

# Specific Terms – RC Services (Gen II Luxembourg Services SARL only)

## 1. Definitions

Unless specified otherwise in the Agreement, capitalized terms will have the following meaning:

Defined Term	Definition
<b>Administrator</b>	Gen II as the central administration, registrar and transfer agent of the Client.
<b>Employee</b>	The employee of Gen II appointed as RC for the Client and who countersigns the Engagement Letter for that purpose.
<b>FIU</b>	the financial intelligence unit of the Luxembourg district court ( <i>Cellule de renseignement financier</i> ).
<b>KPI</b>	Key performance indicator.
<b>KRI</b>	Key risk indicator.
<b>RC</b>	<i>Responsable du contrôle du respect des obligations AML</i> as defined by the CSSF.
<b>RR</b>	<i>Responsable du respect des obligations AML</i> as defined by the CSSF.

## 2. Description of RC Services

### 2.1. Gen II employee to serve as RC

Gen II will make the Employee available to the Client to serve as RC.

### 2.2. RC tasks

#### 2.2.1. General

In relation to the Client, the RC will:

- (1) monitor compliance with Applicable Law and perform ongoing gap analysis on the AML/CTF governance of the Client;
- (2) control the implementation of the Client's risk appetite framework approved by the management body of the Client with regards to AML/CFT and in line with EU and Luxembourg

- regulatory frameworks, international best practices and the investment guidelines set forth in the Governing Documents;
- (3) oversee and ensure AML/KYC oversight is performed on Investors, including targeted financial sanctions screening and analysis;
  - (4) control that efficient AML/CFT operating procedures, tools and methodologies are in place by random checks of the Client's service providers with request of information/receipt of report from each of them;
  - (5) report quarterly on AML/KYC;
  - (6) compile information and ensure that the Client is registered with goAML in order to file any suspicious activity or transaction report in a timely manner with the State Prosecutor and the FIU, to be filed on go-AML platform;
  - (7) decide on the application and scope of the measures to be taken if a suspicious activity or a transaction is detected (either directly by the Employee or by a third-party service provider and reported to the Employee), where appropriate, in consultation with the Client's management body; including the determination of the necessity to communicate a fact or transaction to the FIU pursuant to article 5(1) (a) of the AML Law. Such analysis and the resulting decision shall be recorded in writing and made available to the competent authorities and the Client;
  - (8) provide the Client with a copy of any information, statement, form, survey or any other document provided to the competent authorities in the context of the provisions of a filing with the FIU;
  - (9) arrange proper filing with the RBE;
  - (10) oversee organization of annual AML-CTF training and ensure that the members of the Client's management body have attended the necessary AML/CFT trainings and awareness-raising programs; and
  - (11) report annually on a summary of its activities to Client's RR and/or management body.

### 2.2.2. Quarterly tasks

Quarterly, the RC will review the KRIs and KPIs received from the Administrator, which will contain at least the following:

- (1) details of any suspicious activity;
- (2) details, confirmation and results of any sanctions screening hits;
- (3) details of any investor non-compliance with AML requirements;
- (4) number of blocked accounts, with related rationale;
- (5) confirmation of any politically exposed persons;
- (6) register of politically exposed persons and their relatives and close associates;
- (7) results of transaction monitoring;
- (8) breakdown of the Investors' risk categorization;
- (9) Details of new high-risk accounts and any intermediary accounts; and
- (10) confirmation that a continuous AML-CTF awareness program is in place.

Promptly upon receipt of the above information, the RC will compile an activity and operation report (which may include a regulatory update) and present such report to the Client's RR and/or management body.

### 2.2.3. Annual tasks

Annually, the RC will carry out a due diligence visit to the Administrator to review (on a risk-based approach) the Client's:

- (1) AML policy and procedure, by ensuring, on a regular basis, that such policy is in line with the AML risk appetite of the Client;
- (2) AML Risk Appetite, and may assist in preparation of such AML Risk Appetite, and ensure that it is approved by the management body of the Client, (ii) the inherent risk of the Client to M/TF and (iii) the residual risk of ML/TF of the Client;
- (3) transaction monitoring and screening process;
- (4) staff training and capacity, and control that AML/CFT training and awareness-raising programs are being implemented on the level of obliged service providers and adapted to the specific nature of the Client;
- (5) regulatory updates and preparedness for change;
- (6) sample testing of Investor files to verify compliance with the AML Law and other relevant Applicable Law; and
- (7) the auditor's AML queries related to the Client;

Following the visit, the RC will:

- (1) compile a report, outlining any relevant observation or recommendation, which the RC will present to the Client's RR and/or management body;
- (2) review the AML policy of the Client and present any suggested change to such policy at the next meeting of the Client's RR and/or management body for approval; and
- (3) provide executive briefings regarding relevant AML/CTF regulatory updates and Luxembourg practices to the RR;
- (4) Conduct ad hoc preliminary inquiries and evaluate, as appropriate to ascertain information and reports received from the relevant service providers and alert the RR in a timely manner in accordance with the Client's AML policies; and
- (5) complete a risk assessment of the Client, with KPIs covering any politically exposed person, high risk investor, distribution and investment risk, suspicious activity report and number of blocked accounts.

### 2.2.4. Day-to-day tasks

When appropriate, the RC will review any compliance-related item escalated by the Administrator, including:

- (1) validation of high-risk Investors and subsequent recommendation to the Client's management body;
- (2) politically exposed person relationships at the level of the Investor and/or its related parties and subsequent recommendation to the Client's management body;

- (3) adverse media connected to the Investor and/or its related parties and subsequent recommendation to the Client's management body;
- (4) relevant ad-hoc escalation, including in relation to any ongoing due diligence or change of circumstance;
- (5) acting as a gate keeper on AML/CFT inspection and audit matters, provide information to regulatory inspectors and auditors, analyze the reports and control implementation of necessary follow-up actions; and
- (6) suspicious activity identified by the Administrator, and any reporting to the FIU (where required).

The RC will be the day-to-day contact for the escalation of any AML-related issues from the Administrator, the Client's management body, any Client investment manager, and any distributor to the RR.

The RC will review and validate escalations connected to the Investors on behalf of the Client and the management body/RR. The RC will escalate to the management body/RR in case of an issue and/or where required.

### 3. Liability insurance reimbursement

The Client will pay, or reimburse Gen II for payment of, the cost of obtaining appropriate officers' liability insurance for the Employee.

### 4. Obligations of the Client

The Client will ensure that the RC has:

- (1) the information that the RC may reasonably request to perform the RC's duties;
- (2) direct, unhindered access to the RR and the Client's management body when reasonably required;
- (3) unhindered access to the CSSF and the FIU, as the RC has the authority to act independently; and
- (4) access to any document relating to Investor identification and subscription of interests in the Client and to view each inflow and outflow relating to interests in the Client:
  - (a) in case of high-risk cases which remains unresolved at the level of the service provider and following exchange with the RR, the RR can request the RC to provide informed advice and recommendations on mitigating measures;
  - (b) in case of unusual activities which remains unresolved at the level of the service provider and following exchange with the RR, the RR can request the RC to assess the AML risk for the Client;
  - (c) in case of suspicious transactions or activity, the RC will support the RR to report to the FIU;
- (5) The Information to ensure effectiveness of internal control system regarding AML/CFT risks of the first line of defense (the RR) and to the Client's list of service providers to ensure compliance with Luxembourg regulatory requirements;

- (6) control the service providers in performing their AML/CFT duties pertaining to the Client; and
- (7) the means to recommend the overall AML/CFT risk assessment of the Client on Investor and investee sides, advise on controls to be put in place in order to mitigate the risk, and ensure the residual AML/CFT risk is in line with the Client's risk appetite prior to the RR approval.

## 5. Responsibility of the RC

Gen II's and the Employee's obligations are commercially reasonable effort obligations (*obligations de moyens*) and they will not be liable if the Client or its appointed agents fail to provide any required information.

The Client may only bring a claim against Gen II and not against the Employee or any other employee of Gen II.

No employee of Gen II (including the Employee) will be liable for, or in connection with, the Services.

The RC will rely on reports provided by the Administrator, the Client's management body or the RR. The RC and Gen II will not be liable for any loss arising from any error or inaccuracy in such reporting.