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# **ANTI-MONEY LAUNDERING (AML) & COUNTER FINANCING OF TERRORISM (CFT) POLICY**

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## 1 | INTRODUCTION

1.1. ALCO LLC is committed to maintaining a strong and effective Anti-Money Laundering (AML) and Counter Financing of Terrorism (CFT) program. This policy outlines our commitment to preventing money laundering, terrorist financing, and other illicit activities. It covers the principles, procedures, and controls that ALCO LLC and all its employees, agents, and representatives must follow to ensure compliance with applicable AML/CFT laws, regulations, and international standards.

## 2 | POLICY OBJECTIVES

2.1. The key objectives of this policy are:

2.1.1. To prevent ALCO LLC from being used as a conduit for money laundering, terrorist financing, or any other illicit activities.

2.1.2. To protect the integrity of the financial system and comply with all relevant AML/CFT laws and regulations.

2.1.3. To assess and mitigate the risks associated with our products, services, customers, and geographic locations.

2.1.4. To establish a robust AML/CFT compliance program that includes ongoing risk assessments, customer due diligence, and suspicious activity monitoring and reporting.

2.1.5. To promote a culture of compliance and ensure that all employees are aware of their AML/CFT responsibilities and obligations.

## 3 | AML/CFT RESPONSIBILITIES

3.1. Executive Board: The Executive Board shall assume ultimate responsibility for AML/CFT compliance, overseeing the policy's implementation, and ensuring that adequate resources are allocated to the program.

3.2. Compliance Officer: ALCO LLC will appoint a qualified Compliance Officer responsible for managing the AML/CFT program, reporting directly to the Board of Directors, and ensuring that the policy is effectively enforced.

3.3. Designated AML Officer: In addition to the Compliance Officer, ALCO LLC will designate an AML Officer for each business unit or department, responsible for day-to-day AML/CFT compliance within their area of operations.

3.4. Employees: All employees, including senior management, are responsible for understanding, adhering to, and promoting compliance with this policy, relevant laws, and regulations.

## 4 | DEFINITIONS

4.1. For the purposes of this policy, the following terms shall have the meanings ascribed to them:

4.1.1. Money Laundering: The process of disguising the origins of illegally obtained funds to make them appear legitimate, usually by means of complex financial transactions.

4.1.2. Terrorist Financing: Providing financial support or resources to individuals or groups engaged in terrorist activities with the intention of furthering their objectives.

4.1.3. Politically Exposed Person (PEP): An individual who holds or has held prominent public functions, such as government officials, heads of state, or politicians, and their immediate family members or close associates.

4.1.4. Enhanced Due Diligence (EDD): A higher level of due diligence applied to customers or transactions that are considered to pose a higher risk of money laundering or terrorist financing.

4.1.5. Customer Due Diligence (CDD): The process of verifying the identity of customers and assessing their potential risk of involvement in money laundering or terrorist financing.

4.1.6. Sanctions Lists: Lists issued by national or international authorities that identify individuals, entities, or countries subject to economic and trade sanctions.

4.1.7. Suspicious Activity Report (SAR): A report filed with the appropriate authorities when a transaction or activity is suspected of being linked to money laundering or terrorist financing.

4.1.8. Risk-Based Approach: An approach that tailors AML/CFT measures based on the level of risk associated with customers, products, services, and geographical locations.

## 5 | CUSTOMER DUE DILIGENCE (CDD)

5.1. Risk-Based Approach: ALCO LLC will adopt a risk-based approach to customer due diligence, identifying and categorizing customers based on their risk profile, products, and geographical location.

5.2. Enhanced Due Diligence (EDD): Enhanced due diligence will be applied to high-risk customers, politically exposed persons (PEPs), and any other relationships that warrant additional scrutiny.

5.3. Source of Funds and Wealth: ALCO LLC will diligently assess the source of a customer's funds and wealth, especially for high-value transactions or those involving complex structures.

5.4. Onboarding Procedures: A standardized customer onboarding process will be established, ensuring that complete and accurate information is obtained from customers during the account opening process.

5.5. Ongoing Monitoring: ALCO LLC will continuously monitor customer transactions and activities to detect any unusual or suspicious behavior.

## **6 | REPORTING SUSPICIOUS ACTIVITIES**

6.1. Reporting Mechanism: ALCO LLC employees must promptly report any suspicions of money laundering, terrorist financing, or other illicit activities to the designated Compliance Officer.

6.2. Whistleblower Protection: ALCO LLC will implement a robust whistleblower protection policy to safeguard employees who report suspicious activities in good faith from any form of retaliation.

6.3. Suspicious Activity Reporting (SAR): The Compliance Officer will evaluate the reported suspicions and, if warranted, submit a Suspicious Activity Report (SAR) to the appropriate authorities as per local regulations.

## **7 | TRAINING AND AWARENESS**

7.1. Training Program: ALCO LLC will provide regular AML/CFT training to all employees, including new hires and senior management, to ensure they understand their roles, responsibilities, and the latest AML/CFT developments.

7.2. Training Records: Records of AML/CFT training sessions, including attendance and content, will be maintained for compliance purposes.

## **8 | RECORD KEEPING**

8.1. Document Retention: ALCO LLC will maintain all AML/CFT records, including customer due diligence documents, transaction data, and SARs, for a period specified by local regulations or industry standards.

8.2. Data Security: All AML/CFT records will be stored securely, with access restricted to authorized personnel only.

## **9 | SANCTIONS COMPLIANCE**

9.1. Sanctions Screening: ALCO LLC will implement an effective sanctions screening program to ensure compliance with applicable international sanctions regimes.

9.2. Customer and Transaction Screening: ALCO LLC will regularly screen its customers and transactions against relevant sanctions lists.

## **10 | POLITICALLY EXPOSED PERSONS (PEPS)**

10.1. PEP Due Diligence: Enhanced due diligence will be applied to all PEPs, and their sources of wealth and funds will be carefully scrutinized.

10.2. Senior Management Approval: Relationships with PEPs will be subject to senior management approval.

## **11 | RISK ASSESSMENT**

11.1. Risk Identification: ALCO LLC will conduct periodic risk assessments to identify, assess, and mitigate AML/CFT risks associated with its products, services, customers, and geographical locations.

11.2. Risk Mitigation: The AML/CFT program will implement risk-based controls to manage and mitigate identified risks effectively.

## **12 | EMPLOYEE VETTING**

12.1. Background Checks: ALCO LLC will perform background checks on all employees, agents, and representatives to ensure they meet the required standards and have no history of involvement in financial crimes.

## **13 | NON-COMPLIANT CUSTOMERS**

13.1. Termination of Relationships: ALCO LLC reserves the right to terminate relationships with customers involved in suspicious or illicit activities.

13.2. Reporting to Authorities: Non-compliant customers may be reported to the appropriate authorities.

## **14 | POLICY REVIEW**

14.1. Review Frequency: This policy will be reviewed and updated at least annually or more frequently if there are significant changes in laws, regulations, or the risk environment.

14.2. Internal Audit: The AML/CFT program will be subject to internal audits to assess its effectiveness and compliance.

## **15 | COOPERATION WITH AUTHORITIES**

15.1. ALCO LLC will fully cooperate with law enforcement, regulatory authorities, and financial intelligence units in their investigations related to money laundering, terrorist financing, and other financial crimes.

## NOTES & INSTRUCTIONS

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