

# AML POLICY

## OVERVIEW OF MONEY LAUNDERING:

Money laundering is a fundamental requirement for organized crime. It allows individuals and organized crime groups to satisfy their primary motivation of profiting from their crime, and enables them to finance further criminal activity quickly, efficiently and conveniently.

Organized crime generates wealth, primarily in the form of cash. This either remains in the form for the duration of the laundering process, or is used to purchase a tradeable asset, or is placed into economy. Once in the banking system the proceeds of crime may be subject to various techniques to further obscure its origins and improves its accessibility, security & profitability. The Money will reach its final stage, and may be placed into a long-term investment or fund further criminal activity. Money laundered by organized criminals may not always pass through each stage, but will often use more than one stage.

It appears that organized criminals use the same money laundering methodologies. This typically means that investment in property, high value goods, the use of financial products, manipulation of ownership and the use of legitimate trade and cash are all major areas where hidden assets are likely to be located.

The new international approach to detecting and preventing money laundering within the financial sector is the application of a proportionate risk based approach. The Financial Action Task Force (FATF), the Third European Money Laundering Directive and the Basel Customer Due Diligence paper all advocate such an approach which ensures that cost are proportionate and that the system does not become over burdensome for clients and financials businesses alike.

A risk based approach places the responsibility of identifying, assessing and managing the risks with the company board members and senior managers. Risks should be assessed in relation to firms customers, products their geographic areas of operation and delivery channels.

## MONEY LAUNDERING:

Money laundering is the process whereby criminals attempt to hide and disguise the true origin and ownership of the proceeds of their criminal activities thereby avoiding prosecution, conviction and confiscation of the criminal funds. The source of the proceeds may include drug trafficking, terrorism, organized crime, fraud and many other crimes.

This process involves in 3 steps:

- 1) **Placement** - Physical placing cash proceeds.
- 2) **Layering** - Piling of layers through complex financial transactions to separate the proceeds from illicit and / or criminal activity.
- 3) **Integration** - Giving legitimate but false explanations as to the origin of the illicit monies.

This definition covers a wide range of activity. Money launderers use a variety of means to launder money so that it cannot be easily detected. One of those means Remittance may be is to convert currency into Remittance. The purpose of this manual is to give you information that will help you identify money laundering and to help prevent it from occurring.

### **TERRORISM AND TERRORIST FUNDING:**

Terrorism can be defined as the unlawful use of force against persons or property to intimidate or coerce a government, the civilian population or any segment thereof, in the furtherance of political or social objectives. Terrorist acts are criminal in nature and constitute a serious threat to the individual's lives and freedom.

Terrorist funding relates to provision or collection of funds to carry out an act of killing or seriously injuring a civilian with the objective of intimidating a section of people or compelling a government to do or to abstain from doing any act.

Combating terrorist funding is one the highest priorities for all the financial institutions across the world. The events of September 11<sup>th</sup> have placed the world's financial institutions on the front line in the battle against terrorist funding. The worldwide efforts to combat terrorist funding are gaining importance day by day. Terrorist funding is a global problem that not only threatens security but also compromises the stability, transparency and efficiency of the financial system.

### **ELEMENTS OF TERRORIST FUNDING:**

The primary objective behind terrorism funding is to intimidate or force a government or population to do or abstain from doing any act. In money laundering the objective is monetary gain.

The volume of remittances for terrorist funding need not have to be large as compared to money laundering. They will vary according to the strategies and methods adopted by the terrorists. Terrorist funds need not be from illegal sources always. In some cases, funds are also sourced from legal income.

### **WHAT CAN WE DO TO FIGHT THE TERRORIST FUNDING?**

**Prevention** - We have to prevent our products and services from used by terrorists for transferring their money. This can be done by applying appropriate "Know Your Customer" Policies and Procedures.

**Pursuit** - We have to track down the terrorist transactions by blocking their names. In case you come across any blacklisted names, it has to be immediately reported to the concerned authorities.

**Protection** - We have to protect our institution, our reputation, customers, our jobs and our communities where we operate. We have to protect by being responsible in our duties. If a

counter staff does a money transfer transaction for a customer and has reasonable cause to suspect that it may be used, in whole or in part for the purpose of terrorism, and then it should be immediately reported to the concerned Compliance Officer for necessary action.

The fight against money laundering & terrorist financing is an evolving and never-ending process. Money laundering not only harms the public as a whole, but it taints the financial services industry. It is clearly for the best interest of the financial industry to take all feasible action to prevent money laundering. Therefore, we need to work together and co-operate to fight against the challenges posed by this social evil.

## **REEMS EXCHANGE POLICY**

Our Policy has always been to conduct our business in compliance with all applicable laws and regulations.

The fight against money laundering and terrorist financing is a priority for **REEMS Exchange** services. We recognize that is a team effort.

We support the major international organizations, which collectively set and enforce standards for anti-money laundering (AML) and combating terrorist financing policies and programs such as FATF (Financial Action Task Force), United Nation (UN), The European Union (EU), The organization of American States - The Office of Foreign Assets Control (OFAC) and the Local Regulatory Authority. These organizations are increasingly insistent that compliance be assessed in terms of implementation and not simply concurrence with the policies standards or guidelines established.

Due diligence is carried out prior to **REEMS Exchange** enters into any transaction of Currency / TC buy / sell and Remittances.

The list of suspected names (Watch list) issued by various regulatory authorities is being timely updated in the system and checked manually as well.

Our cooperation to our regulators is in its entirety wherein we aim to maintain the highest operating standards to safeguard the interest of our customers, our staff and the communities where we operate.

In conducting business with due skill, care and diligence, **REEMS Exchange** seeks always to comply with both the letter and spirit of relevant laws, rules, regulation, codes and standards of good practice.

We are continuously updating our systems and technology and training our staff to assure that we are well equipped to combat money laundering, terrorist financing and other financial crimes. We are fully committed to remaining constantly vigilant to prevent the use of our products and services by those who would abuse them.

## **"KNOW YOUR CUSTOMER (KYC)":**

This policy is the most effective weapon against being used unwittingly to launder money and terrorist financing. In order to prevent and detect these criminal activities, we need to develop an internal database of all customers which must comply with local rules and regulations. This should include the development of "**Know Your Customer**" (KYC) program. Such a program will help us and our staffs identify / prevent suspicious activity and are an effective tool in the fight against money laundering and other criminal activity. Periodical review / updating of existing customer information are also important.

### **A "Know Your Customer policy"**

- Helps to detect suspicious activity in a timely manner.
- Promotes compliance with all laws.
- Promotes safe and sound money transfer practices.
- Minimizes the risk that our service will be used for illicit activities.
- Protects the company's reputation.

## **IDENTIFICATION REQUIREMENTS:**

Many countries have established regulations for the types of identification that customers must present in order to send or receive money. Identifications may vary according to each country depending on the value of the transaction and other factors. Please ensure that each employee understands the identification requirements applicable in your country and actively monitor compliance with those requirements.

## **DOCUMENTS REQUIRED TO SEND AED 2000 AND ABOVE:**

- Sender's full name and address.
- Sender's telephone number.
- Receiver's full name, address and telephone number.
- Details of valid photo ID of the sender incorporated in each transfer instruction.
- Other requirements of the local law to be fulfilled.

Purpose of transfer and Source of fund details.

Line of Business.

## **FOLLOWING ARE THE IDENTIFICATIONS ACCEPTABLE TO US:**

- Valid Passport.
- U.A.E. ID card for U.A.E. National.
- Labour card for Non - U.A.E. Nationals.
- Valid Driving License (U A E), supporting with any other ID.

- For GCC Nationals their valid National Identification Card or GCC Driving License.
- ID cards issued by Government Department & Public Sector undertakings like ADNOC, Etisalat, Dubai, etc.
- For visitor, Copy of visa acceptable with due certification from hotel or Government Department, entity.

**FOLLOWING DOCUMENTS ARE ACCEPTABLE FOR CASH / REMITTANCE TRANSACTIONS ON BEHALF OF COMPANY IN U.A.E.:**

- Valid license copy.
- Valid Passport copies of Owner or all the directors.
- Valid passport copy of company representative, who came to do the transactions.
- Authorization letter, if the representative is not owner /authorized manager in the license.
- Full address and contact details (like telephone number and fax number) of company.
- Full details with address of beneficiary.
- Purpose of remittance along with invoice number (if required).
- Customer signatures.

**REPORTING OF SUSPICIOUS TRANSACTIONS:**

A suspicious transaction is one that has no business or apparent lawful purpose and it is unusual for the customer or lacks any reasonable explanation. Suspicious activity depends on many factors surrounding the transaction, the customer and the personal conducting the transaction. What appears suspicious to one person may not be to another. A good rule to follow is that if a transaction is inconsistent with the business or personal circumstances of a customer and there is no reasonable explanation for the inconsistency, then it may be suspicious.

When transaction is suspected having link to terrorism financing:

- Immediately block the transaction (no transmission).
- Immediately send the report to Head of Compliance (HoC) & Due Diligence (DD) in original.
- Immediately inform to HoC & DD over the phone.

Suspicious of any transaction must complete a Suspicious Transaction Report (STR) with due reasons. STR should be forwarded to Head of Due Diligence for required action.

**AML / KYC:**

- Our Institution is in compliance with AML and KYC rules.
- We have established procedures / guidelines to monitor and complete due diligence and report suspicious activities and transaction to the appropriate authorities.
- The transactions dealt with us are genuine and legal, and the records maintained by us would facilitate answering of any queries, clarifications.
- The identity and particulars of the remitter / beneficiary and funds used for are verified as per local and international standard and confirmed that to the best of our knowledge the

fund involved under our payment orders are not generated out of, or used for, any money laundering purpose or Funding Terrorist Activities.

- We maintain records on customer identification for a specific period and provide details as and when required by our correspondent Bank / any authority.

In timely intervals, we visit our clients' premises to know more about their activities and business as part of our business promotion.