

Instruction on Monitoring and Control of Suspected Persons in the Credit Institutions

Purpose

In order to combat money-laundering and prevent financing of terrorism and in the effective implementation of the duties set forth in the implementing regulations of the Anti-Money Laundering Act No. 181434/T 43182K of 5 December 2009 passed by the Ministers of the Working Group for the Adoption of implementing regulations of the Anti-Money Laundering Act, especially article 10 of the implementing regulations, this Instruction on "Monitoring and Control of Suspected Persons in the Credit Institutions" is hereby notified.

Definitions

Article 1- The terms and phrases used in this Instruction have the following definitions:

1-1- Money-laundering: The crime of money-laundering, as defined by the Anti-Money-Laundering Act of 22 January 2008;

1-2- Central Bank: Central Bank of the Islamic Republic of Iran;

1-3- Credit institutions: Banks (including Iranian banks and branches and representative offices of foreign banks based in the Islamic Republic of Iran), non-bank credit institutions, credit cooperatives, Gharzolhassanah funds, leasing companies, and other natural persons acting as intermediaries in the exchange of funds who are under the supervision of the Central Bank;

Note: "Credit institution" means a branch or representative office based in the free trade and industrial zones and the special economic zones of the Islamic Republic of Iran.

1-4- Suspected persons: All persons whose names and particulars have been listed by the Financial Intelligence Unit, being believed to be related to money-laundering and the financing of terrorism and are declared to the credit institution by the Financial Intelligence Unit or the Central Bank;

1-5- Suspicious Transactions and Operations: Transactions and operations which persons, having access to information and/or reasonable grounds, suspect that they are being performed with the aim of money laundering or the financing of terrorism;

1-6- Customer:

any natural or legal person who has an account in a credit institution, or a bank account is opened in favour or on behalf of that person;

any natural or legal person who is in banking or credit services relation other than the above with the credit institution (or other beneficiary or beneficiaries) and from whom various risks, especially reputation and operations risks, may arise for the credit institution.

1-7- Customer Identification: The identification and verification of the customer's identity using information sources and data that are independent, valid and reliable. Customer identification is divided into two groups of activities known as "initial identification" and "full identification".

1-8- Initial Identification: Checking the particulars declared by the customer against identification documents and entry of information. In case the information is provided by agent or attorney, particulars of the principal shall be entered in addition to that of the attorney's or agent's.

1-9- Full Identification: Precise identification of the customer at the time of providing basic services as referred to in this Instruction.

1-10- Banking and credit services: Various services provided by the credit institution to a customer. Banking and credit services are divided into two groups, known as "non-basic services" and "basic services".

1-10-1- Non-basic Services: Services which are not a prerequisite and requirement for providing other services to a customer nor will result to a continued relationship of the customer with the credit institution. The provision of these services to a customer only requires the customer's initial identification by the credit institution as set forth in this Instruction. Some of the non-basic services areas follows:

Transfer of funds;

Any form of receipt or withdrawal;

Foreign exchange trading, whether in cash, transfers, foreign traveler's check, etc.;

Issuance of various cashier's checks, certified checks and payment of checks.

1-10-2- Basic Services: Banking and credit services which, according to regulations, are considered to be pre-requisite and requirement for providing other services by credit institutions after which customers call on the credit institution to receive frequent and continuous services. The provision of basic services to a customer requires full identification of the customer (in addition to initial identification) as defined in this Instruction. Some of the basic services areas follows:

Opening accounts of any type with banks;

Provision of facilities and leasing transactions;

Transactions related to letters of credit;

Issuance of various bank letters of guarantee and endorsement;

Buying debt, reception or discounting of commercial and banking documents (including promissory notes, checks and bills of exchange) and endorsements thereof;

Renting of safe deposit boxes;

Issuance of various receipt and payment cards.

Monitoring Transactions and Operations of Suspected Persons

Article 2- A credit institution shall monitor the transactions and operations of the suspected person and follow the orders issued by the Financial Intelligence Unit or the Central Bank in relation thereto.

Access of Employees to the Names and Particulars of the Suspected Persons

Article 3- A credit institution shall provide the names and particulars of the suspected persons to its relevant employees who provide services to customers and train them in the correct implementation of this Instruction.

Confidentiality of Information

Article 4- A credit institution is to consider the names and particulars of the suspected persons as confidential and only provide them to its relevant employees. Any case of disclosure or unauthorized use of this information shall be dealt with according to the law.

Updating

Article 5- A credit institution shall immediately after receiving the names and details of the suspected persons update the previous list, such that the list of suspected persons will consistently contain the latest amendments and be at the disposal of the relevant personnel.

Obligation of Software Compatibility

Article 6- A credit institution is obliged to design and set its service providing softwares and programs such that the provision of services to the suspected persons will only take place within the framework of the orders issued by the Financial Intelligence Unit and the Central Bank. The said softwares must be designed so that it would be able to send and receive the reports required by the Financial Intelligence Unit by the anti-money-laundering unit of the credit institution.

Case Reporting

Article 7- In any case where a credit institution is acting in accordance with article 2 of this Instruction, it shall immediately inform the Financial Intelligence Unit of the matter by way of the anti-money-laundering unit of the credit institution, if the credit institution lack such a unit, it should do through the highest official of the credit institution.

Periodic reporting.

Article 8- Every three months, the credit institution shall provide a comprehensive report on all activities it has carried out in the implementation of this Instruction to the Central Bank.

This Instruction has been approved in the eighth session of the High Council on Anti--Money Laundering on 9 February 2011 in 8 articles and 1 note and is effective from the date of notification.