Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) Policy Statement

Money laundering and terrorist financing have been identified as a major threat to the international financial services community. The United Kingdom, in common with many other countries, has passed legislation designed to prevent money laundering and to combat terrorism. This legislation, together with regulations, rules and industry guidance, form the cornerstone of AML/CTF obligations for UK firms and outlines the offences and penalties for failing to comply.

The requirements of EU and UK legislation apply to Instinet Europe Ltd (IEL) including its European branch offices. Instinet group of companies may have additional local policies and procedures designed to comply with their local legislation, regulations and any government approved guidance in the jurisdiction(s) in which they operate.

Instinet Europe Limited is authorised and regulated by the UK Financial Conduct Authority (FCA) under registered number 140822.

Legal and Regulatory Framework:

The principal requirements, obligations and penalties, on which IEL’s AML/CTF systems and controls are based on but not limited to:

- The Proceeds of Crime Act 2002 (POCA), as amended by the:
  - Serious Organised Crime and Police Act 2005 (SOCPA); and the
  - Proceeds of Crime Act (Amendment) Regulations 2007;

- The Terrorism Act 2000, as amended by the:
  - The Anti-Terrorism, Crime and Security Act 2001; and the
  - Terrorism Act (Amendment) Regulations 2007;

- The Terrorism Act 2006;

- The Bribery Act 2010;

- The Money Laundering Regulations 2007, transposing the requirements of the EU’s Third Money Laundering Directive*.

- The FCA Handbook and in particular, The Senior Management Arrangements Systems and Controls (SYSC) Sourcebook, which relates to the management and control of money laundering risk;

- The Joint Money Laundering Steering Group (JMLSG) Guidance of for the UK Financial Sector on the prevention of money laundering and combat terrorist financing, and

- US Foreign Corrupt Practices Act;

*This will also include the Fourth Money Laundering Directive, when it becomes law.
IEL’s Policies and Principles:

The Compliance team owns and is responsible for the following internal policies covering:

1. Anti-Money Laundering/Counter-Terrorist Financing;
2. Sanctions; and
3. Anti-Bribery & Anti-Corruption

These policies and principles are designed to ensure that IEL complies with the legal and regulatory requirements applicable in the UK as well as with any local obligations.

Anti-Money Laundering (AML) Policy:

IEL’s AML Policy is designed to ensure that all European branch offices comply with the requirements set out under EU and UK legislation, regulations, rules and Industry Guidance for the financial services sector, including the need to have adequate systems and controls in place to mitigate the risk of the firm being used as a conduit of financial crime.

To facilitate compliance with anti-money laundering laws, IEL has developed and implemented a comprehensive anti-money laundering programme, consisting of training, policies, procedures and internal systems and controls. It includes, but is not limited to:

- The appointment of a Money Laundering Reporting Officer (MLRO) who is of sufficient seniority, who has the responsibility for oversight of compliance with relevant legislation, regulations, rules and industry guidance;
- Establishing and maintaining a Risk Based Approach (RBA) towards assessing and managing the money laundering and terrorist financing risks of the firm; establishing and maintaining risk-based customer due diligence, identification, verification and Know Your Customer (KYC) procedures. This includes enhanced due diligence for those customers presenting higher risk, such as Politically Exposed Persons (PEPs) and Correspondent Banking relationships;
- Establishing and maintaining risk based systems and procedures to monitor ongoing customer activity;
- Procedures for the identification and reporting suspicious activity internally and to the relevant law enforcement authorities as appropriate;
- The maintenance of appropriate records for the minimum prescribed periods;
- Training and detailed policies, providing all staff with detailed AML and CFT knowledge;
- The provision of appropriate management information and reporting to senior management of the firm’s compliance with the requirements.

Sanctions Policy:

IEL’s sanctions policy and procedures are designed to ensure that the firm complies with applicable sanctions laws in every jurisdiction in which it operates. As such IEL is required to screen against United Nations, European Union, UK HM Treasury and US Office of Foreign Asset Control (OFAC) sanction lists as a minimum in all our business dealings.


**Anti-Bribery & Anti-Corruption Policy:**

IEL is subject to the provisions of the UK Bribery Act 2010 and the US Foreign Corrupt Practices Act (FCPA), which have extra territorial effect, as well as applicable local anti-bribery laws in certain jurisdictions. Instinet recognises that bribery and corruption has an adverse effect on communities wherever it occurs and therefore we have implemented the necessary systems and controls in place to minimise the risk of any such activity to our business.

FCPA - was enacted for the purpose of making it unlawful for certain classes of persons and entities to make payments to foreign government officials to assist in obtaining or retaining business. Specifically, the anti-bribery provisions of the FCPA prohibit the willful use of the mails or any means of instrumentality of interstate commerce corruptly in furtherance of any offer, payment, promise to pay, or authorization of the payment of money or anything of value to any person, while knowing that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to a foreign official to influence the foreign official in his or her official capacity, induce the foreign official to do or omit to do an act in violation of his or her lawful duty, or to secure any improper advantage in order to assist in obtaining or retaining business for or with, or directing business to, any person.

The anti-bribery provisions of the FCPA have applied to all U.S. persons and certain foreign issuers of securities. With the enactment 1998 enactment, the anti-bribery provisions of the FCPA now also apply to foreign firms such as IEL. It is aimed at entities and persons who cause, directly or through agents, an act in furtherance of such a corrupt payment to take place within the territory of the United States, which includes transactions done in US dollars.

**Governance and Conformance:** IEL’s policies are endorsed by the Board of Directors and implemented by the European Head of Compliance / MLRO. Regular reviews of the effectiveness of these policies are carried out in addition to audits periodically undertaken by both internal and external Auditors.

All employees, contractors, workers and consultants in the UK and all European branches are required to comply with the firm’s AML, ABC and CTF policies and procedures.

European Compliance
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