

Rothsay

# Know Your Client and Anti-Money Laundering

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# I. Introduction

Rothestay is committed to preventing financial crime in all its forms and complying with both the spirit and the letter of all applicable financial crime legislation and regulations, including but not limited to UK money laundering and sanctions regulations and FCA regulatory requirements. This Policy is applicable to all employees of the Group. It also applies to secondees, contractors and agency personnel whilst in the employment of the Group.

Money laundering, fraud, bribery and corruption and tax evasion cause significant harm to the economy and society. Terrorist financing enables atrocities to take place, and sanction breaches undermine national security efforts.

The Group maintains robust management arrangements, systems and controls to prevent it from being used for money laundering. In summary, these arrangements include:

- Assessing the risk of the Group being used by criminals to launder money;
- Maintaining appropriate systems and controls for anti-money laundering (“AML”) / counter terrorist financing (“CTF”) purposes;
- Applying customer due diligence (“CDD”) measures, that are appropriate for the nature, scale and complexity of the Group’s activities and the Group’s risk assessment, to identify, and where applicable, verify customers and to understand the nature and purpose of the proposed relationship;
- Checking the identity of ‘beneficial owners’ of corporate bodies and partnerships;
- Monitoring customers’ business activities/transactions and reporting suspicious activities to the National Crime Agency (“NCA”) and/or other relevant authority;
- Complying with the relevant financial sanctions regime(s);
- Keeping all documents that relate to financial transactions, the identity of its customers, risk assessments and management procedures and processes; and,
- Making sure that our people are aware of requirements and expectations and have had the necessary training to demonstrate competence to perform their roles.

Rothestay has a whistleblowing policy which sets out the framework by which employees may disclose information where they have a reasonable belief about any suspected illegal or unethical behaviour within the Group, with explicit provision of protection from retaliation.

## II. Customer Due Diligence (CDD)

The Group is committed to complying with all applicable laws and regulations relating to combating money laundering, terrorist financing and other financial crimes. In order to ensure an effective AML / CTF programme the Group maintains a risk-based and robust customer identification, verification and due diligence procedures. Rothesay's CDD process involves four steps:

- Ascertain the identity of the customer and any beneficial owners;
- Consider both customer and geographical risk factors in deciding what due diligence approach is appropriate;
- Obtain evidence to verify the identification obtained; and
- Obtain information in order to understand the purpose and intended nature of the business relationship.

The Group undertakes risk-based CDD for Rothesay customers, brokers, intermediaries, vendors and charities. Undertaking sufficient CDD involves collecting, confirming, verifying and continuously monitoring the 'End Client' and related party data to facilitate Rothesay' on-boarding and on-going compliance with regulatory requirements.

Rothesay maintains a robust and consistent risk rating approach to address the money laundering and terrorist financing risks that a particular customer poses. That approach is based on certain risk factors including, but not limited to:

- Country risk;
- Entity type risk;
- Industry / product / services risk.

These factors are used to arrive at the overall Rothesay risk rating - low, medium or high - that determines the nature and intensity of CDD that will be conducted on the customer at on boarding and during periodic / event driven reviews.

## III. Screening

Rothesay uses screening systems to identify potential threats to the firm's compliance with laws and regulations relating to financial crime including sanctions or bribery and corruption.

Rothesay conducts risk-based ongoing monitoring of the business relationship with its customers, which involves:

- scrutinising transactions undertaken throughout the course of the relationship to ensure that they are consistent with existing knowledge of the customer, its manner of business, and risk profile;
- ensuring that documents, data or information held are accurate and up to date and if not updating the relevant information;
- carrying out continued sanctions screening; and,
- payment reconciliation checks

## IV. Training and reporting

All employees, including contractors and temporary staff, are routinely trained on KYC/AML obligations, including obligations to report suspicions as soon as is practicable. Training will include annual computer-based training modules and also, for some relevant teams, annual face-to-face training sessions. There are also regular attestations regarding adherence to the compliance standards in the Compliance Manual.