

## **MONEY LAUNDERING AND TERRORIST FINANCING (PREVENTION) ACT (Wwft)**

HJ Advocaten is a provider of legal services. Just like all lawyers in the Netherlands, our lawyers are bound by many laws and rules (of conduct), including the Money Laundering and Terrorist Financing (Prevention) Act or Wwft for short. The Wwft applies to lawyers and law firms independently providing professional or business advice or counsel on:

- The sale or purchase of registered property;
- The administration of money, securities, coins, bank notes, precious metals, gemstones or other assets;
- The incorporation or management of companies, legal entities or similar bodies as referred to in Article 2.1 part b of the State Taxes Act;
- The sale or purchase of shares in, or the sale or purchase, in whole or in part, or takeover of undertakings, companies, legal entities or similar bodies as referred to in Article 2.1 part b of the State Taxes Act;
- Tax activities similar to the activities of tax advisors; or
- The creation of a mortgage on registered property.

The Wwft applies also to lawyers and law firms independently acting in a professional or commercial capacity in the name and at the expense of clients in financial transactions or real property transactions.

In summary, under the Wwft we must ensure compliance with the following obligations:

- (1) The duty to provide identification: We must make sure that clients identify themselves before we provide any services;
- (2) The duty of notification: We must report unusual transactions.

Below we will go into these two obligations.

### ***(1) Duty to Provide Identification***

Under the Wwft our clients must identify themselves before we provide any services, in case of;

- Legal entities: The person representing the legal entity must show valid ID. We will make a copy to verify this person's identity and check the trade register of the Chamber of Commerce for this person's powers of representation. Moreover, we must identify the ultimate beneficial owner ('UBO'); and
- Natural persons: We will make a copy of the client's valid ID.

We will ask you for a valid ID when we start working for you.

### ***(2) Duty of Notification of Unusual Transactions***

The Wwft requires lawyers to report unusual financial transactions. There are two objective indicators and one subjective indicator that prompt notification, namely:

#### *Objective Indicators*

- (I) Transactions by or for legal entities or natural persons established, having their registered office or residing in states that under Article 9 of the Fourth Anti-money laundering directive in delegated acts of the European Commission have been identified as states that present a higher risk of money-laundering or terrorist financing;
- (II) Transactions involving amounts paid by or through the mediation of the institution of EUR 10,000 or more, in cash, bearer checks, prepaid cards or similar means of payment.

#### *Subjective Indicator*

- (I) Transactions in which the institution has reason to assume that they could be related to money-laundering or terrorist financing.

The duty of notification prevails over the duty of confidentiality and professional privilege.

#### *Exemption from Application of Wwft*

The Wwft does not apply to lawyers and law firms who work for clients on determining their legal positions, representing and defending clients at law, providing advice before, during and after litigation, or about filing or avoiding legal action.

The Wwft comes with (administrative) charges. Non-compliance can lead to sanctions under disciplinary, criminal or administrative law. We ask for your understanding and cooperation in complying with the obligations arising from this act for you and us.

If you have any questions about the Wwft, please contact one of our lawyers.

