

Compliance Policy

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1. PURPOSE

In accordance with CSSF Circular 2004/155, the board of directors of [NAME OF COMPANY] (hereafter the “Company”) has adopted the following Compliance Policy. The Company’s Compliance function may provide detailed guidance on the principles outlined in this Compliance Policy.

The Compliance Policy purpose is to promote honest, ethical conduct and to ensure compliance with laws, regulations, rules and professional standards as well as with the Company’s Code of Conduct and group policies in order to protect the integrity of the financial market.

Employees at all levels must carry out diligently, efficiently and to the best of their abilities the responsibilities entrusted to them. They must act with loyalty to the Company where the legitimate interest of the clients and its stakeholders shall prevail, and must act honestly, independently, impartially, with discretion and without regard to self-interest.

As required by CSSF Circular 2004/155, this Compliance Policy shall

- Identify key compliance risk issues;
- Explain the principles laid down by the board of directors;
- Establish the compliance function, its independence and its objectives;
- Require the drawing up of a Compliance Charter;
- Institute the implementation of a continuous learning programme.

2. SCOPE

This policy approved by the local Board of Directors applies to all employees of the Company without restriction and all service providers acting for or on behalf of the Company (hereafter the “employees”).

3. POLICY STATEMENT

I. Compliance Function

The senior management of the Company puts in place a Compliance function to monitor the implementation of the Compliance policy and to ensure that it is followed. The ways in which the Compliance function operates and the limits of its scope will develop over time depend on the status, organisation and risks inherent in the Company’s activities.

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The Compliance function shall act independently and in particular:

- Ensure compliance with all relevant laws, regulations, rules and professional standards;
- Assist senior management in ensuring the adherence to ethical rules;
- Identify and assess the compliance risks as described below;
- Assist senior management in the management and control of such risks;
- Report directly to senior management on material issues; and
- Inform and educate staff.

The Company lays down in the Compliance Charter the status of the Compliance function, its organisation and its roles and responsibilities. All employees will be made aware of the Charter.

II. Compliance Risks

The Compliance policy is constituted of all measures, actions and options decided in order to limit risks to an acceptable level in pursue of the Company's global objectives.

The main Compliance risks are identified as follow:

➤ Risk of breach of ethical rules

This refers to the risk of breach of ethical rules by the Company or its employees.

➤ Legal and regulatory risks

This refers to the risk of non-compliance with applicable laws, regulations, and professional practices. This entails:

- Litigation risk: risk linked to the outcome of legal action
- Contract/transaction risk: risk linked to misinterpretation or non-application of legal rules relevant to a contract or a transaction
- Legislative risk: risk linked to changes in law and regulations

➤ Risk of sanctions

This consists of:

- Risk of judiciary, administrative or disciplinary sanctions, as a result of non-compliance with laws, regulations, rules, norms and/or contractual agreements.

➤ Reputation risk

This refers to:

- Risk of damage due to the Company's diminished worthiness and impaired reputation, resulting from true or false adverse publicity, failures in business practices and failures to comply with current laws and regulations.

- Certain aspects of operational risks originating from or resulting in, one of the above risk.

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III. Compliance Principles

Employees are required to apply and respect the following principles:

III.1 Engage in and promote business and professional ethical conduct

Employees are required to carry out their professional duties in line with a “good citizen’s behaviour” and to respect the Company’s ethics including the respect of all individuals.

The Company shall not seek advantage through illegal or unethical business practices. Indeed, all employees are expected to exhibit the Company’s shared value of integrity. The Company’s directors have ultimate responsibility for setting the direction and tone of the Company’s policies and practices in line with this shared value of integrity.

Employees shall carry out their responsibilities honestly, in good faith and with integrity, as well as behave with due care, competence, prudence and diligence, exercising their best independent judgment at all times.

III.2 Comply with laws, regulations, rules and professional standards:

The Company commits to keep the employees up to date on applicable laws, regulations, rules, professional standards and the Company’s Code of Conduct. To meet this requirement, the Compliance function is in charge of organising adequate training on a regular basis.

Any violation of laws, regulations, rules, professional standards or to the Company’s Code of Conduct are to be reported immediately to the Compliance function.

III.3 Avoid any conflicts of interest:

Employees are required to avoid any conflicting interest in the course of their work. Whenever they participate in or are involved in the Company’s decision making relating to its business, employees shall act in the best interest of the Company and its stakeholders only, without giving any preference to third parties on the basis of personal considerations.

The Board ensures that a strict segregation of functions is respected and that the necessary measures are taken to safeguard the separation between own account transactions and those for third parties.

In order to avoid the unlawful transmission of inside information, employees are reminded of their obligation to respect “Chinese walls” as defined by the senior management. They shall conduct their business affairs in a manner that ensures their private or personal interests do not interfere with the interests of the Company or its stakeholders including conflicts relative to personal, financial, or other gain. Should conflicts arise, or be perceived to arise, disclosure shall be made in an appropriate manner to the Compliance function and the disclosing Employee shall not participate in any decision or action causing the conflict of interest.

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III.4 Take all reasonable measures to protect confidentiality:

In the course of their function within the Company, employees often receive confidential information about the Company, its clients, its suppliers and other stakeholders. Employees must maintain the confidentiality of all information so entrusted to them within the safeguard defined by senior management, except when disclosure is authorised or required by law. Confidential or proprietary information of the Company includes any non-public information the disclosure of which would be detrimental to the Company or its stakeholders or useful to its competitors.

Employees who leave the Company are under the ongoing obligation to keep such information confidential.

III.5 Protect the Company's assets:

In the course of their function within the Company, employees are required to protect the Company's assets and to ensure their proper use for legitimate business purposes.

Employees shall protect the Company's assets in a manner that could be reasonably expected from them, and the Company's managers and the Board are specifically responsible for establishing and maintaining appropriate internal controls to safeguard the institution's assets against loss from unauthorized or improper use or disposition.

III.6 Protect the Client's best interests:

Employees shall provide their services to meet the clients' best interests according to the Company's Code of Conduct. The Company always owes its clients a duty of care, honesty and trust.

Employees shall be free of any influence, interest or relationship in respect of the clients' affairs, which impairs or risks to impair their professional judgment and objectivity.

In carrying out their responsibilities to the Company, employees shall act fairly with the Company's clients, service providers, suppliers, competitors and any other stakeholders and shall avoid taking unfair advantage of anyone through manipulation, concealment, privileged information or any unfair dealing practice.

The Company shall handle any customer complaint in an appropriate manner.

III.7 Whistle blowing:

The Company develops a corporate governance framework where it engages in promoting fairness, transparency and accountability in respect to this framework.

The Company prohibits retaliation against an employee who reports in good faith a violation of this Compliance policy.

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4. POLICY OWNER AND DATE OF IMPLEMENTATION

The Compliance Officer of the Company has been formally appointed as the owner of this policy, which is effective as from [DATE]. Any amendments to this Compliance policy may be made by the Compliance function and senior management and must be duly approved by the Board of Directors of the Company.

Any waiver to this Compliance policy may be made by the Board of Directors of the Company, the senior management and the Compliance function and must promptly be disclosed to the Employees.

Approved by the Company's Board of Directors on _____

Director
duly authorised
for and on behalf of
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