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Anti Money Laundering

Purpose

To ensure that company and its staff will not knowingly assist anyone to launder the proceeds of drug sales, illegal businesses, embezzlement, terrorism or other acts prohibited by law and to effectively meet the requirements of "Know Your Customer" process.

To abide by the rules lay down by the Central Bank of UAE and to assist the authorities in combating Money Laundering.

Scope

This procedure applies to all remittances as well as currency transactions including Foreign Currency Exchange, Travellers Cheques, Demand Draft Issue , Funds Transfers, Inward remittances, Instant Money Transfers and other remittance products introduced from time to time.

Responsibilities

- Head (Risk & Compliance)
- AGM-Operations
- Branch Manager (BM)
- Supervisor
- Customer Service Representative (CSR)
- Cashier
- Branch Accountant (BA)
- Funds Transfer Processor & Verifier
- Trainer

Requirements

- Form No 1/2001/9- Money Transfer for Money Changers.
- Form No2/2000/9-Form for Receipt of Transfer in Cash.
- Form No 3/2000/9-Form for Exchange of Small Currency Denomination Notes by larger ones.
- Form No 6/2000/9-STR-(Suspicious Transaction Report) Form of a report on Suspected Financial Transactions or those indicating possible Money Laundering.
- Travelers' Cheques Encashment Declaration Form: - TCDF/1/97/F
- Currency Exchange Declaration Form
- Intro Card Retail/Corporate application form.
- Due Diligence Format
- Central Bank of UAE Regulations and applicable amendments (Federal Law No 4/2002, Notice-1815/2001, 1400/2002, 2922/2008, 1045/2001, Circular 24/2000).
- World check Software, List of blocked persons /entities by OFAC / UN / EU, etc.

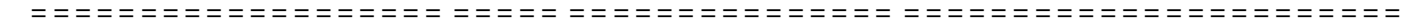
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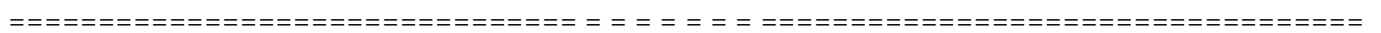
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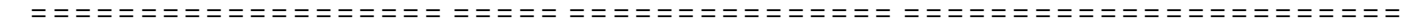
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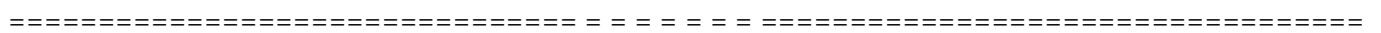
	<p><u>Beneficial Ownership</u></p> <p>1.7 Identify the beneficial owners of companies and businesses carrying out transactions and obtain satisfactory evidence of their identities</p> <p>1.8 In order to carry out the obligations set out as above "ownership" and "control structure" of all legal entities should be clearly understood. In the event of any person claiming to be acting on behalf of another, such a person must have proper legal authority to do so. BM should obtain a valid Power of Attorney specifically authorizing the representative to do the transaction.</p>	<p>BM/SUP</p>	
<p>2.</p>	<p><u>Ongoing Customer due diligence</u></p> <p>2.1 Ongoing Customer Due Diligence should be conducted for all categories of customers - Retail and Corporate.</p> <p>2.2 For retail transactions CDD means validating the source of funds and purpose of remittance. Further the remittances should be justified with the known sources of income declared by the customer.</p> <p>2.3 For corporate customers, apart from the above, the nature of the business should also be established. Site visit is to be made at least once in a year.</p> <p><u>Pattern Analysis</u></p> <p>2.4 For Introcard customers the CDD is normally done when the Introcard application is processed. However this exercise should be repeated if a change in remittance pattern/other material deviations are identified.</p> <p>2.5 For non Introcard customers CDD should be done before each transaction where the accuracy of the information is not clear or satisfactory, enhanced due diligence should be done and the results forwarded to</p>	<p>CSR/SCSR/S UP/Cashier/ R&C Staff</p> <p>BM</p> <p>BM / R&C Dept</p> <p>BM / R&C Dept</p>	

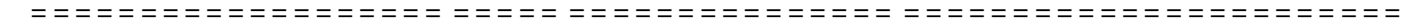


	<p>BM/Head-R&C for further review and clarification.</p> <p><u>World check</u></p> <p>2.6 World check database will be used by R&C Department for finding out the matches. This database containing the names of all individuals, entities and countries coming under the various sanctions program.</p> <p>2.7 R&C Dept based on information received from branch screens the Corporate Introcad Applications to ensure that the company's stakeholder's names are not appearing on any sanctions programs.</p>	<p>R&C Dept</p> <p>BM / R&C Dept</p>	
<p>3.</p>	<p><u>Foreign Politically Exposed Persons (FPEP)</u></p> <p>3.1 A foreign politically exposed person is defined as senior official in the executive, legislative, administrative, military or judicial branches of a foreign government, immediate family members and close associates of such members.</p> <p>3.2 Branch staff should obtain written approval from senior management before doing transactions for Foreign Politically Exposed Persons (FPEP's).</p> <p>3.3 Senior Management is responsible for conducting enhanced due diligence before approving the customer.</p>	<p>SUP/B.M/ Br Accountant</p> <p>Head(R&C)/ AGM(OPS)/ AGM(BDM)</p>	
<p>4.</p>	<p><u>High risk customers</u></p> <p>4.1 Enhanced due diligence should be done for the customers engaged in following activities:-</p> <ul style="list-style-type: none"> ➤ Dealers in precious stones & metals. ➤ Dealers in real estate ➤ Dealers in luxury goods ➤ Auction houses ➤ Religious charitable Organizations ➤ Private Banking Customers ➤ Non Resident Account Holders 	<p>BM/SUP</p>	

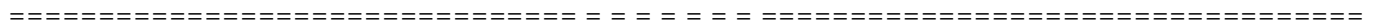


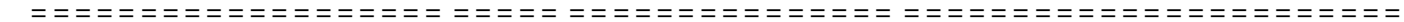
<p>7.</p>	<p><u>Remittance transactions</u></p> <p>7.1 This includes all TTs, MTs & Draft (including MCU) transactions.</p> <p>7.2 For all transactions in the above category, non Intocard customers should fill up the application form and in all cases the transaction receipt should be compulsorily signed by the customer.</p> <p>7.3 The application form should be complete with all details including the following</p> <ul style="list-style-type: none"> ➤ Full name and address of remitter. ➤ Nationality of Remitter ➤ Transferred amount in FC & LC. ➤ Method of payment. (Cash or Cheque) ➤ ID details as described in point No. 1.3 above. ➤ Name of the Beneficiary. ➤ Nationality of Beneficiary. ➤ Complete beneficiary bank details and “Correspondent bank details” wherever applicable. ➤ Complete address of Beneficiary ➤ Signature of the Remitter. ➤ Source of Funds(in excess of AED 40K) ➤ Purpose of Transfer(in excess of AED 2000) <p>7.4 Purpose of transfer should be correctly entered in the application and also captured in the system. Following are the options available in the system.</p> <ul style="list-style-type: none"> ➤ Personal needs ➤ Trade/Import ➤ Investment in financial markets ➤ Investment in real estate. <p>7.5 Information pertaining to source of funds should be obtained on the application form from the customer for transaction amount in excess of AED 40,000 (Dirhams Forty Thousand). In case of suspicion, documentary</p>	<p>CSR/Cashier/ SUP/BM</p>	<p>Also Refer & follow procedures on Intocard processing, Telegraphic transfer, Mail Transfer and Demand Drafts.</p> <p>Refer & follow IOC 44/RS/R&C/2010 for mandatory fields to be captured in Facts system.</p>
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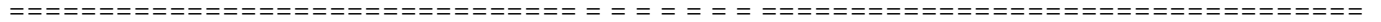


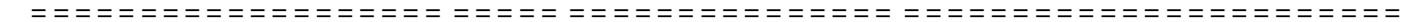
	<p>done and report examined in connection with previous reports to identify the above entities/individuals in receipt of cash above the threshold limit.</p> <p>8.4 Central Bank of UAE to be provided with a Suspicious transaction report (STR) in each case where a transfer of AED 40,000/-(Forty Thousand) or more is received from the Kingdom of Saudi Arabia to be paid to beneficiary in cash.</p> <ul style="list-style-type: none"> ➤ Immediately upon performing the transaction as mentioned in pt 8.3/8.4 BM/SUP should send the details to Head(R&C). ➤ All the required details should be examined and STR raised to be communicated to Central bank in accordance with point no 19.2. ➤ Monthly querying of the system should be done and report examined in connection with previous reports to identify the above entities/individuals in receipt of cash above the threshold limit. <p>8.5 Whenever a remittance or Demand Draft is received from Kingdom of Saudi Arabia for an amount of Saudi Riyals One Hundred Thousand or more a Certificate of Remittance from the remitting bank (or the Financial entity)/issuer of the demand draft in the Kingdom (as per Annexure) should be obtained or otherwise the remittance should be returned and the demand draft should not be encashed. If items 4 or 5 are ticked on the certificate the remittance must be returned and demand draft should not be encashed.</p> <p>8.6 Transactions should be carried out based on Power of Attorney issued by a Saudi National only if the same has been approved by Central Bank of UAE.</p>	<p>CSR/Cashier/ SUP/BM/Br Accountant. Head (R&C)</p>	
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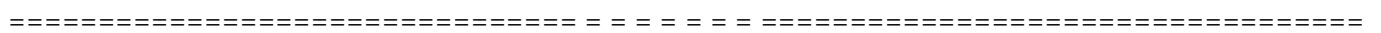


<p>9.</p>	<p><u>India-Rupee drawing arrangement –</u> <u>Non-permissible transactions</u> 9.1 Donations / Contributions to charitable trust / institutions should not be accepted for remittance. <u>Permitted Transactions</u> 9.2 Credit to Non resident (external) accounts maintained by non resident Indians in Indian rupees. 9.3 Payment to families of non resident Indians. 9.4 Payment in favour of Life Insurance Corporation of India, Unit Trust of India and the post master for premia/investments/Mutual Funds /Insurance Companies. 9.5 Payment in favour of bankers for investment in shares, debentures etc:- 9.6 Payments to co-operative housing societies, Government Housing schemes or Estate Developers for acquisition of residential flats in India in individual names subject to compliance of regulations thereof by the Non Resident Indians. 9.7 Payments of tuition/boarding, examination fee etc: to schools, college and other educational institutions. 9.8 Payments to medical institutions and hospitals for medical treatment of NRIs/their dependants and nationals of Gulf Countries in India. 9.9 Payments to hotels by nationals of Gulf countries/NRIs for their stay. 9.10 Payment to travel agents for booking of passages of NRIs and their families residing in India towards their travel in India by domestic/rail etc. 9.11 Trade transactions up to INR 200,000/- per transaction. The limit is per transaction/export bill and not per draft.</p>	<p>CSR/Cashier/ SUP/BM</p>	<p>As Per RBI guidelines.</p>
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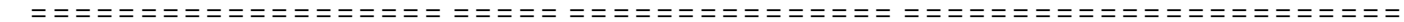


<p>10.</p>	<p><u>Instant Money transfers</u></p> <p>For all Instant Money products, the Compliance Manual supplied by the service provider should be strictly followed.</p> <p><u>Instant Money send</u></p> <p>10.1 ID copies for customers should be obtained in the following manner.</p> <p>a) Intro Card Customers: - No necessity to obtain ID copies provided valid IDs are available in the Intro Card file.</p> <p>b) Non Intro Card Customers:-</p> <p><u>Above AED 2000:-</u> Collect ID copies as mandated by Central Bank.</p> <p><u>Below AED 2000:-</u> Collect any ID copy.</p> <p><u>Instant Money receive</u></p> <p>10.2 Staff responsible for processing Instant Money transfers should ensure that the original ID of the beneficiary is verified and photocopy taken before processing any "Receive transactions".</p> <p>Note: - "True Copy of the Original" stamp and signature of the staff must be affixed after sighting the original on all ID copies filed in for documentation.</p>	<p>CSR/SCSR/ Cashier/SUP</p>	<p>Refer and follow point 1.3</p>
<p>11.</p>	<p><u>Foreign Currency Exchange Transactions</u></p> <p>11.1 For all currency exchange transactions, cashier should collect basic details of customer (name and contact number).</p> <p>Note: - It is preferable to collect customer complete details including ID for transactions in excess of AED 5000.</p> <p>11.2 For all currency exchange transactions above AED 40,000 (Forty Thousand), cashier should ensure that the Currency Exchange Declaration Form is filled in and signed by the customer. His original ID should be verified and photocopy affixed with "True Copy of the Original" stamp and signature of the staff.</p>	<p>Cashier/SUP</p>	<p>Refer & follow procedure on Currency exchange</p> <p>Refer Annexure for Currency Exchange Declaration form.</p>

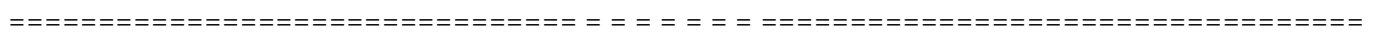


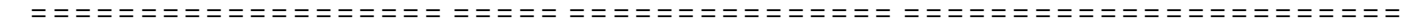
	<p>11.3 The Purpose and Source of funds should be captured in the form and should justify the exchange amount. If required should request for documentary proof.</p> <p>11.4 Proper due diligence should be conducted prior to dealing with exchange companies and corporate. This is subject to review by Risk & Compliance department.</p> <p>11.5 All export / import of currencies should be approved by the Management.</p> <p>11.6 As a policy, ARIE will not import / export currencies from/to any of the sanctioned countries.</p>	<p>BM/SUP R&C</p>	
<p>12.</p>	<p><u>Traveller’s cheque encashment</u></p> <p>12.1 The cashier should scrutinize the original passport of the customer and take photocopy of the first page, permanent address page and the page containing the airport entry stamp. Cashier should check for the following while reviewing the passport.</p> <ul style="list-style-type: none"> ➤ The name of the customer should match with the name in the passport. ➤ Cashier should compare the photo in the passport with the customer’s face and ensure it is matching. ➤ Cashier should compare the signature in the passport with the signature on the traveller’s cheques and the same should match. ➤ ID copy should be affixed with “True Copy of the Original Stamp” and signature of the staff after verifying the original. <p>12.2 Cashier should strictly follow the limits set for encashment of travelers cheques for Nigerian Nationals. Cashier should also strictly follow the limits set internally for encashment for all travelers cheques. For all encashment, Purpose should be captured.</p>	<p>Cashier/ SUP</p>	<p>Refer and follow procedure on Travellers Cheques Encashment</p> <p>Refer Annexure for TCDF/1/97F</p>

	<p>12.3 For all traveller's cheque encashment above USD 5000(Five Thousand) or its equivalent, Cashier should ensure to get the TCDF form filled in and signed by the customer.</p>		
<p>13.</p>	<p><u>Alterations on DD, TT Instant Money & Intocard application forms.</u> 13.1 Cashier/CSR should ensure that any alterations on the above mentioned forms are authenticated by the customer's signature in full.</p>	<p>CSR/SCSR/Cashier</p>	
<p>14.</p>	<p><u>OFAC(Office of Foreign Assets Control)</u> 14.1 It is an agency of the United States Department of the Treasury under the auspices of the Under Secretary of the Treasury for Anti Terrorism and Financial Intelligence. 14.2 OFAC (Office of Foreign Assets Control) administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign states, organizations, and individuals. 14.3 The Specially Designated Nationals List is a publication of OFAC which lists individuals and organizations with whom United States citizens and permanent residents are prohibited from doing business. 14.4 Based on OFAC recommendations, no remittances should be sent to certain countries (also notified by R&C Department periodically) blocked by the body. 14.5 Branches should ensure that the payment details for USD transactions to any country do not contain any information matching with OFAC list especially with respect to blocked countries/names/companies. 14.6 Ideally the payment details should not contain any reference details. If the customer insists, then invoice details may be entered if the invoice copy is available and is subject to</p>	<p>CSR/Cashier/ BM/SUP</p>	<p>http://treas.gov/offices/enforcement/Ofac/sdn/ Refer & Follow IOC No-17/RS/R&C/2009.</p>

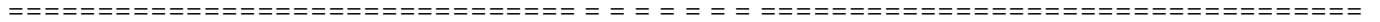


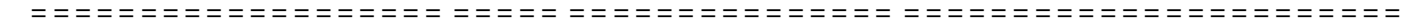
	<p>procedures for Anti Money Laundering) including the amendments.</p> <ul style="list-style-type: none"> ➤ Notice No.2922 dt 17/6/2008(Addendum to Circular 24/2000) ➤ Notice No. 1045/2001 dt 03/06/2001(Amendment to Circular 24/2000) ➤ Notice No : 1815/2001 dt 3/10/2001(Outgoing Transfers) ➤ Notice No. 1400/2002 dt 21/7/2002(Additional Procedures for receiving remittances from Kingdom of Saudi Arabia). <p>All other regulations issued by AML Authorities / CB UAE and duly communicated by the Risk & Compliance Department from time to time.</p>		
<p>16.</p>	<p><u>Grounds for requesting transaction clarification</u></p> <p>16.1 Transactions that require clarification include:-</p> <ul style="list-style-type: none"> a) Single/Regular transfer of money to a drugs related location e.g.:- Mexico, Columbia, Afghanistan. b) Customers who transfer large sums of money outside the country with instructions for payment in cash, and large sums transferred from outside the country in favour of nonresident customers with instructions for payment in cash. c) Two or more customers come as a group at the same time with payment details to one single beneficiary. d) Customers who seek to exchange large quantities of low denomination bank notes for those of high denomination bank notes for no obvious reason e) Customers introduced by a branch outside the country, an affiliate or another bank based in one of the countries in which 	<p>Cashier/SUP/ BM/Br Accountant.</p>	<p>Also refer and follow Circular 24/2000.</p> <p>Also refer and follow guidelines communicated by R&C dept.</p>



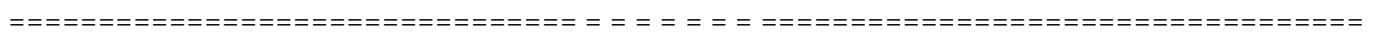


	<p>drugs are produced.</p> <p>f) Frequent requests for Foreign Currency Drafts, exceeding the limit prescribed as indicator for no obvious reasons, particularly if originating from abroad.</p> <p>g) Frequent encasing of traveler's cheques, foreign currency drafts exceeding the limit prescribed as indicator for no obvious reason, particularly if originating from abroad.</p> <p>h) When a sole customer with large value does multiple remittance transactions to various beneficiaries in one or more countries.</p> <p>i) Several customers sending various remittances from one or more of our branches to one beneficiary abroad.</p> <p>j) When a remitter refuses to divulge his identity, refuses to write his details in the DD/TT application forms. Extra caution should be exercised in such cases when the remitter refuses to divulge their identity in spite of requests from our side.</p>		
<p>17.</p>	<p><u>Clarification request for transactions</u></p> <p>17.1 Possible money laundering transactions should be identified based on grounds specified by Central Bank and duly communicated by Risk & Compliance Department.</p> <p>17.2 Additional evidence should be requested from the customer to establish purpose and source of funds. It is the responsibility of the cashier to report to BM / Supervisor in case clarification is needed for a transaction or customer.</p> <p>17.3 The transaction should be duly completed taking all details of the remitter including his physical appearance and the same should be reported to the BM/Supervisor for further</p>	<p>Supervisor/B M/Head Risk & Compliance</p>	<p>Refer Annexure for CR format.</p>

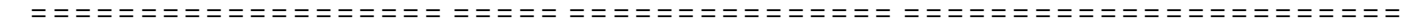




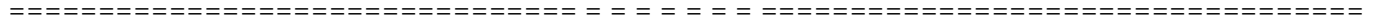
	<p>action. The identity of the customer must be verified at any rate and in the same way as described above, regardless of the amount.</p> <p>17.4 The transaction should not be refused. The staff handling the customer should ensure that the customer is not tipped off in any situation.</p> <p>17.5 Once the BM/Supervisor is satisfied that the transaction requires clarification, he should get the Clarification Report (CR) filled in and fax/mail the same to Risk & Compliance Dept for further examination and action.</p> <p>17.6 In case of doubt that a transaction might be meant for terrorism or terrorist purposes, the transaction should be frozen and informed to the AMLSCU unit at the Central Bank in writing immediately.</p>		
18.	<p><u>Attempted Transaction</u></p> <p>18.1 If the BM/SUP has a reason to believe that an attempt has been made to launder Money/finance a terrorist organization / terrorist activity Clarification request should be filled in and faxed/mailed to Risk & Compliance Department for final review and action.</p> <p>18.2 Judicious examination of the facts and circumstances must be done before raising the clarification request</p>	BM/SUP	
19.	<p><u>Reporting of Suspicious Transactions</u></p> <p>19.1 All clarification requests received from the branch should be subject to necessary due diligence procedures taking into account the following:-</p> <ul style="list-style-type: none"> ➤ Facts and circumstances surrounding the transaction. ➤ Supporting Documents. ➤ Regulatory requirements ➤ Reports from Anti Money Laundering Software/Public Databases. 	Head(R&C)	



	<p>➤ Additional evidence obtained during course of examination</p> <p>19.2 Based on the evidence obtained from the due diligence exercise Head (Risk & Compliance) should if warranted classify the transaction as suspicious and report the same using Form No CB9/2000/6 to the following address:- The Head (Anti Money Laundering and Suspicious Cases Unit) Abu Dhabi Tel No:+971-2-6915732 / 6915234 Fax +971-2-6674501 / 6669427 Email: amlscu@cbuae.gov.ae</p>	Head(R&C)	
20.	<p><u>Unusual Transactions</u></p> <p>20.1 Background and purpose of all unusual transactions should be investigated and findings must be set forth in writing even in the event it is not considered necessary to report the transactions to AMLSCU as suspicious.</p> <p>20.2 The findings should be maintained for inspection by competent authorities for a period of at least five years.</p>	Head(R&C)	
21.	<p><u>FATF (Financial Action Task Force)</u></p> <p>21.1 The Financial Action Task Force (FATF) is an inter-governmental body whose purpose is the development and promotion of national and international policies to combat money laundering and terrorist financing. The FATF is therefore a 'policy-making body' created in 1989 that works to generate the necessary political will to bring about legislative and regulatory reforms in these areas. The FATF has published <u>40 recommendations</u> and <u>9 special recommendations</u> in order to meet this objective with which we have to strictly comply.</p>		Refer & follow 40 Recommendations. Refer Annexure for Summary.
22.	<p><u>Willful Blindness</u></p> <p>22.1 Willful Blindness is a term used in law to describe a situation in which an individual</p>	Cashier/CSR/SUP/BM.	



	<p>seeks to avoid civil or criminal liability for a wrongful act by intentionally putting himself in a position where he will be unaware of facts which would render him liable.</p> <p>22.2 As per Articles 15 & 16 of Federal Law No. 4/2002, failure to report suspicion is punishable by fine and/or imprisonment.</p>		
23.	<p><u>Exchange of small denominations into Higher denomination.</u></p> <p>23.1 Customers seeking to exchange large quantities of low denomination notes of value AED 40,000 Forty Thousand (Or Equivalent in other currencies) or more for those of high denomination bank notes should be asked to fill in Form no 3/2000/9. The form should be verified and filed in a separate file which may be subject to audit.</p>	SUP/CSR/ Cashier	Refer Annexure for Form 3/2000/9
24.	<p><u>Compliance</u></p> <p>24.1 R&C Department staff is responsible for the design, implementation and monitoring of controls to prevent money laundering throughout the organization.</p> <p>24.2 Head-Risk & Compliance should nominate the Compliance Officers for each Branch and ensure that the Compliance Officers provide proper guidance and training to the respective branch staff on Anti Money Laundering matters.</p>	Head(R&C)	
25.	<p><u>Training</u></p> <p>25.1 Head (Risk & Compliance) will coordinate with the Training Department for all training to staff on Anti Money Laundering conducted by Central Bank of the UAE.</p> <p>25.2 Risk & Compliance Officers & Branch Compliance Officers should attend the Anti Money Laundering Workshop and impart training to all other staff in each branch.</p> <p>25.3 The compliance officers will in turn impart training to all the staff of their branches and</p>	Head(R&C) Training department	



	<p>submit the training record to the Training Department.</p> <p>25.4 AML Training should be imparted to staff as part of Induction training programme.</p> <p>25.5 A refresher course on AML should be provided to all the staff by the Training Department.</p>		
26.	<p><u>Responsibility of cashier</u></p> <p>26.1 The cashier is responsible for ensuring that the basic ID details are procured and mandatory fields captured in the FACTS system. All ID copies are to be affixed with "True Copy of the Original" stamp and signature of the staff after verifying the original ID.</p>	Cashier	Refer to IOC 44/RS/R&C/2010

Records:

S.NO	Name of Record	Format No	Location	Retention Period
1	Transaction receipt and ID copies	-	Branch / Metrofile	10 Years
2	Due Diligence Report		Branch / Metrofile	10 years
3	Clarification(CR) Request Form		Risk & Compliance Dept	10 years
4	<p>Statutory Forms (Central Bank)</p> <p>a)Form No. 1/2001/9(Refer circular 24/2000)</p> <p>b)Form No.2/2000/9(Refer circular 24/2000)</p> <p>c) Form No. 3/2000/9(Refer circular 24/2000)</p> <p>d) Form No. 6/2000/9(Refer circular 24/2000)</p> <p>e) Central bank of UAE</p>		<p>Branch / Metrofile</p> <p>Risk & Compliance Dept.</p>	Permanent

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	regulations (Federal law 4/2002, Notice – 1815/2001, 1400/2002,2922/2008, circular 24/2000)			
5	Travellers cheque declaration form / 1/97/F	-	Branch / Metrofile	10 Years
6	Currency Exchange declaration form Findings of Unusual Transactions.	-	Branch / Metrofile	5 Years
7	Intro card retail / corporate application form	-	Branch / Metrofile	10 Years
8	Inward Remittance	-	Branch / Metrofile	10 Years
9	Certificate of remittance(Refer circular 24/2000)	-	Branch / Metrofile	Permanent

END OF PROCEDURE

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Reviewed By: Risk & Compliance Dept

Authorized & Issued By: Quality Dept

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