



ANBIMA Guide to Prevention of Money Laundering and to the Financing of Terrorism

10.2.2020



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1. GLOSSARY

1.1. For the purposes of this Guide, the following definitions apply:

- I. RBA: risk-based approach.
- II. Third-Party Asset Management: Fiduciary Management and Third-Party Asset Management when referenced together as defined in this Guide.
- III. Fiduciary Management: a set of services directly or indirectly related to the operation and maintenance of a Fund, performed by a legal person authorized by CVM.
- IV. Fiduciary Manager: legal person authorized by CVM to perform the Fiduciary Management activity.
- V. ANBIMA or Association: Brazilian Financial and Capital Markets Association.
- VI. Financial Assets: securities and financial assets as defined by the Brazilian Securities Commission and / or Brazilian Central Bank, assets, and rights of any nature.
- VII. Real Estate Assets: any assets by which the participation of a FII takes place occurs in real estate developments allowed by the applicable regulation.
- VIII. Assets: Financial assets and property assets together.
- IX. BCB: Brazilian Central Bank.
- X. Ultimate Beneficiary: an individual or individuals who jointly own, control or significantly influence, directly or indirectly, a Client on whose account a transaction is being carried out or who benefits from such transaction.
- XI. Managed Portfolio: managed portfolio regulated by CVM Instruction 558 of March 26, 2015, and its subsequent amendments.
- XII. BCB Circular 3,978/20: BCB circular 3,978, of January 23, 2020, and its subsequent amendments, which covers the AML-FT for institutions authorized to operate by BCB.

- XIII. Client¹: natural or legal person, Investment Fund, investment club or NRI on whose behalf transactions with financial assets are carried out.
- XIV. Staff Members: officers, employees, trainees and third-party contractors.
- XV. Counterparty: is the individual, legal entity or enterprise in the opposite position to that undertaken by the Intermediary's Client, in transactions of (i) Assets purchase and sale, (ii) Assets loans or (iii) other transactions in the stock and over-the-counter markets or in private dealings.
- XVI. Custody: is the custody activity regulated in accordance with the laws in force.
- XVII. Custodian: legal entity authorized by applicable regulation to carry out a Custody activity.
- XVIII. CVM: Brazilian Securities Commission.
- XIX. Distributor: an institution authorized to operate by the BCB for the distribution of Financial Assets, as well as the Fiduciary Manager the Asset Managed, both duly authorized to carry out the distribution of Investment Funds' quotas under its Fiduciary and Asset Management, respectively, pursuant to the terms allowed by CVM.
- XX. Bookkeeping: is the bookkeeping activity regulated in accordance with the rules in force.
- XXI. Bookkeeper legal entity duly authorized by applicable regulation to carry out a Bookkeeping activity.
- XXII. FIDC: Credit Rights Investment Fund regulated by CVM Instruction 356 of December 17, 2001, and its subsequent amendments.
- XXIII. FII: Real Estate Investment Fund regulated by CVM Instruction 472 of October 31, 2008, and its subsequent amendments.
- XXIV. FIP: Private Equity Fund regulated by CVM Instruction 578 of August 30, 2016, and its subsequent amendments.
- XXV. Open-end Fund: Fund incorporated in the form of an open-end condominium, in which

¹ In spite of the definition of what an investor is foreseen in ICVM 617/19, for the purposes of this Guide, which covers ICVM 617/19 and BCB Circular 3978, and the definition provided in the BSM's guidance document to the market, it will only be adopted a Client concept.

customers may request the redemption of their quotas in accordance with the provisions of the Fund's bylaws.

- XXVI. Investment Fund or Fund: it is a pool of resources, constituted in the form of a special nature condominium, intended for investing in Assets.
- XXVII. Exclusive Fund: Fund intended exclusively for a single professional client, in accordance with the rules in force.
- XXVIII. Closed Fund: Fund incorporated in the form of a closed-end condominium in which the quotas are only redeemed after the end of the term of duration of the Fund.
- XXIX. FATF: Financial Action Task Force on AML-FT.
- XXX. Management of Third-Party Resources: professional management of Assets belonging to investment vehicles' portfolio, carried out by a legal person duly authorized by CVM.
- XXXI. Third Party Assets Manager or Assets Manager: Legal person authorized by CVM to perform the Third-Party Asset Management activity.
- XXXII. AML-FT Guide or Guide: ANBIMA guide on the prevention of money laundering and financing of terrorism.
- XXXIII. ICVM 542/13: CVM Instruction No. 542, of December 20, 2013, and its subsequent amendments, which provides for the provision of securities Custody services;
- XXXIV. ICVM 543/13: CVM Instruction No. 543, of December 20, 2013, and its subsequent amendments, which provides for the provision of securities Bookkeeping services;
- XXXV. ICVM 617/19: CVM Instruction No. 617, of December 5, 2019, and its subsequent amendments, which provides for AML-FT provision within the securities markets.
- XXXVI. NRI: non-resident investor, on whose behalf transactions with Assets are carried out.
- XXXVII. Institutions: financial institutions authorized to do business by BCB and treated as equivalent or any other legal persons, that provide in the financial and capital markets, whether permanent or temporary, services related to the Fiduciary Management, Third Party Assets Management, Distribution, Custody, Bookkeeping, Intermediation, and representation of NRI and that are subject to the responsibilities related to AML-FT foreseen in ICVM 617/19

and BCB Circular 3,978/20.

- XXXVIII. Intermediary: Institution responsible for carrying out, on behalf of its Clients, transactions (i) in the purchase and sale of assets (ii) loans of assets or (iii) other operations in the stock market or organized counter.
- XXXIX. ML-FT: money laundering and financing of terrorism.
- XL. PEP: politically exposed person.
- XLI. AML-FT: prevention of money laundering and financing of terrorism.
- XLII. AML-FT Policy or Policy: document prepared by the Institution and approved by the top management with guidelines on AML-FT in accordance with the regulation in force.
- XLIII. Investment Vehicle: Investment Funds and Managed Portfolios incorporated locally to invest proceeds raised from one or more clients.

2. INTRODUCTION

- 2.1. The main objective of this Guide is to contribute to the improvement of best practices to prevent AML-FT crimes in the financial and capital markets and, therefore, mitigate regulatory and reputational risks associated with such illicit activities. This Guide is intended to establish guidelines for best practices purposes and is therefore recommended for the Institutions within the limits of their legal responsibilities.
- 2.2. The first version of the Guide was published in 2009, updated in 2014, and now in 2020 reviewed once again to reflect the changes in the rules for the prevention of AML-FT reflected on the ICVM 617/192 and on BCB Circular 3,978/203.
- 2.3. This Guide does not override current laws and regulations, although rules might be issued after the beginning of its validity that may be contrary to the provisions contained herein, the respective provision of this Guide, in case there is a contradiction between the guidelines established in this Guide and the laws and regulations in force, should be disregarded, without

² The analysis of ICVM 617/19 should be done in conjunction with CVM explanatory note, accessible via the link below, as well as other normative acts that will be later published by the Authority on the topic.
<http://www.cvm.gov.br/legislacao/notas-explicativas/nota617.html>.

³ The analysis of BCB Circular 3,978/20 should be made in conjunction with BCB Circular Letter 4001/20, BCB Circular 3,942/19, BCB Circular Letter 3,977, as well as other regulations on the topic that maybe published, as listed below.

https://www.bcb.gov.br/pre/normativos/busca/downloadNormativo.asp?arquivo=/Lists/Normativos/Attachments/50905/Circ_3978_v2_P.pdf.

https://www.bcb.gov.br/pre/normativos/busca/downloadNormativo.asp?arquivo=/Lists/Normativos/Attachments/50911/C_Circ_4001_v2_P.pdf.

https://www.bcb.gov.br/pre/normativos/busca/downloadNormativo.asp?arquivo=/Lists/Normativos/Attachments/50763/Circ_3942_v1_O.pdf.

https://www.bcb.gov.br/pre/normativos/busca/downloadNormativo.asp?arquivo=/Lists/Normativos/Attachments/50849/C_Circ_3977_v1_O.pdf.

prejudice to other guidelines contained herein. This Guide does not replace or alter the regulatory determinations established by regulatory bodies and applicable legislation, but rather provides additional guidance to the Institutions, which should be evaluated according to their own specific characteristics, size and scope of work.

3. AML-FT INITIAL CONSIDERATIONS

- 3.1. Several countries have issued specific rules in order to prevent and punish agents who use financial and capital markets to invest illicit proceeds, as well as to conceal or disguise their nature, source, location, disposal, movement or ownership of assets, rights or amounts arising out, directly or indirectly, of an unlawful activity.
- 3.2. COAF (*Conselho de Controle de Atividades Financeiras*), which is the Brazilian Financial Intelligence Unit, as well as other authorities, such as BCB, CVM, Federal Police, Federal Tax Authority, the Office of the Comptroller General and the Public Prosecutor Office have been systematically and progressively engaged in preventing and combating ML-FT. These authorities have increased their capacity to act, either by expanding resources or by cooperating with other bodies for the exchange of information and experiences.
- 3.3. ENCCLA - National Strategy for Combating Corruption and Money Laundering, created in 2003⁴, is one of the main articulation networks for collective fixing and discussion, having a multitude of bodies of the Executive, Legislative and Judicial powers at federal and state levels and, in some cases, city, as well as the Public Prosecutor Office of different levels, and for formulating public policies and solutions aimed at combating money laundering crimes and offenses.

⁴ <http://enccla.camara.leg.br/>.

3.4. With particular attention, we highlight the FATF⁵, an intergovernmental organization whose purpose is to develop and promote national and international policies to combat the ML-FT. Created in 1989, the FATF is a policy-making body that aims to generate the necessary policy for legislative and regulatory reforms in these areas. As a FATF member since 2000, Brazil, together with its bodies, follows its guidelines and is submitted to periodic evaluations from FATF, aiming at compliance with the rules and recommendations, as well as the confirmation of the effectiveness of its initiatives on AML-CFT.

3.5. ANBIMA, through this Guide, ratifies its commitment to national and international entities in strengthening financial and capital markets, avoiding ML-FT crimes.

4. AML-CFT POLICY

4.1. The Guide is not intended to reflect all minimum requirements that should be included in an AML-CFT Policy pursuant to the terms of ICVM 617/19 and BCB Circular 3,978/20. It is up to each Institution to ensure that full content is listed in the document. However, we emphasize that it is extremely important that the Policy be clear and accessible, in a level of detail compatible with the size, structure, complexity of products and services, as well as the activities carried out by the Institutions. The Policy should clearly reflect the guidelines of the top management on the prevention and fights against ML-FT.

4.2. Governance

⁵ <http://www.fazenda.gov.br/assuntos/atuacao-internacional/prevencao-e-combate-a-lavagem-de-dinheiro-e-ao-financiamento-do-terrorismo/gafi>.

- 4.2.1. The Policy should be approved by top management, according to item 6.2.1 of this Guide, and establish the minimum guidelines for ML-FT prevention, detection, analysis and reporting of atypical events, with the aim of helping the Institution to identify, mitigate and monitor regulatory and reputational risks associated with ML-FT.
- 4.2.2. The Policy shall be applicable and widely disclosed to all Staff Members of an Institution, as well as to affiliates, subsidiaries and representative offices, if any, partners⁶, third parties and relevant service providers.
- 4.2.3. The responsibility for implementing the Policy may be of the AML-FT, compliance, internal controls, risk management departments, or other specific departments designated by an Institution for such purpose.
- 4.2.4. The Policy should be reviewed and kept up to date at intervals that should be included in the document itself. All amendments shall be subject to the approval of an Institution's top management.

4.3. Policy General Guidelines

- 4.3.1. Institutions shall provide in their Policy how they will proceed to identify, analyze, understand, and mitigate AML-FT risks of their customers, products, services, distribution channels, partners, relevant third parties and service providers. These actions permeate an Institutions' risk appetite and the parameters that will be emanating from an Institution's top management to combat ML-FT.

⁶ Partners under the terms required by BCB Circular 3,978.

4.3.2. All Staff Members shall be diligent and committed to fighting ML-FT, in accordance with the functions performed and within the limits of their respective attributions. Without exception, all Staff Members, regardless of their location or function, shall:

- I. attend training and development sessions promoted by the Institution.
- II. read, understand and adhere to the Policy, the rules and procedures on AML-FT.

4.3.3. With regard to the relevant partners, third parties and service providers, observing item 11 of this Guide, the training structure should be established by the Institution itself in its AML-FT program according to its RBA methodology, admitting, for example, the knowledge, by the Institution, of the existence of an AML-FT program of the relevant partners, third parties and service providers, of a certification regarding the effective occurrence of a training session, according to the degree of risk attributed from the perspective of AML-FT, or, even, the Institutions making available their AML-FT Policy to partners, third parties and relevant service providers.

4.3.4. The Policy should follow RBA criterion, as defined in the current regulation. Client's risk assessment from an AML-FT perspective may include, among other factors, the analysis of:

- I. country / jurisdiction / geographical location.
- II. Client / activity, such as those where cash can be circulated in kind and accounting can be changed more easily.
- III. product / service/ operations and distribution channels used.
- IV. transactions and operations with amounts that are incompatible with the amounts declared.
- V. PEP or non-profit organization identification.

- 4.3.5. It is important to highlight that Institutions can, when evaluating, classifying and monitoring their clients in relation to AML-FT, make use of the information they already have in-house in the context of other activities. As an example, we may cite the duty to verify the suitability of products, services and transactions to Client's risk profile⁷. Note that this information should not be analyzed in isolation, but in the context of the totality of the data that has already been collected.
- 4.3.6. Routines related to the duties of compliance with other regulations, such as CVM Instruction No. 8/79⁸ and CVM Instruction No. 505⁹, can help Institutions in their methodologies. Each Institution shall define, according to its own criteria, the indexes and factors for internal risk assessment and classification of clients, being required to foresee them in a clear manner in their ALM-FT Policy.
- 4.3.7. Certain activities and/or Clients that, due to their business characteristics, may represent a higher probability and risk of occurrences indicating indicia of LM-FT, should deserve a level of monitoring compatible with the higher risk they present.
- 4.3.8. The identification of a proposal, an actual transaction or situation with indicia of ALM-FT should be immediately notified to the Institution's responsible department, which shall follow the procedures provided for in the ALM-FT Policy in order to analyze the relevance of carrying out any notification to competent authorities.

⁷ <http://www.cvm.gov.br/legislacao/instrucoes/inst539.html>. and
https://www.bcb.gov.br/pre/normativos/res/2009/pdf/res_3694_v3_P.pdf.

⁸ <http://www.cvm.gov.br/legislacao/instrucoes/inst008.html>.

⁹ <http://www.cvm.gov.br/export/sites/cvm/legislacao/instrucoes/anexos/500/inst505.pdf>.

4.3.9. Possible contacts and visits to Clients, aiming at obtaining information and clarifications about their operations and transfers, should try to be carried out by qualified Staff Members, maintaining confidential possible signs of LM-FT. Institutions' Staff Members shall maintain absolute confidentiality regarding notifications made regarding ML-FT and in no event can they reveal or give knowledge of what happened to persons other than those in the responsible department, especially to Clients or interested parties. Notifications made within the scope of the Brazilian jurisdiction to the competent authorities are considered, pursuant to the terms of Law 9.613/18¹⁰, to be in "good faith" and only evidence atypical facts that internal routines could not clarify to satisfaction, without any judgment or qualification of the fact. The Institution shall record the evidence and information that supported its decision to make or not to make such notifications.

5. AML-FT PROGRAM

- 5.1. Institutions, when developing and implementing their AML-FT programs, should consider their size, volume of transactions, nature and complexity of their products, services, activities, processes and distribution channels.
- 5.2. The ALM-FT program shall provide a Policy, procedures and internal controls, in writing and capable of being monitored, to ensure that applicable regulation and that such documents themselves are complied with by an Institution. This program should be drafted considering products offered, services provided, the respective distribution channels and trading and registration environments in which they operate, which should be the object of an ALM-FT risk

¹⁰ http://www.planalto.gov.br/ccivil_03/LEIS/L9613.htm.

analysis using an RBA methodology and an internal risk assessment by an Institution. It is recommended that the ALM-FT program contain at a minimum:

- I. an organizational structure that is autonomous and independent from business areas, so that there are no possible conflicts of interest, covering, but not limited to:
 - a. staff trained, capacitated and up to date.
 - b. director responsible for ALM-FT, pursuant to the terms of current regulation.
 - c. committees focused on AML-FT or equivalent discussion forums.
- II. definition of responsibilities regarding ALM-FT, including top management bodies, pursuant to the terms of item 6 of this Guide.
- III. ALM-FT Policy, pursuant to the terms of item 4 of this Guide.
- IV. RBA methodology, pursuant to the terms of item 7 of this Guide.
- V. internal risk assessment methodology, pursuant to the terms of item 8 of this Guide.
- VI. procedures aiming to get to know, identify, qualify¹¹ and classify Clients and Beneficial Owners, taking into account, in accordance with the ALM-FT Policy of each Institution and, if applicable, the following factors:
 - a. PEP identification.
 - b. non-profit organization identification.
 - c. negative media / restrictive lists.
 - d. jurisdiction / geography (sanctions, sensitive countries and sensitive parties).
 - e. products and services to be used.
- VII. procedures for identifying, in the Institution's analyzes, sanctions, sensitive countries and sensitive parties from an ALM-FT risk point of view.
- VIII. procedures for monitoring, identifying and analyzing atypical operations and situations and occurrences of ALM-FT related acts.

¹¹ Qualification, pursuant to the terms required by BCB Circular 3,978.

- IX. procedures for notifying situations, operations or tentative operations containing evidence of ML-FT related acts to the competent authorities such as COAF, CVM and BCB, as applicable.
- X. procedures to get to know and monitor its Staff Members, partners¹², third parties, and relevant service providers, pursuant to the terms of item 13 of this Guide.
- XI. procedures detailing the due diligence to be applied in relation to partners, third parties and relevant service providers hired for the supply of products or the provision of services, according to the criteria of its RBA methodology.
- XII. procedures and tools that allow the implementation and maintenance of the AML-FT program in order to seek:
 - a. disclosure of applicable procedures and controls by means of manuals or other internal communication vehicles.
 - b. training and development for the purposes of AML-FT to its Staff Members, partners, third parties and relevant service providers, as applicable, being allowed the use of seminars, debates, on-line courses, dissemination campaigns, among others.
 - c. identification, monitoring, and documentation of the analysis of situations that may constitute indicia of the occurrence of ML-FT crimes, or that may be related to such crimes.
 - d. in all applicable cases, procedure for reporting atypical situations to competent authorities, with the involvement of the responsible director, according to regulations in force.
 - e. check alternative sources, such as restrictive lists, search websites, databases and / or regulatory agencies, for an independent verification of disreputable information.
 - f. assessment and classification of the exposure to the ML-FT risk in the approval of products, services and new technologies under the viewpoint of ALM-FT.

¹² Partners pursuant to the terms required by BCB Circular 3,978.

- XIII. ALM-FT internal risk assessment report.
- XIV. effectiveness report, pursuant to the terms required by BCB Circular 3978/20.
- XV. procedures for the evaluation and monitoring of the AML-FT program by the internal audit, as applicable, internal controls or equivalent department.
- XVI. maintenance and keeping of information and recording of AML-FT analyzes, according to the time limit established by the regulation in force.

6. RESPONSIBILITIES

6.1. The responsibilities provided herein, with the exception of those determined by the regulation in force, are recommendations for the Institutions, which may be established in a different manner in the AML-FT Policy of the Institution, according to its size, volume of transactions, nature and complexity of their products, services and activities.

6.2. Top Management

6.2.1. To management is responsible for the approval and follow-up of the Institution's AML-FT Policy and Program. It is of paramount importance that the Institution's highest hierarchical level expresses its commitment to the AML-FT program, ensuring that this commitment is extended to all departments, especially those classified as being of greatest risk and of constant interactions with Clients.

6.2.2. Top management should also ensure that adequate resources are available (including, but not limited to, Staff Members, partners, third parties and relevant service providers, as applicable, and technology) for the implementation of the Policy, rules, procedures and internal controls with regards to AML-FT. Such resources shall be compatible with

the size, structure, geographic coverage and complexity of the Institution's products, services and activities.

6.2.3. The officers or the Board of Directors of the Institution, as applicable, shall appoint a director appointed pursuant to the bylaws to be responsible for compliance with the AML-FT Policy and rules. Pursuant to the terms of the regulation, the appointed director has the duty to:

- I. disseminate an AML-FT culture among relevant Staff Members, partners, third parties and service providers, as applicable.
- II. implement and monitor compliance with AML-FT rules and their respective updates with Institution's risk profile and business model to ensure the effective management of such risks.
- III. coordinate disciplinary actions against Staff Members, partners, third parties and relevant service providers who fail to comply with AML-FT procedures.
- IV. draft or approve AML-FT internal risk assessment report.
- V. draft or approve effectiveness report, as applicable.
- VI. coordinate the performance of the department responsible for AML-FT, at the discretion of each Institution, with the AML-FT committee or equivalent discussion forums on AML-FT, if they exist.

6.2.4. The AML-FT program should be evaluated regularly to ensure its efficiency and to incorporate new risk factors when applicable. It is the responsibility of each Institution to establish in its AML-FT Policy the form and timing of the monitoring of its programs, as well as the periodicity for their updating.

6.2.5. The AML-FT director may perform his/her role in conjunction with other activities in the Institution, provided that they do not involve potential conflicts of interest, especially

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with the business areas of the Institution.

6.3. Committees or discussion forums on AML-FT

6.3.1. Taking into account the nature, size, structure and complexity of products and services, the Institutions may establish committees or equivalent forums for discussion of issues related to AML-FT.

6.3.2. It is recommended that this body, when established, be subordinate to officers or the board of directors, as applicable, which should approve the Policy, rules and procedures that seek the adherence of all to applicable regulation guidelines.

6.3.3. If instituted, the committee or equivalent discussion forums may have as their responsibility, among other tasks, to evaluate and resolve, within the scope of the Brazilian jurisdiction, the relevance of reporting to the Financial Intelligence Unit¹³ of transactions or atypical situations that may be, directly or indirectly, related to ML-FT crimes, as well as to the competent supervisory bodies if such events also involve possible violations of their legal and regulatory rules in force.

6.4. AML-FT department or equivalent

6.4.1. The AML-FT department should be established according to the nature, size, structure, complexity of products and services, risk profile and business model of the Institution. Many Institutions have dedicated AML-FT departments dedicated to that, and many others place this activity within the compliance, internal controls, or risk management department. The choice of the governance model will fall to each Institution. It is

¹³ <https://www.fazenda.gov.br/assuntos/prevencao-lavagem-dinheiro/inteligencia-financeira>.

important to emphasize that it should be included in the Institution's AML-FT Policy how this subject will be managed and what are the responsibilities of each department or Collaborator regarding AML-FT.

6.4.2. The department dedicated to AML-FT is responsible, together with the appointed AML-FT director, for the application, maintenance and updating of governance, rules and procedures regarding AML-FT. It has as its main activities in relation to AML-FT:

- I. monitor Policy compliance and effectiveness.
- II. analyze information collected by the Institution's respective responsible teams and monitor Client's transactions and, if necessary, report to the committee or equivalent discussion forum, when such forum exists, or even to top management and competent authorities, in accordance with the Institution's AML-FT Policy.
- III. develop and improve tools and systems for the monitoring of transactions or of atypical situations.
- IV. develop periodic training and development programs and awareness programs to Staff Members, partners, third parties and relevant service providers, as applicable.
- V. interact with regulatory and self-regulatory bodies on the ML-FT topic.
- VI. preliminary analyze new products, services and technology under an AML-FT point of view as applicable.
- VII. advise and monitor Staff Members under an AML-FT point of view.
- VIII. assess interest in the acceptance, maintenance, and termination of Clients' relationships.

6.5. All Staff Members

6.5.1. All staff members of the Institutions should be aware of the AML-FT Policy, rules and procedures, as well as being responsible for their compliance, within the limits of their jobs descriptions. The Institutions should provide means for Staff Members to consult the Policy, rules and procedures related to AML-FT, whenever necessary.

7. RISK BASED APPROACH

7.1. RBA is certainly the central axis of AML-FT norms and follows global guidelines. The adoption of a RBA is an invitation to the market to change its culture, in which the rules are leave a prescriptive condition to a vision based more on principles. It is up to the Institutions to raise awareness that this change in the norms brings greater responsibility to top management in relation to the AML-FT, in such a way that the adopted metrics and methodologies shall be very well described and justified in the Policy.

7.2. It is worth noting that, for the cases foreseen in articles 27 and 28 of ICVM 617/19 and BCB Circular 3.942/19, the adoption of the RBA is not applicable. In these situations, the freezing of Assets should be done immediately, regardless of their amount, with observance of item 14 of this Guide.

7.3. In accordance with FATF recommendations¹⁴, Institutions should identify, assess and understand AML-FT risks, take action and apply resources in order to effectively mitigate them. On the basis of this assessment, the Institutions should apply an RBA so that ML-FT prevention or mitigation measures are proportionate to the risks identified. This approach is an essential factor for the efficient allocation of resources throughout the regime and AML-FT, as well as for

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<http://www.fazenda.gov.br/orgaos/coaf/arquivos/as-recomendacoes-gafi..>

the implementation of risk-based measures in all recommendations of FATF and of applicable regulation.

- 7.4. RBA requires that Institutions have systems and controls compatible with ML-FT specific risks that they face. In this sense, the assessment of such risks is one of the most important steps for a good AML-FT program. As the risks of ML-FT increase, proportionally stricter controls may be necessary.
- 7.5. When implementing an ABR, it is important that the Institution has the participation of the AML-FT department or equivalent department, as indicated by each Institution, and of other departments, such as business areas, risk management, compliance, internal controls and legal.
- 7.6. Risk is dynamic and should be reassessed whenever necessary. It should be emphasized that the environment in which each Institution is inserted is subject to continuous changes, so it is important that the review of the RBA methodology takes place at regular intervals or whenever there is a change of factors used for risk assessment. The review frequency of the RBA shall be at the discretion of each Institution and shall be included in the AML-FT Policy.
- 7.7. It is the responsibility of each Institution to develop its RBA methodology according to its criteria, and the methodology shall be properly formalized and capable of being verified. In drafting the RBA methodology, the Institution shall consider its size, its structure, the nature of its activities, the complexity of its products and services, the profile of its Clients and significant volumes and amounts that are incompatible with the declared source of income, or, event, disagreeing with volumes and amounts carried out historically. In addition, the specific requirements of regulators and self-regulators to which the Institutions are subject should be taken into account.
- 7.8. It is essential that the AML-FT Policy seeks to identify existing risks and offers proportionate

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measures to mitigate them. The Institution shall analyze the risks inherent to Clients and their investment portfolio, the services rendered, products, distribution channels and the types of Investment vehicles offered. By way of example, structured funds such as FII, FIDC and FIP may demand special due diligence by the Institutions with regard to the ML-FT risk, since, due to their characteristics and nature, they offer different possibilities for being used as ML-FT, in comparison to what happens to other Investment Vehicles.

7.9. Regarding FIPs, and without prejudice to the monitoring processes to be implemented by the Institution, it is recommended that due diligence be performed prior to the investment in the target company, in order to identify any LM-FT indicia. Such due diligence may take place, for example, by hiring a company or specialized firm, by analyzing the corporate structure of the target company, by checking notes in restrictive lists or negative media - whether in relation to the company itself, as well as its main shareholders and managers - or by other means that might appear adequate in the specific case. The analysis of the counterparty to the transaction is also an important factor in this approach. Special attention is also recommended to structures in which the same party occupies different positions of the operation, especially in situations where such party has interference in the investment decision of the FIP.

7.10. Regarding FIDCs, it is recommended that the Institutions, within the limits of their attributions, adopt in their RBA and formalize in their Policy specific ALM-FT mechanisms, which take into account, among other factors, the relevance of the risk and the complexity of each FIDC. In this context, it is recommended that the Institutions maintain verification procedures of the participants in the structure, including transferors and drawees, until the identification of the Ultimate Beneficiary, being admitted the adoption of proportional criteria such as, for example, expressive financial representativeness or concentration in the same transferor and / or drawee.

7.11. With regard to FIIs, it is recommended that the Institutions, following an RBA methodology, carry out a preliminary due diligence specifically directed toward AML-FT, or include in prior due

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diligences customarily carried out, a specific chapter on ALM-FT, not only with a view to identifying and knowing the counterparty, up to its Ultimate Beneficiary, but also make all necessary reputational checks and possible notes on national and international restrictive lists of the company or Asset that is to be acquired, with particular attention to the presence of unregulated third parties, such as specialized consultants.

8. INTERNAL RISK ASSESSMENT AND EFFECTIVENESS INDICATORS

- 8.1. The Institutions should carry out internal risk assessment with the objective of identifying and measuring the risk of using their products, services and, where applicable, new technologies¹⁵ for an AML-FT practice, as well as evaluating the effectiveness of their Policies, rules and procedures. They shall also, within the limits of their respective responsibilities, identify, analyze, understand and endeavor to mitigate the risks of ML-FT inherent in the activities carried out in the financial and capital markets, always in a manner commensurate with the risks identified.
- 8.2. The internal risk assessment should be carried out by the Institutions ALM-FT department, internal controls, risk management, or, even, an equivalent department. We recommend, however, that internal or external auditing, as appropriate, should not draft the report. The internal or external audit shall act in the monitoring, if applicable, depending on the size and structure of the institution.
- 8.3. An internal risk assessment made inadequately could expose the institution to a ML-FT transaction, which would involve not only the legal risk but also the reputational risk to the Institution. It is worth emphasizing that there is no zero risk for Clients, products, services and distribution channels. The heart of the RBA is to properly model the risk assessment.

¹⁵ New technologies pursuant to the terms foreseen in BCB Circular 3,978.

- 8.4. One of the great innovations of the AML-FT rules is the effectiveness analysis that shall be carried out by the Institutions in relation to the compliance to the AML-FT Policy. BCB Circular 3,978/20 provides that the Institutions will draw up a specific report that will assess the effectiveness of the compliance with the Policy, rules and procedures regarding AML-FT. The rule also provides for the obligation to draw up a document regarding the internal risk assessment, which should be approved by the AML-FT director and forwarded to the audit committee, when it exists, and to the board of directors or officers, as applicable. It is important to highlight that for the purposes of the effectiveness report, BCB has provided minimum information that should be in the document.¹⁶
- 8.5. CVM objectively requires that Institutions draw up a single report on the AML-FT internal risk assessment and this report shall be forwarded to top management bodies listed in the Policy, containing information required pursuant to the terms of such rule. Regarding the effectiveness of the AML-FT Policy, rules and procedures, CVM has provided in its rule that this factor should be part of the internal risk assessment report but has not established a set of minimum information to be included in it, leaving it to each Institution to set criteria in this respect. Nevertheless, it is up to the Institutions to clearly indicate in their AML-FT Policy the metrics and criteria taken into account.
- 8.6. Also, in the light of the regulation published by CVM and BCB, it is recommended that the Institutions include in the Policy effectiveness indicators that allow for the establishment of statistics and that make it possible to evidence that they were effective and that they were able to mitigate ML-FT risks. These effectiveness indicators are considered by regulators to be of extreme importance in terms of the AML-FT rules and its implementation and maintenance.

¹⁶ BCB Circular 3,978, article 62, §§ 1 and 2.

8.7. The Clients' risk assessment shall follow the Institution's internal risk assessment, as detailed in its ABR. Clients' risk profile regarding LD-FT shall be taken into account, as well as the nature of the relationship of the business and sought transactions. The assessment shall follow up on the evolution of the relationship with Clients, incorporating timely relevant changes in the assessment criteria. The criteria and methodologies shall be clearly stated in the Institution's AML-FT Policy.

8.8. When carrying out Clients' risk assessment, it is recommended that Institutions observe some factors such as:

- I. business relationships involving PEP or non-profit organizations.
- II. business relationships with Clients and / or Ultimate Beneficiaries or third parties domiciled in a high-risk country, as classified by FATF.
- III. Financial institutions operating with offshore products.
- IV. Clients that act in businesses classified as high risk in the Institutions' RBA methodology.
- V. activities with indicia of being atypical that the Institution is aware of.
- VI. transactions reports that have been deemed atypical that the Institution will become aware of.
- VII. inquiries from government authorities, such as notifications concerning ML-FT illicit.
- VIII. transactions that violate economic sanctions programs.
- IX. transactions with relevant volumes and amounts that are non-compatible with Client's source of income or that differ from those historically made.

8.9. it should be noted that the above topics are not exhaustive and therefore do not prevent the Institutions from taking into account other factors when drafting or updating Clients' risk assessment. As an example, based on the Institution's RBA, if it becomes necessary a contact with an active Client to obtain or update information or resolve discrepancies, the impossibility

of contacting or the absence of response can be taken into account by the Institution in the Client's risk assessment or to justify, for example, the decision to end the business relationship or not.

8.10. In addition to the initial assessment of the inherent risk, it is important to consider changes in the relationship with Clients over time. It is recommended that the Institutions develop a transaction history with Clients and consider a change in the risk assessment whenever necessary.

8.11. The Guide is not intended to list the minimum requirements for the internal risk assessment foreseen in ICVM 617/19 and BCB Circular 3,978/20. However, we emphasize that the Institutions shall, in the drafting of their internal risk assessment, take into account their RBA, its size, structure and the complexity of its products and services. For example, the following are some criteria that can be used in the internal risk assessment:

- I. Clients which have a history of being investigating for criminal activity can receive higher scores, as well as political figures, PEP, or people who are part of political or non-profit organizations.
- II. publicly held companies, which often have more publicly available information and independent auditing, may receive lower scores than privately held companies that do not provide the same information or do not have this same condition.
- III. special attention may be required to corporate structures such as *trusts* or others in which it may be difficult to identify the Ultimate Beneficiary, as well as to companies located in countries with inadequate AML-FT rules or strict corporate secrecy rules.

8.12. Part of the internal risk assessment is the jurisdiction of Clients or, in the case of legal entities, where they are headquartered. There are still no definitive and independent systems for assessing ALM-FT risks among countries and territories. However, in relation to ALM-FT risk, the

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lists of terrorist activities and sanctions published by governments and international organizations can be a good starting point for analysis, and one of the assessment criteria.

8.13. Among these lists include those published by the United Kingdom Financial Conduct Authority (FCA)¹⁷, the US Office of Foreign Asset Control (OFAC)¹⁸, the US Financial Crime Enforcement Network (FINCEN)¹⁹, the European Union (EU) and the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL)²⁰ by the World Bank²¹, the United Nations Security Council, the International Money Laundering Information Network (IMOLIN)²², the police and regulatory authority agencies of each local jurisdiction, the slave labor lists²³, exclusions from the federal administration (CEAF)²⁴, inapt and suspended companies (CEIS)²⁵, environmental embargoes due to the purchase origin (IBAMA)²⁶, barred non-

¹⁷ <https://www.fca.org.uk/>.

¹⁸ <https://home.treasury.gov/policy-issues/office-of-foreign-assets-control-sanctions-programs-and-information>.

¹⁹ <https://www.fincen.gov/>.

²⁰ https://europa.eu/european-union/index_pt. e <https://www.coe.int/en/web/moneyval/>

²¹ <https://www.worldbank.org/>.

²² <https://www.imolin.org/>.

²³ https://sit.trabalho.gov.br/portal/images/CADASTRO_DE_EMPREGADORES/CADASTRO_DE_EMPREGADORES.pdf.

²⁴ <http://www.portaltransparencia.gov.br/download-de-dados/ceaf>.

²⁵ <http://www.portaltransparencia.gov.br/sancoes/ceis?ordenarPor=nome&direcao=asc>.

²⁶ <https://servicos.ibama.gov.br/ctf/publico/areasembargadas/ConsultaPublicaAreasEmbargadas.php>.

profit organizations (CEPIM)²⁷, punished companies (CNEP)²⁸, PGFN debtors²⁹, INTERPOL³⁰, and other AML-FT international bodies³¹. The Institution's RBA may also take into account whether the jurisdiction is a member of the FATF or similar regional body, and whether it has combating and AML-FT rules similar to the best international practices.

8.14. It should be noted that the monitoring of some lists is essential for compliance with the CVM and BCB guidelines, such as, consultation of PEP lists, United Nations Council list³², FATF list³³ containing jurisdictions that do not apply or deficiently apply the recommendations, and the list that forms part of the Brazilian Tax Authority containing countries, jurisdictions, premises or locations with a favorable taxation or that offer privileged tax regimes³⁴.

8.15. In addition, annually, the U.S. Ministry of Foreign Affairs publishes its "Narcotics International Control Strategy Report", which brings the ranking of more than one hundred (100) countries in respect of their ML-FT controls. The organization Transparency International publishes its "Corruption Perceptions Index", which ranks more than one hundred (100) countries in relation to the perception of corruption. FATF identifies jurisdictions with weak AML-FT regimes and

²⁷ <http://www.portaltransparencia.gov.br/sancoes/cepim?ordenarPor=nome&direcao=asc>.

²⁸ <http://www.portaltransparencia.gov.br/sancoes/cnep>.

²⁹ <https://www.listadevedores.pgfn.gov.br>.

³⁰ <https://www.interpol.int/>.

³¹ <http://www.fazenda.gov.br/assuntos/atuacao-internacional/prevencao-e-combate-a-lavagem-de-dinheiro-e-ao-financiamento-do-terrorismo>.

³² <https://www.un.org/securitycouncil/content/un-sc-consolidated-list>.

³³ [https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/?hf=10&b=0&s=desc\(fatf_releasedate\)](https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/?hf=10&b=0&s=desc(fatf_releasedate)).

³⁴ <http://normas.receita.fazenda.gov.br/sijut2consulta/link.action?visao=anotado&idAto=16002>.

issues country-specific Mutual Evaluation Reports. Moreover, in the United States, certain geographic locations are assessed as high-risk, for example, high intensity drug trafficking areas (HIDTA) or high intensity financial crime areas (HIFCA). Regular monitoring of the main vehicles of the international media and restrictive lists is recommended, as they undergo changes.

8.16. It is also important to emphasize the recommendation, so the Institutions carry out analyzes with the purview the prevention of terrorism in the financial and capital markets. It shall be highlighted the United Nations Office of Counterterrorism (UNOCT), created in 2017, with the aim of centralizing counter-terrorism efforts. Among the main functions of this Office is the strengthening and coherence among the thirty-eight (38) Counterterrorism Implementation Task Force (CTITTF) to ensure a balanced implementation of the four pillars of the UN global counterterrorism strategy.

8.17. The ML-FT risk assessment should also cover the analysis and review of the products, services and, where applicable, technologies that the Institution offers, be it new or already existing. Institutions should assess the greater or lesser vulnerability of these products, services and technologies to the ML-FT risk, being required the description, in the Institution's AML-FT Policy and RBA, the criteria determining the risk assessment adopted.

8.18. The risk assessment should take into account the type of product, service and Investment Vehicle used by Clients. These are examples of situations of which the Institutions shall be aware:

- I. does the product or service allow significant number of transactions or amount of funds transferred to quickly take place? Or does it allow Clients to carry out transactions with minimal supervision by the Institution?
- II. does it have an amount incompatible with the economic situation and source of income declared by the Client?

- III. does product or service possess greater complexity than normal, without a legitimate reason to justify it?
- IV. does it entail trade finance transactions with atypical pricing options?

9. CUSTOMER REGISTRATION, IDENTIFICATION AND VERIFICATION

- 9.1. Institutions shall foresee in their AML-FT Policy who are responsible for collecting and updating the information necessary for the identification of Clients and the independent verification of the consistency of the information provided.
- 9.2. The information required for identification and verification may vary depending on Clients' type, their risk profile and the type of product or service sought. In addition, the information may also be addressed to the Ultimate Beneficiary, directors, signatories and other important parties within the relationship chain maintained with the Client.
- 9.3. Any relevant situations in relation to Clients, such as: negative media, presence of PEP, change in corporate control structure as well as signs of a failure to comply with ML-FT, shall be dealt with as provided for in the Institution's AML-FT Policy, including the involvement of the director appointed pursuant to the bylaws responsible for AML-FT or other competent department.
- 9.4. The identification and verification of Clients, required by CVM and BCB, aims to characterize Clients through the collection, verification and validation of information compatible with their risk profile and with the nature of the business relationship.
- 9.5. In the case of the BCB, the characterization shall also cover the managers of legal entity Clients, representatives and their proxies, in a manner compatible with the role exercised by the manager and the scope of the representation. The qualification procedures shall include, among others, according to the assessment of each Institution, collection of information that allows

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assessing the financial capacity of Clients, including income, in the case of an individual, or billings, in the case of a legal entity, or other information that, in the opinion of the Institution, produces similar results.

9.6. Clients' risk assessments shall be made taking into account the Institution's internal risk assessment and its RBA methodology. Clients' risk profile regarding LD-FT shall be taken into account, as well as the nature of the relationship of the business and sought transactions. The assessment should follow up on the evolution of the relationship with Clients and should be reviewed in a timely manner whenever the classification criteria undergo significant changes. The criteria and methodologies shall be clearly stated in the Institution's AML-FT Policy.

9.7. Clients' registration shall contain the minimum requirements provided for in the regulation in force and may consider other information according to the Clients' risk assessment, according to the institution's RBA criterion. The updating of the risk assessment assigned to the Client shall follow what the Institution's RBA establishes the risk assessment assigned to it and cannot exceed the maximum periods provided in the regulation in force.

9.8. In line with ICVM 617/19, Institutions shall seek to complete the registration data (or update it in the case of renewals) of Clients before the start or follow up on business relationships. However, as established in the BCB Circular 3,978/20, and BSM (B3 Market supervision) policy paper dealing with Non-Resident Investors' due diligences, published by B3 S.A. – Brazil, Bolsa, Balcão in the External Communiqué (*Comunicado Externo*) 003/2020-PRE³⁵, it is accepted that the collection of certain information and / or documents be mitigated by means of controls, such as the extension of the period, special monitoring of the Client provided for in the Institution's

³⁵ [http://www.b3.com.br/data/files/6E/F1/46/58/508B4710CDFB3B478C094EA8/CE%20003-2020%20PRE%20Abordagem%20Baseada%20em%20Risco%20\(ABR\)%20e%20Cadastro%20SimplificadodelInvestidorNaoResidente\(INR\).pdf](http://www.b3.com.br/data/files/6E/F1/46/58/508B4710CDFB3B478C094EA8/CE%20003-2020%20PRE%20Abordagem%20Baseada%20em%20Risco%20(ABR)%20e%20Cadastro%20SimplificadodelInvestidorNaoResidente(INR).pdf).

Policy and rules and procedures in compliance with a RBA. Such measures shall be carried out without prejudice to the general execution of the AML-FT controls, with an emphasis on the identification and assessment of the Client and for the monitoring of the AML-FT and shall not exceed the regularization period provided for in its AML-FT Policy of each Institution.

- 9.9. Without prejudice to the regulation in force, we recommend that the Institutions follow, for the purpose of updating the register, item 8 of the BSM (B3 Market Supervision) guidance mentioned in the External Communiqué No. 003/202036, published on September 22, 2020.

10. IDENTIFICATION OF THE ULTIMATE BENEFICIARY

- 10.1. The Institutions shall adopt due diligence measures aimed at identifying the Ultimate Beneficiaries of their respective Clients in the situations provided for in the regulation in force.
- 10.2. In the process of identifying the Ultimate Beneficiary, the Institutions shall conduct and formalize due diligences aiming at getting to know their Client, including the understanding of their legal nature, the business relationship and their decision-making process.
- 10.3. The impossibility or difficulty of identifying the Ultimate Beneficiary, whether Brazilian or foreign Clients, resident or non-resident, shall be documented, evidencing due diligences carried out by the Institutions, within the limits of their attributions. It should be noted that the difficulty, impossibility or lack of knowledge regarding the Ultimate Beneficiary shall always be based on evidence that due diligence has been carried out with a view to this end. The lack of knowledge

³⁶ [http://www.b3.com.br/data/files/6E/F1/46/58/508B4710CDFB3B478C094EA8/CE%20003-2020%20PRE%20Abordagem%20Baseada%20em%20Risco%20\(ABR\)%20e%20Cadastro%20SimplificadodeInvestidorNaoResidente\(INR\).pdf](http://www.b3.com.br/data/files/6E/F1/46/58/508B4710CDFB3B478C094EA8/CE%20003-2020%20PRE%20Abordagem%20Baseada%20em%20Risco%20(ABR)%20e%20Cadastro%20SimplificadodeInvestidorNaoResidente(INR).pdf).

on the Ultimate Beneficiary is not, in itself, sufficient element to send an atypical notification to COAF, and the Institution shall pay attention to the supplementary measures required by ICVM 617/19 and BCB Circular 3,978/20.

10.4. With regard to Investment Funds, it is worth noting that their form of incorporation possesses peculiarities that distinguish them from legal entities, since, albeit they hold a CNPJ, they are considered depersonalized entities from a legal point of view.

10.5. Thus, for Investment Funds, Institutions are exempted, pursuant to the terms of ICVM 617/19, from identifying Clients (quotaholders) characterized as Ultimate Beneficiaries, regardless of the percentage of the Fund's quotas they hold, provided that:

- I. it is not an Exclusive Fund, pursuant to the terms established by regulations;
- II. obtain funds from investors for the purpose of attributing the development and management of an investment portfolio to a qualified Asset Manager, which shall have full discretion in representing and making decisions before invested entities, not being required to consult Clients (quotaholders) regarding these decisions, neither indicating Clients (quotaholders) or parties linked to them to act in the invested entities; and
- III. be informed the CPF/MF number or registration before the National Register of Legal Entities - CNPJ of all Clients (quotaholders) to the Brazilian Tax Authority in the manner defined in the specific regulation of that body.

10.6. In this way, Funds not characterized as Exclusive Funds or Funds with discretionary management, even those destined to a targeted audience, such as private banking, family office and wealth management, or that also contain structures of advisory boards, are exempt from identifying their Clients (quotaholders) or Ultimate Beneficiaries. For these cases, it is up to each Institution to establish how it will proceed, in compliance with its AML-FT Policy, internal risk assessment and RBA methodology.

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10.7. It is worth mentioning that Asset Managers or Fiduciary Managers, when registering Investment Funds in the securities broker dealers to allow them to carry out transactions, they are registering Funds, and not Clients (quotaholders). Thus, in the context of how the chain of relationships is established with the hired broker, the relationship is established with the Fund's Assets Manager, and not with its Clients (quotaholders) or the Funds that it represents, which does not exempt in any manner eventual due diligences that may be applicable to Funds in situations foreseen in item 10.5, I or II.

10.8. For the Investment Funds' relevant service providers, the following provisions should be observed:

- I. Fiduciary Manager, except in cases where it is also carried out the Distribution of the quotas of the Investment Funds under Management: its Client is the Investment Fund.
- II. Asset Manager, except in cases provided for in item 10.5, I and II, or in cases where it is carried out the Distribution of quotas of the Investment Funds under Management: its Client is the Investment Fund.
- III. Distributor: its Client is the quotaholder, which holds the Investment Funds' quotas.
- IV. Custodian: its Client is the Investment Fund.
- V. Bookkeeper: its Client is the Investment Fund.

10.9. Regarding the Counterparty, the Institutions that contract the operations on behalf of Clients shall, if applicable and in accordance with their RBA, perform and record due diligences in relation to Ultimate Beneficiaries.

11. IDENTIFICATION AND VERIFICATION OF RELEVANT COLLABORATORS, PARTNERS, THIRD PARTIES AND SERVICE PROVIDERS

- 11.1. It is recommended that due diligences to identify and verify the Institutions' Staff Members be proportional to the profile of the role such Staff Members occupy, including their history, professional activities, among other information. In accordance with the RBA of each Institution, the scope and nature of the information collected in the course of the Staff Members' identification and verification process may be different, dependent on their role and function.
- 11.2. The Institutions shall reconcile their interests in a transparent fashion with the interests of Staff Members, evidencing as a permanent practice an open dialogue on any topic.
- 11.3. In the case of partners³⁷, third parties and relevant service providers, the procedures shall be implemented according to the profile and purpose of the relationship, with a view to preventing the conduct of business with persons declared unfaithful or investigated for their involvement in illicit activities. The Institutions, when defining their internal procedures for the evaluation of relevant partners, third parties and service providers, may apply the ANBIMA due diligence questionnaires available on the Association's website, use their own questionnaires, or even increase them with the adoption of other due diligence procedures they deem necessary, including visits to partners, third parties and relevant service providers.
- 11.4. The form of due diligence used will depend on each Institution, observed its RBA methodology and its AML-FT Policy. There is no delimited concept of what CVM understands to be a relevant service provider, it is up to each Institution to evaluate its service providers and assess them

³⁷ Partners pursuant to the terms defined by BCB Circular 3,978.

according to the risk they present from the point of view of ML-FT. It is important that the principles of reasonableness and common sense be taken into account by the Institution in its assessment.

11.5. As an example, as a risk mitigation measure, Institutions may consider:

- I. the relevance of the service provision of the partner and third party from the point of view of the ML-FT risk.
- II. the geographical area in which the partner and third party is domiciled.
- III. whether the partner, third party and relevant service provider has a business relationship with Government Staff Members or public bodies.
- IV. if the partner, third party and relevant service provider is a public agency or has been recommended or forwarded to the Institution by a government Collaborator or public agency.
- V. if the partner, third party and relevant service provider is an unregulated entity, such as real estate consultants, for example, especially in cases of structured funds.
- VI. if market sectors in which the third party is an active participant represent a ML-FT risk.
- VII. unusual fee structure or payment method (such as payment in cash being demanded, payment to entities other than the third party, payment into accounts held in countries other than the country in which the third party is domiciled or where the services are rendered).

12. INSTITUTIONS' DUE DILIGENCE

12.1. Regulators, as well as self-regulators, are concerned with compliance cost, whether to the Client or to the market. In this sense, the collection and verification of information necessary for the identification of Clients (and their Ultimate Beneficiaries) shall be carried out by the Institutions that have a direct commercial relationship with the Clients, observing the RBA adopted by each Institution for the purposes of AML-FT.

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- 12.2. For this Guide's purposes, the Distributor responsible for distributing the Financial Assets acquired by a Client has a direct commercial relationship with such Client.
- 12.3. With regard to the registration information of Clients, more specifically in relation to the minimum content of the registration in the manner provided for in Exhibit 11-A of ICVM 617/19, the Institution shall seek to collect all data through: (i) data collection through a Client's statement; (ii) in a non-declaratory way, through consultation in public and private databases; or (iii) by any other valid means as per the regulation in force.
- 12.4. However, the impossibility of obtaining such information, either due to the absence of a statement by the Client, or due to the impossibility of collecting data from public and private databases, does not prevent the Client from opening a relationship with the Institution. In other words: the incompleteness of the information provided for in Exhibit 11-A of ICVM 617/19 does not appear to be an obstacle to the opening of the Client's account at the Institution. If it is not possible to obtain any data, the Institution shall provide in its AML-FT Policy and respective RBA methodology the treatment to be given to Clients with incomplete data, assigning to them, depending on the cases, a greater or less risk.
- 12.5. In the case of Investment Funds, for example, the collection, verification and maintenance of updated registration information shall be carried out by the Distributor, who effectively maintain a direct commercial relationship with the Clients (quotaholders). In the case of Exclusive Funds, the direct commercial relationship may also exist between Clients and Assets Manager, depending on the case. In these situations, it will be up to the Assets Manager to define in its AML-FT Policy, in compliance with its RBA, how it will proceed.
- 12.6. Accordingly, in Investment Funds, there is no direct commercial relationship between Clients (quotaholders) and the Fiduciary Manager, the Custodian, the Bookkeeper and the Assets

Manager, except for Exclusive Funds and when applicable. In the event that the Fiduciary Manager and the Assets Manager perform the distribution of Funds' quotas, they will also be acting as a Distributor and shall, therefore, perform all due diligences assigned to the Distributor.

12.7. Similarly, in the Managed Portfolios, the direct commercial relationship with Clients is carried out by the Assets Manager, so that this provider shall conduct the due diligence with a view to identifying the Clients.

12.8. To this end, these Institutions' AML-FT Policy should define the criteria, scope and due diligences that will be applied, always taking into account the elements necessary to implement the monitoring of Clients throughout the provision of services. For this definition, it will also be dependent on the AML-FT degree of risk attributed by other Institutions than that that maintains a direct commercial relationship with the Client.

12.9. **Fiduciary Manager's Due Diligence**

12.9.1. The Fiduciary Manager, when there is no cumulation with distribution activities, does not have a direct commercial relationship with Clients (quotaholders) of the Funds managed by it, this relationship being the responsibility of the Distributor (and occasionally, in the case of Exclusive Funds, the Asset Manager). Therefore, for the purposes of ICVM 617/19, quotaholders are not considered to be Clients of the Fiduciary Manager, and often they have no commercial contact with it.

12.9.2. Among the due diligence attributed to the Fiduciary Manager with regard to the Distributor for the purposes of AML-FT, it is necessary to know the Distributor's AML-FT Policy and understand, for example, how the monitoring of the United Nations Security Council's lists is done, pursuant to the terms required by the CVM and BCB.

12.9.3. In the other cases, and since that in the ICVM 617/19, CVM adopted as an assumption

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the adoption of a RBA by the Institutions, the rule should be interpreted on the basis of the principle of reasonableness and observing the levels of performance of each provider, not being the responsibility of the Fiduciary Manager to carry out the full register of Clients (quotaholders), but rather to supervise the Distributor's actions in order to verify that it has adequate processes and mechanisms to perform such task, avoiding duplication of unnecessary additional activities and costs.

12.9.4. Despite the above, the Fiduciary Manager, in the context of its RBA procedures and of the drafting of the AML-FT Policy, moreover, on the basis of the principle of reasonableness applicable to the levels of performance of each of the Funds' service provider, shall carry out monitoring activities, analysis and notifications under ICVM 617/19, according to information held by ICVM in the exercise of its activities, in order to enable the identification of situations that require greater attention and the adoption of special approaches (e.g. PEP and non-profit organizations identification).

12.9.5. As an example of information held by the Fiduciary Manager in the exercise of its activities, there is the identification of Clients (quotaholders) within the scope of the Bookkeeping (directly or through a third party hired for such activity) of the Funds' quotas.

12.10. Custodian's Due Diligence

12.10.1. In the case of Investment Funds, the Custodian of an Investment Fund has no direct commercial relationship with Clients (quotaholders) of the Funds, so that it is not initially applicable to such Custodian the provisions of ICVM 617/19 directed to service providers having a direct commercial relation with clients (quotaholders).

12.10.2. Despite the above, the Custodian, in the context of its RBA procedures and of the ANBIMA - Open information. 3ª Version of the ANBIMA AML-FT Guide published on 10.2.2020.

drafting of the AML-FT Policy, and, moreover, on the basis of the principle of reasonableness applicable to the levels of performance of each of the Funds' service providers, shall carry out monitoring activities and notifications under ICVM 617/19, according to information held by the Custodian in the exercise of its activities, being observed the following:

- I. the Custodian performs the registration of the Investment Fund, its Client, including for the purpose of the opening of a deposit account, normally associated with the provision of Custody services, including full identification of its Fiduciary Manager and its Assets Manager, pursuant to the terms of Exhibit 11-A of ICVM 617/19.
- II. the Custodian has natural access to information on transactions in the Fund's portfolio.

12.10.3. Conceptually, the provision of Custody services to Investment Funds does not need to be associated with the provision of Assets bookkeeping services. In cases, albeit quite common, in which the provision of Custody services is performed together with the provision of Asset bookkeeping services, the Custodian will hold additional information about the prices of the Assets in the Fund's portfolio, in which case the monitoring referred to above will proportionally gain in quality.

12.10.4. In relation to the provisions of ICVM 617/19, which provides for the events in which the Institutions have no direct relationship with Clients, in the context of their RBA procedures and in the drafting of the AML-FT Policy, and also, on the basis of the principle of reasonableness applicable to the levels of operation of each of the Funds' service provider, the Custodian shall also examine the actions that are suitable and compatible with its activities and attributions, observing that, in the case of a Custody of Funds, the possibility and scope of these actions may be, in general, less than in other

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situations involving the provision of Custody services.

12.10.5. Examples of provisions not applicable to investment fund's custodians, without prejudice to the RBA of such Custodian:

- I. article 11, paragraph 3 of ICVM 617/19, since the Custodian, within the limits of its responsibilities, cannot prevent the transfer of financial assets in the Fund's portfolio due to the out-of-date register of the Fund's Fiduciary Manager and Assets Manager.
- II. the identification of an Investment Fund's Ultimate Beneficiary, even if an Exclusive Fund, since the Custodian, within the limits of its duties, has no knowledge of the liabilities of the Fund.
- III. the monitoring of the Assets' trading volumes when the Custodian does not cumulate the provision of Assets bookkeeping services, which does not exclude, however, any identification, analysis and reporting of discrepancies highly evident by objective criteria available when the Custody service is carried out without overlapping with that of the Assets bookkeeping.

12.10.6. In the case of a Managed Portfolio, the Custodian has a direct business relationship with the Assets Manager and not with the Client and, within the limits of its attributions foreseen in ICVM 542/13, the Custodian's performance is restricted to Assets in the portfolio.

12.10.7. Notwithstanding the Custodian's direct commercial relationship with the Assets Manager, it is recommended that the Custodian, in the context of its RBA procedures and of the drafting of its AML-FT Policy, examines the provisions applicable to participants having direct commercial relationships with Clients, so it identifies any additional steps that are proportional to the risks and that should be adopted, under the

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principle of reasonableness, and considering the provisions of ICVM 542/13, including the duties imposed by the entities managing organized markets and entities providing financial market's infrastructure to market participants and who also act as Custodians.

12.10.8. In relation to the provisions of ICVM 617/19, which deals with Institutions that do not have a direct commercial relationship with Clients, it is also recommended that the Custodian, in the context of its RBA procedures and the drafting of the AML-FT Policy and, moreover, within the limits of its attributions, examine actions that are appropriate and compatible with its activities and attributions.

12.10.9. It is not required from the Custodian the monitoring of the Assets' trading volumes when the Custodian does not cumulate the provision of Assets bookkeeping services, which does not exclude, however, any identification, analysis and reporting of discrepancies highly evident by objective criteria. In cases in which the provision of Custody services is performed together with the provision of Asset bookkeeping services, the Custodian will naturally hold additional a legal person or an information about the prices of the Assets in the Fund's portfolio, in which case the monitoring, analysis and reporting activities will proportionally gain in quality.

12.10.10. In the case of the Custody of a Managed Portfolio hired by the Client itself, the Custodian maintains a direct commercial relationship to the portfolio Client for the purposes of complying with ICVM 617/19, therefore, it is incumbent upon it to fully comply with said rule.

12.10.11. The diversity and complexity of interactions in the market may eventually involve situations in which the Custodian acts that do not fit perfectly into the models and scenarios described above, in which case the Institutions, in the context of their RBA

procedures and the drafting of the AML-FT Policy, and, moreover, based on the principle of reasonableness applicable to the Custodian's levels, they shall adapt previous guidelines as appropriate in light of the particular situation in question.

12.11. Distributor's Due Diligence

12.11.1. The Distributor is the one that maintains the direct business relationship with the Client. Therefore, it is incumbent upon it, in the capturing and registration of the Client, the offering of products and services, as well as in the intermediation and negotiation of Assets, the adoption of the steps provided for in its internal policy to control and monitor AML-FT risk related to their activities.

12.11.2. The Distributor shall know its Client and collect from the latter all registration information that is required by AML-FT rules. Each Institution shall draft its "know your client" procedure, taking into account its RBA methodology and the regulation in force. The Distributor shall, at a minimum, identify the Client, register and keep its information up to date.

12.11.3. It is important to highlight that the Distributor shall provide in its AML-FT Policy how it performs the monitoring of the United Nations Security Council lists, pursuant to the terms required by CVM and BCB, observing item 14 of this Guide.

12.11.4. In cases independent investment agents perform, they shall adhere to the AML-FT Policy of the Intermediary to which they are rendering Distribution services. If the independent investment agent is linked to more than one Intermediary, it shall adhere to the AML-FT Policy of all Intermediaries, even if a given AML-FT Policy is more restrictive or costly than the others.

12.11.5. Considering that the independent investment agent maintains direct contact with Clients, it shall maintain internal procedures to ensure continuous compliance with the AML-FT Policy of each Intermediary with whom it has a relationship, being required to report to the respective Intermediary the proposals or occurrences of transactions or atypical situations.

12.12. **Bookkeeper's Due Diligence**

12.12.1. The Bookkeepers maintain a direct commercial relationship with the issuer (when acting for the issuing companies) or with the Fiduciary Manager (when acting for Investment Funds).

12.12.2. Notwithstanding the direct commercial relationship of Bookkeeper be with the Assets Manager, it is recommended that the Bookkeeper, in the context of its RBA procedures and of the drafting of its AML-FT Policy, examines the provisions applicable to Institutions having direct commercial relationships with Clients, so it identifies any additional steps that are proportional to the risks and that should be adopted, under the principle of reasonableness, and considering the provisions of ICVM 543/13, including with respect to the timely fulfillment of Clients' requests.

12.12.3. Such additional steps do not have the ability to equate the Bookkeeper to the Institutions having a direct commercial relationship with the Client, in any scenario. The additional steps shall not exceed the limit of the Bookkeeper's attributions provided for in ICVM 543/13 and, for example, we mention the following situations:

- I. in the case of additional due diligences to obtain registration data from corporate clients, it is not up to the Bookkeeper the due diligences to obtain the registration and identification of the Ultimate Beneficiary complete chain of corporate control,

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since, within the limits of its duties, it does not apply the possibility of making an assessment on the intention to initiate or keep a relationship with a corporate Client in which it is not possible to identify the Ultimate Beneficiary.

- II. even in the case of additional diligences to obtain registration data from Clients, it is the duty of the Bookkeeper to know your client due diligences, given that, within the limits of its attributions, the Bookkeeper holds a direct commercial relationship only with the issuer and with the Fiduciary Manager, and does not hold any commercial relationship with Clients.
- III. In relation to the Institutions that do not have a direct commercial relationship with Clients, it is also recommended that the Bookkeeper, within the context of its RBA procedures and the drafting of the AML-FT Policy and, moreover, within the limits of its attributions, examine the application of such provisions to its activities.

12.12.4. Considering the above context, the Bookkeeper's RBA procedure and drafting of the AML-FT Policies shall establish the measures that may be applicable to comply with ICVM 617/19, and shall address, at a minimum:

- I. transfer of assets before the Bookkeeper, without participation of the Intermediary. In this scenario, the Bookkeeper will monitor trading amounts in order to identify those that are discrepant in relation to amounts known by the market in general, however, it is not for the Bookkeeper, within the limits of its duties, to develop procedures (e.g., price tunnel) for the identification of any discrepancies in trading amounts and / or assessment of financial capacity stated in the documentation.
- II. other situations involving changes of ownership.
- III. creation of liens and encumbrances.
- IV. change between bookkeeping environment and centralized deposit.
- V. additional steps related to Client appointed as PEP.

- VI. certain specific issuers, for example, Investment Funds.
- VII. Institutions that have a direct relationship with the Client.
- VIII. type of monitoring of the transactions carried out, when applicable, in view of the limitations to access registration data and the possibility of obtaining additional information of Institutions that have a direct relationship with Clients.
- IX. analysis of the documentation that supports the transactions carried out.
- X. possible participation in local and international restrictive lists.

12.13. **Assets Management's Due Diligence**

12.13.1. The Assets Manager shall develop rules, procedures and implement controls to mitigate ML-FT risks arising out of the following situations, as further detailed:

- I. Clients (quotaholders) of Investment Vehicles managed by it, in accordance with to the type of relationship and according to RBA.
- II. Intermediaries, Counterparties and / or other relevant agents involved in the transactions, if applicable.
- III. in the carrying out of its Asset Management activities, which involves choosing target investments (trading of Assets on behalf of Investment Vehicles).

12.13.2. As already informed in this Guide, the Assets Manager which acts in the Distribution of Investment Funds, pursuant to the allowed terms in the regulation in force, shall comply with the provisions of item 12.11 above.

12.13.3. Also, with regard to the risk related to Clients' (quotaholders) of managed Investment Vehicle, the procedures and controls will depend on the type of relationship that the Assets Manager holds with the Client of the managed Investment Vehicles, as follows:

- I. maintains a direct commercial relationship with Clients: Managed Portfolio.
- II. maintains a direct commercial relationship with Clients (quotaholders): Exclusive Funds managed by the Assets Manager, when applicable.
- III. do not maintain a direct commercial relationship Clients (quotaholders) of Investment Funds, for example, Non-Exclusive Funds, Funds traded on the stock exchange, among others.

12.13.4. In situations where the Asset Manager is the Distributor and, consequently, maintains a direct commercial relationship with the Client (quotaholder), the relevant duties of the Distributor shall be implemented and maintained in accordance with the corresponding RBA methodology, including “know your client” procedures and controls, which shall include, when required by regulation in force, the identification of the Ultimate Beneficiary up to the individual level.

12.13.5. Regarding the Funds that are considered Clients with a direct commercial relationship with the Assets Manager and that are exempt from the requirement to identify Ultimate Beneficiaries, the Assets Manager shall only request the registration information indicated in Exhibit 11-A of ICVM 617/19.

12.13.6. In cases where the Assets Manager does not maintain a direct commercial relationship with Clients (quotaholders) of the managed Investment Vehicles, it will be up to it to establish in its AML-FT Policy the rules and procedures to be adopted to mitigate the ML-FT risk, observing its RBA methodology. As a way of mitigating AML-FT risk in these situations, the Assets Manager may foresee, for example:

- I. performing due diligence at the Distributor or the Fiduciary Manager.

- II. the implementation of information exchange mechanisms with the Fiduciary Manager regarding the hired Distributor.
- III. any other procedures foreseen in its AML-FT policy that, according to its RBA methodology, are deemed adequate for the mitigation of ML-FT risk with respect to the “know your client” procedures and controls.

12.13.7. With regard to the trading of Assets for the Investment vehicle Portfolio (AML-FT asset), the Assets Manager shall, following an RBA, have procedures for ML-FT risks control and monitoring.

12.13.8. In order to prepare the procedures, it is recommended that the Assets Manager consider at least the parameters below, observed their applicability to specific cases:

- I. agents involved: many are the agents involved in an Assets issuance or trading. By way of example, we can mention the issuer, the Counterparty, the Intermediary, Distributor and Bookkeeper. The nature of the transactions usually carried out by the Assets Manager and the risk that such agents represent shall be taken into account in the drafting of the RBA methodology, so that the agents that shall be covered by AML-FT procedures are properly identified. Based on the type of relationship maintained and the rules foreseen in its AML-FT Policy, the Assets Manager will decide which procedures to adopt. For example, the Assets Manager can:
 - a. carry out a due diligence for AML-FT purposes.
 - b. request the agent’s AML-FT Policy in order to verify what its procedures and controls are.

- c. request information in order to know the agent and the Ultimate Beneficiary, if applicable, among others. Each institution shall define in its AML-FT Policy the rules and procedures to be adopted.
- II. type of issue / trading format: the type of issuance or the Asset trading format shall influence the AML-FT risk classification and its monitoring. For example, the following trades listed below exempt the Assets Manager of carrying out a due diligence regarding an AML-FT:
 - a. securities initial and secondary public offerings registered in accordance with the rules issued by CVM.
 - b. public offerings with restricted efforts, exempt from registration in accordance with the rules issued by CVM.
 - c. Assets issued or traded by a financial institution or similar entity.
 - d. Assets issued by issuers of securities registered before CVM.
 - e. Assets of the same economic nature as those listed above, when traded offshore, provided that (a) they are admitted for trading in stock exchanges, commodities and futures, or registered in a registration, custody or financial settlement system, duly authorized in their respective countries of origin and supervised by a local authority recognized by CVM, or (b) the existence of which has been validated by a third party duly authorized to perform custody activities in countries that have signed the Treaty of Asuncion or in other jurisdictions, or supervised by a local authority duly recognized by CVM.

12.13.9. In the trading of Assets on behalf of Investment vehicles, the Assets Manager shall, within the limits of its competence and following its RBA, continuously monitor the transactions and situations that are presented to it, observing the regulation in force and aiming to identify possible atypical situations that could configure ML-FT indicia.

12.13.10. The Assets Manager shall pay special attention to the trading of Assets that are distributed or privately traded.

12.13.11. In the cases foreseen above, and observing the Assets Manager's RBA methodology, an appropriate due diligence shall be carried out for the purposes of AML-FT, which may, as appropriate, consult the lists not only of the company that is issuing Assets, but also of its Ultimate Beneficiaries and respective managers.

12.14. **Non-Resident Investors' Due Diligence**

12.14.1. We recommend that for this item the Institutions also observe the BSM (B3 Market supervision) policy paper dealing with due diligences for Non-Resident Investors, disclosed by B3 S.A. – Brasil, Bolsa, Balcão in the External Communiqué 003/2020-PRE³⁸. The local intermediary (for example, a brokerage house) or the representative and the Custodian, which are contracted by an INR to intermediate transactions or provide Custody and representation services, may initiate the relationship and registration procedures:

- I. directly with INR; or
- II. with a foreign institution (for example, an international brokerage firm or a global custodian), which will be responsible for the NRI registration, among other duties.

12.14.2. In order to perform the registration, the Brazilian intermediary should hire a

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[http://www.b3.com.br/data/files/6E/F1/46/58/508B4710CDFB3B478C094EA8/CE%20003-2020%20PRE%20Abordagem%20Baseada%20em%20Risco%20\(ABR\)%20e%20Cadastro%20Simplificado%20do%20Investidor%20Residente\(INR\).pdf](http://www.b3.com.br/data/files/6E/F1/46/58/508B4710CDFB3B478C094EA8/CE%20003-2020%20PRE%20Abordagem%20Baseada%20em%20Risco%20(ABR)%20e%20Cadastro%20Simplificado%20do%20Investidor%20Residente(INR).pdf).

foreign intermediary which shall be responsible for the INR registration as disciplined by the rules of its jurisdiction of origin. The terms, conditions and obligations of this contractual relationship are governed by ICVM 617/19, and the minimum content of the register is defined by the regulations issued by the entities managing the organized markets and the providers of financial market infrastructure.

12.14.3. It is important to highlight that the use of the register does not relieve the Institutions of their AML-FT applicable obligations, even if part of the AML-FT procedures is delegated to a foreign entity hired for such purposes.

12.14.4. For the NRR risk assessment, it is suggested that ANBIMA's self-regulatory rules, available on the Association's website, are observed.

12.14.5. Element to be taken into account in the NRIs' ML-FT risk assessment is the risk assigned to the foreign intermediary by the Institution. For example, a foreign intermediary that maintains a collective account structure (omnibus account) assessed as being of a low ML-FT risk may have passengers (NRIs) classified as low, medium or high ML-FT risk, according to the criteria of the Institution's AML-FT. If the foreign intermediary holding the collective account (omnibus account) is classified as being of a high ML-FT risk, it is recommended that passengers (NRIs) are also classified as high risk - such an assessment may be reviewed in relation to certain investors (passengers), if the Institution has elements capable of supporting a different assessment, which shall be duly substantiated and documented.

12.14.6. For cases in which the due diligences performed to identify the Ultimate Beneficiaries are applicable and have proved unsuccessful, even if temporarily, the following can be considered of a high ML-FT risk:

- I. entities incorporated in form of trusts or other fiduciary vehicles.
- II. companies incorporated with bearer securities.
- III. Individuals domiciled abroad.

12.14.7. It is worth clarifying that this high ML-FT risk assessment can be changed by the Institutions, if they have collected information that allows them, within the scope of their respective RBA and AML-FT, to conclude that the ML-FT risk could be revisited. Again, it is recommended to the Institutions that the assessment be substantiated, approved by competent bodies and properly documented.

12.14.8. In order to define the necessary due diligence for the identification of the Ultimate Beneficiary, the Institutions may take into account normative instructions issued by other Regulators, among them, the Brazilian Tax Authority.

13. MONITORING AND ANALYSIS OF ATYPICAL TRANSACTIONS OR SITUATIONS

13.1. Clients

13.1.1. The Institutions should, within the limits of their competences, continuously monitor and analyze transactions and atypical situations, as well as observe the unusual situations that can, after detection and respective analysis, configure ML-FT indicia.

13.1.2. Staff Members of the Institutions that have a direct commercial relationship with Clients and that effectively maintain a relationship with Clients, shall be attentive to their transfers, so that they are able to detect and subsequently report any unusual activities. Staff Members who maintain a commercial relationship with Clients are responsible for monitoring and understanding their transactions, in order to ensure that they are

consistent with their stated objectives and the declared source of wealth, and that transactions possess a legitimate economic and commercial objective.

13.1.3. After a transaction being carried out, the monitoring shall be performed pursuant to the terms established in the AML-FT Policy of each Institution. It is recommended that the relevant issues arising as a result of the monitoring carried out after the transaction is carried out be investigated and, if appropriate, notified to the responsible department in order to decide whether it is necessary to notify the competent authority.

13.1.4. We suggest to the Institutions, as it is already a requirement posed by BCB and BSM, that the finalization of the treatment of the alerts arising of the monitoring take place within forty-five (45) days from the date of the issuance of the alert. Said deadline does not apply to the situations described in item 14 of this Guide, which require immediate action by the Institution in order to make the Assets affected by sanctions of the United Nations Security Council unavailable.

13.1.5. Methodologies should be created to make it possible to compare the registration information with the transfers carried out by the Clients, allowing the identification of transactions that may constitute indicia of the occurrence of ML-FT crimes.

13.1.6. Examples of Clients atypical behavior are:

- I. public agent who opens an account in the name of a family member and begins to make large deposits that are inconsistent with their known sources of legitimate family income.
- II. threatens the Collaborator, trying to dissuade him from registering the required reports.
- III. refusal to continue with a transaction after discovering that it needs to be reported.

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- IV. suggestion of paying a bonus to a Collaborator.
- V. apparent hidden purpose or unusual behavior, for example, refusing to obtain a higher interest rate on an account with outstanding balance available.
- VI. incompatibility of the transactions with the equity situation.
- VII. behavioral fluctuation in relation to volume, frequency and types.
- VIII. transactions in-kind.

13.1.7. The process of analyzing Clients and transactions shall take place on a regular and timely basis, depending on the Institution, and might take into account, among others, the following factors:

- I. source and destination of funds.
- II. non-compliance recurrence regarding transactions historical profile.
- III. relationship between transfers and current market behavior.
- IV. discrediting news in the media and verification of restrictive lists.

13.2. **Staff Members, partners, third parties and relevant service providers**

13.2.1. The Institution shall pay attention to the behavior of Staff Members, partners, third parties and relevant service providers, in order to detect and subsequently report any unusual activities, such as actions and behavior which are incompatible with Staff Member's standard of living.

13.2.2. It is recommended that the relevant issues arising from the monitoring carried out regarding relevant Staff Members, partners, third parties and relevant service providers, as applicable, be investigated and, if appropriate, communicated to the responsible department for it to decide whether it is necessary to notify the relevant authority.

14. ASSETS FREEZE

- 14.1. It is important to highlight the obligation of the Institution to comply with, immediately and without prior notice to those sanctioned, measures established in the sanctioning resolutions of the United Nations Security Council or resolutions of its sanctions committees that determine the unavailability of Assets, of any amounts, held, directly or indirectly, by individuals, legal entities or enterprises, pursuant to the terms of Law no. 13,810/19, without prejudice to the duty to comply with court orders that declare the unavailability also provided for in said law.
- 14.2. The Distributor, the “owner” of the Client in the case of Investment Funds, shall permanently monitor the United Nations Security Council list and promptly notify other Fund’s service providers in order to identify how the immediate freezing of the Assets will be carried out. As already mentioned in this Guide, in these situations there is no application of an RBA.
- 14.3. Without prejudice to the AML-FT rules, the Institutions shall foresee in their Policy how the direct and permanent monitoring of the unavailability determinations provided for by the United Nations Security Council will take place, as well as eventual information to be observed for adequate compliance. The Policy shall also state who will be responsible for freezing the Assets.

15. COMMUNICATION OF ATYPICAL TRANSACTIONS OR SITUATIONS

- 15.1. The AML-FT Policy shall provide for the obligation that Staff Members report any evidence of an atypical ML-FT situation to the AML-FT, compliance, internal controls, risk management department or other equivalent department with such responsibility.
- 15.2. The responsible department shall promote the immediate analysis of the atypical transaction, in order to ascertain the materiality of the existing indicia, and shall notify COAF, within 24

(twenty-four) hours of the conclusion of the analysis, transactions or transaction proposals that constitute or may constitute serious indicia of a money laundering or concealment of assets, rights or values crime arising directly or indirectly of a criminal offense.

15.3. As already mentioned in this Guide, notifications in good faith will not result in civil or administrative liability for the notifying party.

15.4. The notifications made are confidential and should be restricted to Staff Members involved in the analysis procedure. All records that substantiate the notification or the decision for it not being carried out shall be filed for a period of five (5) years.

15.5. In the event that there are no transactions that give rise to notification to COAF during the calendar year, the Institution shall attest the non-occurrence of such transactions at intervals and in the manner established by regulatory and supervisory bodies.

15.6. It is important to note that potential alerts themselves do not characterize the Client, Staff Member, partner, third party or relevant service provider as suspect. In some cases, there may be a perfectly plausible reason for such actions, and that possibility should always be taken into account. The following (non-exhaustive) list contains some examples of common potential alerts:

- I. reluctance to provide information about the Client's identity, such as its address, business activity or source of funds / wealth, beneficiary(ies) and control or purpose and nature of the business relationship.
- II. the documentation provided for the opening of an account is unusual, appears to have been altered or falsified, or is, otherwise, deemed suspect.
- III. the opening of several accounts for no apparent reason.
- IV. Assets transferred to / from accounts in countries that appear to pose a higher LM or FT risk

or transfers to / from countries that have no apparent connection to the Client or the Client's legitimate business.

- V. inattention to commission fees and other transaction or contract costs, the account's realized gains or return on investment.
- VI. transfers of funds to a philanthropic entity whose philanthropic purpose is unknown or unclear.
- VII. quick and unexplained in and outflows of funds in the account.

16. EXCEPTIONS

16.1. There may be mitigating circumstances and / or cases in which mitigating controls already exist or in which it is possible to demonstrate a legitimate reason - referring to a particular Client, division, legal entity or business unit - in the request for an exception vis-a-vis AML-FT rules. Any exception requests shall be fully documented and justified pursuant to the terms established in the Institution's AML-FT Policy.

17. TRAINING

17.1. The Institutions shall establish in their AML-FT Policy how the training and development of their Staff Members will be carried out, as well as the frequency and the department responsible for ensuring that everyone completes the required AML-FT training.

17.2. It is recommended that supplementary training and development of Staff Members, partners, third parties and relevant service providers, as applicable, be carried out whenever the rules are updated and new guidelines are set in the Policy by top' management, in a frequency consistent with the risks pointed out in the RBA and in the AML-FT Policy.

18. TESTING AML-FT POLICIES AND PROCEDURES

18.1. Institutions shall monitor compliance with AML-FT Policy, as well as all rules and procedures applicable to the combat of ML-FT. It is the responsibility of each Institution to include in its Policy which department will be responsible for drafting, monitoring and testing the AML-FT Policy, observing its size, structure and the complexity of its products, activities and services. The monitoring of the AML-FT Policy is directly linked to the report and assessment of its effectiveness required by AML-FT provisions.

19. EXCHANGE OF INFORMATION

19.1. ICVM 617/19 and BCB Circular 3,978/20 state that the Institutions should provide mechanisms for the exchange of information with financial conglomerates' internal departments that have a direct business relationship with Clients. And, once an RBA is adopted, the relevance and timeliness of how the exchange of information will be implemented in relation to other service providers should be assessed and such points should be explored in the AML-FT Policy. The AML-FT Policy shall establish, as appropriate, how the exchange of information will be handled.

19.2. On this topic, ANBIMA made available on its website two memorandums from law firms, thus allowing the Institutions to evaluate and decide the best way to proceed.

20. FINAL PROVISIONS

20.1. This Guide was published on October 2, 2020 and it is in its third edition. The updating of this Guide was carried out by ANBIMA's legal and compliance advisory with the help of several professionals from segments of the financial and capital markets that are members of the Association.