

RBC Financial Group Global Approach to Anti-Money Laundering

RBC Financial Group ("RBC") has enterprise-wide policies covering Anti-Money Laundering, Client Due Diligence, Terrorist Financing and Economic Sanctions that set forth minimum cross-enterprise standards. These policies are designed to guide RBC's various businesses in setting up their own policies, guidelines and processes to ensure compliance with Canada's anti-money laundering laws and regulations and with various other anti-money laundering laws and regulations to which RBC operations are subject in other jurisdictions in which they operate. Canada's laws are designed to be consistent with FATF recommendations and other international standards. Units operating in jurisdictions whose laws set higher standards than those contained in the policy must comply with the higher local standards.

Canadian regulatory obligations cover the reporting of suspicious transactions, large cash transaction reporting, electronic funds transfer reporting, reporting of cross border movements of cash and monetary instruments, client identification and verification as well as terrorist financing reporting requirements.

RBC defines money laundering as any act or attempt to disguise the source of money or assets derived from criminal activity. Money laundering is a criminal offence in Canada and many other jurisdictions in which RBC does business. RBC is committed to preventing the use of its financial services for money-laundering purposes, by establishing policies and processes to ensure that:

- only those whose activities can reasonably be established to be legitimate are accepted as clients,
- staff are trained to recognize and react appropriately to unusual or potential money-laundering activity and understand their legal obligations to report activity and transactions, and
- appropriate records of client information and transactions are retained.

Each platform and/or business is required to assess its operations to identify potential money laundering risks and establish policies, procedures, guidelines and risk mitigation strategies, specific to its business and potential money laundering risk and in compliance with relevant local laws, to implement these objectives.

RBC's Policy requires that its businesses identify reportable activities and transactions in each jurisdiction in which they operate and establish processes to ensure reporting as required. In addition, RBC businesses are required to establish processes to identify and investigate unusual activities and transactions and ensure that all activities and transactions reasonably suspected to be related to money laundering are reported to the RBC Designated Money Laundering Officer.

RBC businesses are required to take reasonable and appropriate measures to establish the identities of their clients and others for whom they may provide financial services, and to open accounts and conduct transactions only after identity is verified to RBC's satisfaction.

RBC Policy requires businesses to document the measures taken to identify clients and retain records of the due diligence measures taken for at least 5 years after the account in question is closed.

Anti-terrorism and Know Your Client policies

In addition, RBC has developed enterprise-wide policies and procedures regarding compliance with economic sanctions and anti-terrorism legislation, as well as an enterprise-wide client due diligence policy. These policies also constitute minimum standards for the enterprise in these areas.

Audit

RBC Internal Audit (IAS) reviews business units' Anti-Money Laundering, Anti-Terrorism, Economic Sanctions and Client Due Diligence Programs for compliance with the relevant policies, procedures and regulations in all relevant audits completed during each audit cycle. In addition, IAS from time to time conducts enterprise-wide audits specific to these areas.

Technological Tools

RBC has developed and implemented various solutions to assist in complying with the reporting obligations including the development and rollout of a suspicious activity reporting system and large cash reporting system for all staff. In addition, RBC has developed a [client name scanning system](#) that searches all client databases nightly against various control lists to ensure that RBC is not knowingly doing business with a listed individual or entity. As part of its effort to enhance its ability to identify suspicious transactions and activity, RBC has implemented a [global money laundering transaction monitoring system that reviews transactions](#) on a daily basis.

Oversight

RBC has established a senior-level management position and team dedicated to the task of overseeing its global policies, practices and procedures with regard to anti-money laundering and anti-terrorist financing. In addition, the development of AML programs within the various businesses is evidence of the commitment of senior management to the implementation of appropriate controls and compliance procedures across RBC businesses.

For further information, please contact

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