

MLRO Services for Investment Funds-Ireland

Regulatory Obligations

The Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 and the Criminal Justice (Terrorist Offences) Act 2005 impose requirements on regulated entities to operate controls and procedures designed to prevent money laundering and combat the financing of terrorism ("AML/TF Process"). Irish investment funds are subject to these requirements and have a regulatory obligation to appoint an appropriately experienced and sufficiently senior individual as the Money Laundering Reporting Officer ("Fund MLRO").

Fund MLRO Responsibilities

The Fund MLRO is the individual, recognised by the Central Bank of Ireland, as responsible for disclosing to the Garda Síochána ("Police") and the Revenue Commissioners any suspicious transactions relating to potential money laundering or terrorist financing in the investment fund. As the investment fund may rely on a fund administrator to perform the AML/TF Process it is necessary to have appropriate reporting and oversight procedures in place to ensure that suspicious transactions are brought to the attention of the Fund MLRO.

Customer Due Diligence ("CDD") - Investment Funds

Investors submit subscription requests to the fund administrator either directly or via a third party. As a service provider of the investment fund, the fund administrator seeks to ensure that on a risk-based approach, CDD has been performed on investors/third parties and that redemption proceeds are paid in a manner consistent with the terms of the prospectus and legislation. In order to effectively discharge his/her duties the Fund MLRO must have confidence in the CDD controls and procedures operated by the fund administrator.

Fund MLRO Activities

In providing the MLRO service the Fund MLRO will:

- on appointment and annually thereafter perform a detailed on-site review of the documented risk-based CDD controls and procedures at the fund administrator;
- on appointment (if applicable) and annually thereafter sample check the existence and suitability of CDD documentation and the actual operation of CDD

controls at the fund administrator (including transaction monitoring, assess blocked accounts, report on the redemption process and test the screening process for politically exposed persons (PEPs) including sanctioned individuals/entities);

- upon changes to relevant legislation and money laundering and terrorist financing regulatory guidance, assess the adequacy of the AML/TF Process at the fund administrator to ensure compliance;
- establish procedures to ensure monthly/quarterly reports are received from the fund administrator permitting the Fund MLRO to report suspicious transactions (if appropriate) and monitor the ongoing maintenance of CDD documentation by the fund administrator;
- communicate suspicious transactions to the Garda Síochána and Revenue Commissioners as appropriate and maintain the register of reports;
- provide MLRO reports for each board meeting and attend such meetings in person;
- review all relevant regulation/legislation and brief the board of directors on such developments and the practical implications thereof.

KB Associates' MLRO Service - Unique Features

KB Associates offers a dedicated senior consultant, Lisa Cotter, with significant investment fund experience. She is the Fund MLRO for a number of investment fund structures with investors from diverse geographical locations.

KB Associates reports on the adequacy of compliance with the legislation but also assists funds administrators and fund promoters to identify practical solutions to enable CDD compliance.

KB Associates is unique in providing services only to fund promoters and investment funds, never to fund administrators or custodians. When evaluating fund administrators and their AML/TF Process, KBA is therefore free of potential conflicts of interest.



Lisa Cotter (Senior Consultant)

Lisa has been active in the mutual and hedge funds industry since 1998. She has held senior positions in both asset managers and fund administrator organisations. She has particular expertise in investment and regulatory compliance including the application of anti money laundering regulations to investment funds.

Prior to joining KB Associates Lisa was Managing Director of Coronation Global Fund Managers (Ireland) Limited. She also served as the company's compliance officer, money laundering reporting officer and as a Director of a number of UCITS investment funds. Previously she held a senior role with Allianz Global Investors (Ireland) Limited, where she was responsible for financial reporting and fund product development.

Lisa is a Bachelor of Arts graduate from University College Dublin and holds Diplomas in Financial Services and Compliance. She is a licentiate of the Institute of Bankers in Ireland and a member of the Association of Compliance Officers in Ireland.

email: lisa.cotter@kbassociates.ie