



ANTI MONEY LAUNDERING & TERRORIST FINANCING POLICY

1. PURPOSE OF POLICY

This policy is applicable to GP Capital Insurance Agency Limited (GPCIA), its officers, employees, advisors, advisor staff, products and services offered by them. The objective of the policy is to help detect and deter money laundering, financing of terrorist and criminal activity.

2. POLICY

Money laundering is the process used to disguise the source of money or assets derived from criminal activity. Profit-motivated crimes span a variety of illegal activities from drug trafficking and smuggling to fraud, extortion and corruption. While the techniques for laundering funds vary considerably and are often highly intricate, there are generally three stages in the process:

- 1. Placement:** involves placing the proceeds of crime in the financial system;
- 2. Layering:** involves converting the proceeds of crime into another form and creating complex layers of financial transactions to disguise the audit trail and the source and ownership of funds (e.g., the buying and selling of stocks, mutual funds, commodities or property); and,
- 3. Integration:** involves placing the laundered proceeds back in the economy under a veil of legitimacy.

GPCIA is most vulnerable at the layering stage of the process.

It is the policy of GPCIA to prohibit and actively pursue the prevention of money laundering, terrorist financing and any activity that facilitates money laundering, terrorist financing or criminal activities. GPCIA requires its officers, directors, employees, advisors and advisor staff to adhere to the standards set in this policy in preventing the use of products and services for money laundering, terrorist financing or other criminal purposes.

2.1 COMPLIANCE COMMITTEE

GPCIA's Compliance Committee is responsible to ensuring compliance with Canada's Proceeds of Crime (Money Laundering) and Terrorist Financing Act and for initiating Suspicious Transaction Reports or other required reporting to the appropriate law enforcement or regulatory agencies. Any contacts by such agencies related to the policy shall be directed to GPCIA's Compliance Committee. The duties for day to day operations lie with Senior Compliance Officer.

The responsibilities of the Compliance Committee with respect to the policy include, but are not limited to:

- o the design and implementation of the policy;
- o updating the policy as required;
- o dissemination of information to officers, employees, advisors and advisor staff;
- o providing training;
- o monitoring compliance;
- o maintaining necessary and appropriate records;
- o reporting, when warranted; and

- independent testing of the operation of the policy.

2.2 COVERED PRODUCTS

The policy covers all products that GPCIA is licensed to deal in.

2.3 CLIENT IDENTIFICATION

2.3.1 REGISTERED ACCOUNTS

It is **NOT** required to identify any individuals authorized to give instructions when opening a registered plan. Such plans include but not limited to:

- a registered retirement savings plan;
- a locked-in retirement plan;
- a group registered retirement savings plan;
- a profit sharing plan or a deferred profit sharing plan as long as the account is funded by the account-holder's employer

2.3.2 ADDITIONAL GENERAL EXCEPTIONS TO CLIENT IDENTIFICATION

If GPCIA has confirmed the identity of an individual, there is no need to confirm the client's identity again so long as the advisor recognizes the individual and the identification information is on file. If GPCIA has any doubts about the identification information previously collected, it must identify the individual again.

Once GPCIA has confirmed the existence of a corporation (or other entity), confirmed its name, address and the names of its directors, it is not required to confirm the same information in the future **PROVIDED THERE IS NO CHANGE IN THE INFORMATION.**

Additionally, it is **NOT** required to identify a client in the following situations:

- the opening of an account for the purchase of an immediate or deferred annuity paid for entirely with funds directly transferred from a registered pension plan or the proceeds of a group life insurance policy;
- the opening of an account for the purchase of a registered annuity policy;
- any transaction, including opening an account for the transaction, that is part of a reverse mortgage or structured settlement;
- the opening of an account solely to provide customer accounting services to a securities dealer;
- the opening of an account where the account holder or settler is a federally or provincially regulated pension fund.
- for the purchase of a policy that is an exempt policy (i.e., a policy issued for insurance protection and not for significant investment purposes as defined in Subsection 306(1) of the *Income Tax Regulations*);
- for the purchase of a group life insurance policy that does not provide a cash surrender value or a savings component;

2.3.3 NON-REGISTERED ACCOUNTS

Identifications of **ALL INDIVIDUALS** authorized to give instructions on a non-registered account, including an

entity account, must be ascertained before any transaction is carried out. Identifications of all individuals or entities that purchase a non-registered annuity or a life insurance must be ascertained.

GPWM SHALL NOT APPROVE A NEW ACCOUNT OR SELL A POLICY TO A CANADIAN RESIDENT CLIENT WITHOUT EITHER SOCIAL INSURANCE NUMBER (SIN) OR BUSINESS IDENTIFICATION NUMBER (BIN).

2.4 TRANSACTIONS INVOLVING CASH AND CASH EQUIVALENTS

All client dealings involving cash, traveller's cheques, and bearer bonds are strictly prohibited. GPCIA may accept cash equivalents such as bank drafts and money orders.

2.5 ELECTRONIC FUNDS TRANSFERS

GPCIA may accept electronic funds transfer-ins, through its banking institution, solely for the purposes of entering into a contract. GPCIA shall not directly transfer-out funds.

2.6 RECORD KEEPING

GPCIA is responsible for keeping account opening records (account applications) and supporting documents. Additionally, GPCIA must maintain the following records or ensure ready accessibility to them:

- Account-related records created in the normal course of business;
- Client statements that GP sends to the client;
- Suspicious transaction report record.

GPCIA's Compliance Committee is responsible to ensure that the records are maintained properly and that Suspicious Transaction Reports are filed as required. All records must be maintained for a period of 7 years after the client plan is closed or after a policy or contract is surrendered, lapsed, terminated by death or closed for any reason.

2.7 RISK BASED APPROACH

GPCIA uses a risk-based approach to assess potential threats and vulnerabilities to money laundering and terrorist financing. The approach encompasses at least the following:

- Risk assessment
- Risk mitigation
- Client identification and beneficial ownership information
- Ongoing monitoring of transactions

A Politically Exposed Foreign Person (PEFP) is an individual or a family member (mother, father, child, spouse/common law partner, spouse/common law partner's mother, father, brother, sister, half-brother, half-sister) of an individual who holds or has ever held one of the following offices or positions in or on behalf of a foreign country (a) a head of state or government; (b) a member of the executive council of the government or member of a legislature; (c) a deputy minister or equivalent; (d) an ambassador or an ambassador's attaché or counsellor; (e) a military general or higher rank; (f) a president of a state owned

company or bank; (g) a head of a government agency; (h) a judge; (i) a leader or president of a political party in a legislature.

GPCIA must determine whether an existing client or a new client is a PEFP. GPCIA must determine whether an existing client is a PEFP when there is a change in the client's marital status or occupation, or when the client provides a lump sum payment of \$100,000 or more to purchase a non-registered annuity or a life insurance policy.

2.8 CHECKING THE OFFICE OF THE SUPERINTENDENT OF FINANCIAL INSTITUTIONS CANADA (OSFI) LIST

On monthly basis, GPCIA will compare its client database with the Office of the Superintendent of Financial Institutions Canada's Terrorism Financing List of Names. In the event of a match, GPCIA must conduct further investigation of the client's identification and circumstances, and bring the issue to GPCIA's Compliance Committee's attention if the match is not a false positive.

Upon notification to GPCIA's Compliance Committee of a match to the OSFI list or possible suspicious activity, an investigation will be commenced to determine if a report should be made to appropriate law enforcement or regulatory agencies. The investigation will include, but not limited to, a review of all available information such as client history, account history, birth dates and addresses.

2.9 MONITORING AND REPORTING

All suspicious transactions or attempted suspicious transactions must be reported immediately to Chief Compliance Officer or Compliance Department. If signs of suspicious activity based on certain indicators are determined, then a formal investigation will be performed before proceeding with the transaction.

If the results of the formal investigation warrant, a report will be filed with Financial Transactions Reports Analysis Centre of Canada (FINTRAC) and/or appropriate law enforcement and/or regulatory agency. Investigation results must not be disclosed or discussed with anyone other than those who have a legitimate need to know. Under no circumstances shall an officer, employee, advisor or advisor staff disclose or discuss any anti money laundering and terrorist financing concern, investigation, notice or Suspicious Transactions Report filing with the person(s) subject to such investigation. No action shall be taken against a person for making a report in good faith.

All reports must be documented and retained.

2.10 TRAINING

All individuals who conduct business on behalf of GPCIA must be provided with anti-money laundering and terrorist financing training initially and after a material change in this policy. All such individuals must be provided a copy of this policy. The training will include at a minimum:

- how to identify suspicious transactions and attempted transactions using indicators;
- roles of the officers, employees, advisors, advisor staff and how to perform such duties and responsibilities;
- actions to take once a suspicious or attempted suspicious activity is detected;
- client identification;

- record retention;
- consequences for non-compliance with the policy.

GPCIA's Compliance Committee will determine the ongoing training requirements and ensure written procedures are updated to reflect any changes required in such training. In addition, GPCIA will maintain evidence of training delivered.

2.11 CONSEQUENCES FOR NON-COMPLIANCE

Money laundering facilitates corruption and can destabilize the economies of susceptible countries. There are significant consequences for GPCIA's officers, directors, employees, advisors and advisor staff for failing to comply with Canada's legislative requirements, such as:

FAILURE TO	CONSEQUENCES UPON CONVICTION
report a suspicious transaction or to make a terrorist property report	Up to 5 years imprisonment, up to a fine of \$2,000,000 or both
report a large electronic funds transfer	A fine of \$500,000 for a first offence and \$1,000,000 for each subsequent offence
retain records	Up to 5 years imprisonment, up to a fine of \$500,000 or both
implement a compliance regime	Up to 5 years imprisonment, up to a fine of \$500,000 or both.
implement any required element of the compliance regime	Monetary penalty of up to \$100,000 for each element
report the required information, by an entity, to senior management within 30 days after the review of its compliance program	Monetary penalty of up to \$100,000

3. TESTING

The testing of the policy will be conducted every two years either by an outside third party or by an internal officer of GPCIA. The following must be reported to the Compliance Committee within 30 days of the testing:

- the findings of the testing;
- any updates that were made to policies and procedures during the testing period;
- the status of implementation of policies and procedures updates.

The report must include a request for a response indicating corrective actions and timelines for implementing such actions.

4. ADMINISTRATION

GPCIA's Compliance Committee is responsible for the administration, revision, interpretation and application of this policy. The policy must be reviewed on earlier of (i) 2 years from the approval date (ii) changes in law (iii) significant non-compliance issues (iv) addition of products/services types offered by GPCIA.