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**Al Baraka Bank – Syria**

**MANUAL OF ANTI MONEY LAUNDRY  
AND TERRORISM FINANCE PLUS APPLYING THE POLICY  
OF KNOW YOUR CUSTOMER**



## Al Baraka Bank-Syria

### MANUAL OF ANTI MONEY LAUNDRY AND TERRORISM FINANCE PLUS APPLYING THE POLICY OF KNOW YOUR CUSTOMER

Approved by the Board of Directors

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According to our complete preliminary compliance to the principles and provisions of the noble Islamic Law (Sharia), which prohibits the illegal earn of money of whatsoever source, and deprives all kind of transactions with the same. On this basis and by virtue of the compliance to the applicable laws and instructions issued by the Central Bank of Syria and in compliance with the international principles and criteria in the field of anti money laundry and financing terrorism, therefore, the present manual aims at the following:

"Safeguarding and protecting Al Baraka Bank – Syria and preventing its use by the money laundry gangs or the criminal and terrorism bodies or abusing the same by any other authority in any illegal work, and this lead to the bank protection against the legal risks and reputation, operation and concentration risks".

### **1. Preface:**

Recently, the attention of the state increased just as the global attention of the money laundry and terrorism finance issue due to increasing rates of the crimes and funds earned from such resources, and whereas the volume of funds subject of laundry and resulted from the crime reached huge figures amounting to UDSS\$ 3 Trillion equals 10% of the global total in addition to the loss of human souls that can not be assessed as a consequence of the acts of terrorism.

The use of money – relatively little – by the terrorist gangs inevitably leads to serious and very big human loss and catastrophe that can not be assessed at any value just as what happened in many countries all over the world. On this basis, the attention was focused on protecting the banking systems in the state for preventing the possibility of being used by the persons who carry out the process of money laundering or the criminal gangs. Therefore, it is our responsibility of assuming wide-range liability in anti money laundry and frustrating the terrorism finance transactions through the staffs whom carry out their role in the strict compliance to the instructions of money laundering and frustrating the terrorism finance, as well as reporting any suspected transaction to the higher management within the framework of the local suspected transactions including information that may lead to detect the criminal and laundering money gangs. Certainly, this will save souls, funds and properties.

### **1-1 Importance of Compliance:**

Our compliance at Al Baraka Bank-Syria to the instructions relative to money laundry and terrorism finance is totally ensued from our basic compliance to the principles and provisions of the noble Islamic Law (Sharia), which prohibits crimes of all kinds that are considered as traditional sources and means of money laundry (such as drug trade, Casino) as well as earning money by illegal methods resulting from the said crimes and all kind of transactions with the same plus our compliance to the local and international laws and legislations that deprive the process of money laundry and terrorism finance.

The liability of anti money laundry and terrorism finance is to be assumed by all the bank's staff of all various titles and positions in the work sectors, centers and units at the bank particularly the higher management.

Actually, this requires from all of us to work as one team for the purpose of safeguarding ourselves first of all and then protecting the bank from the risks of violating and breaking the applicable laws, legislations and instructions relative to money laundry and terrorism finance.

### **1-2 Non-compliance Risks:**

The applicable laws, legislations and instructions that condemn money laundry and terrorism finance have direct impact for each individual of us under various work titles, so accordingly:

"It is the duty of all employees to be strictly committed to the these laws and legislations, and this is a legal obligation and compliance rather than an optional"

In case of the occurrence of any violation or break due to the non-compliance to these laws, legislations and instructions accredited by the bank, so the employee will be subject to the following risks:

1-2-1 The disciplinary punishment imposed by the bank according to its byelaws.

1-2-2 The legal liability that may include the accusation of committing crimes penalized by the law of prison of financial fine.

1-2-3 The bad reputation of the employee that may incurred out of that.

1-2-4 Destroy the career of an employee because it will be not possible to recruit him for any position as a consequence of the above-mentioned events.

1-2-5 It is highly important to view this manual and to study its contents carefully with utmost attention to the adherence to its contents and to have contact with the compliance department for further question about any relative issue, and whereas throughout viewing and intensive study each staff will acquaint himself with his liabilities and the duties assigned to him aiming at the perfect performance in anti money laundry and terrorism finance via his employment title.

The bank will update this Manual first hand and to provide staff with any new information in line with the developments taking place in this area of investigation for the protection of the interests of the bank staff.

"All information included in this manual are considered confidential and are not to be disclosed to the third party outside the bank unless after having the prior written consent of the higher management".

### **1-3 The main Objects of the Manual:**

This manual aims at safeguarding the bank and the staffs from being exposed to the risks of non-compliance to the laws and legislations of money laundry and terrorism finance through:

1-3-1 Anti and preventing the occurrence of money laundry transactions and terrorism finance and taking all required precautionary measure.

1-3-2 Prevent the misuse of the bank by any person or entity in illegal acts.

1-3-3 Defining the legal and administrative liabilities relative to money laundering for the bank and all staffs.

1-3-4 Enhancing the awareness and realization of all staffs relative to the internal laws and measure that are to be followed and the risks confronting the bank and staffs, and how to confront the risks of money laundry transactions and terrorism finance based on their liabilities and duties.

### **1-4 Global Legislative and Legal Environment:**

Many international initiatives were issued in the field of anti money laundry and terrorism finance and constituted the minimum limit of the criteria to be taken by the different states and among of which we mention the following:

1-4-1 The forty recommendations +9 issued by the "Financial Action Task Force" FATF.

1-4-2 The documents issued by Basel Committee in this field:

- A document of preventing the criminal usage of the banking system for the objects of money laundry issued in 1988.
- A document of the basic principles of the active control of banks issued in 1997.
- A document of accomplishment forward the customer by the banks issued in 2003 including the basic elements for the policy of "Know Your Customer KYC" and the criteria of "Customer Due Diligence CDD".
- The Resolution of the International Security Council No. 1373/2001
- European Union instructions for money laundry.
- Guidelines of Wolfsburg Group.
- This is in addition to the laws and legislations of each state.

### **1-5 Syrian Legislative and Legal Environment**

1-5-1 The attention of the Syrian legislator of anti money laundry and terrorism finance was chronically enhanced along with the global enhancement and global efforts consolidation under this framework. Many laws and legislations were promulgated by the competent authorities in the Syrian Arab Republic in this field:

- The legislative decree relative to money laundry No. 33 of 2005, which is composed of 21 articles.
- Under the enforcement of its provisions and applying the instructions of anti money laundry and terrorism finance issued by virtue of the resolution of the Credit & Monetary Council No. 584/MN/B4 and the resolution No. 534/MN/B4 based on the provisions of the Law of the Central Bank of Syria and the Basic Monetary System No. 23 of 2003.

This is in addition to basic relative laws that are applicable such as:

- Banks Law
- Penal Law
- Penal Procedures Law and other laws

1-5-2 Whereas, Al-Baraka Bank in Syria is one of Al Baraka Banking Group banks registered in Bahrain, and is subject to the applicable laws and legislations in the Kingdom of Bahrain, therefore, Al-Baraka Bank-Syria must be strictly committed to the applicable laws and legislations in the Syrian Arab Republic.

- The Decree (The Law) No. 4/2001
- The instruction of Money Authority in Bahrain/Volume 1/Chapter of Financial Crimes
- In addition to the basic relative laws that are applicable

### **1-6 Information Resources:**

There are many information resources that are made available by the bank for this purpose for all staffs as follows:

1-6-1 The Public Policy for anti money laundry and terrorism finance.

1-6-2 Compliance Policy.

1-6-3 Manual of anti money laundry and terrorism finance and the modifications taking place to it later on.

1-6-4 Compliance Department in all its staffs.

1-6-5 Continuous training for all staffs.

1-6-6 Circulars issued in this concern.

1-6-7 The available administration information in the daily reports issued by the computer such the report of big monetary movement, reports of incoming and out coming transfers and that received over the defined maximum limit.

1-6-8 In addition to available electronic site such "FATF + ACAMS +AMLU" and others.

### **2. The Concept of Money Laundry and Terrorism Finance:**

The Concept of Money Laundry and Terrorism Finance will be subject to the Legislative Decree No. 33 of 2005 and its amendments and the concerned articles.

## **2-1 Money Laundry Definition:**

Money Laundering is defined as follows:

"Each act including earning money or possessing, having free hand, transporting, managing, saving, replacing, depositing, investing, practicing cheat in its value or moving or transferring the same or any act leading to concealing or layering its resources or the real nature or its place or the way of transactions with the same or its ownership or the relative rights bearing in mind that such money is earned through one of the following crimes:

1. Any crime penalized by the offence penalty as per the applicable legislations in the Syrian Arab Republic or the crimes provided in any applicable legislation as being earned by the crime of money laundry.
2. The crimes that the international conventions provide that the Syrian Arab Republic is a party in which and considered as being earned by the crime of money laundry provided to be penalized in the Syrian Law.

The definition includes the following:

"Transferring or ownership assignment of properties bearing in mind that they were earned through criminal activities for the purpose of concealing or layering the illegal origin of such funds or assisting in concealing any person involved in committing a crime for avoiding the assume of the legal liability as a result of such conduct".

"Concealing or layering the real nature, source, place, place of getting rid of, transporting, the rights relative to the funds ownership bearing in mind that they were earned through committing a crime"

"Owning, possessing or using the funds or properties bearing in mind that upon possessing the same and they were resulted from a criminal activity or through the participation in a crime".

## **2-2 Terrorism Finance Definition:**

"Carrying out by any mean whether directly or indirectly, supply, collecting or managing funds for the purpose of using them in an act of terrorism according to the definition of terrorism as provided in the Penal law and its amendments and the Law of Terrorism Prohibition bearing in



mind that they will be used wholly or partially for committing an act of terrorism regardless such act was carried out or not inside or outside Syria."

- It is noted that the definition of terrorism finance will have another dimension, since the purpose of such operation is not concealing the source of funds, but rather to use them for another object or purpose.
- Terrorism finance in most cases is not incurred from criminal activities and usually terrorists use legal and eligible means and institutions in the financing transactions.

### **3-2 Definition of the Suspected Transaction:**

Any transaction believed for justified grounds is relative to the consequence of any of the crimes mentioned in the definition of Money Laundry.

### **4-2 Stages of Money Laundry:**

Usually, the process of money laundry is composed of a complicated series of procedures, but they generally include three main stages:

#### **1-4-2 The First Stage (Placement):**

It is money laundry by placing, investing or the entry of his illegal funds earned through a crime of illegal work to a banking system through putting the same as negotiable via the following:

Financial institutions, merchants, and exchange companies ... and others.

#### **2-4-2 The Second Stage (Layering):**

It is the process of concealing or layering the funds relation with their illegal resources through carrying a series of complicated financial and non-financial operations "layers" and transferring the funds to another form for the purpose of separating and layering the traces of following the resource and ownership of the original funds.

#### **3-4-2 The Third Stage (Integration):**

This is the last stage in the process of money laundry through which money are to be integrated that have been laundered in economics to give the impression that they are legal money and it is difficult to distinguish such fund from the funds earned by legal resources.

## **Procedures of Know Your Customer "KYC", New Customer Acceptance "NCA" and Customer Due Diligence "CDD"**

### **3. The General Principles:**

1-3 Al Baraka Bank-Syria believes that having clear policy and measures aiming knowing the customer who will be accepted "New Customer Adoption" through applying the policy and procedures "Know Your Customer-KYC" and applying the procedures and principles of "Customer Due Diligence –CDD" in compliance with the legal and control requirements for the interests of the bank and customers, and this is one of the best precautionary measures of anti Money Laundry and Terrorism Finance.

2-3 Customers Risk Scoring for the objects of anti money laundry and updating the information of the customers concerned of such risks constantly, therefore, the customer risks resulted from such scoring are classified as follows:

- Customers of low risks.
- Customers of medium risks.
- Customer of high risks.

3-3 Applying the Customer Due Diligence –CDD for the customers on the basis of Risk based Approach mentioned in the previous item meaning exerting more due diligence for the customers of high risks and of less grade the customer of low risks.

4-3 The principles of Customer Due Diligence –CDD for the new customers are to be applied to the current customers in the suitable time based on the customer risks as mentioned in the two previous items.

5-3 In case of opening an account, then problems were raised for the account holder (can't be settled) relative to the impossibility of making assure of the identification data or completing the same, so such account is to be immediately closed and the money received through this account are to be released to their resource.

6-3 The applying of the Customer Due Diligence –CDD must be continued regarding the nature of the relation with the customer and the accuracy of transactions through such relation and making sure of its

suitability and conformity, as well as knowing the nature and description of the customer risks and works.

7-3 Regular tracking is to be carried out for the current customers at least once each 3 years aiming at updating any change may take place to the information and continuing making sure of validity of the presented documents as long as transactions with the bank.

8-3 The principles of Customer Due Diligence –CDD is to be applied in the following stages:

1-8-3 After establishing the relation with the customer.

2-8-3 Upon nomination of new representative or beneficiary of a current account.

3-8-3 In case the transactions were exceeding highest limit defined in the instructions.

4-8-3 In case of having any doubt of money laundry or terrorism finance.

5-8-3 In case of having any doubt of the inaccuracy and insufficiency of the identification statements of the customers that have been already obtained.

6-8-3 In case of having any doubt of the identity of the accidental customer.

9-3 The normal and legal personnel to whom the bank will neither open accounts or transactions with:

The bank will not establish business relation or opening account for unknown persons or for persons holding unreal or forged names including the numbered accounts (coded) and the bank will not open accounts for the following categories:

1-9-3 The persons who are not able to define their real identity or their addresses and work sites are not known.

2-9-3 No accounts are to be opened by correspondence for the persons residing in the country.

3-9-3 Persons and institutions whose names are listed in the lists of prohibition (List of Terrorism & Money Laundry) disused by the competent authorities.

4-9-3 Shell Banks

5-9-4 The institutions and persons who are working in the field of industry, trade and promoting alcoholic drinks such as wines, drugs and all similar materials.

6-9-3 The institutions and persons who are working in the field of gambling or those who practice the same.

7-9-3 The institutions and persons who are not committed to the regulation of the Noble Islamic Law (Sharia) in their transactions with Al Baraka Bank-Syria

#### **4. Procedures of Due Diligence:**

The business relation is not to be initiated with the customer unless after the completion of the procedures of the principles and standards of the due diligence for the customer the policy of know your customer.

For this purpose, the customer is to be defined as the party contacted the bank or who separated from the bank for the object of being committed to any business relation or transactions whether for his benefit as an agent on the behalf of any other person.

1-4 Individual Persons:

2-1-4 All possible efforts are to be exerted in knowing and verifying the customer character and the real beneficiary (Beneficiary Owner) of the account through obtaining the following information:

- The full legal name, place and date of birth.
- The national number, ID number, date and place issue plus its date of expiry.
- Nationality.
- Passport number for non-Syrian, date and place issue plus its date of expiry.
- Customer's address, place of his permanent residence, and the number of the postal box is not sufficient.
- Telephone number, fax number and the e-mail (in case of any).

- Profession, title and the name of the work owner and his full address.
- Kind of account and its nature plus the volume of the expected work to be carried out with the bank.
- Funds resources and the nature of monetary flows.
- The official signature of the customer on the samples required for opening an account as follows:
  - A. Request to open account: It should guarantee the declaration stating that the customer is the real beneficiary of the account or he is transactions with in favor of another person.
  - B. The form of Know Your Customer KYC for the individuals: It will include all necessary information about the customer.

3-1-4 The accredited and valid official supporting documents issued by the official authorities are to be used such as the following:

- Personal Status Identity Card.
- Family Book (for having the place and date of birth).
- Passport for non-Syrian (in addition to official residence documents and work permit for the citizens required to present such documents).

4-1-4 We have to make sure of the authenticity of the documents from the available reliable and independent information resources for example but not limited to, the electronic information system regarding the personal status statements in case of being available at the bank and other available resources.

5-1-4 It is possible to obtain official supporting documents from the customer to prove the profession of position such as Salary statement ...etc.

6-1-4 After the process of verifying the address through having water bill, electricity bill, or telephone bill in the name of the customer or in the name of the real estate owner that he occupies provided to get a copy of the duly lease contract, and its possible to make a director contact with the customer's telephone to make sure of the address.

7-1-4 In case of opening an account or starting business relation with the bank by any person authorized by virtue of a general or special power of

attorney, so a new true copy duly certified as the original of the said power of attorney in addition to the completion of the procedures and standards due diligence for the principal and the proxy.

8-1-4 In case the power of attorney is issued by the justice authorities outside Syria, so the power of attorney must be duly certified by the official authorities.

9-1-4 In case the customer (Principal Account Owner) authorizes a third party for managing the account or making any financial transaction under the account by means of a banking guarantee, so the account owner's signature must be taken on the power of attorney in addition to the completion of the procedures and standards due diligence for the proxy as agreed upon with the principal.

10-1-4 Exerting all possible efforts for identifying the customer's character who is presenting through a third party "authorized professional broker like a lawyer" as well as making sure of the nature of the relation between the customer and the broker. The account must not be opened in case of the broker incapability of presenting the customer's identification.

11-1-4 The signature must be duly endorsed as well as the document presented by the customer through an accredited correspondent bank for the accounts to be opened by correspondences for non-residents in addition to the criteria of other due diligence.

12-1-4 In case of opening an account or rendering a service for a minor or a person having no legal eligibility, so the principles of due diligence are to be applied to one of the parents or the legal trustee (Legal) or to the third party who has opened the account with the necessity of following up the minors reach of the adults age.

13-1-4 In case of carrying out the process of depositing big amounts, banking checks, or travel checks in an account by unauthorized person or illegally authorized person under such account, so the identity of the depositor must be ascertained and the purpose of deposit according to the instructions.

14-1-4 Copies must be taken of the original documents presented by the customer and duly signed by the branch officers acknowledging viewing the original. The taken copies are to be kept in the customer's file.

#### **2-4 characters & legal arrangements:**

1-2-4 After obtaining the following information through the accredited documents and certificates and issued by the competent official authorities including the accredited licenses and permits in compliance with the type and form of the legal character as per the official electronic sites as follows:

- Full legal name or any other used trade name.
- Registration number.
- Legal form and structure of ownership and control.
- The management and authorized person of signing and the powers of account managing (via a resolution issued by the board of directors).
- The registered address and the work sites of the mother character and its branches.
- Work nature and the objects of the legal form.
- Date of foundation and the date of starting the work practice.
- Taxation number.
- Telephone, fax and e-mail.
- The supervising/organizing authority to whom the legal character belongs and the stock market in which its shares are mentioned (in case of any).
- Name of the external auditor.
- Account type and the expected volume of transactions with the bank and the volume of previous transactions with other banks (in case of any).
- Sources of funds and expected cash flows.
- The decision to open the account of the institution.
- As far as concerning the Public Partnership Companies, the identity of shareholders holding 10% of the capital must be verified.

2-2-4 Examples of the documents and certificates presented by the legal characters:

- Registration certificate or the commercial registration.
- A license of practicing professions.
- Articles of Association and the Foundation Contract.

- Annual and semi-annual report of the auditor or the audited balance sheet.

3-2-4 The procedures of the principles and criteria of the due diligence for the persons authorized of signing on the behalf of the legal character as provided in the clause 1-4.

4-2-4 The verification of the address is aiming at making sure of the actual presence of the legal character through the necessary field visits and obtaining the bill of water, electricity and telephone in the name of the legal character or in the name of the real estate owner (attached to a duly lease contract), which he uses. Moreover, it is possible to make direct contact through the telephone or sending a mail for make sure of the address and the entry to the official concerned electronic websites such as the website of the Ministry of Industry & Trade and others.

5-2-4 In case the legal character is a foreign character, so it is necessary to have the licenses and permits issued by the Syrian Official Authorities in addition to what is mentioned above.

6-2-4 Copies must be taken of the original documents presented by the legal character and duly signed by the branch officers acknowledging viewing the original. The taken copies are to be kept in the legal character's file in addition to the documents addressed in the name of the bank.

### **5. Procedures of Intensive Due Diligence:**

In addition to applying the principles of the due diligence as above-mentioned, and the following extra principles of the due diligence of characters professions of high risks.

1-5 Paying more attention and care upon opening the account and registering all information relative to labor sector.

2-5 The account is to be subject of constant control.

3-5 Obtaining extra information among of which the following may be mentioned:

- A prove (report) for verifying the permanent address of the customer through the field visits.



- Recommendation (Identification) from one of the well-known customers by the bank.
- The documents showing the resource of wealth and income.

#### 4-5 Professionals and Personnel of High Risks:

- The Charity Societies, Clubs and other Societies.
- The political personnel and public employees.
- Correspondent Banks.
- Exchange Companies and Transferring Agents.
- Goldsmith, jewels and precious stones.
- Travel & Cargo Agents.
- Merchants of ruins and artistic fairs.
- Real Estate Agents.
- Owners of works of the intensive monetary activity such as restaurants, Petrol Station ...etc.
- Lawyers, chartered accountants and other professionals of legal and accounting professions upon carrying out the below operations on the behalf of their principals:

- A. Selling and purchasing real estates.
- B. Funds management and other assets.
- C. Management of banking accounts, deposit and banknotes.
- D. Organizing the contributions of establishing, operating and managing companies.
- E. Establishing, operating and managing the arrangements and legal characters plus selling and purchasing business institutions.

#### 5-5 The Charity Societies, Clubs and other Societies:

1-5-5 Their existence and legal character must be verified through the accreted documents and papers issued by the competent official authorities and ministries such as the Ministry of Interior, Ministry of Endowments, Ministry of Social Development and others plus the adopted declarations, as well as the necessary field visits.

2-5-5 The structure of management and the persons authorized of signing must be well-known and duly legalized by the official authorities.

3-5-5 Its objects, activities and funds resources must be known in particular the transfers received from abroad and the aspects of its disbursement and the beneficiary authorities of such services.

4-5-5 The procedures of the principles and criteria of the due diligence for the authorized persons of signing on its behalf must be applied.

5-5-5 The non-Syrian Charity Societies must be given special care, and the duly certified copies of the licenses necessary for practicing its activities in Syria.

6-5 Politically Exposed Persons PEPs:

It means any person has been assigned to the higher public position such as the Prime Minister or political or military judge, military staff or any supreme position or any remarkable person in the political parties including their family members up to the first grade as minimum.

1-6-5 We have to define whether the customer is a politically exposed persons or not (Syrian or Foreigner) and to define the persons belonging to such person through the information presented by him and the from the publicly available information.

2-6-5 We have to obtain the approval of the higher management prior to establishing any relation with the foreign political persons and to notify the higher management in case of building up a relation with the Syrian political persons.

3-6-5 Applying reasonable criteria for defining and knowing the resource of the transferred funds or that deposited at the bank.

4-6-5 Practicing the constant and confirmed control concerning the practice of business.

5-6-5 The constant control on the current customers list for knowing whether one of them belongs to "Politically Exposed Persons" PEPs.

#### **7-5 The Correspondent Banks:**

In addition to applying the principles of due diligence depending on the bases of assessing the probable risks of the Respondent Banks, and the following must be carried out:

1-7-5 Collecting sufficient about the respondent bank in particular the following information:

- The location and headquarter of the Respondent Bank or the headquarter of the mother company to which is affiliated and the areas of its branches activity.
- The ownership of the Respondent Bank and the structure of its management and its executive management.
- The works of the Respondent Bank and its main activities, services, and the products its renders and the sectors its serves.
- The base of the banks he deals with.
- The purpose of opening the account, services nature and the required products.
- The control environment of the Respondent Bank and its reputation and knowing whether it was subject of investigation or any control measures relative to money laundry or terrorism finance.

2-7-5 The assessment of the Respondent Bank capability on making available of the identification statement of the customers upon claiming the same.

3-7-5 Assessing the control measures relative to money laundry or terrorism finance.

4-7-5 Obtaining the approval of the Higher Management prior to starting to build up the relation with the to money laundry or terrorism finance.

5-7-5 In case the Respondent Bank has opened an account (Payable-Through Account) or authorizing a person or a certain authority for carrying out financial transactions on its behalf, therefore, the principles of the due diligence for the authorized person or the person who has the right of direct use of such account, as well as the nature of the relation between this person and the Respondent Bank.

6-7-5 Applying the intensive due diligence to the Respondent Banks existed in countries classified as "non-cooperative" according to the Classification of FATF or its apply of the principles of Know Your Customer (KYC) is weak.

7-7-5 Authenticating the liabilities of anti money laundry of each bank or financial institution.

8-7-5 Revising and updating the files of the Respondent Bank periodically, as well as upon any vital change on the description of the customer's risks.

9-7-5 The above-mentioned information are to be collected through the questionnaires sent by us to the Respondent Bank and from the available public information resources such as the stock market or the electronic resources such as Bankers Almanac.

10-705 In case the insufficiency of the above-mentioned criteria, so paying a visit to the headquarter of the Respondent Bank is something essential prior to establishing business relation with it to make sure it is not one of the Shell Banks.

#### **11-7-5 Transactions with the Respondent Banks:**

- Replying the questions of the Respondent Banks relative to anti money laundry and terrorism finance according to the common international standards used in this field.
- Replying the Respondent Banks questionnaires.
- Cooperation with the Respondent Banks and providing them with the documents in case of requesting any as provided in the international standards.

#### **6. Sectors and Work Activities in the Bank:**

In its policy, the bank depends on the Risk Based Approach in order to define, analyze and assessing the risk of services, products, and the current and new activities before being launched, as well as defining the possibility of being used in the transactions of money laundry of terrorism finance for the purpose of putting the suitable control standards for protecting it against the said probable transactions and preventing the abuse of the same. Consequently, the bank will pay special attention and care to various sectors and activities of the bank in particular the following sectors:

#### **1-6 Electronic Transfers:**

##### **1-1-6 Outgoing Transfers:**

- We have to verify the customer's identity plus his account number and his signature accredited at our premises and the purpose of such transfer in case the transfer issuance was requested by the bank customers.
- In case of accepting the issuance of a transfer for non-customers of the bank, within the instructions, so it is provided to make sure of

customer requesting the transfer plus his full address and the purpose of transfer and keeping a copy of his identity card.

- Each issued transfer must include the following information:
  - A. Name of the customer requesting the transfer and his address.
  - B. Beneficiary full name.
  - C. The banking address including the account number at the transferred to bank (in case of any).
  - D. The value of the amount and type of currency.
  - E. The purpose of transfer.
    - Making sure that the name of the transfer requesting person or the beneficiary is not included in the international black list such Un List, OFAC through the system Fircosoft already existed in the Swift.
    - Strict compliance to the apply of the transferred to bank instructions concerning the transfers (in case of any)

#### 2-1-6 The Incoming Transfers:

- It is prohibited to accept transfers received for non-customers of the bank.
- The incoming transfer must include the following information:
  - a. Full name of the transfer requesting party and his address.
  - b. His account number at the Respondent Bank (in case of any)
  - c. The value of the amount and type of currency.
  - d. The purpose of transfer.
  - e. Name of the beneficiary, address and his account number at our bank.
    - In case of any shortage in the said information, so such missed information are to be obtained from the Bank that carried out the transfer during two working days.
    - In case the failure of making available of that information, so the incoming transfer is to be considered a suspected transaction and must be reported to the general management/ Department of Compliance.
    - In some exceptional cases it is possible to accept the incoming transfer in favor of a beneficiary who has not an account opened at our bank provided that the beneficiary must be known by the bank or to present an acceptable identifier of one of the bank customers in addition to the

necessary identity proving documents and that the transfer must be within the defined maximum limit.

- A copy of the incoming transfer including information about the transfer beneficiary must be kept at least for 5 years.
- Making sure that the name of the transfer requesting party or the beneficiary is not included in the international black list such as Un List, OFAC through the system Fircosoft of FOFA already existed in the Swift.

### **3-2-6 Quick Transfer Service:**

- In case of rendering the Quick Transfer Service through the service provider accredited at Al Baraka Bank – Syria such as Western Union.
- The compliance to applying the instructions of the accredited service provider in particular that relative to anti money laundry and terrorism finance concerning transactions with the accredited service provider (in case of any).
- The special principles must be applied to the incoming and outgoing transfers as above-mentioned.

### **4-1-6 Obligations of Al Baraka Bank – Syria when there is a broker bank in the transfers:**

- In case the bank participated in executing a transfer without of being its issuer or receptor, so it has to maintain all information attached to the transfer and must be accompanied to it upon transferring.
- In case the bank fails in keeping the information accompanied to the transfer for technical reasons, so the bank must keep all attached information as its received it for 5 years regardless how complete or incomplete to be able to render the available information to the Respondent Bank within 3 days of the date of requesting the same.
- In case the bank receives incomplete information about the party claiming the issuance of the transfer, so its has to notify the Respondent Bank of transferring process.

### **5-1-6 The Electronic Services, Credit Cards and ATM Cards:**

- A special attention must be paid to such services, and taking all measures leading to controlling the use of such services by the persons authorized to do so, as well as having constant, and having

constant control over it and immediately reporting any suspected operations provided that such services are to rendered only to the bank customers.

- Based on the fact that there is no face to face transactions between the bank and the customers of the said services, so the intensive due diligence principles and to be careful upon granting the customers the authorities of using such services.
- The strict compliance to the administrative instructions regulating this sector of such service in particular of the dual control and separating the tasks in receipt and delivery.

#### **6-1-6 Overseas Banking Checks (Foreign Currency):**

- Not to pay the value of such check in cash except in the most limited restrictions and only for the remarkable customers with an administrative approval of each case at its time according to the instructions.
- Making sure of their correctness and the fulfillment of the special conditions of checks and must be withdrawn on a bank or a banking institution of good reputation.
- Refusing the said checks from other than the bank customers.
- The strict compliance to the instructions of the general administration relative to the overseas banking checks (in foreign currency) and any other instructions of the overseas banks in this concern (in case of any).

#### **7-1-6 Overseas Personal Checks (Foreign Currency):**

- Not accepting the overseas personal checks (in Foreign currency) except in the most limited restrictions and only for the remarkable customers with an administrative approval of each case at its time according to the instructions.
- Not to pay the value of the said checks in cash and they will be put under collection only.
- Making sure of their correctness and the fulfillment of the special conditions of checks and must be withdrawn on a bank or a banking institution of good reputation.
- In some exceptional cases, the payment of the value of the said checks must be effected after getting the necessary administrative approvals and according to the instructions.
- The strict compliance to the instructions of the general administration relative to the overseas banking checks (in foreign

currency) and any other instructions of the overseas banks in this concern (in case of any).

#### **8-1-6 Safe deposit:**

- The service of Safe deposit "Metal Boxes" will not be rendered to the non-customers of the bank.
- Upon rendering this service to new customers, so the procedures of the due diligence are to be applied for fulfilling the principle of "Know Your Customer" as mentioned previously in this directory.
- All documents and papers relative to the visits paid by the of consignment box are to be kept in a special file inside the box.
- The approval of the general administration must be obtained in case the customer requests to lease many consignment boxes with presenting the clear grounds for that.
- The full and strict compliance to the instructions of the general administration relative to consignment boxes, visit procedures, and control over it.

#### **9-1-6 Letters of Credit:**

- Not to render the letters of credit service to other than the bank customers.
- The strict compliance to the instructions of the general administration with regard to opening the letters of credit and the procedures of transactions with them.
- Making assure of the conformity of the imported or exported products with the nature and the customer's activity.
- Obtaining complete information about the overseas beneficiary of the already opened letter of credit.
- The letters of credit must be opened though well-known correspondent bank by our bank and of good reputation without any brokering bank classified within the suspected banks.
- The sums mentioned in the documents of the letters of credit presented by the customer must be in compliance of the original.
- The intensive procedures of the Due Diligence are to be applied to the letters of credit whose value is big and to make sure of their link to real awards and projects contracts, as well as making sure of the reasonability of the prices mentioned in the letters of credit.
- The approval of the general administration must be obtained for the customer to change the name of the beneficiary in the letter of credit or change the place of payment defined in the letter of credit



to another state otherwise the beneficiary's state with presenting the clear grounds for such customer.

- The verification of that the overseas beneficiary whether importer or exporter is not inserted in the International Black Lists such as OFAC.

### **7. The Need for Vigilance:**

- Whereas, it possible to say that the majority of customers are honest and their transactions s are legal and eligible, but this is not the case always as it is with all banks where we find some customers intend to use the said services for laundering this illegal funds intentionally.
- Putting the bank in jeopardy not only by the probable customers, but some persons seek to build up a grade of trust in the mutual relation with the bank prior to committing and the abuse of such trust for criminal objects, while some persons intend to comm. It crimes for certain changes in their circumstances, therefore, the current customers may involve themselves intentionally or unintentionally in the crime of money laundry.
- It is importance for the staffs to be awake and to identify the extraordinary transactions taking place to the customers accounts, which should be studied confidentially with reservation, and in case of any suspects in money laundry, so a report must be prepared of the suspected movements.
- The bases on which the control movements are included in the beginning of the process of defining and collecting the information "Know Your Customer" and in the constant updating of such information. The said constant updating is established through the regular contact with the customers and from the results of regular control procedures.
- The nature of the work and activity of the customer must be defined clearly upon opening the account enabling the judge the transactions and movements of his account whether they are in compliance with the activity expectations or extraordinary and are suspected.
- The initial period of the relation with the new customer (up to 6 months) needs to have extra control procedures as being the period through which the customer's nature and transactions of the account is to be known. After the termination of the said period, the routine control process upon the account movement becomes the base.

- The Liaison Officer/The Branch Management is to perform the daily tracking on the cash deposits and withdrawals statement whose value exceeds a certain sum, as well as controlling and reporting any movements considered as suspected.
- The freeze and inactive accounts are to be controlled and exert the due diligence for such accounts to view any unexpected or extraordinary transactions or movements taking place to such accounts and not complying its nature that require the tracking and revision plus a special approval.

#### **8. Detecting and Reporting the Suspected Transactions:**

- The Liaison Officer in charge of reporting the internal suspected transactions from the branches to the general administration/Compliance department must be nominated.
- Notifying the staffs at the branches of the necessity of having cooperation with the Liaison Officer and reporting any suspected transaction.
- The general administration/Compliance Department must be notified of the name of the Liaison Officer and informing the administration upon changing the said officer for any reason whatsoever.
- In case of having strong grounds to say that this is a suspected transaction or having doubts that such transaction or the funds are related to criminal activity or earned from criminal activity, so such transaction is to be stopped and the funds are to be seized and immediately report such event to the general administration/Compliance Department who will take the necessary procedures and notify the competent control authorities.
- In case of discovering any suspected transactions by any staff, so he has to check the identity of the customers and to notify the in charge Liaison Officer without drawing the customer's attention to what is going on around him.
- The in charge Liaison Officer must verify such transaction and collecting the sufficient information and discussing the same with the branch director.
- Upon reaching a certain convince that this is a suspected transaction, so the Liaison Officer in charge of filling the form of suspected movements and reporting the same to the general administration/Compliance Department after being signed by the staff who detected such transaction, the director and the in charge of Liaison Officer.

- Compliance Department will study the cases received by the various branches and sectors as well as investigating the same and making sure of the available means whether the transaction is a suspected one or not.
- In case of reaching a certain convince that this is a suspected transaction, so the Head of the Compliance Department will report such event to the Anti Money Laundry Commission after being presented to the Higher Management and having the approval.
- The process of taking a decision is to be carried out either by continuing the relation with the customer or closing his account and having reservation upon it and reporting that to the branch.

**The following rules are to be committed to upon detecting and reporting suspected transactions:**

1. Not drawing the attention of the customers, alarming, or notifying him of any form about any issue relative to the process of reporting a suspected transaction to the competent control authorities or about any information regarding the said report.
2. Not to disclose any information concerning the suspected transaction to any authority other the competent one.
3. Not to disclose any information concerning the notifying person or the staff who has detected the suspected transaction.
4. Not to disclose any information concerning any information about the customer in a manner not complying or violating the laws of the banking confidentiality.
5. Copies of the reports concerning the suspected transactions and their attachments are to be kept for a period not less than 5 years to enable the bank to reply the requests of the competent authorities at the right time.
6. The full compliance to the previous rules aiming at the fulfillment of the banking protection, privacy and confidentiality.

**9. The Most Important Transactions and Areas require the enforcement of the principles of the Due Diligence "Intensive"**

- The transactions that are not taking place on the basis of face to face with the customer.
- The Complicated transactions which have no clear economic or legal purpose.
- The big financial transactions that draw the attention and differ from the nature of the customer's transactions with the bank.

- Leasing the consignment boxes.
- Upon having any ground for believing that the request of customer facilities was refused by another bank.
- Upon the presentation of facilities request in return to deposits confiscation.
- Upon any change in the work methodology or the account management.
- The non-cooperative states in the field of anti money laundry and terrorism finance according to the classification of Financial Action Task Force "FATF".
- The areas that are considered dangerous and the countries in which there are high rates of crimes, corruption and bribe, as well as the countries producing or transactions with drugs.
- The secured places, free zones, and the international fund centers.

## **10. Important Instructions and Guidelines about the Styles of Money Laundry Transactions:**

There are many styles of the various processes of money laundry that must be known by the bank staff in a manner to realize directly that he is before a suspected activity, transaction or behavior and then he has to carry out the intensive due diligence procedures and reporting the same to the general administration.

Among the styles of money laundry transactions we mention the following but not limited to:

1-10 Through the Financial Transactions that are Performed in Cash:

- The big increase in the cash deposits for any persons without any clear reason especially in case the said deposits were transferred from the account to a destination seems not to have a clear relation with that person and within short period of time.
- Replacing a big amount of banknotes of less nominations by ones of big nominations without any clear reasons.
- The customer's carrying out of many big cash transactions at many branches of the bank or carrying out of that by many persons on his behalf on the same day.
- Huge cash deposits including cash packs marked by seal of the other bank.
- Cash deposits including forged banknotes or semi soiled ones of old at high rates.

- Big cash deposits seem to be abnormal carried out by normal or legal person whose commercial uncover activity is normally executed through checks or other payment means.

#### 2-10 Through the Accounts of Individuals such as:

- Keeping many accounts and depositing cash amounts in each one of them in order to form in total a big amount of money not complying with the work nature. The customers whose work nature requires keeping more than one account are excepted from this item.
- Having accounts whose movements executed through which seem to be not in compliance with the activity of the account owner, and is used for receiving and/or distributing big amounts of money for unclear purpose or for reasons not relative to the account owner or the nature of his activity.
- A big number of persons deposit sums of money in one account without any reasonable grounds.
- The customer presents financial statements about his commercial activity clearly differ from that of similar companies working in the same sector.
- In case of any vital change in the method of account management in a manner not complying with the statements of the account owner.
- Depositing checks of the third parties of big amounts of money and endorsed in favor of the account owner and are not in compliance with the relation of the account owner or the nature of his work.

#### 3-10 Through Transfers such as:

- Transferring the deposits in the account directly to out of it whether on the basis of payment or many payments.
- Transfers of similar sums (on daily or monthly basis) constituting in total a big amount of money.
- Issuing transfers of big amounts of money to countries known of being a safe place for the banking or the taxation confidentiality.
- The receipt of one of the accounts big amounts of money never been received under such account, which may not be in compliance with the nature of the account owner activity.
- The customer has repeatedly executed external transfers for funds he proclaims to be of an external international resource.

- Transferring big amounts of money to the outside of the Syrian Arab Republic, or receiving transfers received from abroad accompanied by the instructions of cash payment.
- The customers deposits checks in his account and then transferring the same to a third or fourth parties.

4-10 Through the Consignment Boxes "Metal Boxes":

- The customer keeps many consignment boxes without any reasonable clear ground.
- The wide-range usage of the consignment boxes by the customer indicating the possibility of that the customer keeps big amounts of money in the said boxes.

5-10 Through the Credit Facilities such as the following:

- The sudden payment back of big amount of debits by the customer without having any reasonable and clear reason of the sources of such effected payments.
- Obtaining credits facilities with cash deposits guarantee.
- The customer pays debits classified as (Inactive debit) prior to the expected time with sums more than the expected.
- The request of obtaining credit facilities against the mortgage of assets owned by the third party, and the source of such assets is unknown for the bank or the volume of such assets is no complying the financial status of the customer.
- Presenting financial statements not complying the accounting principles.

6-10 Through the Letters of Credit such as the following:

- The customer changes the name of the beneficiary in the letter of credit prior a short period of time from effecting the payment.
- The customer changes the place of payment in the letter of credit to the account deposited in another country otherwise the beneficiary's country.
- The beneficiary of the letters of credit to be companies owned by the customers or the cargo companies are to be owned by him.
- The sums of money received in the letters of credit presented to the bank are not in compliance with the original.

### **11. Customers Behaviors:**

The following behaviors are indicators of the customer's involvement in illegal transactions:

- Upon questioning the bank about the bank records, regulations and instructions aiming at obtaining sufficient information about the transactions of money laundry and how to avoid the legal infringements in this concern.
- Changing the mode and to refuse to provide the bank with the necessary of documents of proving the identity.
- A customer who is still a student and irregularly issues transfers or receiving the same or exchange money of big amounts that unfamiliar and not in compliance with his status.
- A customer who is controlled by another person upon attending at the bank and he not realizing what he is doing at all, or to be an old man accompanied by another person upon the execution of the banking transaction for a person who is not one of his relatives.
- The customer who presents a sum of money of expensive gifts to the bank's staff without any justified ground through which he is trying to convince the bank officer not to verify the document proving his identity plus the other documents.
- The customer who presents suspected documents of proving his identity and refuses to provide the bank with the personal information about himself.
- The customer who refuses to give information about the activities relative to his work or disclosing statements, information, or documents concerning his establishments or company.

### **12. Keeping Files:**

The strict compliance to the following points:

- Keeping files, records and statements in order to the source of verification on the sums and obtaining the sufficient proves for any investigation carried out by any competent authority.
- Saving the files of customers accounts and the relative supporting documents, as well as the documents of transactions carried out under the account. Furthermore, the files of training in the field of anti money laundry and terrorism finance provided to include the dates of the training courses, nature of training, name of staffs who participated in the training.
- Keeping all reports, records, statements relative to the suspected transactions and reporting the same.

- Keeping tracking reports on the compliance at the Management of Internal & Sharia Tracking.
- Keeping the said files, records, and statements for a period not less than 5 years from the date of transactions .
- Updating the customers files for once at least each 3 years.

### **13. Training:**

The bank will train all staff for the purpose of concentrating on the following points:

- Defining the process of money laundry and the methods of prevention.
- Procedures of following up the suspected activities and abnormal ones.
- The significant changes in the laws and instructions concerning the customer due diligence.
- Their liabilities by virtue of laws and regulations of anti money laundry and terrorism finance.
- Policies and procedures of anti money laundry and terrorism finance.
- Forms and trends of money laundry and terrorism finance.
- Kind of movements and activities require drawing up a report of suspected movement.
- Effects and consequences of non-compliance of the laws and regulations of anti money laundry and terrorism finance.
- Procedures of preparing the reports of the suspected internal movement.
- Procedures and measures of due diligence of the current and new customers.
- Styles and methods by which the process of money laundry is carried out through the activities and services the bank renders.
- All information concerning the money laundry and terrorism finance are to be available and sent to staffs by various means and ways, as well as to all administrative levels.
- Training courses are to be organized and using the electronic means as well as the awareness bulletins as training means and the methods of promoting awareness concerning the money laundry and terrorism finance.
- Constant training and awareness is continued on annual basis starting from the commencement of the staff's work as long as his service in the bank.