified;
  - identity of all directors and verification of at least 2 directors; and
  - all its account signatories.

For natural individuals, please refer to the table at 1.2.1.1. For corporate shareholder/director/authorized signers, the documents required are the same as for the corporate account holder stated above. However if such entities are subsidiaries of FATF regulated financial institution group which can be verified at the financial institution’s website or annual report, only Certificate of Incorporation and M&AA are required.

The corporate clients should provide details of exact shareholding structure which enables the Bank to identify the beneficial owners and those who have control over the funds.

If the corporate to be verified is listed in a stock exchange of jurisdiction listed in Appendix A.1, instead of providing Certificate of Incumbency or Company Search, latest annual report together with Bloomberg printout showing list of directors and list of major shareholders can be accepted as alternative. Approval by Compliance or CAC is not required. Certificate of Incorporation and M&AA of the listed company are required only if it is the accountholder.

### **1.2.1.3 Declaration of Beneficial Ownership for Corporate Account**

All corporates applying to open account have to provide the Declaration of Beneficial Ownership regardless of whether the name of beneficial owner is shown as shareholder or not, except where Trustee Declaration Letter is provided to declare the equivalent or the nature of the legal entity would not have beneficial owner (e.g. university, state owned enterprise) which Compliance agrees the Declaration of Beneficial Ownership is not required. It is to have client officially declare the name of the ultimate beneficial owner as the shareholder may be acting on behalf of a third party.

#### **1.2.1.4 Multiple layers of ownership**

For the clients using multi-level of ownership structure to open account, satisfactory evidence of identity of beneficial owners is required. The verification of identity should be the same as Individual Clients in section 1.2.1.1.

Complex ownership structures (e.g. structures involving multiple layers, different jurisdictions, trusts, etc.) without an obvious commercial purpose pose an increased risk and may require further steps to ensure client has legitimate reason for the structure.

In general, all layers of shareholders with ultimate interest 10% or above on the account holding entity should be verified (i.e. by Certificate of Incorporation, Certificate of Incumbency or Company Search, and M&AA). For Complex Structure (see definition in 2.4), organisation chart and description of the chain of ownership must be provided. For non-complex structure, if organisation chart is not provided, the chain of ownership leading to the UBO must be clearly documented in the Legal Entity Profile.

For intermediaries (i.e. business introducers, third party managers) which is not opening account with the Bank, only certificate of incumbency or company search (showing company name, legal form, registered address, number of shares issued, shareholders and directors) is required for all the layers of shareholders with ultimate interest 10% in the ownership structure. Certificate of Incorporation and M&AA are not mandatory.

For existing accounts, the same procedures apply with the following clarification:

- During account recertification, regardless of sensitivity, identity verification document of all layers of shareholders with ultimate interest 10% or above on the account holding entity should be obtained from client if not already available in file.
- For first layer shareholder of the account holder, the required documents are Certificate of Incorporation, Certificate of Incumbency or Company Search, and M&AA.
- For second layer shareholder and shareholder of the other layers, at the minimal, the required document is Company search or Certificate of Incumbency showing director and shareholders.
- Subsequent periodicity of updating documents depends on sensitivity. Please refer to Part A 5.7.

#### **1.2.1.5 Clients with bearer shares company ownership**

The Bank does not accept "Bearer Shares" Company to open new accounts or appear in the chain of ownership structure which would contribute to 10% or more ultimate beneficial interest. For existing corporate clients with bearer share company ownership in its chain of ownership structure which would contribute to 10% or more

ultimate beneficial interest, they will be required to transform into registered shares or close the account.

#### **1.2.1.6 Private Investment Companies/Vehicles having the same name with an Operating Company**

To avoid causing confusion to third parties, potential fraud and AML concerns, the Bank prohibits the opening of private investment company/vehicle accounts which bear the exact same name as companies running operating business, which may exist in different jurisdictions. E.g. ABC Co. Ltd. incorporated in BVI (private investment holding) and ABC Co. Ltd. incorporated in China (operating business). Exception can be approved by CAC on the basis that (1) client confirms the operating business has nothing to do with the client and client's business operations (if applicable) via RM call report; and (2) CAC exercises judgement call that it just happens to be same name because the name is common and the operating business is not a well-known business.

#### **1.2.1.7 Trust Accounts / Fiduciary Vehicles**

This section applies to fiduciary vehicles with overlying trust structure and direct relationship with trusts and other fiduciary structures such as foundations.

For companies and Trusts managed by:

- BNP Paribas Corporate Services Pte Ltd
- BNP Paribas Jersey Trust Corporation Limited, and
- BNP Paribas Singapore Trust Corporation Limited

A one-off representation letters from the companies undertaking that they are regulated by and subject to AML/CFT laws in the countries or jurisdiction in which they operate and that the companies subscribe to and operate under the Group AML Policy and Programme, have been acquired in 2012.

At establishment of new bank accounts for trusts or its underlying companies and at the time of account recertification, the trustee shall provide the followings:

- A Trustee Declaration Letter on the details of the trust, which shall include but not limited to information on the settlor (and asset contributor if different) / protector / enforcer / beneficiaries and any other natural person identified to exercise ultimate effective control over the settlor / trust. (This is also required from external professional trustee, see item (a) to (g) below),
- Company Background Confirmation or equivalent (in lieu of Certificate of Incumbency)
- At account recertification, a written confirmation from the trustee(s) that there have been no changes to details declared in the last trustee declaration letter provided to the Bank (an email confirmation from an authorized representative of the trustee is acceptable).

For stand-alone companies managed by the BNPP entities without an overlying trust structure, a one-off undertaking shall be acquired as in the case of trusts, as well as Company Background Confirmation or equivalent, at account opening and recertification, if not already acquired.

For companies managed and trusts administered by third parties (i.e. non-BNPP entities),

At establishment of new bank account, the following shall be acquired:

- i) A written confirmation from the trustee(s) who are acting in their professional capacities, of the details of the trust(s) (templates for such letters are accessible at the Client On Boarding Asia website (<http://fps-co-asia.is.echonet/public/en/home>)). For Singapore booked Singapore RM managed accounts, exception to accept private trustee declaration letters shall be approved by Singapore Compliance; or
- ii) A redacted copy of the original trust instrument(s) which have been reviewed by the RM(s), or
- iii) A written confirmation from lawyer(s) who have reviewed the relevant instrument(s).

The above mentioned document should include at the minimum the following information:

- a) the name of the trust;
- b) date of establishment/settlement;
- c) the jurisdiction whose laws govern the arrangement, as set out in the trust instrument;
- d) the identification number (if any) granted by any applicable official bodies (e.g. tax identification number or registered charity or non-profit organization number);
- e) identification information of trustee(s) - in line with guidance for individuals or corporations;
- f) identification information of settlor(s), asset contributor in case of nominee settlor, any protector(s), enforcers, and any other natural person who exercises ultimate effective control over the trust in line with the guidance for individuals/corporations; and
- g) identification information of known beneficiaries. Known beneficiaries mean those persons or that class of persons who can, from the terms of the trust instrument, be identified as having a reasonable expectation of benefiting from the trust capital or income, and that they are aware that they are beneficiaries

At account recertification, a confirmation of no change to the above details for the trust(s) or overlying trust(s) shall be acquired. This can take the form of the following:

- a) a written confirmation from the professional trustee (private trustee for Singapore booked Singapore RM managed account with special approval from Singapore Compliance) that there have been no changes since the issuance of the last trustee declaration letter(s) (an email confirmation is acceptable);
- b) where a redacted copy of trust deed was provided, voice log confirmation that there have been no changes and recorded in a contact report or written confirmation from the professional / private trustee(s) that there have been no changes to the trust deed;
- c) a written confirmation from the lawyer(s) who have reviewed the relevant instrument(s).

In relation to the identifying and verifying of trust relevant parties, the following documents shall be obtained (at a minimum) and verified:

a) Trustees:

Corporate trustee

1. Certificate of incorporation, certificate of incumbency or equivalent, M&A. However where the trustee are subject to and supervised for compliance with AML/CFT requirements consistent with standards set by the FATF or are subsidiaries of such financial institutions, and such information can be verified at the financial institution's website or its annual report, only a copy of its Certificate of Incorporation and M&AA shall need to be acquired. For private



trust company, documents of all layers of ownership are required to verify the ultimate controlling natural person.

2. To establish the authority of individuals signing the account opening documents and operating the account(s), a list of authorized signatories of the trustee (certified by its Director).
3. ID/passport copies and address proofs of the relevant directors, authorized signatories and the ultimate person controlling the private trust company. ID/passport copies and address proofs are not required of the representative of the corporate trustees owned by financial institutions subject to and supervised for compliance with AML/CFT requirements consistent with standards set by the FATF.

Individual trustee – ID/passport copy and address proof

- b) Settlor (and asset contributor if different), protector/enforcer, known beneficiaries, and any other natural person identified to exercise ultimate effective control over the trust
  1. ID/passport copy and address proof. It is a HKMA requirement to verify the identity of known beneficiaries. There shall be therefore no exception allowed for WMHK accounts or HK RM managed WMSG accounts.
  2. Where the asset contributor is deceased (e.g. as in the case of a dative/testamentary trust), a copy of the death certificate, the will (or in the absence of a will, evidence that the subject died 'intestate') and any document (e.g. probate) evidencing the appointment of an Executor Dative / Testamentary.

#### **1.2.1.8 Waive of Documents which are Not Mandatory by Regulations or by BNPP Policy**

CAC approval will be required for any exceptional waiver or accepting alternative on risk-based approach for documents which are not mandatory by regulations or by BNPP policy, for example:

- address proof of representative of professional fiduciary services providers who act as corporate authorized signer;

No NDM or NC documents can be waived. Please refer to Part A Section 1.6.2.

#### **1.2.1.9 Third Party Managers (Applicable for Singapore Branch only)**

Third-party Investment Managers (TPMs) are professional wealth managers. They direct some of their clients to the Bank who then become clients of the Bank. The clients' financial assets are exclusively managed by the Third-party Investment Manager, under a (limited) power of attorney over their account granted by the clients.

The task of identifying clients and beneficial owners may be delegated to a TPM under certain strict conditions and on condition that these conditions comply with local regulations and the Bank's procedures on External Intermediaries. Such tasks may only be delegated to TPMs who are regulated in Singapore or where regulated outside of Singapore, they must be subject to and supervised for compliance with AML/CFT requirements consistent with standards set by the FATF. The TPM and such delegation must however be approved by an Intermediaries Acceptance Committee as delegation post additional risks to the Bank, which remains responsible for the client relationship.

Selection of TPMs must be rigorous in order to preserve the quality of the Bank's client base and its reputation. For details on the specific measures set out in the local

procedures regulating the appointments of TPMs and corresponding controls, please refer to the Singapore Procedure Manual on Third Party Managers (Procedure # PRO/SIN/REL-MGT/000225)

The acceptance of clients directed to the Bank by approved TPMs is subject to the review and acceptance of a Client Acceptance Committee, which is independent of the review and acceptance procedure of TPMs.

#### **1.2.1.10 External Referrals/ Business Introducer**

The Introducer agrees to introduce new prospective clients to the Bank through researching, prospecting, selecting and certifying honorable potential private banking clients for the Bank's products and services.

The Introducer will provide the Bank with information on prospective clients and arrange meetings between officers of the Bank and prospective clients with a view to establish banking relationship.

Selection and use of the Introducers must be rigorous in order to preserve the quality of our client base and the Bank's reputation. Please refer to separate Procedures Manual on External Intermediaries / Introducers for full details.

The acceptance of each Client introduced by Introducers must follow the normal Client Acceptance procedure, which is independent from the acceptance procedure for Introducers.

#### **1.2.1.11 Account opening by Trust & Fiduciary Services (TFS)**

For Fiduciary Vehicles (FV) managed by Trust & Fiduciary Services (TFS), there are four types, which are:

1. Discretionary/ Non-discretionary Trusts;
2. Foundations;
3. TFS managed companies (e.g. companies with an overlying trust administered by a BNPP entity);
4. Standalone Companies managed by BNPP TFS Site; and

Trust & Fiduciary Services are provided in priority of clients of BNPP-WM. Provision of these services to non-BNPP-WM clients are exceptional and approved on a case-by-case basis by TFS. In the case where the prospective TFS client is not an existing client of BNPP-WM and would like to establish a banking relationship with WMHK &/or WMSG, the client acceptance process for such prospective client shall be initiated in parallel with the client acceptance process for TFS, i.e. the New Business Introduction Committee for the introducing site ("NBIC") and/or the New Business Acceptance Committee for the TFS site ("NBAC") shall be held together with the CAC, as far as practicable.



### 1.2.2 Restrictions on certain jurisdictions for EU / OECD<sup>1</sup> residents and specific case of trusts

BNP Paribas Wealth Management does not authorise new setting up or new opening accounts for fiduciary structures, personal investment vehicles or business corporations registered in certain jurisdictions (see list in the appendix A.6) and for which the Beneficial Owner is an individual who is a resident of one of the countries of the European Union or of the OECD, whether the structure is directly held by the account holder / beneficial owner or held via other structures or trusts. For existing accounts of the above mentioned structures in the concerned jurisdictions, it is also prohibited to have new beneficial owner who is EU / OECD resident.

#### Specific case of trusts

Opening a new account for a trust or establishing a trust is forbidden if the settlor or an identified beneficiary is an EU resident or national (except for UK nationals)<sup>2</sup>.

### 1.2.3 Minor client

At the request of the client, the client may open either a joint name account with the minor, or a single name account in name of the minor himself/herself.

For the purpose of account opening, 'minor' is defined as person aged below the following on account opening date:

#### HK Booking Centre:

The age of majority in Hong Kong (18) or the age of majority of the client under his/her law of nationality/domicile (which governs the legal capacity issue), whichever is higher.

#### SG Booking Centre:

For Singapore resident/national : Age 18.

For non-Singapore resident/national: Age 18 or the age of majority of the client under his/her law of nationality/domicile (which governs the legal capacity issue), whichever is higher.

The client must be the parent or the guardian of the minor with the same residential address.

The following rules are to be observed when opening joint name minor account or single name minor account:

- The minor cannot operate the account. The Bank will only execute instruction given by the non-minor client, regardless of whether the minor client has sign jointly or not.
- As a policy decision, minor accounts should be for deposits only. No Investments and no loans should be offered. Investment exception to be approved by Market

<sup>1</sup> OECD refers to "The Organisation for Economic Co-operation and Development" Please refer to the internet link for member countries: <http://www.oecd.org/about/membersandpartners/#d.en.194378>

<sup>2</sup> Examples for illustration:

Client	Settlor	Beneficiary	Policy Position
Trust	UK national & HK/SG resident	UK national & HK/SG resident	Permitted
Trust	UK resident & HK/SG national	UK resident & HK/SG national	Prohibited

Head. Credit exception to be discussed with Legal and Credit if any exception is possible.

- No checking accounts are allowed.
- Upon client becoming an adult, unless client executes fresh mandate and relevant documents, the account will still be treated as minor account and the ex-minor cannot operate the account.

#### **1.2.4 Staff Account**

Please refer to separate Instruction Note 'Staff Maintaining WM Accounts in Asia'. CAC has the discretion to escalate to senior management of WM for approval in case of conflict of interest in the relationship management. Staff accounts are flagged accordingly in Olympic.

### **1.3 Bank Reference Letter**

Walk-in clients are not accepted, unless they have at least a banker's reference addressed to the Bank, and must be from a reputable bank.

If the new client is introduced by an existing client, the RM must state the relationship in the Client Acceptance Form.

In cases where clients are introduced to the Bank by external firms like legal firm or accounting firm, the level of due diligence and client identification process is exactly the same as with all clients. The Bank does not rely on the representation of the introductory party for the KYC procedure, but will carry out due diligence and client identification procedure as any other clients.

### **1.4 Document Certification**

According to the circular concerning know your client and account opening procedures issued by the Hong Kong Securities and Futures Commission on 12 May 2015, reliance on images/videos transmitted remotely by mobile phone or internet to carry out certification of the signing of the client agreement and sighting of related identity documents ("the Certification Process") without sufficient measures enabling effective authentication of a client's identity and execution of account opening documents is not acceptable. The bank staff or person eligible to certify as stated below has to sight the original document.

Any BNPP bank staff may certify Customer Due Diligence documents to be true copies by confirming that s/he has sighted the original documents. Where the bank staff does not have the chance to meet up with the client to sight the original identification documents, a risk based approach may be applied and copies of identification documents (e.g. certificate of incorporation and board of directors' resolution) certified by a suitably qualified person\_(defined below) will be accepted.

Passport/ID copy and address proof.

Bank staff to write "original sighted", bank staff's name, date and sign on the copy, OR photocopy to be certified by suitable certifier.

For electronic bill / statement downloaded / printed by client as address proof, client has to sign to certify true copy of original (i.e. no change from the original copy downloaded), in addition to certification by bank staff or suitable certifier (i.e. no change from the copy passed from client).



Certificate of Incorporation and Certificate of Incumbency or equivalent

**Both WMHK and WMSG:** Bank staff to write "original sighted", Bank staff name, date and sign on the copy, OR photocopy to be certified by suitable certifier.

Company search

**WMHK:** It should be performed by the Bank. If it is provided by client, must obtain copy certified by suitable certifier. It is specific HKMA requirement.

Memorandum & Articles of Association ("M&A") / Bye Laws or its equivalent

Certified "**True, complete and valid copy**" by Company director or suitable certifier. For exceptions to the certification wordings, please consult Client Management.

**Suitable Certifier**

- 1) A solicitor, lawyer, notary public practicing in an equivalent jurisdiction;
- 2) A certified public accountant, auditor, professional accountant, chartered secretaries practicing an equivalent jurisdiction;
- 3) An authorized signatory of a financial institution that is an authorized institution, a licensed corporation, an authorized insurer, an appointed insurance agent or an authorized insurance broker in an equivalent jurisdiction for Hong Kong booking centre and in FATF countries only for Singapore booking centre;
- 4) A member of the judiciary in an equivalent jurisdiction;
- 5) An officer of an embassy, consulate or high commission of the country of issue of documentary verification of identity; and
- 6) A Justice of the Peace.

See Appendix 1 for list of equivalent jurisdictions for the purpose of suitable certifier except for item 3 for WMSG booking centre.

NB: For item 1 to 3, the person has to be registered or licensed or is regulated under the law of that jurisdiction.

Compliance and CAC have the right to apply a more conservative certification requirement for cases which presents a higher ML/TF risk.

On the copy of the document, the certifier must:

- 1) sign
- 2) date
- 3) state his/her name clearly
- 4) clearly indicate his/her position or capacity on it; and
- 5) state that it is a true copy of the original (or words to similar effect).

**Translation to English**

Where an identification document is not in English, the document must be translated into English by a bank staff (For WMSG booking centre, the bank staff must not be the RM / MA designated to manage the client relationship. An independent source for the translation must be quoted.) who is proficient/conversant in that foreign language (in case of doubt, Market Head has to confirm that the staff is proficient in the language). The bank staff having translated the document must mark his/her name and sign off on the translated document with references made to the original document. The identified translation staff must keep client confidentiality and must not share the documents to others except for the relevant Front Office or other control function team who is involved in the case. Any information for the purposes of the translation should also be disposed/deleted/returned back to the Front Office or control function team after the translation task is performed. Alternatively the document may be translated into English by a professional translator; in which case, there must be clear data identifying the translator (for example, cover letter from the professional or professional firm translating the document; or email directly sent from the professional firm and the firm is a reputable one that can be verified from public sources). This is to allow all employees and officers of the bank involved in the performance of any customer due diligence measures to understand the contents of

the documents, for effective determination and evaluation of money laundering/terrorist financing risks associated with the client.

For company document of corporate director, certification by Company Director is acceptable for both WMHK and WMSG.

## **1.5 Checking against Sanctioned Lists and Public News**

### **1.5.1 Check by Relationship Manager**

RM/MA must perform a vigilance search before the start of a relationship and when adding new person to an existing relationship, including to check that the person, or the company, its shareholders, its board of directors, the Management, the authorised signatories (legal persons or individuals) and beneficial owners are not listed regarding the fight against terrorism or have not been involved (or suspected of involvement) in money laundering schemes (Please refer to Vigilance Intranet site <http://vigilance.compliance.echonet> for updated sanctioned lists.)

RM/MA must also perform internet search (e.g. Google) on the accountholder, BO and authorized signatories/ POA/ LPOA names at the minimum. Search on individual representatives of corporate signer and any names of regulated financial institution group or its group companies is not required. RM/MA has to provide at least print of first page of search result as search evidence.

RM needs to provide the Vigilance search, and internet search along with other documentation and send to Client Management who will check to ensure this is done.

### **1.5.2 Check by Client Management & Compliance**

For new account, existing account recertification of all sensitivities (except for 6 months review stated at 5.3.4), dormant account unblock, and closure of KYC overdue account, Client Management performs name searches on clients, reviews content of the search result, approaches RM for comment to ascertain false hit if necessary and for comment about true hit, and escalates true hit with RM comment for Compliance review. The search database includes (1) Filenet or SIDE Safewatch (includes REGLISS which is the same as Vigilance, Factiva PEP (excluding Factiva Sanctions), Dow Jones tax crime news and local regulators blacklists if any) (2) Factiva or other news database (for negative news) and (3) Worldcheck. Permutation should be performed by Client Management.

#### Scope of search

For new account and High/Medium Risk account recertification, the parties subject to name search should include at the minimum accountholder, beneficial owners, authorized signers/LPOA/POAs, trustees, founder/ settlors/ asset contributor/ protector/ enforcer/ any other natural person identified to exercise ultimate effective control over the settlor/ trust, named trust beneficiaries, all directors and all shareholders of the corporate accountholder, all names with "Role" in Impressio /EUCLID, and companies owned by BO or where BO is employed.

For Low Risk account recertification, the scope of names is limited to account holders, BO, Settlor/ asset contributor/ protector/ enforcer/ named beneficiaries/ trustee/founder in case of trust structure, authorized signatories / POA / LPOA.

The followings persons are not subject to name screening as the risk of the individuals involved money laundering and terrorists financing is minimal:

- BNPP Group employees as representative of corporate authorized signatories, corporate director, corporate secretary or corporate shareholder of entities

administered by BNPP BNP Paribas Jersey Trust Corporation Limited or BNP Paribas Singapore Trust Corporation Limited

- Employees of **professional institutions belonging to FATF** regulated financial institutions **group**, as representatives of corporate authorized signatories, corporate director, corporate secretary or corporate shareholder.

Same search scope and method as for account recertification apply for the purpose of dormant temporary unblock. For KYC overdue account closure, the scope is limited to the account holder(s), BO(s) and signatories.

The name search results are valid for 6 months for account opening, recertification, dormant account reactivation and overdue account closure purpose.

For details on name search scope and practice, please refer to separate guideline in Factiva, Worldcheck and Side Safewatch Name Search.

For change of individual clients' name, nationality or fiscal/residential address to a different city, and change of legal entities' name, place of incorporation or registered/business address, CM has to perform Vigilance / Safewatch for sanction purpose on the individuals at the minimum. Escalation to Compliance if there is any potential true hit.

### 1.5.3 False hit justification

When there is insufficient information (e.g. different ID no, different date of birth, etc.) to tell whether it is false hit, Relationship Manager is responsible to justify with documented reason (e.g. by email) if s/he believes that the hit is not the same person as our client.

## 1.6 Account Opening and Recertification with Outstanding Documentation and Irregularities

### 1.6.1 Responsibilities

- Front Office Management is the ultimate responsible owner to clear all outstanding account opening or recertification documentation;
- Compliance is the ultimate policy owner;
- Client Management is the ultimate owner to execute controls.

### 1.6.2 Non-Deferrable Mandatory ("NDM") Documents and Non-Compliant ("NC") File

#### 1.6.2.1 Non-Deferrable Mandatory ("NDM") Documents

For full list of documents mandatory for account opening please refer to New Account Opening Documentation Checklist – Compliance File and Legal File.

Without provision of all non-deferrable mandatory documents ("NDM") (as listed in table below and in Account Opening Checklist - Compliance File and Legal File), account cannot be opened. Client Management will not process the file and will return to Front Office ("FO"). Accounts for NBIC/NBAC approval are out of scope because BNPP trustee will execute documents only after NBIC/NBAC approval.

If NDM documents specified below ("Y" / "Yes" in the table) are identified during account recertification and cannot be rectified promptly, after discussion at CAC, RM will be given 30 days to regularize missing non-deferrable documents. The end of 30

days will be computed as CAC approval day less 1 day plus one month. Standard blocking message will be posted, i.e. *"P01 NDM blocked on DDMMYYYYY upon instruction by CAC – No outgoing assets to 3<sup>rd</sup> party until Non-Deferrable Docs obtained DDMMYYYYY"*.

If pending non-deferrable mandatory documents cannot be successfully completed within 30 days, the account should be blocked for all activities. Unblocking will be only for bank initiated activities, bank charges, client's standing instruction to roll-over deposits (SI to roll is auto and not impacted by blocking code. ), credit of dividends and corporate action, liquidation of existing investments and return of assets to the source. Market Head and Compliance approval will be required for unblock for the last two cases. Client Management will block account with message: *"P02 NDM blocked on DDMMYYYYY upon instruction by CAC. Account blocked for all activities due to outstanding NDM Doc - WM Compliance and Market Head approval are required for unblock."* CM will email RM, copy MH and Compliance that the blocking is now for all activities. *(RM needs to check that there are no cheque book issued, no GTC orders, client is also not a direct access client, as long as docs are not regularized, client should not be accorded credit facilities, etc.)*

After 120 days from the date of CAC (the end of 120 days will be computed as CAC approval day less 1 day plus 4 months), the Bank should close the account and return any assets to the source from which they were received as far as possible. Client Management will prepare the account closure letter for RM to send to client. If client is on e-Doc or special mail, RM should retain evidence of delivery to client and provide to Client Management. If the account balance is zero, the bank can close the account on the 121st day as one month notice has been served to client for the account closure. CM will liaise with RM for closure (once the notification letter is signed and loaded into ImPressio, notice is considered served even if sent to the client's e-Doc or special mail box). Otherwise, RM should ask client to provide instruction to transfer assets away, to the originating sources as far as possible. Only in extreme situation where client refuses to provide any transfer out instruction, then RM should escalate the case to CAC to instruct RM to raise the requisite memos to transfer all assets back to source. In addition, Compliance would assess whether such failure by client to provide non-deferrable mandatory document provides grounds for knowledge/suspicion of money laundering/terrorist financing and consider whether reporting to the financial intelligence unit is required.

Client Management will manage the 30 to 120 days tracking and will maintain a list of accounts subject to closure after 120 days. On 121st day, CM will confirm to CAC that account balance is zero and that closure will complete after the month-end statements are generated. If account balance is not zero, CAC will also be informed of the closure delay.

When Front Office submits the NDM document to CM, CM has the authority to determine if the NDM irregularities have been rectified and can unblock the account. Market Head and Compliance unblock approval is not required. When in doubt whether a non-standard document is acceptable, CM can consult Compliance.

### 1.6.2.2 Non-Compliant ("NC") File

Each WM Entity must be able to extract from the client database or other sources, at any time, any information considered to be essential for a file to be deemed compliant: the required elements of identification, identity verification (in particular for beneficial owners) and knowledge of the business relationship. These elements are listed in the table below.

WMHK and WMSG may identify the above mentioned missing information when exercising the following controls which trigger the immediate verification of



mandatory elements relating to identification and knowledge of the business relationship:

- Due diligence control required in reactivation of a dormant account;
- enhanced scrutiny following an alert or at the request of a WM Entity; an embargo or sanctions alert sent to WM Entity / Territory Compliance;
- termination of the business relationship on compliance grounds; or
- a face-to-face meeting or telephone call between RM and client which warrants such verification.

When required information and documents (mandatory or requested as part of the constant vigilance or recertification process) with respect to identification, identity verification or knowledge of the business relationship are found to be missing, enhanced scrutiny of the business relationship concerned must be undertaken, together with an increase in the associated level of sensitivity, application of operating restrictions to the relationship, and/or systematic enhanced scrutiny of the related transactions.

In general, file with missing documents as listed in the table below is considered 'non-compliant' file. Missing document should be collected **within three months** at the latest following the date on which the non-compliance is identified by the relationship manager, Client Management, Compliance or Permanent Control. Non-compliant file must be closed **within six months** at the latest following the date of the non-compliance is identified together with a suspicious transaction report if necessary.

The WM Entity's management ensures that the corrective actions are undertaken as soon as possible and that the managers are specifically made aware of this point.

Therefore the non-compliant file should be tabled at CAC (or DTC Committee or Tax Committee depending on the case) at point of identification of missing information to impose condition or restriction as appropriate to the case. The outstanding action with due date is tracked by CM (e.g. via e-to-do). Similar to NDM closure procedures, Client Management will manage the 6 months closure tracking including sending of bank initiated closure letter to client prior to 6 months due date taking into account the notice period to client and will maintain a list of accounts subject to non-compliant file closure. When Front Office submits the document to CM, please refer to below table for the approving party to close the case.

In case of a "non-compliant" file, the business relationship cannot be developed (examples: no new commitment, elapsed commitment may not be renewed, no-solicitation of new assets, etc.) until the relationship is rectified.

**Non-Deferrable Mandatory Documents** (as listed in Account Opening Checklist - Compliance File and the Legal File) and **Non-Compliant Documents**:

Information / document	NDM at new account opening – no new account will be opened	Subject to NDM block and closure if discover missing subsequent to account opening	Subject to non-compliant file account closure procedures
Client Acceptance Form ('CAF') including description of the size of wealth and origin of	Y		Y



Information / document	NDM at new account opening – no new account will be opened	Subject to NDM block and closure if discover missing subsequent to account opening	Subject to non-compliant file account closure procedures
wealth for beneficial owner / account holders.			Case close <sup>3</sup> by Compliance
Call Report with Account Holder(s) for new account opening  Call Report with any authorized representative of the client for account recertification	Y		
<u>At least 2 directors, 10% or above shareholders (natural person), all beneficial owners, all POA/ LPOA /investment advisor / accountholder of private individual account</u>  An official, valid identification document showing the name, unique identification number, date & place of birth and nationality  Address Proof	Y	Yes if doc is never in file. If the doc is in file but has expired, not subject to NDM block and closure procedure	Y Docs already on file but expired and require update for account recertification, or address proof on file is not up to prevailing standard.  Case close by CM.
<u>Legal entity account</u> Certificate of Incorporation  Company Search or Certificate of Incumbency (Certificate of Good Standing if applicable)  Business Registration if applicable	Y	Yes if doc is never in file. If the doc is in file but has expired, not subject to NDM block and closure procedure	Y Docs already on file but expired and require update for account recertification.  Case close by CM.
<u>Private individual account</u> Declaration of Beneficial Ownership in account opening mandate or in separate document (Appendix A.8)  Legal entities account Declaration of Beneficial Ownership	Y		Y  Case close by CM.
Certificate of Incorporation and company search/Certificate of Incumbency of corporate shareholder with ultimate interest 10% or above on the account holding entity.	Y		

<sup>3</sup> 'Case close' refers to the decision to conclude the outstanding document subsequently submitted has rectified the deficiency.



Information / document	NDM at new account opening – no new account will be opened	Subject to NDM block and closure if discover missing subsequent to account opening	Subject to non-compliant file account closure procedures
Declaration of US Person / Non-US Person Status  FATCA status	Y		See note@
Account Opening Book including waiver of banking secrecy as applicable  M&AA  Board Resolution authorising opening of account and the account signatories	Y	Y	
Declaration of Tax Conformity (DTC) applicable for client(s) residing in EU and OECD and at the discretion of CAC	Y		Y  Case close by CAC or by DTC/tax committee at the request of CAC
Tax Risk Questionnaire for non EU-OECD resident client  Tax Compliance Indicator Questionnaire for EU-OECD resident client  16 Tax Indicator Checklist for French resident client	Y		Y (see note #)  Case close by CAC or by tax committee at the request of CAC
MSC Self-declaration or MSCQ where applicable (see section 2.7)	Y		Y  Case close by Compliance
Annual report of operating corporates (typology 42/50/60) where applicable	Y		
Organisation chart and description of chain of ownership if it is complex structure	Y		
MLRA simulation by FO	Y		
Evidence of search in the database (Vigilance / Safewatch, Factiva, Worldcheck, Internet)			Y  Case close by CM

For trust or fiduciary vehicles, the non-deferrable are CAF, call report, and documents referred in the trust section 1.2.1.7 above (or relevant section in Account Opening Checklist - Corporate (Compliance File)).

Note@: For existing account missing Declaration of US Person / Non-US Person Status, treatment and rectification procedures follow separate FATCA requirement. NDM /NC blocking or closure procedures above would not apply.

Note #: For WMHK, TRQ for non-EU/OECD are collected when account is due for recertification. The 'non-compliant' file status will apply when TRQ is missing at account recertification submitted to CAC.

### **1.6.3 Report Escalation**

On monthly basis, Client Management prepares and distributes summary statistical report of outstanding account opening and account recertification documents (including non-deferrable mandatory document and non-compliant document subject to system enhancement of Filenet) to KYC Steering Committee. Client Management also updates details of each outstanding case in Filenet system which is available to Market Business Managers, Market Heads, Team Heads and Relationship Managers.

## **1.7 Employer Consent Letter**

It is Hong Kong SFC Code of Conduct requirement to obtain employer consent letter from client who works at HK SFC or HKMA regulated financial institutions AND who can place securities order in the account. The letter is mandatory for Hong Kong booked accounts (regardless of location of Relationship Manager) or for relationship managed by Hong Kong Relationship Manager (regardless of booking location). The letter can be signed by Human Resources, Compliance, or Responsible Officer of the regulated entity, but not by the client him/herself. Please refer to Client On Boarding Intranet for template.

## **1.8 Hold Mail Approval**

According to WM Procedures "Hold Mail – Instruction on the limitation of the use of Hold Mail service provided to WM's Clients" (Nov 2015), "Hold Mail" is defined as "any service where the Bank offers to a client to keep in its office all the Bank communications (account statements, transaction statements, etc.) related to this client". In WMHK and WMSG, according to Special Mail Instructions (IN/REG/ORG/000079), "Special Mail Frequency" is defined as "holding the correspondence of the clients for a stipulated period of time of their choice before sending the correspondence to them", and this falls within the definition of 'Hold Mail' by WM procedures. As such it is subject to CAC approval. New request or renewal of existing Special Mail Frequency agreement including holding mail on temporary basis requires approval by CAC chaired by CEO (without possibility of delegation). Call report or other KYC documents explaining the reason has to be provided by Front Office for approval. The approval will be systematically subject to an extensive review of the client's basis for requesting the service and, if necessary, a review of documents approving the client's tax situation including the review of TRQ/TCI.

To clarify, CAC approval is not required for "Special Mail Delivery Preferences" which is defined at IN79 as "all the special mailing requests expressed by the clients which are not related to frequency of sending" (examples are sending duplicate copy of statement to a second address) as this is not within the definition of "Hold Mail" mentioned above.

Please also note it is WM Procedures requirement that no Hold Mail could be granted to client resides in EU/OECD unless clients have accepted the automatic exchange of information, the withholding tax exemption or any other equivalent measure.

## 1.9 Country Policy

According to 'Procedure applicable to activities in relation to countries where BNP Paribas has no physical presence' ("Country Policy") published by Group Compliance in May 2016, the following due diligence is required. Please refer to Appendix A.13 for list of P0, P1, P2 and P3 countries as of 30 May 2016. Please refer to [Echo Net](#) for subsequent update.

### 1.9.1 Individual clients (typology 10, 20, 30 & 41)

BNP Paribas Businesses are instructed upon the entry into relationship, and at each recertification for existing clients, to identify clients residing in a P0 country by the following criteria:

- Individual client legally residing in a P0 country, whether on a permanent or temporary basis
- Ultimate Beneficial Ownership (UBO) (of a Private Investment Vehicle - PIV) residing in a P0 country. The PIV country of registration/country of Incorporation<sup>31</sup> is not a criterion to be taken into account.

BNP Paribas Businesses also have to pay particular attention to the following situations, which can help identify the client's country of residence:

- The client changes his or her address to an address located in a P0 country;
- The client changes his or her contact information to a P0 country;
- The transactions review indicates that the client has ties with P0 countries (e.g. payment to or from a P0 country).

Clients who are nationals of a P0 country are not covered by the present Procedure but require an enhanced due diligence. As of June 2016, MLRA score for P0 country is 50. These accounts will be subject to High Risk due diligence at the minimum.

In order to maintain or open new accounts for clients identified as residents of P0 countries, an enhanced due diligence should apply:

- The client must be rated as "High Risk";
- Annual, face-to-face meeting with the client is required.
- Confirmation must be obtained regarding the purpose of the relationship and the account / transaction rationale;
- Enhanced due diligence on the KYC and on transactions must be conducted to confirm that the client's account is not utilized to conduct commercial activities;
- A report to the Head of WM Head Office Compliance is required on an annual basis as a minimum for tracking and assessment purposes.

#### Transactions

Direct payments to and from P0 countries are forbidden. Indirect payments via a non-BNPP intermediary bank located outside of P0 country may be allowed based on a clear understanding of the transaction rationale. Existing direct payments from or to a P0 country have to be run down in the shortest possible timeframe and on October 31, 2016 at the latest.

Swift transactions are filtered by Fircosoft which include P0 countries. Any payment with P0 country will be identified and prior approval from Compliance will be required for execution.

In addition to the enhanced monitoring and KYC controls outlined above, for all existing relationships, BNP Paribas Businesses must ensure that the clients and

transactions comply with the existing related policies on Sanctions ("Global Sanctions Policy" ref. CG0245EN).

For clients resident in P1 countries, the P1 country risk MLRA scoring should apply at on-boarding and re-certification.

For clients resident in P2 / P3 countries, no specific restriction applies.

### 1.9.2 Operating Corporates (Typology 42, 50 & 60)

The following is a general summary. Please refer to the Group Procedures for details.

Account with corporates incorporated or registered or having country of business <sup>4</sup> in:	Group Procedures Requirements
P0 and P1 country	Prohibited. Existing account must be closed by October 31, 2016.
P2 country	Subject to exceptional approval by Compliance under the Category 3 Compliance Decision Process.
P3 country	Allowed for cash management and for deposits.

#### Cash management payments (in / out)

P0 - No payment is authorized to or from P0 country, whether directly or indirectly. Existing payment if any has to be run down in the shortest possible timeframe and by 31 Oct 2016 the latest. They can only be processed indirectly during the run-down period.

P1 - Payment including for cash management purpose with P1 country is allowed only under strict conditions. Please refer to Group procedures for details.

P2 – Allowed except Georgia.

P3 – No restriction.

## 2 Money Laundering Risk Assessment and Account Sensitivity Classification

Accounts after opening are classified in three categories according to the level of money-laundering risk they present: They are distributed among the three categories based on a score calculated using the "Money Laundering Risk Assessment" (MLRA) method.

The score is calculated based on the following risk factors:

- PEP Status
- Country Risk (highest among residence, nationality and country of activity)
- Sensitivity Activity
- Size of Wealth with BNPP
- Linked to listed company
- Dynamic Criteria (reputational risk, negative media exposure, serious legal history)
- Complex Structure
- Account with commercial flow

<sup>4</sup> Country of Business: country where the client's cash-flow is the most at risk; as a general rule, it is the country where the client generates the main part of its cash flow.

- Other Sensitivity (at the discretion of Compliance)
- Commercial transactions type of flows (in general no longer relevant as no commercial flows are allowed in any WM accounts)

The MLRA method and related tools are described in detail in the WM Compliance "Money Laundering Risk Assessment (MLRA)" procedure.

MLRA score will determine the resources and level of enhanced due diligence in the KYC review for both account opening and subsequent review. RM should calculate the MLRA score and preliminarily determine whether clients are classified as:

**High Risk (or Very Sensitive): MLRA  $\geq 50$**

**Medium Risk (or Sensitive):  $50 > \text{MLRA} \geq 30$**

**Low Risk (or Standard Sensitive): MLRA  $< 30$**

For both new and account recertification, RM will have to simulate the MLRA score (e.g. using excel calculator and submit printout or submit via Filenet together with other documents for account recertification. This will be checked by CM (first level review) and by Compliance (second level review).

The following sections cover six important aspects in evaluating the sensitivity to money laundering risk. Other factors namely size of AUM, commercial transactions type of flows, linkage to listed company and dynamic criteria (e.g. negative press) and other sensitivities, please refer to the MLRA procedures. In addition, there are 2 special sections on due diligence to prevent tax evasion and on exposure to major sanctioned countries.

Look-through test applies therefore any related parties to the account fall below the risk parameters would be taken into consideration.

## 2.1 Politically Exposed Persons (PEPs)

### 2.1.1 Definition

Politically Exposed Persons (hereinafter "PEPs") are natural persons who are or have been entrusted with prominent public functions, irrespective of their place of residence or the place where they carry out their functions. Some of the functions are not, strictly speaking, 'political'; what they have in common is that they are associated with significant decision-making powers.

Close family members or close associates of PEPs present risks similar to those with PEPs themselves. According to MAS Notice 626, close associates include persons that are connected both socially and professionally. Therefore, they are also considered to be PEPs.

No banking relationship with heads of state or government in countries that are prohibited on the specific list established by the WM (see Appendix A.2 of WM HO PEP Policy).

In addition to the above definition, please also refer to Group Policy "Policy Applicable to Relationships with Politically Exposed Persons (PEP)" effective on 31 July 2015 and WM HO PEP Policy (<http://mediab2e.group.echonet/file/44/8/1452448.pdf>) for full details on the Group and WM HO definition of PEPs, the classification in four categories, P1, P2, P3 and P4, according to the risk that they represent, the due diligence required, the escalation procedures for approval and subsequent monitoring and review. The matrix on PEP definition as of Nov 2013 is recapped below for ease of reference. Please refer WM HO PEP Policy Appendix for latest version.

### PEP matrix (See Appendix A.2 for excel format)

		Head of State, Head of Government (Outside EU, AELE, French list of equivalent countries of Annexe 2)	Head of State, Head of Government (Within EU, AELE, French list of equivalent countries of Annexe 2)	Hereditary Monarchs	Ministers	Other members of government and members of the European Commission	Member of a supreme court, a constitutional court or another high court whose decisions, except in exceptional circumstances, cannot be subject to further appeal. Member of a court of auditors. Director or member of the board of a central bank. General or senior officer responsible for the command of an army or the police force.	Member of the national parliament or the European Parliament. Ambassador, general consul and career consul. Member of the administrative, management or supervisory board of state owned enterprises. Director of a public international institution created by a treaty.	Head of a local authority (President of the General or Regional Council, Mayor of the capital city or of a city with a population of more than 100,000). Head of a political party, of a trade union. Religious leader with political and public functions. Person with an eminent function in the police (e.g. director of the national police force). Senior magistrates in the courts (e.g. presiding judges, heads of tribunal prosecution departments). Senior national and regional civil servants.
Belarus	All PEPs and close								
High and Very High sensitive countries ("Group Procedure for the Assessment of Country Sensitivity")	1. Currently in office								
	2. No longer in office								
	3. Close to a PEP (currently in office)								
	4. Close to a PEP (no longer in office)								
Other countries	1. Currently in office								
	2. No longer in office								
	3. Close to a PEP (currently in office)								
	4. Close to a PEP (no longer in office)								
ACCEPTANCE PROCESS									
	Process of validation for entry into a relationship							Review (except if triggering event)	
PROHIBITED	The BNP Paribas Group does not enter into or maintain relationships, on a private basis, with Heads of State or heads of government, or immediate members of their families, if they are or have been entrusted with functions in countries deemed to be 'non-equivalent'. See Annexe 2 of the procedure. * This prohibition only apply to immediate family members <u>not close associates, close associates are treated as P1.</u>							NA	
P1	Validation WM Compliance HO + Business Line Head + Pôle Head + Pôle Compliance Head + Mandatory opinion of Group Financial Security							Initial 6 months, then annual validation from WM Compliance HO	
P2	Validation WM Compliance HO + Business Line Head + Pôle Head + Pôle Compliance Head + Mandatory opinion of Group Financial Security							Initial 6 months, then annual validation from WM Compliance HO	
P3	Local CAC Validation with local Compliance							Initial 6 months, then annually by local CAC	
P4	Local CAC Validation with local Compliance							Initial 6 months, then annually by local CAC	

An account for which the beneficial owner, an account holder or a signatory is a PEP will be considered a "PEP account".

If the PEP has left his previous position and taken on new PEP position, whichever the higher of the 2 PEP classification will hold.

### PEP decision on certain public function

- Honorary consul is PEP

This has been clarified with HO WM Compliance that in general this is treated as PEP following the same ranking used for general consul and career consul. Depending on the authorisations received and from the country they represent, they may have capabilities similar to general consul.

- Members of Chinese People's Political Consultative Conference ("CPPCC") is not PEP except for certain senior positions

It has been agreed with HO WM Compliance not to treat them as PEP as it is honorary title, consultative only with no actual power. However, Chairpersons, Vice Chairpersons and Secretary-General of the National Committee of the Chinese People's Political Consultative Conference should be treated as PEP due to their significant political influence.

### Local CAC / Compliance discretion not to treat an account as PEP

There could be situation where the AML/corruption/reputational risk associated with the client is low, though having a PEP position according to definition. For example, a client may only hold a position as member of the administrative or supervisory board but with no individual decision making power. Please refer to Group PEP Policy and HO WM PEP Policy for latest provision if any local discretion is allowed.



### De-PEP Procedures

Termination of service does not necessarily end PEP status. Different practices are to be followed depends on booking location and RM location.

### **HK booked or HK RM managed SG booked accounts**

Due to HKMA requirement, there is no de-PEP provision. Once a PEP, always a PEP throughout the duration of business relationship, including after leaving the position or if the PEP has deceased.

### **SG RM managed SG booked accounts**

<b>P1 and P2</b>	<b>P3 and P4</b>
Due to Head Office requirements, P1 & P2 will remain PEPs throughout the duration of business relationship, including after leaving the position.	P3 & P4 may lose PEP status on considered decision by CAC on condition that <b>at least 5 years (or 10 years</b> for very high risk countries as listed in WM Head Office PEP Policy) have passed since the PEP left the position (or deceased) and no unfavourable information related to the former position has come to light. Regulators also require overall consideration of risk factors such as corruption, significant influence in general, to determine whether enhanced due diligence should still be applied. Local Compliance has the veto right. WM HO Compliance must be notified of such decision to remove PEP status and also has the right to veto the decision. For new client who would be considered as P3 or P4 but has <b>left public office (or deceased) for over 5 years (or 10 years</b> for very high risk countries), local CAC will recommend whether to tag the account as PEP subject to Regional Head of Compliance's approval.

## **2.1.2 Identification**

RM should check to identify PEPs, such as making reference to publicly available information or commercially available databases. The SIDE SafeWatch system which downloads data from Factiva PEP or Vigilance will also be used to identify PEPs.

Risk factors to be considered include:

- Corruption risk;
- Political environment and any other particular concern over the country where the PEP holds his public office or has been entrusted with his public functions. Reference can be made to the Transparency International Corruption Perceptions Index (website: [www.transparency.org](http://www.transparency.org));
- whether the position brings with it sufficient prominence, influence or potential to misappropriate funds or accept bribes.
- any unexplained sources of wealth or income;
- expected receipts of large sums from governmental bodies or state-owned entities;
- source of wealth described as commission earned on government contracts; or
- any request for secrecy with a transaction.

Particular consideration must be given to the possible reputation risk arising from such relationships.

Please refer to Part B for periodic PEP scanning procedures. Any names identified as potential PEPs are highlighted to RMs for comments/confirmations. For identified confirmed PEPs, RMs are required to submit account recertification with updated CAFs to CAC promptly.

### **2.1.3 Considerations to be given on Legal Entities**

Legal entities that are significantly controlled (e.g. in terms of ownership or power of disposal over assets) should be considered as PEPs, since they may be used by the PEPs to disguise or otherwise launder their illicitly obtained assets. This includes situations where a wealth management structure or a dedicated legal vehicle exclusively relates to one or more beneficial owners who are PEPs (e.g. when they may be the majority shareholder/effective controller or the settlor of a trust).

The individual who manages and runs the government entity at senior levels would qualify as a PEP if he or she is to seek a direct relationship with the Bank on his or her own behalf, or wish to use the account to move personal funds.

State owned entities would also be PEP. When dealing with government owned entities, there is a need to assess risk factors such as product, geography risk and potential negative press.

### **2.1.4 PEP Accounts Approval & GFS Notification Process**

New accounts and review account identified or continue to be tagged as PEPs must be escalated for approval by Regional Head of Wealth Management Compliance after CAC approval. P1 and P2 are further escalated to Head Office Wealth Management Compliance by completing validation form (Appendix A.5, which can also be used for general submission to HO for file validation) for final decision and liaison with Asia WM CEO and Group Financial Security in accordance with Group PEP Policy for approval. P1 & P2 pending HO approval is logged at ICU Register.

Relationship Manager (or Market Head if applicable) is responsible to provide business comment why the relationship should be supported and business view on risk factors identified.

Compliance of the Booking Centre is responsible to send the validation form and all supporting document to Regional or Head Office Compliance. Upon approval, the approval record should be sent to Client Management for safe-keeping in the client file.

Client Management would update the next review date and PEP status upon receipt of approval from Regional Head of WM Compliance, to reflect in system that review by local CAC and Regional Compliance has completed and that it is not overdue for review, while waiting for the approval from HO for P1 and P2 which usually takes longer time. The tracking of P1 and P2 approval is in the ICU Register (see Part C).

#### **Notification to Group Financial Security ("GFS")**

Below table is extracted from Group PEP Policy regarding situations requiring GFS approval or notification:



Procedure for Authorising New Business and Continuing Existing Relationships		
High Risk PEP Categories	Low Sensitive and Medium Sensitive Countries	High Sensitive and Very High Sensitive Countries
Heads of State in office or not	GFS Approval	Forbidden (except for hereditary monarch)
Heads of government in office or not		GFS Approval
Ministers in office		
Family members and close associates		
High Sensitive and Very High Sensitive Countries	N/A	Information sent to GFS
All members of the government, including those who are no longer in office		
Governors in office		
Senior judicial officials in office		
Senior military officials		
Ambassadors and Consuls (representing High Sensitive and Very High Sensitive Countries)		

All High Risk PEP requiring GFS approval is already classified as P1/P2, and GFS approval would be sought via HO WM Compliance when local Compliance escalate to HO WM Compliance. However, certain High Risk PEP requiring **notification** to GFS is not categorized as P1 and P2. Therefore regardless of PEP classification by WM, local booking centre Compliance will have to notify GFS (e.g. via HO WM Compliance) for the following PEPs (including their family members and close associates) in 'High Sensitive' and 'Very High Sensitive' countries:

- all members of government, including when they are no longer in office;
- governors in office;
- senior judges in office;
- senior officers of the armed forces or senior members of the police in office;
- ambassadors and consuls (representing a country classified as "High sensitive" or "Very High Sensitive");

### 2.1.5 Consistency of PEP rating across different accounts

In general, accounts involving the same PEP client should have the same PEP rating, regardless of its marketing group. Exception would be for an account for the PEP client's personal wealth management versus a government owned entity account where the PEP client is purely on board of director because of his/her profession.

To ensure consistency, when there is a CAC decision to change the PEP rating for an account recertification, Compliance will need to ensure other accounts with the same PEP person, regardless of marketing group, are changed accordingly. Compliance perform a periodic reconciliation between Olympic and MLRA system to ensure the PEP rating are consistent.

## 2.2 Country Risk

### 2.2.1 Jurisdictions which do not or insufficiently apply the FATF Recommendations

Considerations should be given to the customer's nationality or account holding entities' place of incorporation or the jurisdiction whose laws govern the arrangement of trust, residency, country of activity (the place where the source of wealth business is established, the location of the counterparties with whom it conducts business), and whether the customer is otherwise connected with. Where such place does not or insufficiently applies FATF Recommendations, or which are known to lack proper

standards in the prevention of money laundering and customer due diligence process, RMs should assess the potential reputation risk involved.

Factors which should be taken into account include, but are not limited to, the following:

- Whether the jurisdiction is or a significant number of persons or entities in that jurisdiction are, subject to sanctions, embargoes or similar measures issued by, for example, the United Nations (UN). In addition, in some circumstances, a jurisdiction subject to sanctions or measures similar to those issued by bodies such as the UN, but which may not be universally recognized, may be given credence by the Bank because of the standing of the issuer and the nature of the measures;
- Whether the jurisdiction is identified by credible sources as lacking appropriate AML/CFT laws, regulations and other measures;
- whether the jurisdiction is identified by credible sources as providing funding or support for terrorist activities and has designated terrorist organizations operating within it; and
- Whether the jurisdiction is identified by credible sources as having significant levels of corruption, or other criminal activity.

Further description on jurisdictions which do not or insufficiently apply the FATF recommendations can be found in section 4.15 of the Guideline on Anti-Money Laundering and Counter-Terrorist Financing issued by the HKMA (<http://www.hkma.gov.hk/eng/key-functions/banking-stability/aml-cft.shtml>) and in the MAS Regulations (<http://www.mas.gov.sg/Regulations-and-Financial-Stability/Anti-Money-Laundering-Countering-The-Financing-Of-Terrorism-And-Targeted-Financial-Sanctions.aspx>).

Note: In the event that Non-Cooperative Countries and Territories (NCCTs) are reinstated/identified, the higher degree of customer due diligence in accordance with the Bank's requirement on heightened due diligence shall apply.

## 2.2.2 BNPP WM Country List

According to the List established by Group Compliance Financial Security, each country is rated with a level of sensitivity. Please refer to the Group Procedure for the Assessment of Country Sensitivity (available from Echo'Net) for details. HO WM Compliance assigns MLRA score to each country according to the sensitivity category. Please refer to WM MLRA Procedures.

In the structure of the KYC Profile, for each new or recertified account it is necessary to indicate the account holders (structure, legal entity, or individual), the beneficial owner (see definition at 1.2.1.1 which includes various roles in a trust structure), and for any person with an authority to operate the account:

- the country of nationality / incorporation;
- the country of residence; and
- the country of activity.

The country risk is the highest of the above 3. If several persons are involved in a banking relationship, the highest country risk of all persons involved will be taken.

## 2.2.3 Derogation Regarding British Virgin Island (BVI)

HO WM Compliance has approved on 18 Sep 2015 (see Appendix A.12 for approval email) that MLRA (Money Laundering Risk Assessment) score of British Virgin Island (BVI) may be adjusted to 5, subject to meeting all the following conditions:

1. All ultimate beneficial owners are Hong Kong or Singapore residents
2. On a case by case basis subject to the local physical CAC decision;

3. The decision must be supported by a Tax Analysis of the account (Tax Risk Questionnaire).

## 2.3 Sensitive Business Activities or Sectors

The following table lists sensitive business or activities. RM has to indicate in the CAF if client engages in such activities for CAC consideration and also the calculation of the MLRA value.

### **Sensitive Activities Table as of Apr 2016 MLRA Procedures**

Please will refer to HO WM Compliance MLRA Procedures for latest version

#### ANNEXE 1: Sensitive and Very sensitive activities

SECTORS				SCORE
Activity/ Métier of the Client; Beneficiary or Power of Attorney	Non Sensitive Sectors	Other Sectors		0
	Sensitive Sectors (applies to the legal entities, their representatives, associates and shareholders)	A1 Real Estate	Real estate agents, real estate intermediaries, property developers, property promoters, property managers, building companies.	10
		A2 Procurement Contracts / Market	Intermediaries, Consultants, Advisors and Representatives, whose activity is to intervene in public sector contracts.	20
		A3 Liberal Professions (Self-Employed Professionals)	Self-employed Professionals who set-up and manage Fiduciary Structures and Vehicles. Notaries and lawyers.	10
		A4 Trading	Independent brokers, intermediaries, consultants, advisors in Energy & Commodities Trading.	10
		A5 Extraction / Mining Industries	Extraction (ore, metals, stones, oil, gas, etc.) and forestry.	10
		A6 Precious metals	Wholesalers and Retailers in precious metals, Dealers in precious stones, Scrap metal dealers	10
		A7 Sectors where cash transactions are numerous	"Bureau de change, pawn shops, restaurants, hotels, bars, internet cafés, managers and shareholders of night clubs, advertising inserts, organiser of second hand goods sales, second-hand vehicle dealers, (excluding automobile franchisees), door-to-door sales companies, stall keepers, second hand goods	20
		A8 Games of Chance and Sport	Casinos, Gambling, Internet Gambling, Lotteries. Agents and other intermediaries in the sport business.	20
	BNP PARIBAS PRIVATE BANKING	A9 Art dealing and allied business	Antiques, art galleries, art dealer, art expert.	10
		A10 Charities	Charities, NGOs, political and religious organisations and parties.	10
		A11 Arms	Arms/Weapons, equipment for repressive purposes, Nuclear	50
		A12 Other	Manufacturing of and dealing in Tobacco, Alcohol / specific business such as Clairvoyance, lonely hearts / polluting industries and CO2 market	10

### **Corruption Risk**

Particular attention must be paid to:

- Clients who belong to the A2 very high risk business category (consultants, intermediaries, advisors and agents, whose business is to participate in public sector contracts) according to MLRA risk assessment method. It is important to learn about their activities and areas of involvement by obtaining, for example, copies of contracts signed with their counterparties. It is important to be mindful of the existence and legality of services rendered and the appropriateness of related compensation. The distinction between private and business accounts must be clearly established. This is a special component in preventing corruption risk.
- Clients who are on board of international sports associations with power to make decision on contracts with other parties. If necessary, score can be added using 'Other Sensitivities'. Please refer to 2.6.

## 2.4 Complex Structure

The complex structure risk factor applies to corporate account if:

- The legal entity has more than 2 layers of corporate shareholders;
- The last layer of shareholder is only a nominee, regardless of the number of layers in the ownership structure.
- For underlying company of a trust, if the immediate shareholder of the account opening entity is not the trust, it is considered as Complex Structure. E.g. Company A's shareholder is Company B which in turn is owned by a trustee or a trust structure.  
 Exception is provided when the only 1 layer of nominee corporate shareholder (Company B in the above example) is managed by BNPP trust companies. It is not regarded as Complex Structure. It is because within same banking group, there is transparency to the structure as it is easy to obtain declaration of trust between the nominee corporate shareholder and the trust, and information on the underlying clients of the trust companies, i.e. the settlors. However trust structures involving more than 1 layer of corporate shareholders for the underlying companies should be treated as complex.
- CAC may decide depending on the complexity of structure to add this risk factor on a case by case basis.

## 2.5 Linked to Listed Company

For MLRA score purpose, WMHK and WMSG follows the 'Insider' definition in the WMHK/ WMSG regional procedures "Clients Connected to Listed Company" (PRO/REG/COMP/000744) which cover a wider definition to HO MLRA procedures and for sake of consistency with other regional procedures.

## 2.6 Any other persons considered to be sensitive

There might be other combination factors which would make a client considered to be sensitive. These factors include:

- delivery/distribution channel which these are vulnerable to ML/TF abuse these may include sales through online, postal or telephone channels where a non-face-to-face account opening approach is used. Business sold through intermediaries may also increase risk as the business relationship between the customer and the bank may become indirect.
- Tax evasion concern.
- Corruption risk for clients who are on board of international sports associations with power to make decision on contracts with other parties.

The 'Other Sensitivities' parameter in the MLRA tool can be used to adjust the MLRA score for the above situations.

## 2.7 Tax Due Diligence

In addition to restriction to EU / OECD residents in opening new offshore incorporated corporate account as stated in 1.2.2, Declaration of Tax Conformity (DTC) is required for client(s) residing in EU or OECD and at the discretion of CAC. For individual accounts, a DTC must be signed by each account holder. For accounts of legal entities, a DTC must be signed by the entity's legal representatives for the entity. In the event the legal representative refuses to sign the DTC, the DTC must be signed by each beneficial owner.

For all clients, Tax Risk Questionnaire (TRQ) or Tax Compliance Indicator Questionnaire ("TCI") must be completed and signed by the RM at account opening and renew at account recertification, depending on EU/OECU country resident or not. For detailed procedures, please refer to Regional Tax Compliance Policy.

An account that is missing DTC will be subject to non-compliant file procedures (Part A Section 1.6.2.2). According to Head Office Policy, an account that is not tax-compliant is suspended until it is closed by the "workout unit" or an equivalent body which is in charge of closing the accounts. Therefore CAC or DTC Committee will decide when to block the account and transfer the account management to the RMs appointed to handle the Working Out Unit (WOU) accounts until the effective closure of the account. Compliance will assess if suspicious activity report is required and follow the relevant STR procedures (see Part C).

Please also refer to Part C 3.8 on tax sensitive account operation and in particular about client participating in Voluntary Tax Compliance programme.

## 2.8 Major Sanctioned Countries (MSC) Self-declaration & Major Sanctioned Countries Questionnaire ("MSCQ")

Account for individual including investment vehicles & fiduciary structure with the individual(s) as ultimate beneficial owner (typology 10, 20, 30, 41)

The MSC Self-declaration is a form that aims to measure the exposure of a client or potential client to an MSC, by indicating whether, and to what extent, the client's revenues derive from activities with major sanctioned countries, i.e. IRAN, CUBA, SYRIA, SUDAN and NORTH KOREA (see appendix A.9).

The signature of MSC Self-declaration must be requested when, during the due diligence process, **indicia of potential links** to an MSC are identified. Renew MSC Self-declaration at account recertification will also be required if the indicia remains. The natural person whose source of wealth/employment may have indicia should sign. It may be the accountholder (individual / joint account) or UBO of accountholder (fiduciary structure / investment vehicle) or authorized signatory of the accountholder, depends on who has the indicia.

Particular attention should be paid to determining whether indicia of possible links exist in cases where the beneficial owner of an account (or his / her authorized representative):

- Is the beneficial owner of a commercial company,
- Is the CEO, the COO, the CFO or a Board Member of a commercial company.
- In any case if there is doubt that the client's source of wealth or business activities have links to a major sanctioned country or activity (e.g. oil trading or military goods), Compliance/CAC has the discretion to require client to sign the MSC Self-declaration. In case RM note indicia during account opening / review, RM should also ask client to sign the MSC Self-Declaration before submission of file to CM instead of wait until request by Compliance / CAC to speed up the approval process.

If the MSC "Self-declaration" shows that the client currently derives revenues from activities with an MSC, the decision-making and notification process depends upon the level of exposure:

Exposure	Decision	Information
0% < Exposure < 1%	Head of APAC Financial Security or designees  Opinion of WM Regional Head of Sanctions and local site Head of Compliance should be obtained before escalation.	WM Regional Head of Compliance  Head Office WM Compliance
1% < Exposure < 5%	Head of APAC Compliance & Control or designees  Opinion of Head of APAC Financial Security should be obtained before escalation.	WM Regional Head of Compliance  Head Office WM Compliance
5% ≤ Exposure < 10%	WM Central Compliance  Opinion of Head of APAC Compliance & Control or its designees should be obtained before escalation.	WM Regional Head of Compliance  Group Financial Security ("GFS")
Exposure ≥ 10%	GFS	WM Regional Head of Compliance  Head Office WM Compliance

For clients who are nationals or residents of major sanctioned countries (e.g. become so subsequent to account opening), please refer to Group "Cuba policy" (ref. CG0074EN0 and to the 'Relationships involving individual nationals and residents of major sanctioned countries – including Iran, Sudan, Syria and North Korea' (ref. CG0214EN). Head of APAC Financial Security and Head Office WM Compliance have to be consulted for next course of action and escalation to GFS as appropriate.

#### Account for operating corporates (typology 42, 50 & 60)

The group "Major sanctioned country questionnaire ('MSCQ') procedure" (Group Compliance - May 2015) applies and a Major Sanctioned Countries Questionnaire (MSCQ) must be completed and signed. Please refer to Appendix A.9 for MSCQ templates. Authorised representative of the account holder should sign the MSCQ.

If a corporate client refuses to sign but provides information to complete the required MSCQ form, the RM will complete the MSCQ utilizing information obtained through client interaction. The RM must indicate so in the MSCQ Form. Please refer to Appendix A.9 for template of MSCQ by RM. A separate call report is required to document why the client refused to sign the MSCQ.

If a corporate client refuses to sign and refuses to provide information to complete the required MSCQ form, the RM will complete the MSCQ utilizing information obtained through independent research and public sources. The RM must provide a detailed written explanation in a call report as to why the client refused to sign and refuses to provide information to complete the MSCQ. Additionally the file must be escalated through established Compliance escalation channels for approval by the Head of Head Office WM Compliance or their designee.

All independent research and public source information utilized to assess the aggregate MSC exposure must be documented within the corporate client file.

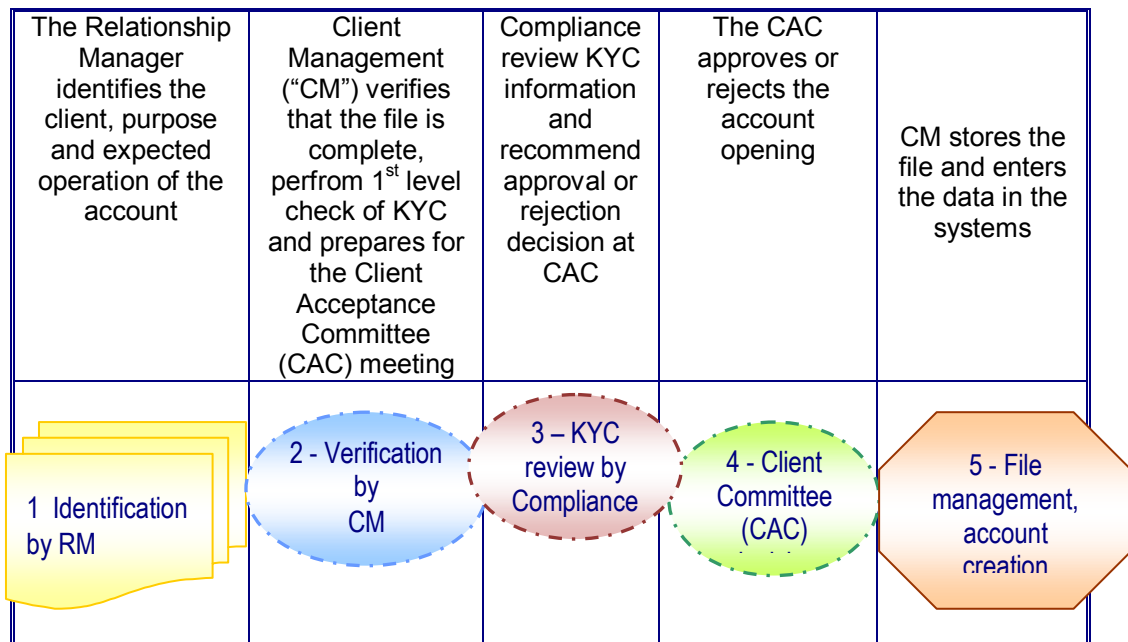
At account recertification, renew MSCQ has to be signed either by client or by the RM following the above procedures.

**If the MSCQ indicates exposure to a major sanctioned country, an account must not be opened.**



### 3 Responsibilities in Opening an Account

#### 3.1 Overview of the Account Opening Process



#### Client profile review for new account opening

Sensitivity Category	Relationship Manager	Client Management	Compliance	CAC approval by physical or by circulation
All	Simulate MLRA and submit CAF / client profile with legal documentation and supporting documents on the client's source of wealth and activity when necessary.	Validate accuracy of client data against documents where available, including name, date of birth, address, and organisation chart for corporate accounts.  1 <sup>st</sup> level completeness and consistency check of all items including MLRA scoring.	2 <sup>nd</sup> level review of KYC info, source of fund, source of wealth and MLRA scoring.	Physical

#### 3.2 Identification by Relationship Manager ("RM")

- Every existing or prospective account is assigned to a Relationship Manager (RM) within the WM Entity concerned.
- The Relationship Manager of the WM Entity meets with the account holder / beneficial owner<sup>5</sup> before opening an account and collects all the necessary information from him

<sup>5</sup> In accordance with the rules governing cross-border activities and the BCBOH (Bankers Cross Border Obligations Handbooks) involved.



/ her. Exceptions to this rule are provided in the "external intermediaries" procedure (delegating the collection of information to an External Wealth Manager under certain conditions) even though the bank reserves the right to meet the holder / beneficial owners.

- The information gathered by the Relationship Manager must make it possible to perform the diligence required to Know Your Customer, to determine:
  - ✓ The country nexus,
  - ✓ The beneficial owners / account holders / signatories identity
  - ✓ The beneficial owners / account holders / signatories primary residence (except for representatives of fiduciary companies),
  - ✓ The beneficial owners and account holders, professional activities income, wealth and sources of wealth,
  - ✓ The account investment profile (the knowledge of financial instruments by the account holder / beneficial owner who is the main contact of the WM Entity and the risk profile of the account),
  - ✓ The purpose of the account and its expected operations (amount and nature of anticipated transactions<sup>6</sup>, source and destination of funds, economic justification provided by the account holder(s) / beneficial owner(s) of the WM Entity, account type, etc.).

These items are used to complete the "KYC Profile" and the "Investment Profile" of the account.

- Where indicators of dual nationality are present (country of birth different from country of nationality, permanent activity in a country different from primary residence, extended sojourn in another country, family ties, etc.), the Relationship Manager must inquire whether the client has two or more nationalities and obtain the requisite documentation.
- The wealth and the source of wealth are key elements of the identification of the beneficial owners / account holders. They must be fully understood and described in detail<sup>7</sup>. The information obtained must be reported in the KYC profile and, if needed, in a separate memo attached to the account file.
  - ✓ The precise composition of wealth should be obtained from the holders(s) / beneficial owners(s), in particular the value, precise location, description and purpose (e.g. personal use or rental) of the real estate properties, the values of shareholdings in companies as well as the names, activities and addresses of these companies, the value of any security portfolios, the value and inventory of art collections, etc.
  - ✓ The Relationship Manager must inquire about the source of wealth. His / her investigations and conclusions must be set forth in the KYC Profile for that purpose.

In respect of inherited wealth, the Relationship Manager must understand and document the activities underlying inheritance.

If the origin of wealth is derived from the sale of a company, the Relationship Manager must request evidence of the sale and of the price of the transaction as well as information on the company (name, company form, activities, turnover, percentage of shareholding, location, markets, etc.).

If the wealth includes the ownership of a commercial company, the Relationship Manager must obtain information on the activities of the company (name, activities, turnover, shareholding, location, markets, etc.), financial statements and

<sup>6</sup> Special attention must be paid to situations that may favour anonymity.

<sup>7</sup> Appendix A.4-1 provides best practices on describing and documenting source of wealth and business activities. Appendix A.4-2 is KYC Due Diligence Guideline in completing Amefico Profile

all other relevant documents to ensure that a) the ownership is consistent with the accumulated wealth declared by the beneficial owners / account holders to the WM Entity and b) there is no link to sanctioned countries.

- ✓ The Relationship Manager must ensure that the information provided by the beneficial owner / account holder is consistent with his / her personal history.

If the wealth results from savings over time, the Relationship Manager must ensure that it is consistent with the period of time over which the savings were accumulated, the revenues of the beneficial owners / signatories and the change of the value of the assets forming the investment portfolio of the account holders / beneficial owners.

If the wealth includes real estate properties, the Relationship Manager must estimate the value of such properties considering their features and locations and determine whether they have been purchased or inherited.

If the wealth includes stakes in companies, the Relationship Manager must ensure that the value indicated by the account holder / beneficial owner of the WM Entity is consistent with what he / she knows of the companies.

- The Relationship Manager also gathers from the beneficial owner / Account holder the documents listed in the third bullet point, forming the “account opening file”.
- If the Relationship Manager is not able to identify a party to the business relationship or obtain information about the purpose and nature of a business relationship (KYC), he / she must notify without delay Local Compliance and must not proceed with the account opening. Local Compliance will notify Business Line Compliance and decide if there are grounds for filing a suspicious activity report according to local regulations. Business Line Compliance will in turn notify Group Compliance (Financial Security) and IFS Compliance. Please also refer to section 4.3 below on notification procedures for rejection for compliance reason.
- The Front Office performs the VIGILANCE and INTERNET searches.

### 3.3 Verification by Client Management (“CM”)

Client Management is responsible for administering the accounts in the information systems of the Entity.

CM receives the account opening file from the Front Office before the CAC meeting is held. It ensures that it is complete, by verifying the checklist of documents necessary, that the information on the identity of the beneficial owners and signatories is complete and documented (identities, addresses, past and present activities, etc.), and perform first level check of KYC. It prepares the agenda for the CAC meeting and transmits all necessary information to its members.

### 3.4 KYC review by Compliance

The Compliance Department analyses the account opening file to ensure in particular that the following conditions are met:

- The relationship does not present significant risks in terms of money laundering, sanctions, corruption and reputation;
- The MLRA score and the risk classification of the account adequately reflect the money laundering, sanctions, corruption and reputational risks; any indication of forced criteria (see 5.2) must result in classifying the account as High Risk (with a minimum MLRA score of 50);

- Compliance reviews potential positive hits from VIGILANCE, Safewatch, WORLD CHECK, Factiva and internet searches highlight by CM and/or RM. If these are indicative of risk (PEP status, links with sanctions, reputation, etc.) the Compliance Department undertakes an in-depth analysis by Factiva and Internet. Based upon such controls and the research performed by Compliance, if Compliance identifies any adverse information it shall determine whether any of the news is material; Compliance reaches a formal opinion on the file and ensures that all such information is made available to the CAC.
- Regardless of the Vigilance searches, the file contains no indication that the beneficial owners / account holders / signatories may be linked to a major financial sanctioned country, that the relationship with the WM Entity may breach other embargoes or that a party to the account may be targeted by, or linked to, international financial sanctions (see also paragraph 2.7 for situations covered by the MSC Self-Declaration or MSCQ, as the case may be);
- The beneficial owners' revenues, wealth, sources of revenues and sources of wealth are described, plausible, substantiated and consistent with other information in the file; Compliance performs independent internet search to validate representation given on client's source of wealth as necessary.
- The relationship is in line with the specific policies of the BNP Paribas Group and the WM Business Line; these policies include the WM policy on US persons, the CSR policy of the Group, the WM commercial accounts policy, the WM restrictions regarding wealth planning structures and the tax policy (requirement to provide the DTC and TCI), etc.

The Compliance assessment and conclusions must be documented in Filenet or a separate note (e.g. email correspondence with Front Office) that is presented to the CAC, then stored in the account file.

## 4 Client Acceptance and Recertification Committee (CAC)

### 4.1 Purpose and Principles of the Committee

The purpose of the CAC is to evaluate and approve all new clients, and to oversee the ongoing review of client account activity.

RM should let his prospective client know that the Account Opening application is subject to the approval of the Bank. Therefore, the application could be rejected though all account opening documents required are provided.

From the standpoint of compliance risk, the CAC gives its approval if certain conditions are met, including the following ones:

- The proposed relationship complies with the commercial policy of the Bank (including minimum assets to be managed, etc.);
- The information and documents collected on the client, purpose and expected operation of the account are consistent with this procedure;
- The client does not present significant risks regarding money laundering, corruption, terrorist financing, tax and reputation; in particular, the Bank is prohibited from entering into a relationship with persons or organizations that are subject to financial sanctions;
- The information collected about the clients must be consistent with their investment profiles.

- The account is in line with the WM policy on US persons<sup>8</sup>; the WM tax policy and the correct FATCA classification is attributed to the account;
- The relationship is not linked to a company targeted by the exclusion list under the Corporate Social Responsibilities (CSR) policy of the Group.

CAC provides priority to handle files from clients known as "Key Clients".

The CAC decisions and any comments by the Committee are passed through the Committee participants' signatures on the KYC profile/ CAC agenda / CAC minutes or other relevant document.

## 4.2 Composition of the Committee and Roles of Members at the CAC Meeting

Participants to the CAC, applicable to both WMHK and WMSG	Roles at the CAC meeting
The CAC Chairman (Refer to table below for more details.) (*)	<p>Ensures that CAC rules are respected and that each member is given equal opportunity to articulate its views.</p> <p>The Chairman makes the final decision but the Compliance representative has a right of veto. Escalation will be made to the Region and/or HO in case of disagreement.</p>
The RM or his/her direct supervisor (presents the file) (*)	<p>Front Office has to attend CAC and is responsible to present his/her case. RM or RM's supervisor (Team Head or Market Head) has to participate either physically or through teleconference (and as such FileNet minutes sign off by email is acceptable). The Market Head of the RM while being the CAC Chairman of the meeting cannot represent FO to present the file at the same time.</p> <p>FO presents the file to the Committee members, covering the key items:</p> <ul style="list-style-type: none"> <li>• Names and relations of the persons having a role on the account(s)</li> <li>• Origin of the relationship (introduced or not etc.)</li> <li>• Client's professional background</li> <li>• Source and composition of the relationship size of wealth (including corroborative evidence, as appropriate)</li> <li>• Objective of the account(s), transactions and current AUMs</li> <li>• Source of funds received on the account(s)</li> <li>• Potential risks and elements of comfort</li> </ul>
Compliance of WMHK / WMSG (Refer to table below for more details.) (*)	Please refer to Part A 3.4 and 5.3.1 for Compliance's responsibilities. Compliance gives its opinion: unfavorable, favorable, favorable with conditions

<sup>8</sup> "US Persons" policy (WM - US Persons / FATCA / QI Policy – effective Feb 2016).

Participants to the CAC, applicable to both WMHK and WMSG	Roles at the CAC meeting
Client Management	<p>Please refer to Part A 3.3 and 5.3.1 for CM's responsibilities.</p> <p>CM as secretary of CAC will check for CAC quorum.</p> <p>CM highlights any document deficiencies or conditions from previous CACs which remain outstanding.</p>

(\*) constitute the quorum

At CAC's request, any person whose expertise may be necessary for the Committee to make a judgment on an account may also be invited to attend Committee meetings such as representatives from Credit, Legal, Products and Services, Risk IS-WM, Local Head of Territory, etc.

CAC meetings should be held in the form of physical meetings, i.e. approval by circulation is not acceptable except as provided in 4.6, 5.3.3 and 5.9.

Below table states the minimum requirements of CAC Chairman and Compliance participation according to risk level as approved by HO WM Compliance. Accounts can always be approved by CAC participated by members qualified to approve more risky accounts, e.g. CEO can chair for all types of risk levels; High Risk CAC can approve Medium and Low Risk accounts, etc.

	<b>WMHK</b>		<b>WMSG</b>	
	<b>CAC Chairman</b>	<b>Compliance</b>	<b>CAC Chairman</b>	<b>Compliance</b>
PEP	WMHK CEO	Head of WMHK Compliance / Regional Head of WM Compliance	WMSG CEO OR Delegated Market Heads + WM Asia CEO	Head of WMSG Compliance / Regional Head of WM Compliance
Non-PEP High Risk	New account opening: WMHK CEO OR Delegated Market Heads on cross market basis with CEO to sign when back to office. Contentious / significant issues escalate to CAC chaired by CEO.  Account review: Delegated Market Heads on cross market basis. Contentious / significant issues escalate to CAC chaired by CEO.	New account opening: Head of WMHK Compliance OR Delegated WMHK Senior Compliance Officers with Head of WMHK Compliance to sign when back to office.  Account review: Delegated WMHK Senior Compliance Officers	New account opening: WMSG CEO OR Delegated Market Heads on cross market basis with CEO to sign when back to office. Contentious / significant issues escalate to CAC chaired by CEO.  Account review: Delegated Market Heads on cross market basis. Contentious / significant issues escalate to CAC chaired by CEO.	New account opening: Head of WMSG Compliance OR Delegated WMSG Senior Compliance Officers with Head of WMHK Compliance to sign when back to office.  Account review: Delegated WMSG Senior Compliance Officers
Medium Risk	Physical CAC: All WMHK Market Heads. Cross market basis applies only if Market Head is the RM.  CAC by circulation (account recertification only): All WMHK Market Heads. Cross market basis applies only if Team Head or Market Head is the RM.	Any WMHK Compliance Officer	Physical CAC: Delegated Market Heads on cross market basis.  CAC by circulation (account recertification only): Delegated Market Heads on cross market basis.	Delegated Senior Compliance Officer and any WMSG Compliance Officer
Low Risk	Physical CAC: All WMHK Market Heads. Cross market basis applies only if RM is the Market Head.  CAC by circulation (account recertification only): All WMHK Market Heads. Cross market basis applies only if RM is the Team Head or Market Head.	Any WMHK Compliance Officer	Physical CAC: Delegated Market Heads on cross market basis.  CAC by circulation (account recertification only): Delegated Market Heads on cross market basis.	Any WMSG Compliance Officer



Notes:

Delegated Market Heads: Please refer to separate derogation or delegation document for the names of Market Heads delegated.

Delegated Senior Compliance Officers: Head of Account Opening & Review and Head of AML Policy & Surveillance of the Compliance of the WM entities are the defaulted delegated senior compliance officers.

Sign off by RM supervisor before CAC

- **For All Cases**

RMs need to seek their respective Team Head approval prior to submitting their file to CAC. If the RM is also the Team Head, then Market Head will sign.

- **Certain High Risk Cases**

For the following situations, the sign-off of the RM's Market Head is compulsory. It is the responsibility of the RM to get his Market Head approval (physical signature on CAF or by email or via Filenet).

- MLRA  $\geq$  50
- PEP rating of 1 or 2
- KYC / Due Diligence checks reveal significant negative news that may have a major impact on the Bank's reputation or AML risk profile

The above would apply for both new and recertified accounts.

## 4.3 Decision making

At the end of its examination of the account, the CAC:

- Approves the account opening or continuation of relationship by a unanimous vote of the members present, setting any possible conditions (documentation or information to be filled in within the set timeframes, special account monitoring, restriction on the scope of transactions, etc.); or
- Suspends opening the account pending additional information to be obtained on the business relationship; or
- Refuses to open or decide to terminate an existing account. If it rejects for compliance reasons, local Compliance decides if there are grounds for filing a suspicious activity report according to local regulations and document basis of decision.

Compliance reasons refer to:

<sup>TM</sup> suspicious activity;

<sup>TM</sup> The Bank is not able to complete CDD measures. For example, the Relationship Manager is not able to identify a party in the business relationship (account holder, beneficial owner, signatory, settlor, protector, etc.) or to obtain information about the purpose and nature of a business relationship (KYC), or the client is reluctant to provide information requested by the Bank and decides to withdraw a pending application or terminate existing relationship;

In case of suspicious activity report has to be filed, local Compliance notifies Group Financial Security with a copy of WM Compliance.

In case of other situations, local Compliance notifies WM Compliance with a copy to Group Financial Security and IFS Compliance;

- In the case of a PEP account, to give a positive opinion and to escalate for a higher-level decision (see paragraph 2.1.4);
- If it does not arrive at a unanimous decision, file is escalated to Regional Head of WM Compliance, and the Business Line Management to arbitrate. If no agreement is reached, an arbitration decision is issued jointly by the Business Line's Head of Compliance (Head Office) and the Head of the Business Line (Head Office) who consults the Head of the Geographic Area who is concerned.
- The Committee approves the account typologies assigned to the account(s) (see Section 9) based on the information contained in the account file.

#### 4.4 Responsibilities of Client Management after CAC

Client Management is in attendance at CAC and responsible for preparing minutes of the meetings taken and ratified, specifying which clients have been approved and which have been rejected (and for what reasons).

Once the business relationship has been approved by the CAC, CM is responsible for the following:

- Opening an account(s) in the Bank's accounting systems in order to record transactions;
- Entering data in respect of the business relationship and related persons in the "Client Database(s)"<sup>9</sup> and in other relevant information systems of the WM Entity. Such data includes, but is not limited to, the surname(s), first name(s), date(s) of birth, country(ies) of birth, country(ies) of primary residence, country(ies) of nationality of all parties to the relationship, country(ies) of activity of the beneficial owners / account holders, next review date of the account;
- Entering the type(s) of account(s) and at least any other criteria required for calculating the account's risk score for money laundering sensitivity in the "Client Database(s)" (WM Procedure, "Money Laundering Risk Assessment – Risk Scoring Methodology");
- Listing, filing and maintaining the documentation required by the WM's Entity procedures;
- Tracking of CAC conditions, Please refer to Part A Section 4.7;
- Verifying that all of the required information is provided and the file is complete.

#### 4.5 Frequency of the Committee's Meetings

The CAC should meet on a regular basis, but should also be prepared to meet on short notice if necessary in order to be able to approve new clients.

#### 4.6 Opening New Account by CAC by Circulation

On risk-based approach, opening new account in the same accountholder name as existing account in the same Booking Centre (e.g. Mr. ABC – a/c 1, Mr. ABC – a/c 2; Capital Investment Entrant Scheme (CIES) account; each account bears different

<sup>9</sup> "Client Database" means the system that the Entity uses to record the persons associated with the accounts and linking them to the accounts.

account number) can be approved by Booking Centre CAC by circulation instead of physical meeting if all the following conditions are met:

- No changes in the persons involved in the relationship (i.e. no changes in existing signatories, no changes in existing beneficial owners, same account holders. If new POA/LPOA is added to the new account, physical CAC will be required);
- No increase in MLRA scoring as a result of the opening of the new account (e.g. UBO has new source of wealth from a country not identified before will result in change of MLRA and will require physical CAC).
- Compliance is satisfied that there is no document or information is missing in the account file (to be confirmed by CM), the account recertification is not overdue, all transactional alerts have been cleared and that no Compliance issue of any nature is pending.
- KYC recertification of the existing account is not overdue.

A Form for CAC Approval by Circulation should be completed.

For clarity's sake, opening sub account for specific products such as FX Margin Trading (FMT), Discretionary Portfolio (DP), Listed Option, LOPT) etc., is not new account and therefore CAC approval is not required. Compliance approval is required to open the sub-account only when CAF review of the main account is overdue or there is NDM document missing in the main account.

In addition, CAC approval by circulation can be done using the Ad Hoc Profile Changes Sign-off Form for adding new authorised signatory/gatekeeper without change of BO or account holder or legal structure or MLRA scoring and the new signatories are not employees of professional firm which has been managing the account. Details see 5.9.

Account recertification for low and medium risk accounts can also be done by circulation. Details see 5.3.3.

## 4.7 Follow up of CAC Conditions

Account documentation issues would be tracked by Client Management in Irregularities Report (see Section 1.6). Account is blocked once target date is reached. Target date is part of CAC mandatory decisions. If not mentioned, target date is 1 month by default.

Account with KYC/AML/Compliance issues would be tracked by Compliance in ICU Register (see Part C).

In addition, CAC may impose certain conditions to be completed by a target due date,

- Risk related CAC conditions are conditions relating to KYC or client due diligence nature e.g. RM to meet with client by DD/MM/YY.
- Non-risk related CAC conditions are instructions relating to commercial or marketing, e.g. top up AUM by certain due date.

Client Management

- Inputs the conditions with due date to relevant system (e.g. E-to-Do) for RM action which is also accessible to Market Heads and Business Managers.
- Reports monthly the statistics of the expired CAC conditions to the KYC Steering Committee which decides action required.
- Blocks accounts with **expired risk related** CAC conditions on a weekly basis.
- For accounts to be closed, change next review date either to target closure date or to '2039' when client instruction to close has been received or when CM has sent bank closure letter to client. CM blocks the account for closure (cf Part C 6.2).

## 5 Account recertification

### 5.1 Recertification Objective

The Relationship Managers are the guarantors of BNP Paribas' reputation and commercial interest in maintaining business relationships and of the acceptability of these relationships with respect to BNP Paribas standards, policies and procedures, particularly in terms of Compliance.

As a consequence they must continually update the information on the business relationships, in particular through meetings with the account holders / beneficial owners. Such meetings must be formalized, notably through interview reports.

Updating consists of collecting any KYC elements that are either missing, outdated, or that no longer reflect what the relationship manager knows about the business relationship. It also provides the opportunity to reconfirm and verify that the essential account information is contained in the file and is fully compliant with the bank's current procedures.

**At the occasion of the account recertification, the activities of the beneficial owner(s), the amount, breakdown and source of wealth is also reviewed and documented if necessary (see Section 3.2).**

In the event it is not possible to update and verify the identifying information and the characteristics of the business relationship, the Relationship Manager must notify the Compliance to decide what action should be taken in respect of the non-compliant files (see Section 1.6.2.2).

#### Vigilance on client contact details

Bank should ensure that the identity and other personal information about their clients (including correspondence address and phone number) are accurate and up-to-date to ensure their clients are contactable.

There should be sufficient identification and follow up on potential KYC issues arising where multiple clients provide the same postal addresses, email addresses or telephone numbers where there is no apparent family or other circumstances to explain the connections.

Moreover, where the bank becomes aware that two or more unrelated clients (e.g. without any family relationship) have authorised the same third party to place orders for their accounts, the bank should actively enquire and critically evaluate the reasons why individual unrelated clients authorise the same third party to place orders and ascertain the relationship between them as part of the KYC procedures, and properly monitor these client accounts for irregularities.

#### Accounts subject to recertification

It is the policy of the BNP Paribas Group to undertake periodic, formalized and in-depth recertification of the business relationships in addition to the foregoing updates and verifications. Within WM, each account is updated in the course of periodic "account recertification". They are described in more detail in rest of Section 5.

All accounts must be reviewed. The cross-border accounts (i.e. RM location is different from booking location) are part of the review of each of the two Entities. Exceptions to have periodic KYC account recertification apply to:

- dormant clients blocked and monitored on a regular basis according to the WM "dormant accounts" procedure;
- accounts with only defaulted securities / illiquid assets blocked for close monitoring (see Part A 5.6);
- deceased clients and unclaimed assets accounts (aka 'uncontactable client' tag to Client Management) which have been blocked; and

- account blocked for account closure upon issue of closure letter by the Bank or receiving closure instruction from client (see Part C for due diligence on account closure)

#### Grouping of accounts for recertification

Accounts having the same beneficial owner(s) due for review in same calendar year and same account name regardless of previous review date should be reviewed together. Due to system limitation to identify accounts with same BO, on best effort basis, next review date (NRD) for (1) accounts with same BO due for review in the same calendar year, (2) account in same marketing group due for review in same calendar year, and (3) same account name regardless of previous review date, are aligned on same date manually by CM and as advised by RM. On best effort basis RM should submit review for accounts involving the same natural persons with the same sensitivity for efficient use of resources. In general, RM should only group accounts with the same clients or family members in one Marketing Group and should avoid irrelevant accounts (e.g. business associates) in the same Group. For transaction review performed by Compliance, even if account recertification is done on stand-alone basis, if the transactions involve many inter-account transfers among BNPP accounts, transaction review will be extended to the relevant accounts.

For review of business intermediaries, please refer to separate Regional Procedure Manual on Business Introducer and Singapore Procedure Manual on Third Party Managers.

## 5.2 Recertification Frequency

### a) Recertification according to risk level

Recertification frequency is based on risk level, measured by the MLRA score:

- **Forced criteria** are defined as follows and these accounts are classified as **High Risk** (or **Very Sensitive**).
  - PEP
  - Fiduciary structures (trusts, foundations) or other wealth planning structures (personal investment companies, etc.) not administered / managed by a BNP Paribas entity, (i.e. third party trustee)
  - Relation suspected of AML/FT, under investigation by the authorities or convicted / under sanctions for AML/FT (log in ICU Register)
  - Client with business activities in production of goods related to weapons or nuclear activities and provision of related services (Sensitive Activity A11 tagged)
  - Client's nationality (individual), country of registration (legal entity) or country of activity is country under financial embargo.
  - If it is noted that client purchase or deposit rare or precious metals to the account, as the product allow anonymity.

These accounts must have MLRA at least 50. They are subject to 6 months review after new account opening, then on annual basis (first full review will be 12 months from account opening date). The purpose of the initial six months review is to ensure that the operation of the account is consistent with the relationship and transactional profile. For review procedures details, please refer to 5.3.4.

- Clients having an MLRA score of 50 or higher but not meeting the above "forced criteria" and P0 resident client accounts (Part A 1.9.1) are classified as **High Risk** (or **Very Sensitive**) clients and must be recertified annually by CAC.

- Clients having an MLRA score greater than or equal to 30 and less than 50 are classified as **Medium Risk** (or **Sensitive**) clients and must be recertified every two years by CAC.
- Clients having an MLRA score of less than 30 are classified as **Low Risk** (or **Standard Sensitive**) and are recertified every three years by CAC.

The recertification should be performed at the anniversary date of the account opening (first recertification) or at the anniversary date of the previous recertification (account already recertified). The date the recertification takes place must be input to the information systems of the WM Entity (e.g. Olympic).

b) Early recertification upon triggering events

Triggering events are defined below. Accounts must be immediately recertified by the CAC, without waiting for the review date determined by the MLRA score. The Next Review Date (NRD) for full account recertification will be set as 2 months since the date of trigger event noted by CM or Compliance. However if at any time a money laundering suspicion is noted, the time line for filing STR should be followed (see Part C section on Suspicious Transaction Reporting)..

- New additional beneficial owner, new account holder or joint account holder, change in legal structure for accounts opened in the name of a fiduciary structure, etc.
- The Bank receives information concerning the client or someone involved in the account (e.g. from public source) and this information increases the reputational risk or risk of money laundering associated with the account: information about a criminal conviction of the client or someone involved in the account, information about fines from a regulator, negative information about the client in the media, etc.
- The business relationship is the subject of an investigation for filing suspicious activity report to the authorities;
- The business relationship is the subject of a formal request for information from the authorities (judicial or local Financial Intelligent Unit) in a criminal context or money laundering or terrorist financing;
- The request of WM Business Line / IFS Core Business / Group Compliance;
- Existence of a forced criterion (see Section 5.1) of which the Entity becomes aware since the prior CAC approval. For change from non-PEP to PEP, if client is now identified as a PEP because of a public position is newly taken up or newly discovered, it is treated as triggering event for immediate full review. If the change from non-PEP to PEP is purely due to clarification of PEP definition, it is not considered as triggering event for immediate review since the risks associated with the individual who was not classified as a PEP would have been fully considered during the last CAC approval despite the account was not tagged as a PEP account. While immediate review is not required, the account should now be tagged as PEP and subject to PEP approval procedures. Its MLRA score will be adjusted accordingly and the next review date will be adjusted as 1 year since last CAC approval.
- Recurrence of enhanced scrutiny of transactions related to the same account (e.g. repeated Norkom alerts) that cannot be resolved



- viii. Embargo / sanction alerts positive hit sent to Group Financial Security (likely to lead to notifying the authorities) whether as result of payment screening or client database periodic screening;
- ix. Blocking or rejection by other banks for reasons linked to financial sanctions;
- x. New information of which the Bank is aware that shows the business relationship has a link (activity, shareholders, etc.) with a country under sanctions;
- xi. Doubts (arising from controls, public information, etc.) regarding the quality of identification procedures or the up-to-date nature of knowledge obtained on the relationship; or when the Bank is aware that it lacks sufficient information about the customer concerned. E.g. an analysis of the account transactions by Compliance leads to scrutiny of the KYC profile and reveals that the information it contains is incomplete, incorrect or obsolete.
- xii. Change in Client's source of income, family status leading to new risk to the Bank;
- xiii. Change in client's status or characteristics of the account relating to our definition of "sensitive client", leading to a marked increase in money laundering / terrorism financing risk or changes in risk level;
- xiv. Change from Non-US resident to US resident ;
- xv. Change of client's nationality and domicile to a very high sensitive country and P0 country.
- xvi. Re-activation of a dormant account overdue for KYC (detailed conditions please refer to separate dormant account instruction notes)
- xvii. when a significant transaction is to take place;
- xviii. when a material change occurs in the way the customer's account is operated;
- xix. When the Bank customer documentation standards change substantially.
- xx. Termination of business relationship because of Compliance issue excluding reporting of suspicious transactions.
- xxi. Large credit operations to be presented to the BNP Paribas Credit Committee ("CCDG")
- xxii. Re-activation of KYC overdue account blocked pending account closure upon issue of bank closure letter or receipt of client closure instruction, but subsequently decided not to be closed.



## 5.3 Recertification Procedures

### 5.3.1 Overview and responsibilities

Based on MLRA and resulting risk level, the level of due diligence review differs to ensure risk based approach:

Sensitivity Category	RM	Client Management	Compliance	CAC approval	Next Review Date
PEP / HIGH	<ul style="list-style-type: none"> <li>Examines the elements of identification, identity verification and knowledge of the business relationship available in the account file.</li> <li>Identifies the elements that are either missing, too old, or that no longer reflect what the Relationship Manager knows about the business relationship and ensures that the file is in line with the relevant WM procedures.</li> <li>This concerns in particular information on the purpose and the nature of the business relationship, on the origin of wealth and the source of funds in respect of the business relationship, as well as the supporting documents.</li> </ul>	<p>Validate accuracy of client data against documents where available, including name, date of birth, address, organisation chart for corporate accounts.</p> <p>1st level completeness and consistency check of all items including MLRA scoring.</p> <p>Sign off for CM's documentation check according to Documentation Checklist and client profile 1st level check.</p> <p>CM highlights any document deficiencies or conditions from previous CACs which remain outstanding to CAC members.</p> <p>CM schedules the CAC meetings.</p>	<p>2<sup>nd</sup> level review of KYC info, source of fund, source of wealth and MLRA scoring. Due diligence similar to Section 3.4 for account opening.</p> <p>Ensure the client's background and source of wealth is completed, comprehensive and plausible in the CAF (through corroboration previously provided)</p> <p>Transaction pattern review since the last review date. On risk based approach, if significant transaction issues noted, Compliance may review transactions before last review date. For enhanced scrutiny of transaction which is required for investigation cases due to compliance reason, the period should cover at least since last CAC review date or the past five years whichever is later, and any previous material transactions used to fund the</p>	<p>6 months review sign off by circulation</p> <p>All others: Physical CAC</p>	<p>PEP or forced criteria + 6 mths for initial review only (streamline review focus on transaction, see 5.3.4)</p> <p>All others +1 year since last physical CAC.</p>
MEDIUM	<ul style="list-style-type: none"> <li>The Relationship Manager ensures that the operation of the account is in line with the stated objectives of the account and his / her knowledge of the business relationship by reviewing the transactions that have been carried out since the last account recertification.</li> </ul>	<p>CM schedules the CAC meetings.</p>	<p>Transaction pattern review since the last review date. On risk based approach, if significant transaction issues noted, Compliance may review transactions before last review date. For enhanced scrutiny of transaction which is required for investigation cases due to compliance reason, the period should cover at least since last CAC review date or the past five years whichever is later, and any previous material transactions used to fund the</p>	<p>By circulation though any CAC members may request physical CAC for key issues.</p>	<p>+ 2 years</p>
LOW	<ul style="list-style-type: none"> <li>The Relationship Manager reviews the Investment Profile and ensures that the client's knowledge and experience level as well as his / her risk profile are consistent with the information the account holder(s) / beneficial owner(s) have provided (for example, taking into account a change in the account holder / beneficial owner's</li> </ul>	<p>After CAC, CM ensures that the data contained in the KYC are updated to OLYMPIC and IMPRESSION (or equivalent). This concerns in particular accurate account classification (categories 10 to 72). CM also input the recertification date</p>	<p>Transaction pattern review since the last review date. On risk based approach, if significant transaction issues noted, Compliance may review transactions before last review date. For enhanced scrutiny of transaction which is required for investigation cases due to compliance reason, the period should cover at least since last CAC review date or the past five years whichever is later, and any previous material transactions used to fund the</p>	<p>By circulation though any CAC members may request physical CAC for key issues.</p>	<p>+ 3 years</p>

Sensitivity Category	RM	Client Management	Compliance	CAC approval	Next Review Date
	<p>professional situation or the occurrence of suitability alerts.</p> <ul style="list-style-type: none"> <li>Ensures that any requests arising from Compliance controls have been addressed and resolved (requests on NORKOM, ACTIMIZE, SHINE, suitability alerts, etc.).</li> <li>Ensures that possible situations of conflicts of interest (links of the beneficial owners with listed companies for example) have been disclosed and handled.</li> <li>Performs checks in internet for all parties to the business relationship.</li> <li>He / she ensures that any conditions imposed by the previous Acceptance or Recertification Committee have been satisfied.</li> <li>The RM completes and signs the Recertification form (see appendix No 13);</li> <li>The RM completes and signs a new KYC profile (in Amefico or ICE) for the account based on updated information including any that are required to meet the prevailing standard on the client's source of wealth and activity;</li> <li>The RM (if applicable, e.g. EU or OECD residents) checks that a DTC is on file and completes a TRQ/TCI form;</li> <li>Simulate MLRA</li> </ul>	<p>in the WM Entity's information systems (e.g. Olympic or equivalent) and stores the file.</p> <p>Perform name search as stated in 1.5.2.</p>	<p>account<sup>10</sup>. For account with sanction exposure, where necessary, the transaction review would include bank initiated and investments (e.g. all USD transactions would become relevant even though they are bank initiated.)</p> <p>Review pending Norkom alerts and outstanding compliance request.</p> <p>Ensure previous CAC comments are complied with.</p> <p>Indicate whether the relationship has already been brought to the attention of Compliance (STR, special monitoring, ...) through the consultation of the ICU Register</p> <p>Review potential positive hit highlighted by CM and /or RM</p>		

<sup>10</sup> This is as per footnote 9 of Instructions on Business Relationships KYC Review effective Dec 2014, referring to 'enhance scrutiny of transactions' : "Since the last review for the relationships already reviewed (for relationships that have never been reviewed, the review concerns at least the past five years and any previous material transactions used to fund the account."

### 5.3.2 Recertification Responsibilities of CAC

- The Client Acceptance and Recertification Committee (“CAC”) reviews all accounts, notwithstanding their risk sensitivity level.
- The CAC analyses the account to ensure that:
  - ✓ The requirements of paragraph 5.1 above have been met (identifying information and verification, up to date and complete knowledge of the business relationship, etc.);
  - ✓ The money laundering, terrorism financing and sanction risk sensitivity is acceptable under the Group guidelines etc.;
  - ✓ Since the last recertification, the account's operations are consistent with the knowledge the bank has of the business relationship;
  - ✓ Any conditions imposed by the previous Acceptance or Recertification Committee must have been satisfied;
  - ✓ The MLRA score adequately reflects the account risk, in particular taking into account any “forcing criteria” if relevant;
  - ✓ Regular contacts has been maintained with the account holder / beneficial owner, documented by sufficiently detailed contact reports;
  - ✓ If the account holder / beneficial owner is a resident of a OECD or EU member country, such beneficial owner / account holder complies with WM Tax policy (see paragraph 2.7);
  - ✓ The KYC profile has been properly updated and the Recertification Form has been fully completed and signed;
- Based on its assessment, the CAC shall decide either to maintain the account, close it, escalate it to Business Line Compliance or consider it as “non-compliant” (see paragraph 1.6.2.2 for the definition and treatment of “non-compliant” files).

The CAC members must sign and date the updated KYC profile or CAC minutes certifying that the recertification has been performed and that the account satisfies the compliance standards of the WM Business Line).

**If the Client Recertification Committee decides to terminate the relationship for compliance reasons, the WM Entity must close the account in a timely fashion.**

Compliance is immediately notified when the question of ending a business relationship with a client arises for compliance reasons, in particular when the question of ending a business relationship with a client arises because the bank is unable to identify a party in the business relationship or is unable to obtain information on the purpose and nature of the business relationship (KYC). Compliance then decides if a suspicious activity report must be made to the competent authority. Closure for compliance reason requires notification to HO WM Compliance. Please refer to Part A 4.3.

- For tracking and reporting of CAC conditions, same procedures apply as in Section 4.7.

### 5.3.3 Recertification by CAC by circulation

Medium or Low Risk account recertification may be processed using the Client Acceptance Form for sign off by circulation (email sign off is acceptable) by the following persons in addition to the RM himself/herself.



For accounts with booking centre same as RM location:

1. Team Head (If RM is the Team Head or Market Head, sign by one-level up supervisor)
2. Booking Centre Client Management
3. Booking Centre Compliance
4. CAC Chairman (referring to Part A 4.2).

For cross-booked accounts between WMHK and WMSG:

1. Team Head (If RM is the Team Head or Market Head, sign by one-level up supervisor)
2. Both Booking Centre CM and Relationship Centre CM
3. Both Booking Centre Compliance and Relationship Centre Compliance
4. CAC Chairman of Booking Centre (referring to Part A 4.2).

CAC Chairman reviews the comments made by the respective parties, review the file, sign off or reject. All parties mentioned above can call for physical CAC if key issues are identified.

#### **5.3.4 6 months Review by CAC by circulation (PEP or Forced Criteria)**

For new accounts opened, the NRD will be 6 months later. FO will have to complete a 6 Months High Risk Account Recertification Form, signed off by RM and supervisor, to confirm any new adverse news and any unusual activities no later than 180 days from the date of CAC approval. CM checks completeness of the form, proper signature and then passes to Compliance. Compliance performs independent review on account transactions and compares to expected transactions documented at account opening. Compliance can request revision of profile documentation if inconsistency noted. CAC Chairman then signs off after Compliance. The parties to sign off as CAC members are the same as stated in Part A 5.3.3 except that for cross book accounts, sign off by booking centre CM and booking centre Compliance are sufficient. Any party can request CAC review if there are unusual activities noted. CM, after receiving the signed forms from all CAC members, will update NRD to 1 year after the initial CAC approval date for account opening.

#### **5.4 KYC Review Plan and 6-months Reconciliation between NRD and MLRA**

After every CAC meeting, the Client Management will input the Next Review Date ("NRD") of the CAFs reviewed and inform the Relationship Manager in the post-CAC notification email.

The WM Entity's Management is responsible for establishing an annual recertification plan so that recertification begins in early January of each year. The progress is reported monthly to Business Line Compliance using the specific Head Office template.

As MLRA is a dynamic figure which can be changed due to changes in size of wealth (among other criteria, please refer to section 2), CM performs reconciliation between NRD and MLRA scoring every 6 months and circulate revised review plan to Front



Office to ensure NRD of accounts with increased sensitivity are adjusted accordingly.

Once discrepancy is noted:

- For accounts where the MLRA score at the reconciliation snap shot demands an earlier NRD than the one recorded in system, the NRD will be adjusted early according to the review frequency (see Section 5.2). However, in any case, NRD will not fall earlier than 3 months from the date the revised review plan is announced to FO.
- For accounts where the MLRA reduction is due to the dynamic nature of the index (e.g. decrease in size of wealth), for prudent's sake, the NRD will not be deferred even though the 6 months reconciliation notes a MLRA score that indicates a later NRD than the one recorded in system.

During the reconciliation exercise, CM should also review if the NRD has been set correctly for new 'Forced Criteria' accounts subject to 6 months initial review (see Part A 5.2).

The new NRD will be validated by CAC for change of system record.

If MLRA score for an MLRA index is changed as decided by HO WM Compliance from time to time (e.g. country risk scores of certain countries are increased or decreased), the NRD will be earlier or deferred accordingly. This is usually reviewed by a separate exercise to adjust the NRD. No CAC validation is required as the NRD change is not due to changes in the clients' risk characteristics.

## **5.5 Accounts Overdue for Recertification**

Client Management escalates overdue CAF statistics to KYC Steering Committee..

WM Asia Management has imposed procedures to block accounts overdue for more than 1 month. Management prior approval is required to unblock for transactions. For detailed blocking scope and procedures, please refer to email announcement from WM Asia Management which may be updated from time to time (see Appendix A.10 for email dated 4 Dec 2015 and subsequent KYC Steering Committee minutes dated 11 Apr 2016 for reference).

The ultimate responsibility to complete the CAF Review rests with Relationship Managers. Market Head will be responsible to supervise and follow up with RMs. RM must submit account recertification BEFORE review due date.

## **5.6 KYC Review for Account with Defaulted Securities / Illiquid Assets Only**

For accounts with defaulted Securities / illiquid assets AND minimal / zero cash balance, periodic **KYC review can be waived** if the following conditions are met:

- 1) FO to confirm that the a/c only has the illiquid/problem securities and nothing else. No other assets in the account (e.g. no roll-over of deposits) and no other transactions or activities in the account.
- 2) Accounts are **BLOCKED** for all activities except for settlement of ( name of the illiquid securities, e.g. Lehman issues). Outgoing funds to same name account only and all other transactions require unblock approval from Market Head and Compliance.



3. A.) When the defaulted issue is settled and assets are transferred out, FO to instruct CM for closing the account.
3. B.) Should the account be activated in future, immediate CAC review is required for unblocking, .
4. The accounts are still subject to periodic scanning for PEP, sanction and tax crime news.

The above is similar to dormant account where no KYC review is required until re-activation. For those with defaulted / illiquid securities, more stringent blocking is imposed to restrict first party transfer only.

CM will block the account and change next review date to the year 2039 upon confirmation from FO.

## 5.7 Documents Renewal at Account recertification

Full requirements are listed in the Documentation Checklist for Account Recertification. Documents in the below table must be submitted before account recertification can be approved; as such CM would not pass the file to Compliance with document missing unless agreed by Compliance for exceptional case or for purpose of tabling non-compliant file at CAC. Referring to Part A Section 1.6.2.2, certain documents are also subject to non-compliant file process and account has to be closed if document is outstanding for 6 months (marked “NC” in the table below).

On risk based approach, the MLRA score will be used to determine the documentation requirement at account recertification. More stringent requirement will apply to high risk/PEP accounts on risk based approach.

Documents	Requirements
Certificate of Incumbency and Company search report for account holding entities and shareholders with ultimate interest 10% or above on the account holding entity  (NC)	<p><b>MLRA &gt;= 50 Or PEP:</b> Certificate of Incumbency (“COI”) or company search report less than 3 months at the time received by Front Office even without change of company structure, if the document already in file is more than 1 year old.</p> <p><b>All other accounts:</b> COI or company search of less than 3 months old at the time received by Front Office even without change of company structure, if the document already in file is more than 3 years old.</p>
Unexpired passport  (NC)	<p><b>WMHK Booking Centre</b>  <b>MLRA &gt;= 50 Or PEP or US passport holder or US indicia account even though the indicia has been cured:</b> If passport of any relevant parties has been expired, new valid (unexpired) passport copy should be obtained.</p> <p><b>All other accounts:</b> No need to update passport copy unless at the request of CAC due to certain AML/KYC issues.</p> <p>NB: ID must be valid when opening new account.</p> <p><b>WMSG Booking Centre</b>  For all accounts, expired ID document must be renewed at account recertification.</p>





Documents	Requirements
Call report for face-to-face meeting with client	<p><b>Mandatory for WMHK accounts and WMSG accounts managed by HKRM</b></p> <ul style="list-style-type: none"> <li>• Call report is required to evidence face-to-face meeting between RM and any authorized representatives of the client.</li> <li>• Video conference is an acceptable means.</li> <li>• The meeting date should be within the following specified period from date of submitting account recertification: <ul style="list-style-type: none"> <li>▪ High risk / PEP client: 1 year</li> <li>▪ Medium risk: 2 years</li> <li>▪ Low risk: 3 years</li> </ul> </li> <li>• If the face-to-face meeting is conducted more than 1 year ago, non face-to-face contact report is still required to evidence contact within 1 year</li> </ul> <p><b>Mandatory annual face-to-face meeting for P0 resident clients (Part A 1.9) for both WMHK and WMSG.</b></p>
Address proof (NC)	<p>If the RM is aware that the client has changed his/her domicile, he/she must obtain a new, valid proof of residence.</p> <p>For MSC national clients (Cuba, Iran, Syria, Sudan and North Korea nationals) at each recertification a new and recent (less than 3 months old) valid proof of residence must be obtained.</p> <p>At each recertification, the RM must document in a call memo dated within 3 months from date of submission to be included in the set of documents submitted to the review committee, that he/she has noted no indicia that the client's residence has changed, based on (1) search (refer to note below) where applicable, (2) RM's usual contact with the client (beneficial owner or any person with power to operate the account) and (3) RM's KYC knowledge of the client. This applies to all individuals in the account which address proof is required, i.e. not limiting to beneficial owner. Address proof re-confirmation is not required for representatives of fiduciary services providers. A declaration of tax conformity (applicable for EU or OECD residents) must be included in the set of documents to be submitted to the review committee.</p> <p>Note: RM searches, when they exist, external databases (i.e. "telephone directory") to check whether there is any information related to the client residence and any indicia that the client has moved. Evidence of searches is provided to Client Management. No search evidence is required for residence in Australia, Hong Kong, China, India, Indonesia, Japan, Macau, Malaysia, Philippines, Singapore, South Korea, Taiwan, Thailand, Vietnam, UAE as it is confirmed by the respective market business managers that on-line telephone directory does not exist or is not reliable as it does not provide full coverage or is not updated. Search evidence will be required only for client residing in the other countries not listed above. Business Managers of the RMs who manage clients residing in the country will be responsible to notify RM and Compliance if there is change in the practice of the country.</p> <p>Address proof of primary residency (i.e. fiscal address or tax residence stated in KYC profile) must be a separate document from the identification document (i.e. two different documents needed).</p>
Declaration of Beneficial Ownership	<p>Individual/joint account</p> <p>If the account opening mandate of the main account signed by accountholder does not include the statement that the accountholders declare they are beneficial owner</p>





Documents	Requirements
(NC)	of the assets in the account, a separate declaration of beneficial owner is required (Appendix A.8) at account recertification.  Corporate account Only required when there is not already one in file or when there are changes.
FATCA (NC)	FATCA Review Checklist, and obtain the necessary documentation as to FATCA status. Particular attention must be paid to any change in circumstances brought to the attention of the RM which affects the FATCA status of the client
TRQ/TCI/16 Tax Indicator Checklist for French resident client (NC)	Renewal is required
MSC Self-Declaration / MSCQ (NC)	Renew if applicable. Please refer to Part A 2.8.
Operating corporates (Type 42/50/60)	Most recent annual report of the operating corporates.
Organisation chart	For complex structure if not already in file. Please refer to Part A 2.4.
Account Recertification Addendum	It is confirmation of addition due diligence questions by RM, applicable for all types of account recertification. Please refer to Appendix A.11.

## 5.8 Documentation Required for Subsequent Changes related to Client Identity and AML risk

a) Declaration of Beneficial Ownership	<p>In case shareholders are changed <b>without change of UBO</b> after account has been opened, e.g. only changing nominee shareholder, the UBO declaration only needs to be signed by director. UBO needs not sign. However, the latest nominee shareholders agreement/declaration of trust should be duly signed by the same UBO and the new nominee shareholders. A certified copy of the document should be provided to the Bank.</p> <p>Please refer to Declaration of Beneficial Ownership templates at Account Opening and Review Web  <a href="http://fps-co-asia.is.echonet/public/en/corporate-trust-pic-tpm">http://fps-co-asia.is.echonet/public/en/corporate-trust-pic-tpm</a></p> <p>If there are <b>changes to the UBO</b> after account has been opened, the Declaration of Beneficial Ownership form as in account opening is to be used, signed by both UBO and Director.</p>
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b) Residential address proof	<p>Move within same country: New residential address proof + client written instruction to change bank record + call back details (WMSG booking centre only). Fax instruction is acceptable provided fax indemnity has been signed. Client signature on the address proof itself is an acceptable written instruction.</p> <p>Move to different country: Same requirement as move within country to be submitted to CM. In addition, call report must be submitted explaining reason of relocation. Ad Hoc Client Profile Changes Sign Off Form to be completed for supervisor and Compliance sign off by circulation. This applies to account holder, UBO, POA/LPOA, and authorized signatories. If accountholder or UBO moves to a very high sensitive countries or P0 countries according to Group Policy, it is a triggering event for immediate account recertification to be submitted for CAC approval.</p> <p>In addition, CM must perform Safewatch/ Vigilance search on the individuals with change of address.</p>
c) Correspondence address and contact number of the account	<p>Client written instruction is required + call back details (WMSG booking centre only).</p> <p>If the changed correspondence address of the account is in a different country from any residential address of any parties involved in the account, or change of contact number to <b>major sanctioned countries, P0 countries or from non-USA to USA number</b>, call report must be submitted explaining the reason for supervisor and Compliance to sign off by circulation.</p> <p>This is in particular important if the new address or phone number is in the US as it is a US person indicia.</p>
d) special mail frequency	Please refer to Part A section 1.8.

## 5.9 Ad-hoc Changes to Client Profile

Certain ad hoc changes to client profile can be subject to streamline approval process.

1) Only RM supervisor sign off and CM documentation and name check. Neither Compliance review nor CAC approval are required unless there is name search potential true hit:

- (a) Delete authorised signatory/LPOA/director. Documentary evidence for the deletion to Client Management remains the same.
- (b) Add new signatories / LPOA only as a result of change of employees of a professional firm (fiduciary, trustee) which has been managing the account. Vigilance/Safewatch, Factiva and Worldcheck name researches are to be performed on the name of the fiduciary company. CM to request Compliance approval only when there is name search potential true hit.
- (c) Add new director without change of BO or ownership structure.
- (d) Changes in UBO net worth less than 20% of original amount stated in the CAC validated CAF and with good justification documented in new individual profile of UBO. CM checks to:
  - ensure the change is less than 20% versus the last CAC approved CAF;
  - ensure the liquid net worth mentioned in the profile is equal or greater than the total net AUM held within the bank
  - ensure the sign off on ad hoc form by Team Head/ Market Head + RM prior to submission to CM.



- If multiple requests have been received from FO leading to an increase more or equal to 20% of what is documented in the CAF last validated in CAC, the case will be referred to Compliance for validation.
- (e) Changes in name of corporate account holder without change of ownership structure. CM checks to ensure the necessary documentation satisfies the name changed for corporate, and to ensure no same name associated to operating company.
- (f) Change of contact number not involving major sanctioned countries or new USA phone number.
- 2) Supervisor and Booking Centre Compliance sign off by circulation. CAC approval is not required unless there is negative news or at the discretion of Compliance:
- (a) Changes in net worth  $\geq 20\%$  of original amount stated in the CAC validated CAF and with good justification documented in new individual profile of UBO. At the discretion of Compliance, the increase in net worth will be validated in CAC for example in case of very substantial or unusual increase of net worth or when the increase of net worth is the result of a major change in the relationship or client's business/professional activity. CM will check proper sign off on Ad Hoc Form by Team Head/ Market Head and RM prior to passing documents to Compliance.
  - (b) Changes in employment without significant change to source of wealth or any sensitive/high risk activities
  - (c) Change of nationality or residential address to another country with MLRA 20 or below for account holder, UBO, POA/LPOA, authorized signatories. Compliance will assess the impact on MLRA and NRD.
  - (d) Change of correspondence address of the account so that it is in a different country from any residential address of any parties involved in the account. Compliance will assess the impact on MLRA and NRD. For change of contact number to major sanctioned countries, P0 countries or from non-USA to USA number, Compliance will assess the sanction exposure, whether further enhance due diligence and escalation as in section 1.9 and 2.8 is required, and US status (US/FATCA committee may be required). CM updates the change in correspondence address/ contact number within 48 hours / on same day (month-end if document is received before 4pm) when client instruction is valid and verified without the need to wait for Compliance sign off unless the change becomes involving major sanctioned countries, P0 countries or the USA.
- 3) CAC approval **by circulation** using the Ad Hoc Profile Changes Sign-off Form:
- (a) Add new authorised signatory/LPOA without change of BO and/or ownership structure or MLRA scoring, not in relation to change of employees of fiduciary company administering the account mentioned at 1 (b).

Conditions for (2) and (3):

- At the point of submission, the account is not overdue for recertification.
- Client Management performs name search only on the relevant new person or entity by Worldcheck, Factiva and Safewatch, and on the person with changed nationality/address by Safewatch/Vigilance.
- Front Office performs name search on new persons by Vigilance and Internet (e.g. Google).
- Relevant documentary evidence (e.g. passport, board resolution, etc.) for the change remains to be checked by Client Management.



- The Ad Hoc Client Profile Changes Sign-off Form (See templates at [Client On Boarding Asia website](#)) and relevant client profiles need to be submitted to Client Management.

Other than the above, all other changes require account recertification using Amefico CAF or equivalent subject to physical CAC approval. Please also refer to 5.2 (b) early recertification upon triggering events

## **6 Clients of Multiple Entities / Cross-Border Booking Accounts**

### **6.1 Cross-border Booking Accounts between WMHK and WMSG**

For accounts managed by WMHK and booked at WMSG, or vice versa:

New account opening:

- Approval is required from joint CAC involving CAC members of both Relationship Centre and Booking Centre. If it is not possible for logistic reason, approval should be made from Relationship Centre CAC and then final decision from Booking Centre CAC, with RM presenting twice.
- As RM presents to both CAC members and both CAC members are involved in reviewing the due diligence information and making the approval decision without relying on each other, Introduction Form (Appendix A.3 ) is not applicable,

Recertification of existing account:

- High Risk / PEP : Approval is required from both Relationship Centre CAC and Booking Centre CAC, via joint CAC as far as possible.
- Medium or Low Risk : Sign off by CAC by circulation is allowed. Please refer to Part A 5.3.3.

### **6.2 Opening an account for an existing client with another WM Entity and cross referral**

This is referring to clients having business relationship in Entity A managed by RM in Entity A also desires to open an account with a WM Entity B which will be managed by RM in Entity B. The following rules apply:

- Entity B must obtain a waiver from the account holder / beneficial owner of Entity A, which allows Entity A to share information with Entity B;
- Entity B is responsible for fully complying with the account opening procedure and in particular, submission of the account to its Client Acceptance Committee which will accept or refuse to open the account independently of any decision taken by Entity A;
- Entity B assigns the account to a Relationship Manager who is required to interview the account holder / beneficial owner to obtain the requisite customer information prior to entering into the business relationship;
- Entity B must have a complete file on hand including a complete KYC profile and legal identification documents. WM Entity B may use copies of legal identification documents extracted from the file held in Entity A.
- In the foregoing situation, the identification of the account holder / beneficial owner by the Entity B is partly delegated to Entity A and requires an appropriate delegation agreement between the two Entities A and B;



- Entity A's Compliance Department informs Entity B's Compliance Department of any money laundering or terrorism financing risk by signing the Introduction Form (please refer to Appendix A.3 for sample template);
- Entity A cooperates with Entity B as needed to provide information or documents it requires; it informs the latter at all times of any additional information which it deems necessary for Entity B approve the account.

### **6.3 Opening Accounts Simultaneously in Several Entities**

This applies to situation **other than** cross booked accounts between WMHK and WMSG. A client may wish, when entering into a relationship with WM, to open accounts in more than one WM Entity. The process for opening accounts in these Entities must then be coordinated so as to avoid multiple communication channels with the client.

The account openings are coordinated by the client's "introducing" Relationship Manager and WM Compliance.

- WM Compliance arranges a preliminary conference call with the "introducing" Relationship Manager and representatives of the Entities concerned: Relationship Managers who will be asked to manage "local" relationships with the client, Compliance Officers and Management of the Entities.
- In this meeting, the "introducing" Relationship Manager provides the Entities with the Know Your Client information and informs them of the services expected; the Entities provide their information requests, which the Relationship Manager relays to the client. Therefore, the Relationship Manager remains the client's only contact person during the due diligence phase. Minutes must be recorded for this meeting.
- In each Entity, the approval decision remains the responsibility of its CAC. The decision is communicated to the "introducing" Relationship Manager and to WM Compliance, which may notify WM Management if the Entities have differing opinions.

## **7 Maintenance of Account Opening Documentation**

Client Management is responsible for storing and maintaining client files (including the Client Agreements and amendments, information relating to the approval of the client and any subsequent reviews, CAF/ client profiles, as well as reports and minutes of the CAC meetings, etc.) which should be clearly established in each site in accordance with local record keeping rules. All such files should be kept in a secure place with restricted access in Client Management Department.

For cross border booking accounts, the original set of Account Opening Documentation must be kept at the Booking entity. Image of the documents could be accessed by Relationship Centre via system (e.g. ECM).

## **8 Reporting to Head Office by local Compliance**

The WM Entity Local Compliance Department, based on the information provided by other departments of the entity (e.g. Client Management), consolidates and produces reports to WM HO Compliance on the effectiveness of the clients and intermediaries recertification program.

This reporting is performed on periodicity required by HO WM Compliance according to template provided by HO WM Compliance, which may require the following:

- Statistics on the progress of the clients and intermediaries recertification by sensitivity category against the recertification plan set up at the beginning of the year
- Historical statistics on "compliant" and "non-compliant" files, as well as statistics showing details of how long "non-compliant" files have had that status,
- A review of client relationships with "non-compliant" status closed and not closed since the last reporting,
- A short qualitative analysis of the results of the controls performed.

## 9 “Operating Corporate” or “Commercial” Accounts

### 9.1 Opening “Operating Corporate” or “Commercial” accounts

According to the shared policy enacted in November 2011 by WM Compliance and the Business Line:

- a) New "Commercial" accounts: opening type 71 or type 72 accounts is forbidden. This means accounts opened in the name of legal entities or individuals that must record business transactions (for example, supplier payments, import/export transactions, payment of salaries, pension scheme contributions and distributions, etc.).
- b) Due to the associated compliance risk, WM may not enter into or maintain a business relationship with financial institutions, banks, central banks, pension funds and similar entities.
- c) "Operating Corporate" accounts (type 42, 50 or 60) are defined as:
  - ☐ Account used to repay a loan (42),
  - ☐ Cash investment, account for investment purposes only (50),
  - ☐ Account holding equity in other legal entities (60).

Such accounts may be opened by exception under the following conditions:

- A significant private relationship (AUM > €5m) must already exist with the BO(s) of the legal entity,
- The account must pose low risks in terms of Compliance,
- There must be no links with a PEP and/or country under sanction,
- The account's AUM must be at least €5m (or equivalent),
- Outgoing / incoming transfers must be on behalf of / from an account in the name of the same corporate or institutional company,
- Flows must concern treasury / investment transactions only.
- For corporate entity or a non-governmental organisation, financials and an annual report must be provided.

The KYC file for Type 42, 50 or 60 accounts must include the standard validation form. This form must be duly completed and signed by local CAC.

Please refer to Appendix A.7 for account typologies (or classification) details.

RM has to document the account classification in CAF for all new account and at account recertification. Client Management input the classification into Olympic.

### 9.2 How to treat "Corporate" or "Commercial" account detected during the life of the business relationship



"Commercial Accounts" may be detected when the account is recertified or when transactions/alerts are reviewed. The following principles apply:

- a) Existing "Commercial" accounts (type 71 or 72): on principle, all of these accounts must be transferred to another BNPP Group entity (such as CIB). Failing this, they must be closed. Accounts opened in the name of independent professionals (lawyers, consultants, company formation service providers, accountants, etc.) that post flows related to their business activities are considered as type 71 and are subject to above.
- b) Existing "Corporate" or "Institutional" accounts (Types 42, 50 or 60): These accounts must meet the same conditions as described above in 9.1 c for opening an account. Otherwise, they must be transferred to another BNPP Group entity (such as CIB). Failing this, they must be closed.

## **10 Acceptance and maintenance of financial institution counterparty in a product transaction or in a correspondent banking relationship including nostro account**

The following requirement is from AML perspective. It applies to financial institutions ("FI"), e.g. banks, brokers or fund house which WMHK or WMSG enters into a transaction to buy/sell a product for a client.

Except for BNPP Group entities, approval by CAC is required. In relation to investment product transaction, local Broker Committee needs to approve the new counterparty before submission of approval by CAC. Copy of local Broker Committee minutes should be provided.

For all financial institutions, the followings are required:

1. Financial Institution Counterparty Acceptance Form
2. AML Questionnaire (<http://www.wolfsberg-principles.com/diligence.html>)
3. Copy of bank/financial institution license information (e.g. regulator's website printout)
4. SafeWatch, Factiva and Worldcheck name search result
5. Annual report of the counterparty or its parent company if available in public

If the parent of the FI is from sensitive or very sensitive country, the following additional documents are required for name search purpose:

1. List of 10% or more shareholders
2. List of directors

Additional documents as determined by CAC may be required for FI deemed to be of higher risk, e.g. Memorandum and Articles of Association.

Know your counterparty AML/sanction recertification will be 6 months after on boarding and 1 year thereafter.



## APPENDICES

### Appendix A.1 List of Equivalent Jurisdictions for the Purpose of Suitable Certifier

- Equivalent Jurisdiction is defined in the AMLO of Hong Kong to be (1) Financial Action Task Force on Money Laundering (FATF) member countries and (2) jurisdiction imposing similar AML requirements to be determined by the Bank.
- Re (2), French Authorities define a list of equivalent countries including members of the European Union (EU) and members of European Economic Area (EEA).
- By risk based approach, WM local Compliance has excluded countries rated 'high sensitive' and "very high sensitive" by Group Financial Security from FATF, EU and EEA member countries.
- By risk based approach, WM local Compliance has included certain countries not meeting the above conditions but has imposed equivalent AML/CFT obligations. Consideration is also given to membership of a regional group of jurisdictions that commit to fight against money laundering or terrorist financing (according to HKMA AML Guideline 4.20.3).
- Here is a list of equivalent jurisdiction for the purpose of Suitable Certifier for both WMHK and WMSG.

Areas	Countries
European Union/Members of EEA	Austria, Belgium, Bulgaria, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom
Other Europe	Guernsey <sup>(1)</sup> , Isle of Man <sup>(1)</sup> , Jersey <sup>(1)</sup> , Switzerland
Asia Pacific	Australia, China <sup>(2)</sup> , Hong Kong, India <sup>(3)</sup> , Japan, Singapore, South Korea, Chinese Taipei <sup>(4)</sup>
Latin America	Brazil
North America	Canada, USA
Africa	South Africa

Remarks:

(1) The Channel Islands (Guernsey and Jersey) and the Isle of Man are not FATF members. They are Crown Dependencies of the United Kingdom (which is an FATF Member). In October 2012, the Crown Dependencies of the UK became subject to assessment by MONEYVAL, and subject to its follow-up and other procedures and processes.

[https://wcd.coe.int/ViewDoc.jsp?Ref=CM/Del/Dec\(2012\)1152/10.3&Language=lanEnglish&Ver=original&Site=CM&BackColorInternet=DBDCF2&BackColorIntranet=FDC864&BackColorLogged=FDC864](https://wcd.coe.int/ViewDoc.jsp?Ref=CM/Del/Dec(2012)1152/10.3&Language=lanEnglish&Ver=original&Site=CM&BackColorInternet=DBDCF2&BackColorIntranet=FDC864&BackColorLogged=FDC864)

(2) China has been assessed as "High sensitive countries" per Group policy. As mentioned in the "Mutual Evaluation Report" issued by FATF dated 17 February 2012, It is noted that China has made significant improvements and reached a satisfactory level of compliance with all of the core and key recommendations as stipulated by FATF, such as money laundering (ML) and terrorist financing (TF) regime, customer due diligence and suspicious transaction monitoring.

<http://www.fatf-gafi.org/media/fatf/documents/reports/mer/Follow%20Up%20MER%20China.pdf>



(3) India has been assessed as “High sensitive countries” per Group policy. As mentioned in the “Mutual Evaluation Report” issued by FATF dated 25 June 2013, it is noted that India has made significant improvements and reached a satisfactory level of compliance with all of the core and key recommendations as stipulated by FATF, such as money laundering (ML) and terrorist financing (TF) regime, customer due diligence and suspicious transaction monitoring.

[http://www.fatf-gafi.org/media/fatf/documents/reports/mer/India\\_FUR8\\_2013.pdf](http://www.fatf-gafi.org/media/fatf/documents/reports/mer/India_FUR8_2013.pdf)

(4) Chinese Taipei is a member of Asia /Pacific Group on Money Laundering (“APG”).

<http://www.apgml.org/members-and-observers/members/default.aspx>



## **Appendix A.2: PEP Matrix**



Appendix A.2 PEP  
matrix.xlsx

## **Appendix A.3: Introduction Form for Cross-Referral to Another WM Entity**



Introduction Form  
for Cross-Border Acco

## **Appendix A.4-1 Source of Wealth Due Diligence and Documentation Guideline**



Appendix A.4-2  
Source-of-wealth-Gui

## **Appendix A.4-2 KYC Due Diligence Guideline for Amefico Client Profile**



Appendix A.4 KYC  
Due Diligence Guidelin

## **Appendix A.5 Head Office Validation Form**



Appendix A.5 PEP  
Escalation Form.xlsx

## **Appendix A.6 Jurisdictions concerned by restrictions for EU residents and nationals**



Appendix  
A.6-Lists-of-countries

## **Appendix A.7 WM Account Typology**



Appendix  
A.7-Account Typolog



#### **Appendix A.8 Declaration of Beneficial Owner for personal account**



Appendix A.8 BO  
declaration form pers

#### **Appendix A.9 MSC Self-Declaration, MSCQ by Client, MSCQ by RM**



Appendix A.9-MS  
self-declaration.docx



MSCQ - Client V.  
4.0[1].pdf



MSCQ - SBO\_RM V.  
7.0[1].pdf

#### **Appendix A.10 Email dated 4 Dec 2015 from WM Asia CEO on blocking of KYC overdue accounts and KYC Steering Committee minutes (11 Apr 2016) extract**



Appendix A.10 Email  
dd 4 Dec 2015 \_blockKYC SteerCo minutes



Appendix A.10-2

#### **Appendix A.11 Account Recertification Addendum**



Account  
Recertification Adden

#### **Appendix A.12 BVI Derogation Email from Head Office 18 Sep 2015**



Appendix A.12 BVI  
Derogation Email from

#### **Appendix A.13 List of P0, P1, P2 and P3 countries according to Country Policy as of 30 May 2016**



Appendix A.13 Table  
of Correspondence w