



**CENTRAL BANK OF
THE ISLAMIC REPUBLIC OF IRAN**

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Regulations concerning prevention of Money Laundering through Financial Institutions

Chapter one - Definitions

Article 1 - Terms and phrases under these Regulations are to be defined as follows:

1- Money Laundering

Money Laundering, which is subject to these Regulations, means engaging in banking activities through financial Institutions for following purposes:

- a - Obtaining, safekeeping or using assets which are directly or indirectly acquired as a result of perpetration of a crime,
- b - Assisting other person or persons in:
 - Exchanging or transferring any asset acquired directly or indirectly as a result of perpetration of a crime; with the intention of covering up or modifying the illegal source of such asset, or assisting a person who participated in a criminal activity in escaping criminal prosecution,
 - Covering up or modifying the actual nature, source, location, transfer, replacing or ownership of an asset which was acquired directly or indirectly as a result of perpetration of a crime.

Note - Financing terrorist activities, as notified by relevant authorities, shall likewise be subject to these Regulations.

2- Banking activities

Banking activities under these Regulations include but are not limited to following transactions:

- Drafts
- Buying or selling foreign exchanges in cash, transfers, travelers' checks and similar transactions.
- Issuance of bank guarantees
- Opening letters of credit
- Collecting instruments, bills of exchanges and checks
- Renting safe deposit boxes
- Issuance of all kinds of travelers' checks
- Opening all types of accounts
- Extending financial facilities
- Other banking activities such as electronic payment cards and electronic banking services.

3- Financial Institutions

Under these Regulations Financial Institutions include the following:

- Government or non- government Banks
- Credit institutions which have obtained permits from Central Bank of the Islamic Republic of Iran.
- Authorized money dealers
- Cooperative funds, as well as, charitable lending funds and cooperative credit firms operating in compliance with regulations of the Monetary and Credit Council.

4- Suspicious Activities

Suspicious activities means transactions and operations which based on information or reasonable evidence give rise to one's suspicion that such activities or operations are conducted for the purpose of Money Laundering.

Chapter 2- General provisions

Article 2- Financial Institutions shall constantly supervise the activities and operations of their customers for the purpose of identifying Suspicious Activities.

Article 3- Financial Institutions shall fully identify all their customers.

Article 4 - Rendering any type of banking service by Financial Institutions for any natural or legal person whose identity may not be determined under the criteria laid down under these Regulations is prohibited.

Article 5 - In case of a person applying for banking services on behalf of another person identification of both the principal and the proxy are required.

Article 6- Financial Institutions may deny rendering services to an applicant whose representative capacity could not be ascertained on the basis of customary evidence; and fails

to submit information and evidence to that effect pursuant to these Regulations; provided the approval of the highest authority of the Institution or the committee envisaged under Article 8 - of these Regulations is obtained.

Article 7- Banks and Financial Institutions authorized by Central Bank shall be required to implement separate internal regulations, approved by their board of directors and confirmed by the specialized committee envisaged under Article 9 of these Regulations, to ensure prevention of money laundering, in compliance with standard procedures. The internal regulations shall address the following issues:

1. Obtaining, classification, saving and centralizing information related to identity of the applicants whether principals and /or proxies.
2. Directives concerning saving records pertaining to identity of the customers and their activities.
3. Directives concerning reporting suspicious activities and identifying reportable instances to Central Bank of the Islamic Republic of Iran.

4. Planning appropriate training courses for their employees for the purpose of identifying and preventing suspicious activities.
5. Implementing controlling procedures and designating relevant responsible officer in each branch or operational unit.

Article 8 - Financial Institutions shall be required to appoint one of their board members, executive board members or one of their senior executive officers as the supervisor of money laundering affairs and notify such appointment to Central Bank of the Islamic Republic of Iran. Such officer may appoint a specialized committee for this purpose.

Article 9 - (a) Central Bank of the Islamic Republic of Iran shall designate one of its operating units to take charge of the implementation of these Regulations and appoint a specialized committee under the supervision of one of the members of its executive board for implementation of these Regulations.

(b) Members of the specialized committee will be appointed at the recommendation of the appointed Executive Board member and approval of the Executive Board.

Article 10 - Opening accounts or rendering other banking services to unauthorized institutions or credit establishments is prohibited. Financial Institutions, which are subject to these Regulations, shall close the accounts of said institutions and cease to provide banking services to them, within the time limit determined by Central Bank of Iran. The name and identifications of said institutions or establishments would be notified by Central Bank of the Islamic Republic of Iran.

Chapter 3 - Evidence and Criteria required for Identifying and Verifying identity of customers

Article 11 - Identification shall be made by examining the original instrument of the following evidence and documents. All copies made of the original instruments shall be maintained under relevant files stamped with "True copy of the Original", and certified by an authorized signatory.

a) Natural persons.

- Birth Certificate (National identification card) or

- Valid Drivers' License or

- Valid passport

b) Legal personalities (Whether Iranian, foreign, profit making or non - profit organizations, charities or similar organizations):

- The original instruments related to registration of the company, institution, organization etc.

- Articles of Association, partnership agreement and/or other equally valid instruments, as determined by the Financial Institution.

Article 12-Verifying identity of an applicant, who is a natural person, needs to be conducted at the time of opening all types of accounts, through at least one of the following criteria:

1. Obtaining signed testimony of at least one of the recognized customers of the bank.

2. Obtaining information pertaining to the applicant from other banks with which the applicant had conducted continuous banking business.
3. Using information appearing on applicant's business permit or employment certificates or similar documents.
4. Other reliable evidence as determined by the Financial Institution and approved by the committee mentioned under Article (9) above.

Information obtained needs to include the content of the birth certificate and the other information pertaining to the profession and the correct address and residence of the applicant, based on probative evidence.

Article 13-When the applicant is a legal personality the following information needs to be obtained for the purpose of verification of the identity:

1. Type of the activities
2. Financial statements
3. In case of companies the names and addresses of members of their board of directors, managing director and shareholders holding over 20% of the share capital, and in case of non-commercial organizations, names and addresses of their members of the board of trustees or similar bodies.
4. Names and addresses of the accountant or accountants.

Note- In case of foreign legal entities obtaining official translation of their instruments of registration is required.

Chapter 4- Maintaining Information

Article 14-Financial institutions are required to maintain the documents, files related to opening accounts and banking activities and verification of the identity of their customers, mentioned below, for a period of five years. (The documents may be saved in form of original, microfilm, electronic files and similar forms).

1. Documents related to opening accounts for customers.
2. Documents related to verification of the identity of customers.
3. Documents and instruments related to transactions of the customers with the bank; including foreign exchange transfers whether local or international.
4. Reports of suspicious cases, under Article (21) of these Regulations.

Note- In case of closed accounts the relevant documents need to be maintained for five years, as well.

Article 15 - Financial Institutions are required re-examine information and documents related to accounts of their customers every five years, and to note any change thereof within their clients' record.

Article 16- Customers of Financial Institutions are required to notify promptly any change in their financial information to the Financial Institution. This obligation needs to be incorporated under the contract between the customers and Financial Institution.

Chapter 5 -Suspicious banking activities and reporting procedure.

Article 17- Financial Institutions shall allow the supervisor of their branches or operational units to promptly report suspicious activities directly, and without observing administrative hierarchy, to the supervising officer appointed under Article 8 these Regulations. Such supervising officer shall likewise report said information to the Central Bank of Iran, when deemed necessary.

Article 18 - Central Bank of Iran will promptly submit reports related to such suspicious activities to relevant authorities, once its reliability was ascertained on the basis of presumptions and evidences.

Article 19 - Members of the board, directors and/or employees of Financial Institutions are in no way allowed to disclose information related to suspicious activities of their applicants or customers to them or to third parties.

Article 20 - Central Bank of the Islamic republic of Iran shall provide necessary training to Financial Institutions for their acquaintance.

Article 21- A report of suspicious banking activity needs to contain the following information:

1. Type of the activity.
2. Date, time and the amount of the transaction.
3. Identification and address of the person engaged in the transaction.
4. Identification of the beneficiary of the transaction.
5. Account numbers used for the purpose of concluding the transaction and/or banking activities.
6. Indications and evidences which caused the suspicion.

Note-Central Bank of the Islamic Republic of Iran will prepare and notify the required reporting from.

Article 22- Banks are required to verify identification of buyers of all types of travelers' checks and to obtain their signature on designated lines, upon concluding such transactions. When such checks are presented to financial institutions the identification of the bearer needs to be verified and the checks need to be signed by him.

Article 23- These Regulations shall be observed by banking establishments in free commercial and /or industrial zones.

Article 24- Banking activities for small transactions, within limits approved by Monetary and Credit Council, at the recommendation of central Bank of the Islamic Republic of Iran, shall be exempted from these Regulations.