To oversee compliance with Luxembourg’s Anti Money Laundering (AML) and Countering the Financing of Terrorism (CFT) requirements, Luxembourg funds are legally required to appoint both a “Responsable du respect des obligations” (RR) and a “Responsable du contrôle du respect des obligations” (RC) as per the CSSF’s FAQ of 25 November 2019.

Who does this requirement apply to?

<table>
<thead>
<tr>
<th>REGULATED ENTITIES</th>
<th>YES</th>
</tr>
</thead>
<tbody>
<tr>
<td>NON-REGULATED ENTITIES WITH AN AUTHORIZED AIFM</td>
<td>YES</td>
</tr>
<tr>
<td>SPECIAL PURPOSE VEHICLES (SPVS)</td>
<td>NO*</td>
</tr>
<tr>
<td>SUB-THRESHOLD NON-REGULATED ENTITIES</td>
<td>SHOULD CONSIDER**</td>
</tr>
</tbody>
</table>

Who is eligible to take on these roles?

The requirements for qualifying for an RR or RC mandate include both an understanding of the relevant business as well as an understanding of Luxembourg’s AML/CFT regulations. Those filling the role of RR and RC must possess the following characteristics:

- **Knowledge of AML Legislation**: Sufficient AML/CFT knowledge with regard to the applicable Luxembourg legislation and regulation, which can be demonstrated upon request
- **Business Knowledge**: Knowledgeable about the investments and distribution strategies of the fund, as well as the services offered by the AIFM
- **Access to Relevant Data/Information**: Hierarchy and powers within the entity ensure access to all internal documents and systems necessary to undertake the obligations of the role

* Whilst these entities that do not operate as a collective investment vehicle will be out of scope of the requirements, these entities must still follow the AML Law of 12 November 2004. Therefore, we recommend that the board review an annual compliance report to confirm the entity is compliant with AML Law, rather than formally appoint a RR and RC.

** While guidance remains unclear, the industry consensus is that entities in this category should consider appointing an RR and RC for good governance as these entities must follow the AML Law of 12 November 2004.
KEY RESPONSIBILITIES

Alter Domus professionals are qualified to take on the roles of both RR and RC for entities within the scope of the regulation. A summary of the roles and responsibilities include:

RR ROLE & DUTIES

- Validate compliance with the applicable AML/CTF regulations, including processes and policies
- Review any regular and annual reporting provided by the RC
- To be available at any time to meet with the competent authorities in Luxembourg

RC ROLE & DUTIES

- Review compliance with the applicable AML/CTF regulations, including processes and policies
- Perform an annual review of the entity’s AML policy, and if necessary, align with regulatory changes
- Monitor the regulatory environment and update the Board accordingly
- Review KPIs received from the Administrator and compile a report to be tabled and presented to the Board. The frequency of reporting will be agreed by the Board, but at minimum must be annual
- Undertake annual due diligence on the Administrator and compile a report detailing any observations and recommendations
- Report suspicious transactions or activities to the RR, and if appropriate, file a report with the Financial Intelligence Unit
- To be available at any time to meet with and relay information to Luxembourg’s AML/CTF authorities

WHY ALTER DOMUS?

Through open communication, clear escalation and support channels, and the use of template supporting documents, our professionals ensure compliance with regulatory requirements and help clients increase the efficiency of their operations. Alter Domus can support your RR and RC requirements through:

- Robust internal regulatory framework
- Suitably qualified individuals
- Regulatory watch monitoring tool
- Annual RC training program

KEY CONTACTS

Sander van der Fluit  
Head of Governance and Regulatory Services  
+352 48 18 6006  
Sander.VanDerFluit@alterDomus.com  

Bradley Vautier  
Director  
+44 1534 826 018  
Bradley.Vautier@alterDomus.com

Alter Domus is a fully integrated service provider dedicated to private equity and infrastructure, real estate, and debt capital markets sectors. Solely dedicated to alternatives, we offer fund administration, corporate services, depositary services, transfer pricing, domiciliation, management company services, loan administration, agency services, trade settlement and CLO manager services.

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