

# AML Distributor Due Diligence

A global service with a local touch

March 2014

*Growing pressure from regulators to comply with Anti-Money Laundering (AML) and Counter Terrorist Financing (CTF) rules and regulations have brought the topic to the top of Management's agenda. Protecting the Luxembourg Asset Management industry from the threat of fines and reputational damage is vital to the individual market players.*

*AML Distributor Due Diligence gives you an important tool to mitigate your AML/CTF risk.*



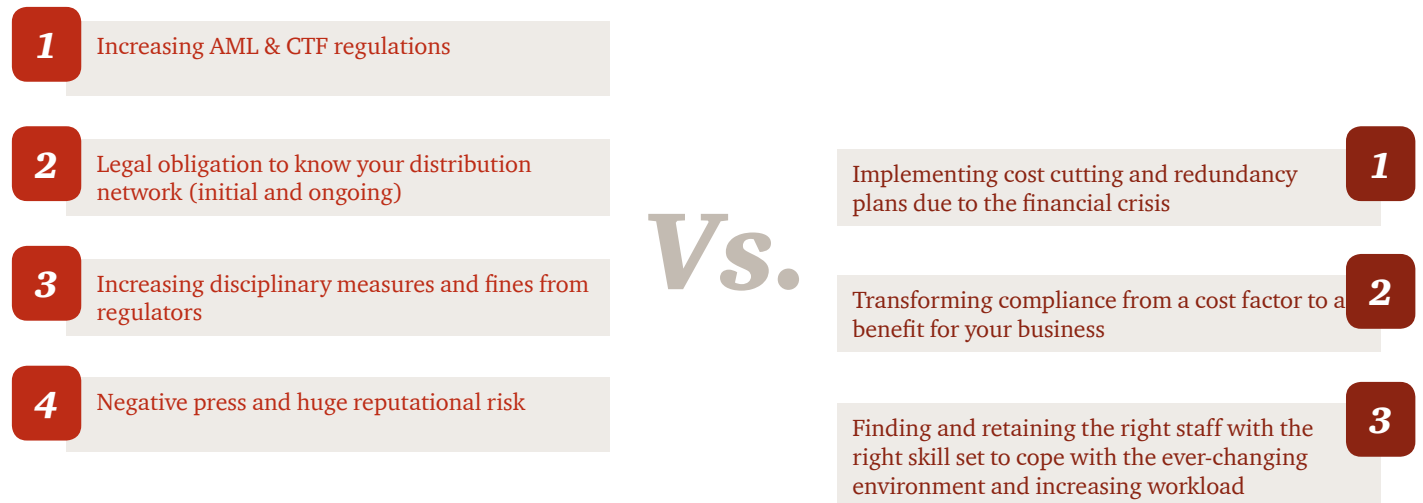
## Your challenges

### Why carry out Distributor Due Diligence?

1. Because it's the law and the rules have been reinforced over the past few months. Luxembourg Investment Funds must ensure that their distribution network complies with Luxembourg (or equivalent) AML/CTF obligations.
2. Because you need to cover your risk when expanding into global markets. Take advantage of new business opportunities in new markets safely.
3. Because you need to keep investor confidence and protect your reputation.
4. Because ultimately you remain accountable for your distribution network. You need to know that your distributors are compliant and accurately implementing investor identification on your behalf.

## Your challenges (continued)

### The Luxembourg AML/CTF perspective:



## How we can help

### Distributor Due Diligence AML/CTF Services:

#### a. At the initial set-up of your company's Distributor Due Diligence procedures:

- We train your Board of Directors, Management and Compliance staff in all AML/CTF matters.
- We evaluate your current distribution oversight model.
- We assess the AML/CTF risk of your distribution network and help you prioritise your Due Diligence exercise.
- We review the AML/CTF clauses of your distribution agreements.
- We advise you on how best to enter new markets, combining our expertise in Luxembourg AML/CTF regulations with specific knowledge of local markets.
- We perform country risk assessments.
- We help you understand local legislation: we compare your target countries' legislation to Luxembourg AML/CTF legislation, determining gaps and similarities.

#### b. When carrying out initial Distributor Due Diligence:

- We train and support your internal audit/compliance teams to carry out initial Distributor Due Diligence.
- We help you understand how to get the right identification documentation for global and foreign distributors (i.e. evidence of existence, reputation checks, company structures).
- We review the Distributor's AML/CTF procedures, carrying out a gap analysis to ensure compliance with Luxembourg and EU regulations.
- We make sure that procedures are implemented correctly.
- We visit your local distributors on site.
- For distributors working with Luxembourg funds, we write ISAE 3000 Due Diligence Reports on AML/CTF procedures.

#### c. Ongoing Distributor Due Diligence

- We provide ongoing Distributor Due Diligence compliance support.
- We visit your local distributors with the support of the PwC network, locally.
- We update our review of your distributors' AML/CTF procedures.
- We test samples of your investor identification documentation locally at your distributor's.

We can also provide distributors with a Distributor Due Diligence report on their AML/CTF policies and procedures. This way, the Luxembourg Fund Promoters receive factual information to perform their risk assessment.

# Who can benefit from the service?

PwC provides Distributor Due Diligence services to:

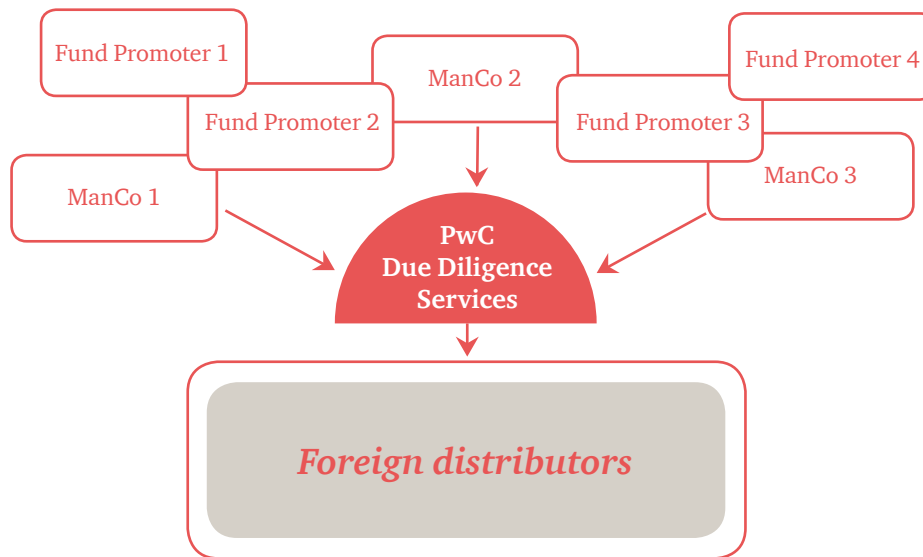
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Management Companies/Fund Promoters who distribute funds across borders and need support with their Distributor Due Diligence.

2

Management Companies/Fund Promoters who need help with specific cases of Distributor Due Diligence.

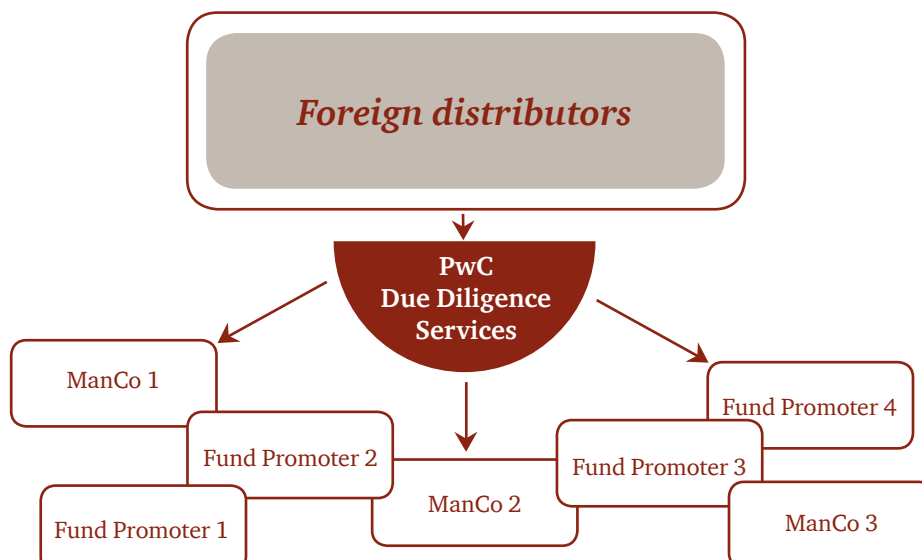
- For Luxembourg Management Companies, we carry out Distributor Due Diligence (DDD) on foreign distributors and provide a dedicated DDD Report.
- We offer the necessary resource, language skills, expertise and geographical span to meet any DDD requirements. We also know how to ask the right questions to the distribution network to get tangible results.



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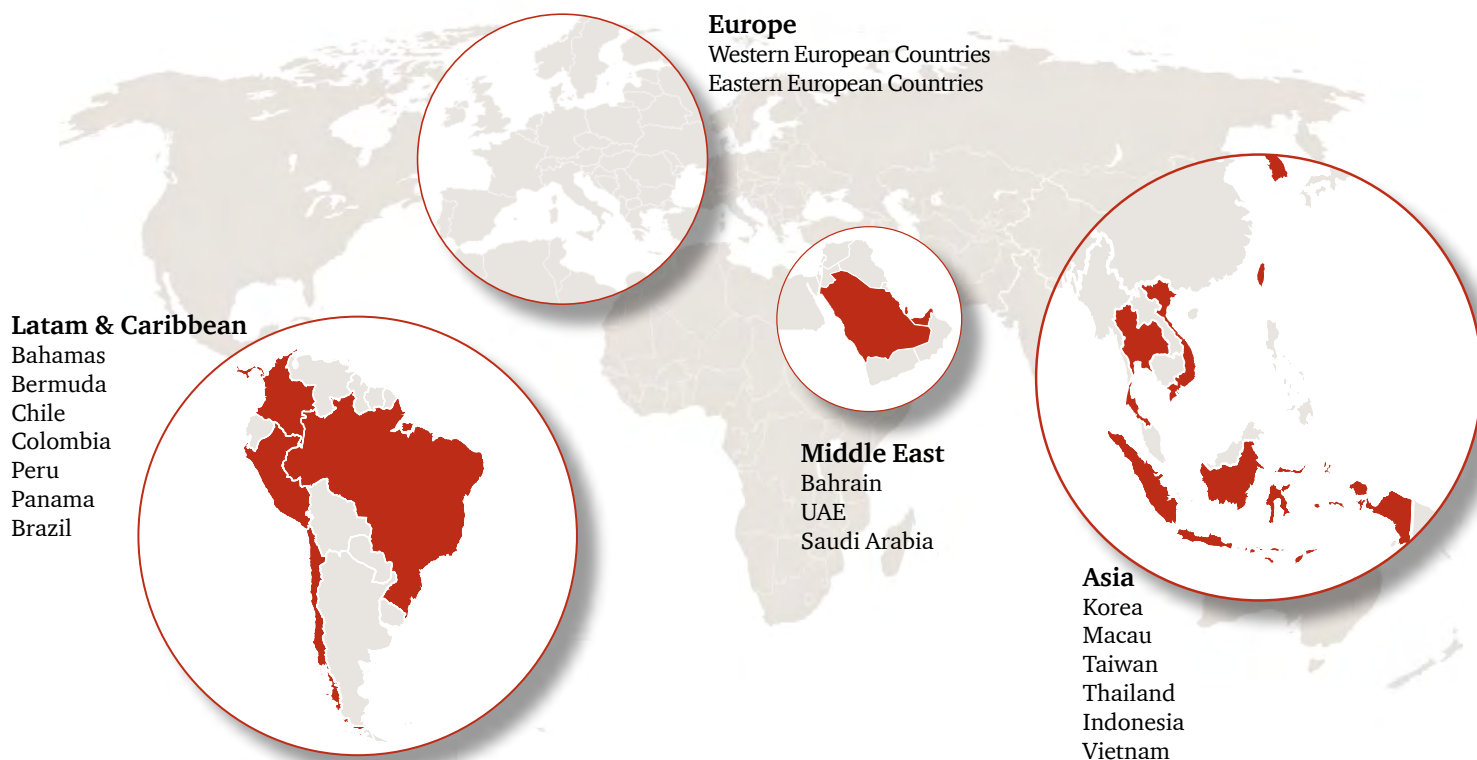
Foreign distributors who need to communicate transparently to Luxembourg Fund Promoters about their AML/CTF procedures in place.

- We report on how the distributor complies with Luxembourg key equivalent AML/CTF requirements. You, as a distributor will receive a factual AML/CTF Due Diligence Report which you can then provide to Luxembourg Fund Promoters/Investment Funds.
- We assist by (1) reviewing the foreign distributors' AML/CTF procedures; and (2) reporting on them in a way that is understood by Luxembourg Fund Promoters.



## Contacts

We work with local PwC teams to ensure you receive a global service (expert knowledge on Luxembourg AML laws & regulations) with a local touch (proficient knowledge of how distribution is carried out locally).



### Why PwC Luxembourg?

PwC Luxembourg ([www.pwc.lu](http://www.pwc.lu)) is the largest professional services firm in Luxembourg with 2,300 people employed from 57 different countries. It provides audit, tax and advisory services including management consulting, transaction, financing and regulatory advice to a wide variety of clients from local and middle market entrepreneurs to large multinational companies operating from Luxembourg and the Greater Region. It helps its clients create the value they are looking for by giving comfort to the capital markets and providing advice through an industry focused approach.

The global PwC network is the largest provider of professional services in audit, tax and advisory. We're a network of independent firms in 157 countries and employ more than 184,000 people. Tell us what matters to you and find out more by visiting us at [www.pwc.com](http://www.pwc.com) and [www.pwc.lu](http://www.pwc.lu).

#### Your Contacts

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