

AML & CFT Policy Statement In Bank Saderat Iran

Objective

Money Laundering and Financing Terrorism are events which today have become global problems and have caused different challenges for financial systems. Therefore, countries and international communities have decided to fight with the destructive effects and consequence of those events. Islamic Republic of Iran, together with other countries, have criminalized these events and approved “ AML & CFT ACT” accordingly.

Compliance with AML & CFT ACT

Bank Saderat Iran, having one of the most extensive branch networks and also the greatest number of overseas branches, as a leading bank, designs its activities, proportional to the advised instructions of the Central Bank of the Islamic Republic of Iran, and reviews and updates its circulars and procedures continuously and in line with the changes in regulations.

Central Bank of the Islamic Republic of Iran, clarifies AML regulations under following instructions and advises banks and financial institutions of the same for implementation and Bank Saderat Iran is required, obliged and committed to execute them:

- 1- Directive on Identification of Iranian Customers of Financial Institutions
- 2- Directive on Reporting Cash Deposits In Excess of the Designated Threshold Amount.
- 3- Directive on Identification of Suspicious Transactions and Method of Reporting
- 4- Directive on Method of Determining Customer Expected Activity Level By Financial Institutions.
- 5- Directive on Duty to Abide by Anti-Money Laundering Regulations in E-banking and E- payments
- 6- Directive on Duty of Compliance with the Regulations on Anti-Money Laundering in Correspondent Relationships and the Identification of Shell Banks
- 7- Directive on Monitoring and Control of Suspect Persons by Financial Institutions
- 8- Directive on The Procedure for Sending a Financial Institution's Customers' Deeds and Documents to Their Postal Address
- 9- Directive on Measures Necessary for Ensuring the Observance of Anti-Money Laundering Regulations by Foreign Units of Financial Institution
- 10-By-law on The Duration and Method for Maintaining Commercial Papers, Banks' Ledgers and Documents

- 11-Directive on Method of Identification of Foreign Customers of Financial Institutions
- 12-Directive on Method of Taking Particular Precision and Supervision While Providing Basic Services to Foreign Politically Exposed Persons by Financial Institutions
- 13-Executive Directive on Anti-Money Laundering in Currency Exchange Bureaus

Customer Acceptance Policy

Bank Saderat Iran, in order to implement the said rules and regulations and comply with international standards, is designing and executing diverse and appropriate actions including following:

- Opening of any account is subject to customer identification and based on valid documentations.
- Identity and specifications expressed by the customer and its representative (guardian, executor , custodian and lawyer) is verified via comparing with valid documents and inquiring from state data bases.
- Before opening of any accounts, necessary controls are done to make sure the specifications of the applicant do not comply with the specifications of the persons who are not allowed to open accounts.
- Customers classification is made based on factors such as their social, occupational and financial positions, nature of their professional activities, their backgrounds, home land, and accounts related to other important indicators which are effective in covering possible risks, and this classification is updated regularly.
- Customers' information is deemed confidential and necessary training and activities have been made in order to prevent disclosure and abuse of those information.
- Offering services to customers who deliver unreal information is not allowed and the case is referred to Financial Information Unit .
- Offering services to persons who refrain from presenting information or documents; Iranian persons without identification number or national code, is not allowed.
- In case of non- compliance of determined expected activity level with activity level of the customer, the same is reported to the Financial Information Unit as appropriate.

Customer Identification (KYC)

Based on defined rules and regulations, when offering all banking and credit services (including basic and non- basic services) to the customers (including permanent and non- permanent customers) and executing of any monetary and financial operations, customers' identification is verified using risk- based approach, under primary, full and double identification, so that all customers are reviewed and identified based on extent of their communications with the bank.

In this case, by connecting to the state data bases , on- line verification of customers' information and authenticity of their identification documents is made. In case of any ambiguities regarding the information or documentations, the necessary arrangements are made to remove those ambiguities by inquiry from other systems and related authorities. Obviously, providing services to these customers is ceased until the ambiguities are removed.

RISK BASED APPROACH

As the organized crimes are the most important sources for illegal funds and the best path for the revenues from this kind of crimes is banking system, Bank Saderat take due diligence to identify probable risks and appropriate arrangements to inspect and evaluate the performance of its high risk customers in shorter periods.

NATIONAL COOPERATION AND COORDINATION

Since money laundering crime has national and trans-organizational effects, countering with it is also in the form of a comprehensive struggle enjoying all judicial and law enforcement. So BSI has required cooperation with different competent authorities.

SUSPICIOUS TRANSACTIONS REPORTING (STR AND CTR)

Bank Saderat has formulated proportionate standards for its various structural levels (queue and headquarter) to identify suspicious transactions and also takes full advantage of professional AML algorithms and systems for identifying and detecting suspicious operations, in such a way that in addition to preventing suspicious transactions, the performed transaction is being traceable and identifiable at earliest time and it will be confidentially provided to the Financial Information Unit as soon as possible. The FIU is being provided with the report of over-limit cash flow as it is being extracted and examined automatically at the end of the day.

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CORRESPONDENT BANKING RELATIONSHIP

Bank Saderat using Wolfsburg Questionnaire as well as its considered check lists which contain the Central Bank's internal and notified policies; collects and examines documents and information such as ownership, management, shareholders, directors, fields of activities with special focus on main activity, address of the premises, internal AML policies, strategies and instructions, manner of executing internal controls, compliance, etc. and evaluates the correspondent bank performance regarding complying with the AML rules especially in its KYC. Then after being assured that the foreign bank's country enjoys appropriate AML rules and regulations and executed them in a good manner and has no bad reputation in violating of law and also it is not a shell bank; BSI establishes correspondent banking relationship.

MAINTAINING RECORDS

All of the documents related to KYC, whether received at the beginning of the commercial relationship or the documents which were revised or changed due to the updating process as well as documents of credit and financial transactions and movements are confidentially recorded, filed and maintained for three to ten years according to the advised criteria.

SUPERVISING AND AUDITING

All financial transactions are continuously monitored by intelligent anti-money laundering systems under various algorithms and behavior of accounts is analyzed. Field monitoring and inspection is performed periodically and annually with a risk-based approach.

TRAINING

Various training courses have been designed for personnel to get familiar with money laundering bases, improve their level of knowledge and present its methods of combating, in which attending and obtaining a passing score is mandatory for all personnel. Meanwhile, educational materials are reviewed annually and new concepts, important findings that can reduce the risks associated with money laundering are rewritten.

On the other hand, specialized courses, workshops and seminars are designed and presented at different intervals to raise the awareness of the target groups.