

## **Clearstream Fund Centre S.A. as part of Deutsche Börse Group**

### **Statement concerning customer due diligence, anti-money laundering and counter-terrorist financing**

#### **Introduction**

Under Luxembourg law, Clearstream Fund Centre S.A (CFCL) is a société anonyme with the ultimate parent company being Deutsche Börse AG. CFCL is not a publicly listed company.

CFCL has its principal address at 42 Avenue JF Kennedy, L-1855 Luxembourg in Luxembourg.

#### **Luxembourg license**

On 28 October 2022, CFCL was granted a banking license in Luxembourg and acts as a bank under the supervision of the Commission de Surveillance du Secteur Financier ("CSSF") and the Banque Centrale du Luxembourg (BCL). The authorization of establishment for any credit institution governed by Luxembourg law is granted for an unlimited duration.

#### **Regulatory Authorities and Regulations**

The CSSF is Luxembourg's supervisory authority, responsible for the conduct of business and compliance of financial institutions incorporated in Luxembourg, as stated in the law of 5 April 1993, as amended, which regulates the financial sector in Luxembourg.

CFCL, as a Monetary Financial Institution (MFI), is regulated as a bank according to the law of 5 April 1993 on financial services and consequently falls within the scope of supervision of the CSSF. Thus, all relevant CSSF circular letters and other requirements apply to it. All operations in Luxembourg are supervised by the CSSF, with regular contacts being maintained with the leading international central banks and regulatory authorities. The Banque Centrale du Luxembourg ("BCL") ensures systemic stability of payment and Securities Settlement Systems ("SSS") as part of its responsibilities within the European System of Central Banks ("ESCB"). The BCL is responsible for the oversight of SSSs, as defined in the law of 10 November 2009 on Payment Services, as amended.

As part of Deutsche Börse AG, CFCL is also regulated indirectly by the German Financial Supervisory Authority (BaFin). In order to detect and prevent money laundering and potential terrorist financing,

Deutsche Börse Group has adopted group-wide policies and procedures governing compliance with national and international standards on anti-money laundering (“AML”), counter-terrorist financing (“CTF”) and international sanctions. These policies and procedures apply to all relevant branches and subsidiaries of Deutsche Börse Group taking into account provisions of local laws.

CFCL is located in Luxembourg, which is an EU and FATF/GAFI member state. CFCL is therefore subject, amongst others, to the following Luxembourgish laws and regulations that together define the framework under which it has implemented its Compliance, AML and CTF program:

- Law of 5 April 1993 on the financial sector
- Law of 12 November 2004 on the fight against ML and TF (the “2004 Law”), as amended
- Grand-ducal regulation of 1 February 2010 providing details on certain provisions of the amended 2004 Law
- Law of 27 October 2010 enhancing the AML and CTF legal framework
- CSSF Regulation N° 12-02 of 14 December 2012 on the fight against ML and TF, as amended
- Law of 13 February 2018 introducing amendments to the 2004 Law and transposing elements relating to the 4<sup>th</sup> AML Directive into Luxembourg law
- Law of 13 January 2019 on the establishment of a register of beneficial owners transposed into Luxembourg law requirements under Article 30 of the 4<sup>th</sup> AML Directive, as amended by section (15) of 5<sup>th</sup> AML Directive. We will provide and maintain, as required by law, the details of the beneficial owner of CFCL to be recorded on the Luxembourg Register of Beneficial Owners (Registre des Bénéficiaires Effectifs)
- AMLD6 will be considered as soon as the Directive is implemented into Luxembourg law.

A full description of the above-mentioned laws, regulations and CSSF circulars is available on the website of the CSSF ([www.cssf.lu](http://www.cssf.lu)).

#### **AML, CTF and Sanctions Program**

We have implemented and maintain an AML, CTF and Sanctions program designed to comply with the applicable local regulations and legislation described above under ‘Regulatory Authorities and Regulations’ and the expectations of our regulators in each jurisdiction in which we operate.

#### **Distribution Services**

CFCL has a dedicated Distribution Oversight function to extend the controls beyond the identification, verification, documentation and assessment of the Distributors, through an initial and periodic due diligence, and also ad hoc due diligence process where circumstances arise, as well as an ongoing monitoring plan based on regular Distributor KPIs. CFCL shall facilitate on a best effort basis the transfer of information upon Fund Providers request concerning specific transactions with Distributors to the extent practicable and permitted by applicable law.

#### **CFCL’s Customer Base**

CFCL’s customer base is predominantly Domestic and Cross Border. CFCL allows only customers classified as eligible counterparties as per MIFID II regulation to be onboarded.

Shell banks, natural or unincorporated persons, and residents of any country that is the subject of a country-wide sanctions program of the EU are out of CFCL's risk appetite.

### **Customer Risk Assessment**

For the purposes of undertaking Customer Due Diligence, CFCL has risk-based policies and procedures in relation to AML, CTF, and international sanctions. A risk rating is applied to each Customer relationship.

The customer risk assessment process aims to assess the overall risks posed by each customer to CFCL. Such risks may include money laundering, terrorist financing, sanctions violations or facilitation of tax evasion and any other forms of financial crime. Information on the risks included in the Luxembourg and supranational risk assessment or communicated by the supervisory authorities, self-regulatory bodies or the European Supervisory Authorities shall be incorporated into the risk assessment.

Potential risk factors include:

- Customer's profile (entity type, activities, ownership)
- Customer country of incorporation/operation
- Customer's reputation
- Customer's product usage

In accordance with our AML, CTF and Sanctions Program, we have carried out due diligence on our direct customers and, in particular, have identified and verified their identity, as well as the identification of any (ultimate) beneficial owner(s) of our direct customers, if applicable, and its controlling person(s) (each, a "Related Party") and source of our customer's funds, when required by law. This due diligence also includes procedures for the identification of Politically Exposed Persons ("PEPs") in the management or ownership structure of our direct customers and the application of enhanced due diligence to any such identified persons. Additionally, customers that are located in very high- and high-risk countries are subject to enhanced due diligence in accordance with the legal requirements in place in Luxembourg.

Our due diligence program also includes the identification of significant shareholders of our direct customers. Individuals owning or controlling more than 25% of our direct customers are considered UBO's. The controlling persons of the ultimate parent companies are identified.

Amongst other information, a description of our customer's business and activities, a verification of source of wealth and source of funds, the business strategy, the expected counterparties and the risks it is taking are requested during onboarding.

We retain copies of all due diligence carried out on the direct customers for a period of at least 5 years from the end of our relationship with the direct customers. If justified, those records are kept for 5 additional years, in accordance with the legal requirements in Luxembourg.

We conduct ongoing monitoring to identify and report suspicious activity, as appropriate, and have procedures in place for cooperating with and reporting to relevant governmental and law enforcement authorities.

Customers and their relevant related parties as defined in our procedures are recorded and subject to sanctions screening.

We confirm that we conduct background verification on our employees when they are hired, including name-screening in order to verify that they do not have criminal records and are not listed on the sanction lists. Sanctions list checks are performed regularly. This is in line with standard market practice in Luxembourg. Accordingly, we confirm that there are no criminal records or sanctions list hits on the individuals who appear on CFCL's Authorized Signatory list.

We also confirm that CFCL provides AML/CTF/Sanctions training to our employees on a yearly basis. A gap analysis on new AML/CFT laws and regulations is also performed on a regular basis. The relevant policies and procedures are then updated, and changes communicated to the employees.

Signed by:



Name: Sabine Guip

Title: Chief Compliance Officer



Name: Iasmina Petac

Title: Head of AML/CTF/Sanctions Unit

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