EIFFEL
INVESTMENT GROUP

ANTI-MONEY LAUNDERING AND FINANCING OF TERRORISM POLICY

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I. General presentation

1. Definitions and context

OVERALL VIEW

The purpose of this document and the procedures associated with it is to allow EIFFEL INVESTMENT GROUP ("EIG" or "the Company") to respect rules and regulations for combating money laundering and the financing of terrorism.

All the Company's employees (the "Employees"), in particular those who enter into a business relationship with clients, must understand, know and apply this policy and the associated procedures. They must also read the regular updates.

DEFINITION OF MONEY LAUNDERING AND APPLICABLE CRIMINAL PENALTIES

The French Criminal Code defines money laundering as :

- facilitating by any means, the untruthful justification of the origin of assets or income by the perpetrator of a crime or offence from which the latter has derived direct or indirect profit;
- providing assistance in any investment transaction, or in concealing or converting the direct or indirect proceeds of a crime or offence.

There is money laundering with aggravating circumstances when[2] :

- it is committed in a habitual fashion, or using the facilities provided by the exercise of a professional activity;
- it is committed in an organised group.

The offence of money laundering concerns the proceeds of **any crime or offence**, and not only the proceeds of drug trafficking.

Money laundering may also be a series of transactions intended to give the appearance of normality to the movements of funds of an illegal origin. These transactions also transform "dirty" money into money that can be reused, by eliminating all trace of the origin of the funds.

Money laundering is punished by:
- a five-year prison sentence and
- a fine of 375,000 euros.

These penalties may be doubled in the case of money laundering with aggravating circumstances.

DEFINITION OF THE FINANCING OF TERRORISM AND APPLICABLE CRIMINAL PENALTIES

[1] Article 324-1 of the Criminal Code
[2] Article 324-2 of the Criminal Code

In recent years, the combat against terrorism has been an increasing concern for public authorities. One of the means used in this combat has been to make its financing more difficult by compelling financial institutions to ensure that the transactions that they perform on behalf of their clients have no link with terrorist activities. In this respect, the financial action group (FIAG) published on 24 April 2002 a series of directives for financial institutions on detecting activities financing terrorism.

Under the terms of article 421-2-2 of the Criminal Code, the following constitutes an act of terrorism: "financing a terrorist enterprise by providing, collecting or managing funds, securities or assets of any type whatsoever or giving advice on the latter, with the intention of seeing these funds, securities or assets used or knowing that they are intended to be used entirely or partially to commit one of the acts of terrorism specified in this chapter, regardless of whether or not such an act occurs".

Article 421-5 of the Criminal Code punishes this offence by:

- ten years' imprisonment
- a fine of 225,000 Euros

FRENCH LEGAL CONTEXT

As an investment service provider, the Company is subject to French laws and regulations on preventing and combating money laundering and the financing of terrorism (the "Regulations").

The current Regulations result from ordinance n°2009-104 of 30 January 2009 relating to the prevention of the use of the financial system for the purpose of money laundering and the financing of terrorism (the "Ordinance"), completed by the texts of application. This ordinance implements the European directive 2005/60/CE, which was adopted to incorporate the June 2003 revision of the 40 FATF recommendations into European law.

These recommendations comprise:

- The obligations in the area of money laundering and the financing of terrorism codified in the Financial and Monetary Code (the "Code"), and articles L.561-1 to L. 562-11, and R 561-1 to R. 562-2.
- The provisions of the General Regulations of the Financial Markets Authority (the "RG AMF") and more particularly articles 315-49 to 315-58.
- The criminal measures relating to money laundering are codified in articles 324-1 to 324-9 of the Criminal Code, and in articles L 574-1 to L. 574-4 of the Code.

HOW MONEY IS LAUNDERED

Three main stages are generally used in money laundering:

a. "Introduction" of funds into the financial system

This consists in getting rid of large sums, notably by deposits or the purchase of financial instruments through financial institutions, by investments in sectors handling large amounts of cash, or by the purchase of valuable assets.

b. "Transformation" of funds

This consists in performing numerous financial transactions, in order to cover tracks thus concealing the origin of the funds, by a large number of bank or financial transactions, using different accounts, establishments, persons or products often located in different countries.

c. "Investment"

Consists in reintroducing laundered money into movable or immovable products in the legal economy.

REGULATORY AUTHORITIES

- TRACFIN

TRACFIN (*Traitement du Renseignement et Action contre les Circuits Financiers clandestins*) is the French anti-money laundering unit that reports to the Ministry of the Economy. It is responsible for collecting and examining declarations by financial institutions, notably by ensuring the collection and organisation of all information necessary for establishing the origin of the funds or the nature of the transactions described in the declarations.

- The Banking Commission and the Financial Markets Authority

The Banking Commission and the Financial Markets Authority have the power to punish financial institutions in the case of serious lack of vigilance or failure in the internal control procedures.

THE TRACFIN CORRESPONDENT-DECLARER

The new anti-money laundering measure stemming from the Ordinance and its application texts divides into two the tasks assigned to the correspondent under the former system.

- a new player is responsible for transmitting the declarations to TRACFIN the declarer;
- the other tasks continue to be the responsibility of the correspondent.

The functions of TRACFIN declarer and correspondent may possibly be assumed by the same person. The Company decides on this. For the needs of these procedures, the person thus designated will be referred to as the "Correspondent-Declarer". The Company notifies the identity and responsibilities of its Correspondent-Declarer to TRACFIN and the FMA. It also notifies any modification to the identity and responsibilities of the aforesaid.

In application of article R. 561-24 of the Code, the Correspondent-Declarer is responsible for:

- making declarations to TRACFIN;
- for replying to the requests for information from TRACFIN, the Financial Markets Authority and the Banking Commission, and
- for centralising the information to be transmitted to TRACFIN, the Financial Markets Authority or the Banking Commission;
- for ensuring the dissemination of the information on this point (from TRACFIN and the Financial Markets Authority) to the relevant members of staff.

In the Company, the Correspondent-Declarer responsible for the declarations to TRACFIN is Mr. Olivier VILLEDEY.

2. Internal procedures

It is stipulated in article 315-55 of the General Regulations of the Financial Markets Authority that "the portfolio management company establishes and implements the internal procedures to ensure the respect of provisions relating to the combat against money laundering and the financing of terrorism". Certain of these procedures are set out in detail below; they are regularly updated.

RISK MAPPING

Under article 315-53 of the General Regulations of the FMA, the Company is bound to draw up and regularly update a risk map whose purpose is to show the main money laundering risks that it incurs, to class them by risk level and orient it towards the level of vigilance and appropriate procedure. The risks may be divided into three categories:

- "Client" risks
- "Product" risks
- "Transaction risks"

The risk map is given in detail in a separate document and may be freely consulted by all staff directly on the network or through the CCO.

CLIENT RISKS: DUE DILIGENCE WHEN ENTERING INTO A BUSINESS RELATIONSHIP

Risk mapping makes it possible to assess an investor's risk level when entering into a business relationship and, according to the identified risk, to implement a specific Vigilance procedure (under the Financial and Monetary Code) designated in the risk map by the following code:

- A: Exemption from Measures of Vigilance (Art. L.561-9 I, R.561-16, R561-16 and R.561-17 of the Financial and Monetary Code)
- B: Simplified Vigilance Measures (Art. L.561-9 II of the Financial and Monetary Code)
- C: Measures of Standard Vigilance (L.561-5 and following of the Financial and Monetary Code)
- D: Measures of Additional Vigilance (Art- L.561-10 and L.561-11 and Art. R 561-20 of the Financial and Monetary Code)
- E: Measures of Reinforced Vigilance (Art. L.561-10 and L.561-6 and Art. R.561-21 II of the Financial and Monetary Code)

Each of these vigilance procedures is described in detail hereinafter.

CLIENT RISKS: MEASURES OF VIGILANCE DURING THE BUSINESS RELATIONSHIP

The General Regulations of the FMA lay down an obligations of constant vigilance in respect to unusual or suspicious transactions during the business relationship. This point will be examined in greater depth in part III.

CLIENT RISKS: IMPLEMENTATION OF THE COMPULSORY TRACFIN DECLARATION

The procedure for making a declaration of suspicion to TRACFIN (national financial information unit) is explained in detail below in part III.

STORAGE AND TRANSMISSION OF THE DOCUMENTS TARGETED BY THE LAW

All the documents collected at the time of verifications conducted in the context of the obligations imposed by the Regulations must be kept for at least five years as of the closing of a client's account or, if appropriate, the ceasing of the business relationship. Strict confidentiality must be ensured in the storage of these documents. There must be no communication of these documents apart from upon request by TRACFIN or authorities legally authorised to request such communications. Any communication of the aforesaid shall only be made by the Correspondent-Declarer.

TRAINING OF EMPLOYEES

Training courses are regularly organised and provided by the ICC0 jointly with the Correspondent-Declarer to raise awareness and inform employees of their duties in combating money laundering and the financing of terrorism.

II. The procedures for client risks

Important remark concerning article L.561-7 of the Financial and Monetary Code for funds managed collectively, the Company has delegated to the Fund Manager the task of checking the identity and the due diligence "know-your-client" procedures (KYC-AML) at the time of the subscription. All the following measures therefore fall within the former's mission. However, the Company remains responsible for the respect of its obligations. In addition, the regulatory authorities expect the Company to implement its own operational measures since the delegation of a task does not dispense the company from being able to perform it itself if necessary or to have sufficient knowledge and procedures to exercise an efficient control of the quality of the service provider's service. In addition, in the case of a consultancy contract, certain verifications may be conducted. They are recalled in appendix 2 and 4.

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As an approved portfolio management company, an obligation of vigilance is incumbent on the Company and is expressed by the need to identify its clients and understand their motivations for entering into a business relationship with the Company.

The Ordinance of 2009 introduced the concept of “business relationship” to encompass the obligation of vigilance over time. It emerges from Article L. 561-2-1 of the Code that a business relationship is established when the Company enters into a professional or commercial relationship which is supposed to last for a certain period of time when the contact is drawn up.

This business relationship may:

- be provided for by a contract according to which several successive transactions will be performed between the contracting parties or which creates for the latter on-going duties; or
- be forged, when, in the absence of such a contract, a client regularly benefits from our assistance in performing several transactions or a transaction of an on-going nature.

In the context of the company's activities, the relationships with our clients are of a contractual nature and for the long term; they thus fall within the definition of business relationships. On the other hand, the rules of special vigilance applicable to occasional clients do not, in principle, apply to any of the company’s clients.

Before entering into a business relationship, the Company or its service provider must obtain, by due diligence, two sets of information:

- one concerns the identification of the client and, if appropriate, the actual beneficiary (article L.561-5, 1, para. 1 of the Code).
- the other concerns the purpose and nature of the business relationship (article L.561-6 of the Code).

The level of due diligence must be adapted to the risks inherent to the person, the contemplated transaction and the characteristics of the product used. The document “Classification of money laundering risks” implemented by the Company (or the service provider’s equivalent) makes it possible to identify these risks and assess how appropriate the due diligence verifications are.

When it is impossible to obtain the information necessary for (i) identifying the risks or (ii) knowing the purpose and nature of the business relationship, no business relationship must be established with the client. The Correspondent-Declarer must be promptly informed of this so that he can fulfil the obligations to declare to TRACFIN.

During the business relationship, after the business relationship has been established, articles L.561-6 and R-561-12 of the Code impose “on-going vigilance”, which implies conducting an attentive examination of the transactions performed ensuring that they are consistent with the updated knowledge of the clients. The level of this monitoring varies according to the identified risks of money laundering, bearing in mind that the Company must, at all times, be able to justify, to the supervisory authorities, that the scope of measures are appropriate for these risks.

Thus, in the event that the Employees have good reasons to think that the identity of a client and the elements of identification previously obtained are no longer correct or pertinent, they must again conduct an identification of the client according to the formalities set out in the following paragraphs.

The identification documents must be kept throughout the period of the business relationship, then for at least five years after the end of the business relationship. Moreover, it is necessary to ensure monitoring of the information collected when the business relationship is entered into in order to have sufficient knowledge of the client throughout the business relationship. The client's files will be updated regularly and when there is any change in situation. The Employees must regularly check any change in the client's situation.

1. Defining the levels of vigilance according to the identified risk.

- A: Exemption from Measures of Vigilance (Art. L.561-9 I, R.561-16, R561-16 and R.561-17 of the Financial and Monetary Code)
- B: Simplified Vigilance Measures (Art. L.561-9 II of the Financial and Monetary Code)
- C: Measures of Standard Vigilance (L.561-5 and following of the Financial and Monetary Code)
- D: Measures of Additional Vigilance (Art- L.561-10 and L.561-11 and Art. R 561-20 of the Financial and Monetary Code)
- E: Measures of Reinforced Vigilance (Art. L.561-10 and L.561-6 and Art. R.561-21 II of the Financial and Monetary Code)

VERIFICATION OF IDENTITY

The Company must require the client and the authorised agent to present currently valid official identity documents (photocopies are not accepted). The document must be:

- an identity card
- a passport,
- a driving licence or
- a residence permit for foreigners.

The following information must be noted and kept:

- the surnames, forenames, and date and place of birth of the person,
- the type, date and place of issue of the document, and
- the name and capacity of the authority or person that issued the document and, if appropriate, authenticated it.

The employee must examine the identity document to check that it does not contain any anomaly, modification or deletion, and check that the photograph is indeed that of the person who presents the identity document. In the case of an anomaly, the Correspondent-Declarer must be informed.

The recto verso photocopy of the identity document presented to the employee must be included in the client's file.

VERIFICATION OF PLACE OF ORDINARY RESIDENCE

The client must provide proof, dated within the last three months, of place of ordinary residence.

Depending on his occupational status, he must also present any document providing proof of his professional activity: salary slips, non-commercial profit tax assessment notice for non-salaried workers, etc.

Likewise, any information to help in assessing the client's financial worth may, if appropriate, be requested. These documents will make it possible to determine whether the request made corresponds to the client's living standard.

If the client's place of ordinary residence is in a country considered to be a risk country on the list of Appendix 1, the Employee must conduct a particularly through examination.

The list of the documents required for a natural person is given in Appendix 2.

MEASURES OF ADDITIONAL VIGILANCE

Article L561-10 provides for several cases for which the Company is bound to increase the level of due diligence. In addition to the measures of diligence presented in the above paragraph (standard vigilance), the Company must apply at least one measure from among those listed in 1 of article R561.20 of the Code. In addition, each of the following measures must be implemented (II of article R561-20 of the Code):

- consult the Company's Chairman; he alone has the authority to decide on whether or not this business relationship should be entered into;
- seek, in order to assess the risks of money laundering and the financing of terrorism, the origin of the assets and funds involved in the business relationship or the transaction.

MEASURES OF REINFORCED VIGILANCE

In the cases listed in article R.561-21 the Company may be led to implement measures of reinforced vigilance. These measures are explained in detail in the same article.

2. The case of legal entities

The documents to be provided by the client, before any business relationship is entered into, comprise, notably, the following:

- the notarised document or excerpt of the official register dated within the last three months, showing the corporate name, legal form and address of the registered office;
- the identity of the persons authorised to act on behalf of the company and, if appropriate, the members bound indefinitely, and jointly and severally liable for the company's liabilities.

The list of the documents to be requested is given in Appendix 4.

In the case of anomaly in the documents, the Correspondent-Declarer must be informed.

The Employees must also precisely determine the activity carried out by the company. The Employees must do their utmost to check the existence of the activity, notably by examining the history of the company or visiting the company's premises.

If the client is established or if its head office is in a country considered to be a risk country (Appendix 2), the Employees must conduct a particularly thorough analysis.

3. Identity of the settlors, the beneficiaries, the trust funds, or any other instrument of management of special-purpose assets

When entering into a business relationship with a new legal entity client, in the form or on behalf of trust funds or any other management instrument for special-purpose assets, Employees must also check the identity of the settlors or beneficiaries and require the following documents to be presented:

- copy of the trust agreement;
- original or certified true copy of the registration certificate of the settlors and beneficiaries in compliance with the requirement of paragraph 1.1.1. above.

4. The concept of effective beneficiary

Employees are bound to identify the effective beneficiary of the business relationship (Employees must be particularly vigilant when the contemplated transaction is requested by entities located in a country indicated on the list in Appendix 2).

DEFINITION

The effective beneficiary is a new concept introduced by the Ordinance of 2009. An effective beneficiary is:

(i) the natural person who directly or indirectly controls the client or
(ii) the person for whom a transaction is performed or an activity carried out.

The situation referred to in (ii) is that where the client acts as a representative or commission agent of a third party.

The situation referred to in (i) concerns more particularly moral entities. The texts give a list of persons who must be considered to be the effective beneficiaries. The following are concerned:

- When the client is a company: the natural persons who hold, directly or indirectly, more than 25% of the company's capital or voting rights, or exercise, by any other means, a power of control over the company's management, administration or governance organs or its shareholders' general meeting.
- When the client is a collective investment body: the natural person(s) who either directly or indirectly hold more than 25% of the units or shares of the body, or have control over the

administration or governance organs of the collective investment body, or, when applicable, the management company or the portfolio management company representing it.

- When the client is a legal entity that is not a company or a collective investment body, or when the client is acting in the context of a trust or any other comparable legal structure governed by foreign law: the natural persons who fulfil one of the following conditions:
    - They are destined, by the effect of a legal instrument designating them for this purpose, to become holders of rights on at least 25% of the assets of the legal entity or assets transferred to a trust estate also referred to as trust patrimony (*patrimoine fiduciaire*) or any other comparable legal structure governed by foreign law.
    - They belong to a group in the main interest of which the legal entity, the trust or any other comparable legal structure governed by foreign law has been founded or has produced its effects, when the physical persons who are the beneficiaries have not yet been designated;
    - They are holders of rights on at least 25% of the assets of the legal entity, the trust or any other comparable legal scheme governed by foreign law.
    - They have the capacity of settlor, trust or beneficiary, in the conditions specified in title XIV of book III of the Civil Code.

MEASURES OF VIGILANCE

The texts require that the identity of the effective beneficiary of the business relationship should be identified by appropriate means and that the elements of identification provided should be verified, taking into account the risks of money laundering and the financing of terrorism.

For this, if the client corresponds to the definition given above, information must be obtain on the identity of the effective instructing party and/or true beneficiary of the transaction performed indirectly on their behalf, and the client must be required to present documents testifying to their identity. The documents to be presented are those indicated in paragraph 1.1.

In the case of clients acting in the capacity of authorised agent, the Employees must also be provided with a copy of the contract of agency or power of attorney, in which the client delegates their powers to the authorised agent.

The Employees are exempted from checking the identity of the effective beneficiary, when there is no suspicion of money laundering and that the client is one of the following:

(i) A financial body established or with its registered office in France, another EU member state, in a state party to the EEA agreement or one of the third party countries listed in Appendix 5;

(ii) A subsidiary of a financial body indicated in (i) having its registered office in one of the States listed in Appendix 5 on condition that the parent company attests that it verifies that its subsidiary identifies the effective beneficiary and that it has access to the identification documents obtained by its subsidiary;

(iii) A financial body that does not meet the conditions provided for in (i) or (ii), if the person subject to the obligation to identify verifies that its client implements identification

procedures identical to those that are applied in the European Union member states and that it has access to elements that identify the effective beneficiaries.

As for the purpose and nature of the business relationship, this information must be contained in the client's file.

In the cases specified by the Code, or when the Company considers it necessary, it must obtain more indepth information on these points. The cases indicated in the Code are as follows:

1° The product or the transaction serves the client's anonymity. Article 561-19 sets out in detail the list of these products: anonymous bills and securities and transactions concerning these anonymous bills and securities.

2° The transaction is an operation on own account or on behalf of a third party performed with natural persons or legal entities, including their subsidiaries or establishments domiciled, registered or established in a State or territory listed in Appendix 1.

III. Monitoring of transactions and declaration of suspicions

Employees must maintain constant vigilance, monitoring each transaction and examining each in greater detail (art. L561-10-2 of the Code):

- particularly complex transaction;
- for an unusual very high amount; or
- not appearing to have any economic justification or legal purpose.

Employees faced with one of the situations listed above must obtain information from the client on the origin and destination of the funds, as well as the purpose of the transaction and the identity of the person benefiting from it.

In the case of doubt on the existence of one of the four conditions, the Employee must contact the Correspondent-Declarer for information.

This information shall be recorded in writing in a memorandum that must contain the following:

- origin of the funds;
- destination of the funds;
- purpose of the transaction; and
- identity of the person who derives benefit from it.

1. The declaration of suspicion

In response to the great diversification of the activity of criminal organisations, article L561-15, 1 of the Code, in compliance with the European Directive of 26 October 2005, extends the scope of the declaration of suspicion to be made to TRACFIN.

1.1. In what circumstances must a declaration be made?

Certain situations automatically require a declaration, even if there is no suspicion as to the origin of the sums, whereas other situations only require a declaration to be made if there are suspicions.

1.1.1. Situations in which the declaration is automatic.

The following must lead to a declaration:

- any transaction for which there remain doubts concerning the instructing party, despite the measures of vigilance taken;
- any sum or transaction concerning which the Company knows, suspects or has good reasons to suspect that it stems from tax fraud when at least one of the 16 criteria, specified by the decree of 16 July 2009 and reproduced in Appendix 6, is present;
- any information that reverses, confirms or modifies information contained in the declaration.

1.1.2. Situations in which the declaration is subordinate to the existence of a suspicion

This type of declaration corresponds to cases in which the Company suspects or has good reason to suspect that the funds:

- stem from a offence for which the perpetrator risks a prison sentence of more than one year; or
- contribute to financing terrorism.

1.2. What procedure is to be followed for the transactions for which a declaration must be made?

Based on the above information, the Employees must immediately notify their suspicions, using the form in Appendix 6, to the Correspondent-Declarer - whose name and particulars are given in the "general presentation" section.

This form must contain the details of the transaction and, notably, its amount and purpose, the identity of the person at the origin of the transaction and, if appropriate, the identity of the effective beneficiary of the business relationship.

If, after the declaration of the transaction to the Correspondent-Declarer, the Employee receives new pertinent information, this must be immediately notified to the Correspondent-Declarer.

The Correspondent-Declarer must conduct an analysis of the transmitted transactions, obtain additional information and documents, and ensure the appropriate follow-up to the transaction. The suspicious transaction could be:

- closed and no further action taken.
- be recorded in a special confidential register and kept by the Correspondent-Declarer, or
- be declared to TRACFIN.

The declaration of the Correspondent-Declarer, the documents and information obtained for examining and following up the transaction, and the results of the analysis by the Correspondent-Declarer, must be kept for five years.

1.3. Who makes the declaration of suspicion?

The declaration must be made by the Correspondent-Declarer to TRACFIN. However, in exceptional cases, for instance the Correspondent-Declarer cannot be reached and the matter is urgent, the declaration may be made by any employee according to the procedure specified in paragraph 1.2 of II. In these conditions, the said employee promptly notifies the Correspondent-Declarer.

1.4. How should the declaration be made?

Although the declaration may be in writing or verbal, a written declaration remains the rule.

- By letter sent to TRACFIN to the following address:

SERVICE TRACFIN
10, rue Auguste Blanqui
93186 MONTREUIL-SOUS-BOIS Cedex

It must be made using the V2 form, a copy of which is given in Appendix 7. This document may also be downloaded directly on the TRACFIN site as follows:

http://www.economie.gouv.fr/tracfin/declarer#Telechargement

Upon receipt TRACFIN sends an acknowledgement of receipt (to be kept by the Correspondent-Declarer), bearing a TRACFIN reference number.

- Online: The TRACFIN website has recently been improved to facilitate the declaration of suspicion. The online declaration is now easily accessible at the following address:

http://www.economie.gouv.fr/tracfin/declarer

- Verbally: A verbal declaration must only be made in exceptional circumstances. Preference must be given to the above two written methods. A verbal declaration of suspicion is only accepted by TRACFIN on condition that it is made in the presence of the Correspondent-Declarer.

1.5. Duty of confidentiality and suspension of the transaction concerned by the declaration

1.5.1. Duty of confidentiality

It is strictly prohibited to disclose the existence and content of the declaration of suspicion to clients, the owner of the sums, the person at the origin of the transactions and all third parties (except supervisory authorities)

It is absolutely forbidden, under threat of a fine of € 22,500, to disclose the existence of the declaration that has been filed, its content and the follow-up given.

1.5.2. Duty to suspend the transaction to which the declaration relates

Article L561-25 of the Code specifies that the "TRACFIN department may oppose the performance of a transaction for which a declaration has been made". It is therefore clear that the declaration must be made before the transaction is performed.

When the declaration has been made, the following procedure must be respected before the suspended transaction may be performed:

- if TRACFIN does not oppose the performance of the transaction or has not replied within one working day as of receipt of the declaration, the transaction may be performed.
- if TRACFIN opposes its performance, the transaction is postponed for a period of two working days as of the day when the notification containing this opposition is issued;
- at the end of this period of two days, the transaction may be performed, unless the Presiding Judge of the Regional Court of Paris, on the application of TRACFIN and based on the opinion of the Public Prosecutor, extends this time limit or orders the provisional attachment of the funds, accounts or securities concerned by the declaration.

When a transaction for which a declaration of suspicion is made has already been performed:

- either because it was impossible to delay its performance,
- or because its postponement could have blocked investigations concerning a transaction suspected of money laundering or the financing of terrorism
- or that it emerged after the transaction had been performed that it was subject to this declaration.

the Correspondent-Declarer promptly informs TRACFIN.

Moreover, all information that could modify the assessment explained in the declaration of suspicion must be immediately notified to TRACFIN.

1.6. Lack of liability associated with the declaration

No civil proceedings or legal action for false allegations or infringement of non-disclosure rules may be instituted against a declarer who made a declaration to TRACFIN in good faith.

The conditions for benefiting from immunities are as follows:

- The declaration must have been filed in good faith;
- The declaration must have been drawn up in applicable legislative or regulatory conditions;

- The transaction must have been performed without collusion with the owner of the sums or the person at the origin of the transaction.

Moreover, the incentive nature of the immunities is reinforced by the fact that the State bears the direct harm suffered as a result of a declaration.

2. Vigilance in the combat against terrorism

Any transaction that could help finance terrorism must be declared to TRACFIN via the Correspondent-Declarant.

Moreover, the Company must freeze the funds, financial instruments and economic resources of the persons listed by the European Union or the French government as having links with terrorist activities or subject to financial penalties (of the embargo type).

The financial penalties adopted by France may be consulted on the Ministry of the Economy and Finance website. The measures of financial penalties adopted by the European Union may be consulted on the European Union website.

IV. Penalties for non-respect of the law

1. Disciplinary penalties

Article L. 561-36 of the Code lays down that the supervision of the duties of financial establishments in matters of money laundering and, if appropriate, the power to apply administrative penalties in the case of the non-discharge of these are ensured by the Banking Commission.

The Banking Commission may order, against an institution at fault, administrative penalties ranging from a simple warning, a temporary or permanent ban on performing certain transactions or go as far as banning the exercise of the profession. The administrative penalties at the disposal of the Banking Commission are listed in article L.613-21 of the Code.

2. Criminal penalties

If an establishment fails in its duty of confidentiality and reveals the existence of a declaration of suspicion to its client, this establishment risks a fine of 22,500 Euros.

V. Appendices

1. Appendix 1: list of risk countries

The list of Non-Cooperative Territories and States (NCTS), published each year, denounces the political entities refusing tax transparency and administrative co-operation with France; thus the tax provisions applied to operators located in the listed states or territories or performing transactions with them are more restrictive than those of general law.

(decree of 17 January 2014)

The 2014 list contains 8 entities:

- Botswana
- British Virgin Islands
- Brunei
- Guatemala
- Marshall Islands,
- Montserrat
- Nauru
- Niue

2. Appendix 2: list of documents to be provided by the natural persons at the latest at the time of the EER.

i.	Copy of currently valid official identity document:

- Identity card
- Passport
- Driving licence
- Residence permit for foreigners.

ii.	Copy of a document proving place of ordinary residence dated within the last three months

iii.	Questionnaire providing information on the client for categorising the latter

iv.	Salary slip or equivalent (e.g. non-commercial profit tax assessment notice for non-salaried workers.

In the case of a consultancy service, we request at least a copy of an official identity document

3. Appendix 3: list of politically exposed persons (PEP)

The following three categories of persons are PEP:

I. Any person residing in a country other than France who held or who ceased to hold, less than a year ago, one of the following offices:

1° Head of State, head of government, member of a national government or the European Commission;

2° Member of a national parliamentary assembly or the European Parliament

3° Member of a supreme court, a constitutional court or another high court whose rulings may not be appealed against apart from in exceptional circumstances.

4° Member of a court of auditors;

5° Head or member of the governing body of a central bank;

6° Ambassador, chargé d'affaires, consul general and career consular official;

7° General or high-ranking officer in command of an army;

8° Member of an administrative, management or supervisory body of a public enterprise

9° Head of an international public institution created by a treaty.

II. The persons known to be direct members of the family of the persons listed in 1 above

1° The spouse or de facto spouse;

2° The partner bound by a "*pacte civil de solidarité*" (civil pact of solidarity) or a contract of partnership registered pursuant to a foreign law;

3° In direct line, the ascendants, descendants and relations by blood or marriage to the first degree, and their spouse, partner bound by a *pacte civil de solidarité* or a civil partnership contract pursuant to a foreign law.

III. Persons known to be closely associated with a person listed in 1 above:

1° Any natural person identified as being the effective beneficiary of a legal entity jointly with that person;

2° Any natural person known to have close business ties with that person.

4. Appendix 4: list of the documents to be provided by the legal entities at the latest at the time of the EER.

i.	Kbis Excerpt (Excerpt of the recording of the entity's registration in a trade register)
ii.	Certified true copy of the articles of association
iii.	List of the persons authorised to act on behalf of the company and, if appropriate, the shareholders bound indefinitely, and jointly and severally liable for the company' liabilities.
iv.	Currently valid identity document for the persons authorised to act on behalf of the company and, if appropriate, the shareholders bound indefinitely, and jointly and severally liable for the company's liabilities.
v.	Currently valid identity document of the persons authorised to act on behalf of the company and of any shareholders bound indefinitely, and jointly and severally for the company's debts.
vi.	Certificate of non-bankruptcy (for a commercial company)
vii.	"Know your client" questionnaire filled in by the person(s) authorised to act on behalf of the company.

In the case of a consultancy service, at the very least a K-bis excerpt must be requested before entering into a business relationship.

5. Appendix 5: list of the countries imposing equivalent obligations to combat money laundering and the financing of terrorism

Decree of 27 July 2011

Article 1

The equivalent third-party countries indicated in 2° of 11 of article L561-9 are:

- South Africa
- Australia,
- Brazil
- Canada,
- South Korea
- United States
- Federation of Russia
- Hong Kong,
- India
- Japan
- Mexico
- Singapore and
- Switzerland

6. Appendix 6: Criteria for the declaration of suspicion of tax fraud

A declaration of suspicion of tax fraud must be made when one of the following 16 criteria are present:

1° The use of shell companies whose activity is not consistent with the corporate object or which have their registered office in a State or territory which has not concluded a tax agreement with France allowing access to bank information and which appears on a list published by the tax authorities, or at a private address of a beneficiary of the suspicious transaction, or at the place of the person authorised to accept service as defined in article L. 123.11 of the Code of Commerce;
2° The performance of financial transactions by companies in which there have been frequent changes to the articles of association unjustified by the firm's economic situation;
3° Recourse to the interposition of natural persons who apparently act on behalf of companies or individuals involved in financial transactions;
4° The performance of financial transactions that are inconsistent with the firm's usual activities or suspicious transactions in sectors exposed to VAT carrousel fraud, such as IT, telephony, electronic equipment, household appliances, hi-fi and video sectors;
5° Major unexplained increase, over a short period, of the sums credited to the accounts newly opened or, up until then, inactive or not very active, linked possibly to a major increase in the number or volume of transactions or recourse to dormant or not very active companies in which there may have been recent changes to the articles of association;
6° The noting of anomalies in the invoices or order forms when they are presented as justification for the financial transactions, such as the absence of the number of the company's registration in the trade register, the SIREN business number, the VAT number, the invoice number, address and dates;
7° The unexplained recourse to accounts used as transit accounts or through which many transactions, both debit and credit, transit whereas the account balances are often close to zero;8° The frequent withdrawal of cash from a business account or depositing of cash in such an account not justified by the level or type of economic activity;
9° The difficulty in identifying the effective beneficiaries and the links between the origin and destination of the funds due to the use of intermediary accounts and non-financial business accounts, such as transit accounts, or recourse to complex corporate structures, and legal and financial arrangements greatly reducing the transparency of the management and administration mechanisms.
10° International financial transactions without apparent legal or economic reason limited very often to simple transits of funds from or to other countries notably when they are performed with the States or territories listed under 1°;
11° The client's refusal to produce documents in proof concerning the origin of the funds received or the reasons put forward for the payments, or the impossibility of producing these documents;
12° The transfer of funds abroad followed by their repatriation in the form of loans;
13° The organisation of insolvency by the rapid sale of assets to natural persons or legal entities or in conditions that translate a clear unjustified imbalance of the terms of the sale;
14° The regular use by natural persons domiciled and having an activity in France of accounts held by foreign companies;

15° Depositing by an individual of funds with no connections with the former's activity or recognised financial situation.
16° The performance of a real estate transaction at a clearly under-valued price.

7. Appendix 7: form for declaration to the correspondent-declarer

FROM :		TO: Olivier VILLEDEY

IDENTITY OF THE CLIENT:

SURNAME and forename		Corporate name	
Address		Address	
Date and place of birth		Company's registration number	

TRANSACTION:

Transaction reference	
Transaction date	
Transaction amount	
Transaction status (performed?)	
Transaction type and characteristics	
Economic justification for the transaction	
Origin and destination of the funds	
Identity of the effective instructing party	
Transaction beneficiary	
Reason for suspicions	

Signature of declaring employee:

Part reserved for the person responsible for TRACFIN declarations

After examination, this transaction must be:

Closed with no follow-up (attach the results of the due diligence verifications conducted)	Recorded in a special register, kept by the person responsible for declarations to TRACFIN	Declared to TRACFIN
☐	☐	☐