

**Policy:    Compliance Policy-CBY Financial Crime Regulation (035/2003)**

**Approved by:**    C.E.O

**Part 1: INTRODUCTION**

**Purpose**

To comply with both the Rules and Regulations issued by Central Bank of Yemen (CBY), the regulatory authority for SSEC and with the directives issued By Anti-Economic crime Directorate of the General Directorate of Criminal Investigation at Ministry of Interior.

**Scope**

All SSEC staff who are directly or indirectly related to Financial Transactions.

**Definitions**

<b>Word/Term</b>	<b>Definitions</b>
Money Laundering	Process of concealing the illicit origin of funds.
Terrorist Financing	Collection or provision of funds for terrorist purposes.
Customer Due Diligence	Reasonable efforts for customer identification , ongoing monitoring and knowing your customer.
MLRO	The staff member who is duly appointed in this position to carry out Compliance functions.
STR	Suspicious Transaction Reports- method by which transactions of Usual behavior are reported to Compliance Directorate and Ministry of Interior's AMLU.
AML	Anti-Money Laundering .
SSEC	Swaid and Sons for Exchange Company.
PEP's	Politically Exposed Persons.
GOYS	General Organization for Youth and Sports

**Legislative Context**

This is an internal company policy in accordance with CBY Financial Crime Regulation 035/2003

**Part 2: POLICY**

**Principles**

SSEC is fully committed to remaining vigilant to prevent any use of its products and services for illegal purposes. The company believes that no customer relationship is worth compromising its commitment to combating money laundering and financing of terrorist activities. This policy includes arrangements for disciplining any member of staff for non-compliance of Company's AML and combating Terrorist Financing Policies and Procedures.

**Policy**

**1.    Know Your Customer**

- Making reasonable efforts to determine the true identity and beneficial ownership transactions.
- Sources of funds.
- Occupation or Nature of Customers Business.

- What constitutes reasonable account activity?
- Who your customer's customer is?

## **2. Customer Due Diligence**

### **2.1 Foreign Exchange**

#### **2.1.1 For Individuals**

- For transaction of USD 1,000 or above
- Collect valid and original ID Acceptable forms of Identification are:
  - CPR or Iqama (for residents of Yemen )
  - Passport
  - Driver's License
  - ID has to have a photograph
  - In-case of non resident's two forms of ID has to be collected
- Customer detail form has to be filed in by the customer . All fields are mandatory
  - Full legal name of the customer
  - Permanent address.(i.e. complete residential address of customer )
  - Contact Number
  - Occupation or Public Position held. (if self-employed, nature of self-employment and name of establishment)
  - Source of funds . For high value transactions (USD 5,000 and above), request the customer each time for documents supporting his source of funds.
  - Customer Signature
- For regular customers, customer card has to be created and a Loyalty card to be issued. All the future transactions should be done only under the respective card.
- All the information gathered from the customer has to be captured into the Symex database Correctly to ensure the database is valid and up to date.
- Records should be maintained for at least five years after the customer relationship has ceased

#### **2.1.2 For Corporate's**

- For transactions of USD1,000 and above
- Customer Detail Form has to be filed in by the customer. All fields are mandatory
  - Full company name
  - Commercial Registration details along with copy of the same
  - Letter of Representation (confirming that company has given authority to the customer Act on behalf along with CPR copy of the representative and of the authorizing person-Director/Proprietor of the company )
  - Full legal name of the representative
  - Permanent address.(i.e. complete residential address of customer )
  - Contact Number
  - Source of funds . For high value transactions (USD 1,000 and above), request the customer each for documents supporting his source of funds.
  - Customer Signature
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- For company transactions customer card has to be created in the name of the company (never create card in the name of representative)
- Records should be maintained for at least five years after the customer relationship has ceased.

## **2.2 Outward Wire Transfer and Demand Draft**

### **2.2.1 For Individuals**

- Customer card has to be created for all first time customers irrespective of amount and a loyalty Card to be issued . All the future transactions should be done only under the respective card.
- Collect valid and original ID Acceptable forms of Identification are:
  - CPR or Iqama (for residents of Yemen)
  - Passport
  - Driver's License
  - ID has to have a photograph
  - In-case of non resident's two forms of ID has to be collected
- Customer detail form has to be filed in by the customer . All fields are mandatory
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  - Occupation or Public Position held. (if self-employed, nature of self-employment and name of establishment)
  - Source of funds . For high value transactions (USD 1,000 and above), request the customer each time for documents supporting his source of funds.
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- For company transactions customer card has to be created in the name of the company (never create card in the name of representative)
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## **2.3 Inward Wire Transfer**

- All Inward Transfers above USD1,000/- or equivalent in other currencies should have all Originator information.
  - Full legal name of the sender
  - Permanent address.
  - Occupation/ Nature

- Inward Transfers which don't contain Originator Information should be put on hold and to be passed To the MLRO for review for determination as to possible filing an STR, unless:
  - Sending Institution is able to promptly (i.e. within two business days) advise SSEC in writing Of the originator information upon request.
  - Sending Institution and SSEC are acting on their own behalf (as principals).
  - The Inward Transfer is below USD1,000/- or equivalent in other currencies.
- Collect valid and original ID from the Beneficiary.
- For transactions above USD5,000/- Customer Detail Form has to be filled in by the Beneficiary.
- Records should be maintained for at least five years after the customer relationship has ceased

## **2.4 Remittances on behalf of other Money Transferors**

- Whenever SSEC uses the services of Authorized Money Transferors to effect the transfer of funds For a customer to a person or organization in other country, SSEC must maintain records of:
  - Identity of its customer
    - Full legal name of the sender
    - Permanent address.
    - Occupation/ Nature of Business
    - Valid and original ID
  - The exact amount transferred for each customer (particularly where a single transfer is effected for more than one customer)
- SSEC must be able to produce this information for inspection immediately upon request by CBY.
- SSEC must not transfer funds for customers to a person or organization in other country by any Means other than through an Authorized Money Transfer.
- Records should be maintained for at least five years after the customer relationship has ceased

## **2.5 Money Gram Money Transfers**

- All SSEC Money Gram Tellers should follow the procedures listed in the Money Gram cashier policy- for send / Receive money transfers.

## **2.6 Enhanced Due Diligence**

- Enhanced Due Diligence must be performed by SSEC on those customers identified as having a higher Risk profile
  - Additional inquiries
  - Enhanced Monitoring

### **2.6.1 Non Face- to- Face Business**

- Where no face – to – face business takes place , additional measures must be taken in order to ease The potentially high risk associated with such business. SSEC must take measures:
  - To ensure that the customer is the person (s) or organization they claim to be:
    - ❖ Telephone contact with the applicant on an independently verified home or business Number.
    - ❖ With the customer's consent , contracting an employer to confirm employment, via Phone or in writing.
  - To ensure that the address provided is genuinely customers

### **2.6.2 New Technologies**

- Adequate measures should be taken by SSEC for financial services provided via post, telephone or Internet as the pose greater challenges for customer identification and AML/CFT procedures.

### **2.6.3 Politically Exposed Persons(PEPs)**

- Individuals who are, or have been entrusted with prominent public functions in Yemen or a foreign Country . Yemen PEPs include:
  - All Ministers ,MPs and all ministry officials with the rank of Undersecretary or above .
  - Business relationships with PEPs or with family members or close associates of PEPs require enhanced monitoring and customer due diligence measures must include :
    - Analysis of complex financial structures, including trusts, foundation, or international business corporations
    - A written record in the customer filed to establish that reasonable measures have been taken To establish both the source of wealth and the source of funds.
    - Development of a profile of anticipated customer activity to be used in on-going monitoring
    - Approval of Senior Management for allowing customer relationship to continue.
    - Ongoing account monitoring of the PEPs account by the MLRO

#### **2.6.4 Charities, Clubs and other Societies**

- Financial services must not be provided to charitable funds and religious, sporting, social, co-operative Societies before an original certificate authenticated by the relevant ministry has been obtained
- For clubs and societies registered with GOYS, SSEC must contact GOYS to clarify whether the service can Be done accordance with the rules of GOYS.
- Businesses with charities are allowed without a certificate, where payment is made by a cheque drawn On bank licensed in Yemen.
- Development of a profile of anticipated customer activity to be used in on-going monitoring.(in terms Of payee countries and recipient organizations in particular )
- Must repot all payments and transfers of USD1,000 and above (or equivalent in foreign currencies) Held by charities registered in Yemen, to CBYs Compliance Directorate.

#### **2.6.5 Shell Banks**

- SSEC must not be establish business relations with banks, which have no physical presence or(mind and Management in the jurisdiction in which they are licensed (shell banks))
- SSEC must make a STR to the Compliance Unit and AML unit if approached by a shell bank or an institution suspected to be a shell bank.

#### **2.6.6 Correspondent Banking**

- SSEC must verify AML policies and procedures of all correspondent banks.
- SSEC should gather sufficient information on correspondent banks.
- SSEC should verify originator for inward transfers(2.3)

### **3 Money Laundering Reporting Officer(MLRO)**

- The company shall appoint a senior member of its staff as its MLRO, after obtaining prior approval off CYB the SSEC MLRO approved by the CYB is:

Mr. Mahmoud Abass Almoushky.  
 MLRO  
 Work: 00967-1-535323  
 Fax: 00967-1-537575  
 Email: [mahmoud.abass@swaidexchange.com](mailto:mahmoud.abass@swaidexchange.com)

- The MLRO/Compliance Officer shall be authorized to act on his/her own authority to take ultimate Managerial responsibility for ensuring that duties of the MLRO/Compliance Officer are complied.

#### **3.1 Responsibilities of MLRO/Compliance officer**

- The MLRO/Compliance officers responsible for:
  - Establishing and maintaining the company's AML/CFT policies and procedures.
  - Ensuring that the company complies with the AML Law and any other applicable AML/CFT Legislation and regulations.
  - Ensuring day - to –day compliance with the company's own AML/CFT policies and procedures.
  - Acting as company's main point of contact in respect of handling internal suspicious transactions of Reports from company's staff and as the main contact for the Financial Intelligence Unit, ,the CYB and Other concerned bodies regarding AML/CFT.
  - Making External Suspicious Transaction Reports to the Anti-money Laundering Unit and Compliance Directorate of CYB.
  - Taking Reasonable steps to establish and maintain adequate arrangements for staff awareness and Training on AML/CFT matter.
  - Producing monthly reports to management of all transactions above USD1,000/-(or equivalent) and all suspicious transactions.
  - Producing annual reports on the effectiveness of the company's AML/CFT controls for consideration by senior management.
  - Monitoring employee compliance with policies and procedures.
  - On-going monitoring of what may, in his opinion, constitute high risk customer transactions.
  - Maintaining all necessary CDD, transactions, STR and staff training records for the required periods.

#### **4 Suspicious Transactions**

- Financial Transactions above and beyond the customer's profile.
- Transactions designed to evade the regulatory requirements, through structuring or other means.
- Transactions which appear to serve no business or apparent lawful purpose.

##### **4.1 Suspicious Transaction Reporting(STR)**

- Internal Reporting.
  - It is the responsibility of all staff/ officers to report suspicious and unusual transactions to the compliance officer by an Internal Suspicious Transaction Form.
  - Employees must take special care while dealing with customers who conduct transactions of USD1,000/-and above or several small transactions that appear to be linked t o fall above this threshold.
  - Failure to report suspicious and unusual transactions will result in strict disciplinary action.
  - No "tipping-off"- not to leak information of STR to client.
- External Reporting
  - Compliance Officers hall investigate all internal reports and if found suspicious, will report the case to relevant authorities.
  - Compliance Officer shall monitor day- to – day transactions and in case of any suspicion that a person has been engaged in money laundering or terrorist financing, a report shall be made to the relevant authorities.
  - Report made by the Compliance Officer is not subject to consent or approval of any other person

#### **5 Red Flags**

- Customers like those mentioned below may warrant attention. It does not mean that he/she is involved in illegal activity. It only means that transaction of the customer requires closer scrutiny.
  - Insufficient or false information provided by the customer.
  - Customers who are reluctant to show ID or altering transaction upon learning that he/she must show ID.
  - Customers sending or receiving frequent amounts that are much greater than what would be expected from the customer.
  - Structuring of transactions to avoid record keeping and/or reporting documents.
  - Unusual fund transfers to foreign countries.

## **6 Staff Training and Recruitment**

### **6.1 Staff Training**

- SSEC manages and updates the employee training program to ensure that employees receive, at minimum, in initial and annual refresher training on AML/CFT policies and procedures .
- SSEC provides supplement training as needed to address and correct compliance deficiencies noted through monitoring and audit activities.
- Responsibilities of the employees under the CYB AML Laws, and any other relevant AML/CFT laws and regulations
- Identity and responsibilities of the MLRO/Compliance Officer.
- Potential effect on the company and its employees if there is any breach of law or regulation.
- SSECs current AML/CFT policies and procedures.
- Type of customer activity or transaction that may justify an internal STR.
- SSECs procedure for making internal STR.
- Customer Due Diligence measures with respect to establishing business relations with customers.

### **6.2 Staff Recruitment**

- SSEC follows adequate screening procedure to ensure high standards when hiring employees. These procedures include controls to prevent criminals or their associates from being employed by SSEC.

## **7 Record Keeping**

- SSEC should maintain proper records for all business relationship information.
- All Customer Detail Forms along with the ID copies has to be retained for at least five years after customer relationship has ceased.
- All transaction records have to be retained for at least five years after the transaction was completed.
- All Compliance records-MLRO reports, Annual reports, Auditors report, STR (internal/external) have to be retained for at least five years.
- All the training records showing the dates when AML/CFT training was given, nature of training and the names of Staff that received the training have to be retained for at least five years.
- All the records must be properly organized for swift access by relevant authorities or authorized persons.

## **8 NCCT Measures and Terrorist Financing**

- The FATF recommends that we should give special attention to business relation and transaction with individuals, companies and financial institutions from the "Non- Cooperative Countries and Territories" (N CCT)
- The Compliance Officer shall update the names of the Black Listed Entities/individuals/Charities from CYB and relevant agencies, into the system and is forwarded to all branches in order to block the transactions of similar persons or entities.
- Similarities with Black Listed Names should be reported to the compliance officer immediately.
- The Compliance Officer will furnish available details to CYB or any other regulatory authority for any request for information with unreasonable time.
- SSEC must comply in full with the provisions of the UN Security Council Anti-terrorism Resolution No.1373 of 2001( "UNSCR13 73')

**9 Why Comply?**

- Noncompliance of AML/CFT policies and procedures can result in SSEC facing Reputation Risk, Operational Risk, Compliance Risk and Law Enforcement Risk.
- CYB can fine up to YER500,000 without court order approval.
- Under Decree Law No. (1) Of 2010, Money Laundering Offence: jail for up to ten years.

**10 Prevention is Better than Cure!!**

- Know your customers and the business they're in.
- Know the source of funds.
- Know the legitimacy of the transactions.
- Know the pattern of account activity.
- Know how to recognize and report suspicious transactions

**Part 3: SUPPORTIGN DOCUMENTATION**

**Forms and Records Management**

Form	Retention Time	Retention Location
Customer Detail Form	5 years after customer relationship as ceased	Compliance
Compliance Records	5 years	Compliance
Transaction Records	5 year	Remittance Department
Training Records	5 years	Human Resources

**Part 4: GOVERNANCE**

**Responsibility**

<b>Policy Owner</b>	This policy is developed by the Compliance Manager and is authorized by the C.E.O
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**Version Control**

Version No	Approval Date	Approved by	Signature
002	01/01/2011	Mohammed Lutf Suwaid C.E.O	