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Directive on

Performing Customer Due Diligence in Financial institutions

Purpose

In order to combat money laundering and prevent financing of terrorism and in the effective implementation of the Anti-Money Laundering Act (adopted by the Islamic Consultative Assembly on the 22 January 2008) and the Executive By-Law of the Anti-Money Laundering Act, subject of By-Law No. 181434/T 43182K of 5 December 2009 issued by the Ministers member of the Work Group for the Adoption of By-Laws of the Anti-Money Laundering Act, this Directive on “Performing Customer Due Diligence in Financial Institutions” is hereby notified.

Definitions

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

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

1-2- Financial institutions: means banks (including Iranian banks and branches and representative offices of foreign banks based in the Islamic Republic of Iran), non-bank financial institutions, credit cooperatives, interest-free loan funds.

Note: A financial institution includes a branch or representative office existing in the free trade and industrial zones and the special economic zones of the Islamic Republic of Iran.

1-3- Customer:

- a natural or legal person who has an account in a financial institution, or a bank account is opened by or on behalf of that person;
- any natural or legal person who is in another banking or credit service relation with the financial institution (or other beneficiary or beneficiaries) and from whom various risks, especially risks to reputation and operations, may arise for the financial institution.

1-4- Full Identification: means precise identification of customer at the time of providing basic services as described in the Directive on Identification of Customers in Financial institutions.

1-5- Basic Services: banking and credit services which, according to regulations, are considered to be pre-requisite and required for providing other services by the financial institutions after

which customers call on the financial institutions to receive frequent and continuous services. Basic services include:

- Opening any type of bank accounts;
- Providing facilities and leasing transactions;
- Transactions relating to letters of credit;
- Issuance of all kinds of bank guarantees and endorsements;
- 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 withdrawal and payment cards;

1-6- Financial Intelligence Unit: (FIU) a national, centralized and independent financial unit that has the responsibility to receive, analyze and refer the reports about suspicious transactions to the competent authorities (as specified in article 38 of the Executive By-Law of the Anti-Money Laundering Act).

Performing Due Diligence for Natural Persons

Article 2- If a natural person requesting basic services is not a known customer of the financial institution, that person's due diligence shall be performed by self statement in the relevant forms and according to the following documents by the financial institution.

Note 1: The financial institution shall verify the truth and validity of the person's proclamations by checking them against one or more of the following documents (as the case may be):

- For government employees, the latest certified salary and benefits statement, or a verification of the latest insurance list sent to credible insurance companies;
- The person's account turnover report in another financial institution that is under the supervision of the Central Bank (containing the stamp of the financial institution);
- The person's latest tax statement;
- The latest value added tax statement.

Note 2: For accounts that are opened by introduction from government organizations and public institutions in order to deposit their employees' salaries, the financial institution can accept the letter of introduction from the said organization or institution, or the employment notice of that person as one of the accepted documents. For accounts opened by private corporations for the deposit of their employees' salaries, the financial institution may accept the introduction letter provided by the corporation on the condition that the process of identification of the corporation has already been fully carried out. It is also necessary that the said letter of introduction contain

the annual salary and benefits of the person or the monthly median salary and benefits of that person and that it corresponds to the statement provided for insurance purposes.

Article 3- If the person has other sources of income, the document for each source of income must be separately submitted to the financial institution.

Article 4- If a natural person is using an account to conduct financial affairs of a legal person (such as for petty cash, supplies, etc.), said natural person must provide a letter of introduction from the legal person that has already been fully identified. The due diligence of the natural customer must not be above that of the threshold activity of the legal person in question.

Article 5- If the customer does not provide evidentiary document required to conduct the due diligence, shall be determined at the minimum level possible. The minimum threshold shall be defined periodically as necessary by the Central Bank.

Article 6- The due diligence of customers shall be updated annually, according to the regulations set forth by the Central Bank.

Performing Due Diligence for Legal Persons

Article 7- If a legal person requesting basic services is not a known customer of the financial institution, that person's due diligence shall be performed by self proclamation in the relevant forms and according to the following documents by the financial institution.

Note: The financial institution shall verify the truth and validity of that person's proclamations by checking them against one or more of the following documents (as the case may be):

- Type of business;
- Sales forecasts, cost and revenue in the company's business plan;
- Previous year's audited financial statements of the legal person;
- The person's account transaction report in another financial institution that is under the supervision of the Central Bank (for financial institutions based in Iran);
- The person's latest tax statement.

Article 8- If the customer's account transaction is not proportionate with the due diligence of that person, the financial institution must report the matter to the Financial Intelligence Unit.

Article 9- The financial institution shall design its computer software such that it can identify and report transactions that are disproportionate with determined due diligences (e.g., a sizable transfer of cash contrary to the usual activities of the customer or unusual turnover in the customer's account). The software must also be capable of updating the due diligence of customers.

Article 10- Financial institutions shall perform the due diligence of their previous customers within six months from the date of notification of this Directive. If the financial institution is unable to do so within this period of time, the due diligence shall be determined at the minimum level possible.

This Directive has been approved in the eighth session of the High Council on Anti-Money Laundering on 9 February 2011 in ten articles and four notes and is effective from the date of notification.

Directive on

Duty to Abide by Anti-Money Laundering Regulations in

E-banking and E-payments

Purpose

In order to ensure the full implementation of the Anti-Money Laundering Act of 22 January 2008 and in the effective implementation of By-Law No. 181434/T 43182K of 5 December 2009 issued by the Ministers member of the Work Group for the Adoption of By-Laws of the Anti-Money Laundering Act and further amendments, especially article 6 of the By-Law and in order to create transparency and delineate the banking units duties in aligning their electronic payments and electronic banking transactions with the rules and regulations on anti-money laundering, this Directive on "Duty to Abide by Anti-Money Laundering Regulations in E-banking and E-payments" is hereby notified.

Definitions

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

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

1-2- Financial institutions: means banks (including Iranian banks and branches and representative offices of foreign banks based in the Islamic Republic of Iran), non-bank financial institutions, credit cooperatives, interest-free loan funds, leasing companies, investee companies, and other natural and legal persons acting as intermediaries in the exchange of funds.

Note: A financial institution includes a branch or representative office existing in the free trade and industrial zones and the special economic zones of the Islamic Republic of Iran.

1-3- By-Law: the Executive By-Law on Money Laundering subject of resolution No. 181434/T 43182K of 5 December 2009 issued by the Ministers member of the Work Group for the Adoption of By-Laws of the Anti-Money Laundering Act as further amended;

1-4- Designated Threshold Amount: the sum of one hundred and fifty million (150,000,000) Riyals cash, or its equivalent in other foreign currencies and precious material. The Cabinet may, where necessary, modify such Threshold with a view to the country's economic conditions.

1-5- Payment Card: is any form of physical or virtual card issued by a financial institution which allows its holder to make payments or transfer funds to another person.

1-6- Identification Instrument: is an electronic or physical ID or a combination of the two, by which the customer can receive banking services from financial institutions' indirect portals without any other authorization. A payment card is a kind of identification instrument.

1-7- Acceptance Device: a physical device or electronic system through which banking transactions and reception of various banking services can be carried out using an identification instrument. An acceptance device may be physical, such as an ATM or a POS terminal, or virtual, such as an Internet portal.

1-8- on- site Visit: a visit by a customer to the branches, offices or administrative buildings of the financial institution and engagement with that institution's personnel for the purpose of receiving services.

1-9- off -site Visit: the use of various acceptance devices by a customer and receiving of services by means of identification instruments without engaging the financial institution's personnel.

Regulations on Transaction Instruments

Article 2- The issuance of any identification instrument must be carried out after full identification of the customer and registration of the customer's identity and identification instrument specifications.

Article 3- The issuance of any named payment card, whether debit or credit cards, must be carried out after full identification of the customer and the creation or introduction of a corresponding account in a bank.

Article 4- The process of full identification of customers for the issuance of identification instruments, payment cards and opening of accounts for a customer's first visit to the financial institution is necessary. If the information elements relevant to the full identification of a customer exists in a financial institution and centralized access to that information is possible, the process need not be repeated for providing the said services and products, and it will suffice to check the identity of the customer against the specifications already existing.

Note: Identification instruments, payment cards and other items relevant to this article shall only be submitted to the customer or its legal representative after initial identification.

Article 5- Checking a customer's identity against identification information elements in off- site visits shall take place by means of the identification instruments.

Article 6- The electronic identification of customers for initial identification or transfer of documents required for full identification is permitted when that customer uses a certified digital signature issued by the Center for Certification of Digital Signatures of the Central Bank of the Islamic Republic of Iran.

Article 7- In concluding a contract, a customer must provide a written statement to the financial institution undertaking that no other person will use the identification instrument and should any issue arise in this respect, the customer will bear full responsibility.

Article 8- All unnamed cards such as gift cards and unnamed purchase cards fall under the regulations concerning cash, subject of article 1 (H) of the By-Law.

Note: Recharging any kind of unnamed payment and untraceable cards or creating this possibility on such cards is prohibited.

Article 9- The first purchaser of all unnamed payment cards must be a customer of the bank and have been identified prior to purchase. The responsibility for all transactions undertaken with such cards rests with the primary purchaser.

Regulations Concerning Transaction Methods

Article 10- The installation of any acceptance device for salespersons or service providers, either physical or virtual, shall only take place after ascertaining the identity of the card acceptor and its full identification in accordance with the rules stipulated in the Directive on the Identification of Customers in Financial Institutions.

Article 11- The deposit of funds pertaining to the transactions carried out by payment cards to the account of the card acceptor will exclusively take place through the account held in a financial institution and declared by the acceptor.

Article 12- At the time of installing any kind of physical acceptance device at the location of the card acceptor, the following information and data will be received from the card acceptor and registered in the data records for acceptance devices of the financial institution or the payment service provider:

- 1- A copy of the business permit or any other documents to prove the capacity of the acceptor for reception of funds (for natural persons) or incorporation document (for legal persons);
- 2- Full postal address (containing postal code) corresponding to the business permit or registration documents of the legal person that must correspond to the location of installation of the acceptance device.

Article 13- At the time of installing any kind of virtual acceptance device for the card acceptor, the following data and information must be received from the acceptor and registered in the data records for acceptance devices of the financial institution or payment service provider:

- 1- Full postal address (containing postal code) of the business location and presence of the card acceptor (the office or place where the devices, systems or virtual payment equipment are located, and corresponds to the business license or registration document of the legal person), which must be the same as the location of installation of the acceptance device.
- 2- The precise specification and Internet address of the acceptor and the identification and location of the website domain.

Article 14- If a customer requests numerous physical or virtual acceptance devices (including in cases where a legal person requests receiving these devices for its main office, representatives and branches) articles 11 and 12 of this Directive shall apply for each of the said devices.

Article 15- When installing a physical or virtual card acceptance device for the card acceptor, the following data and information must be received from the acceptor and registered in the data records of the card acceptor in the financial institution or payment service provider:

- 1- The threshold limit for each individual financial transaction;
- 2- The threshold limit for the monthly turnover of each acceptance device.

Article 16- Any change in the information or data of the card acceptor including a change of physical or virtual location, a change in business activity or similar changes must be brought to the attention of the financial institution or payment service provider that has installed the acceptance device as soon as possible by the card acceptor and the said institutions must update their information and data in their information sites within one week of such notification. This must be clearly stated in the contracts concluded for the installation of acceptance devices.

Regulations on Electronic Transactions Details

Article 17- Issuing an order for intra-banking or inter-banking payments, including an order for Real-Time Gross Settlement (RTGS) or Automated Clearing House (ACH) payments, can only take place after identifying the person issuing the order for payment.

Article 18- Submission of a request for an Automated Clearing House (ACH) withdrawal requires the identification of the beneficiary and the existence of a valid destination account in the financial institution receiving such request.

Article 19- The identification of a person ordering a payment or requesting a withdrawal in on-site visits will take place by way of the documents stated in, and according to the regulations set

forth for initial identification in article 3 of the By-Law, and for nonphysical and virtual visits such identification will take place according to common control criteria for identification instruments.

Article 20- Off-line electronic transactions, such as electronic purse transactions, which due to the nature of their technology and trade value lack a record of the details of each transaction in banking systems, are considered cash exchanges between persons.

Article 21- The financial institution must maintain all transaction information in accordance with the By-Law on “the Duration and Method for Maintaining Commercial Papers, Banks' Ledgers and Documents” approved on 15 June 2010 in the 1114th session of the Monetary and Credit Council (subject of Central Bank By-Law number 80223/89 of 6 July 2010, as further amended). Failure to do so will entail the punishments stipulated in the Act and regulations on Anti-Money-Laundering.

This Directive has been approved in the eighth session of the High Council on Anti--Money Laundering on 9 February 2011 in 21 articles and 3 notes and is effective from the date of notification.

Directive on

Duty of Compliance with the Regulations on Anti-Money Laundering in Correspondent Relationships and the Identification of Shell Banks

Purpose

In order to combat money-laundering and prevent financing of terrorism and in the effective implementation of article 32 of By-Law No. 181434/T 43182K of 5 December 2009 issued by the Ministers member of the Work Group for the Adoption of By-Laws of the Anti-Money Laundering Act and further amendments, and considering the necessity of adopting preventive measures in establishing and maintaining purchasing relations between Iranian financial institutions with foreign banks and financial institutions, this Directive on "Duty of Compliance with the Regulations on Anti-Money laundering in Correspondent relationships and the Identification of Shell Banks" is hereby notified.

Definitions

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

- 1-1- Central Bank: Central Bank of the Islamic Republic of Iran;
- 1-2- Act: Anti-Money-Laundering Act (enacted by the Islamic Consultative Assembly on 22 January 2008);
- 1-3- By-Law: Executive By-Law of the Anti-Money-Laundering Act No. 181434/T 43182K of 5 December 2009 issued by the Ministers member of the Work Group for the Adoption of By-Laws of the Anti-Money Laundering Act and further amendments;
- 1-4- Financial institutions: Iranian banks and their branches in Iran and abroad and free zones and branches of foreign banks based in Iran (mainland and free zones);
- 1-5- Correspondent Relationships: refers to the provision of banking services by one bank (the correspondent bank) to another bank (requesting bank);
- 1-6- Shell Bank: A shell bank is a bank that does not have a physical presence (in the sense of the presence of management and main organization) in the territory in which it has been incorporated and has received a license, and is not affiliated with any financial services group under effective and uniform supervision. The management and main organization of these banks exist in another jurisdiction (States and regions). A shell bank usually does not

have any organization in the State in which it has been incorporated, except for a registered representative , which merely provides an address for the legal affairs of that bank within that jurisdiction (State and region);

1-7- Reputation Risk: potential loss due to loss of reputation for reasons such as an unfavorable financial situation, a decrease in credit ranking or loss of public trust.

Article 2- A financial institution intending to establish correspondent relations with a foreign bank must gather enough information about the bank in question on a risk-based approach. The following are information that should be gathered and evaluated:

- Information about the ownership and management of the foreign bank (including ownership and management structure, shareholders, managers, etc.);
- Main areas of activity;
- Location of establishment;
- The internal directives and procedures of the bank for combating money-laundering (especially the procedures for identification of customers) and the unit responsible for combating money-laundering in that bank;
- The purpose of opening such account (if the financial institution is the correspondent bank);
- The identity of any third party that will be utilizing the services of the correspondent bank (in case the financial institution is the correspondent bank);
- The situation of monitoring and banking regulations of the State which the foreign bank is incorporated in;
- The situation of reputation risk and full compliance with anti-money-laundering regulations by the foreign bank.

Note 1: If a financial institution has established correspondent relationships with a foreign bank prior to the notification of this Directive, it must apply the provisions of this article to those banks as well.

Note 2: The Central Bank shall take the necessary measures to prepare and notify a detailed questionnaire in this regard. In establishing correspondent relationships, the financial institution shall complete the said questionnaire and send it to the Central Bank for evaluation.

Article 3- In establishing correspondent relationships with a foreign bank, the financial institution shall take precautions in providing services that may lead to the maintenance or money order related to money-laundering or the financing of terrorism.

Article 4- Financial institutions, intending to establish correspondent relationships with foreign banks must ascertain the following:

- 1- The State in which the foreign bank is established has appropriate laws and regulations concerning money laundering and has sufficiently implemented them.
- 2- The bank party to the correspondent relationship acts in accordance with the said regulations and does not have a reputation for violating such regulations and is not subject to article 32 of the By-Law.

Note: Establishment of any correspondent relationship with shell banks is prohibited. If a financial institution has correspondent relationships with a shell bank or the conditions in this article are not met, the financial institution must sever the relationship with that bank as soon as possible and bring the issue to the attention of the Central Bank.

Article 5- The Central Bank shall create a database of the names of shell banks and high-risk countries and regions in terms of money-laundering. All financial institutions must refer for this database prior to establishing correspondent relationships. Reference to this database does not absolve the financial institution's responsibility in conducting the necessary evaluations and detailed identification of the foreign bank.

Article 6- The Central Bank shall issue a list of high-risk regions in terms of money-laundering and regions in which it is possible to incorporate shell banks and the necessary monitoring measures. A financial institution must ensure that the foreign bank is not located in these regions prior to establishing correspondent relationships with it. If the foreign bank is situated in one of these regions, the financial institution must inform the Central Bank of the issue and take the necessary precautions and diligence in conducting financial transactions with that bank.

Note: The world's regions are generally divided into three main groups:

- 1- High risk regions: a financial institution must take extra precautions in establishing correspondent relationships in these regions.
- 2- Medium risk regions: a financial institution must take sufficient precautions in establishing correspondent relationships in these regions.
- 3- Low risk regions: a financial institution must take normal precautions in establishing correspondent relationships in these regions.

This Directive has been approved in the eighth session of the High Council on Anti--Money Laundering on 9 February 2011 in six articles and four notes and is effective from the date of notification.

Directive on

Reporting Cash Deposits In Excess of the Designated Threshold Amount

Purpose

In order to combat money-laundering and prevent financing of terrorism and in the effective implementation of the Executive By-Law of the Anti-Money Laundering Act No. 181434/T 43182K of 5 December 2009 issued by the Ministers member of the Work Group for the Adoption of By-Laws of the Anti-Money Laundering Act and further amendments, especially article 26 of the By-Law, this Directive on "Reporting Cash Deposits In Excess of the Designated Threshold Amount" is hereby notified.

Definitions

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

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

1-2- Financial Institutions: banks (including Iranian banks and branches and representative offices of foreign banks based in the Islamic Republic of Iran), non-bank financial institutions, credit cooperatives, interest-free loan funds, leasing companies.

Note: A financial institution includes a branch or representative office existing in the free trade and industrial zones and the special economic zones of the Islamic Republic of Iran.

1-3- National ID of Legal Persons: means a unique number that is allocated to all legal persons, according to By-Law No. H39271 T/16169 of Apr. 18, 2009.

1-4- Designated Number of Foreign Persons: means a unique number that is allocated to all foreigners related to I.R. Iran by the National Database for Foreign Nationals, according to By-Law No. H40266T/ 16173 of Apr. 18, 2009.

1-5- Financial Intelligence Unit (FIU): means a centralized and independent unit that is responsible to receive, analyze and refer the reports about suspicious transactions to the competent authorities as specified in article 38 of the By-Law.

1-6- By-Law: Executive By-Law of the Anti-Money-Laundering Act No. 181434/T 43182K of 5 December 2009 issued by the Ministers member of the Work Group for the Adoption of By-Laws of the Anti-Money Laundering Act and further amendments.

1-7- Designated Threshold Amount: as defined in article 1 (G) of The Executive By-Law of the Anti-Money Laundering Act.

1-8- Cash: means any type of coins and banknotes and checks of various kinds whose transfers is not being documented and is untraceable, such as ordinary bearer checks and other checks whose bearer is a party other than the first beneficiary (such as the endorsed checks by third parties, travelers, checks, Iran checks and the like).

1-9- Customer:

- a natural or legal person who has an account in a financial institution, or a bank account is opened by or on behalf of that person;
- any natural or legal person who is in another banking or credit service relation with the financial institution (or other beneficiary or beneficiaries) and from whom various risks, especially risks to reputation and operations, may arise for the financial institution.

Article 2- If a payment or deposit by the customer exceeds the designated threshold amount, a cash payment report (attached form) must be fully and precisely completed and signed by the customer and submitted to the financial institution. If the customer is unable to complete the form, the report shall be completed by the personnel of the financial institution and verified by the customer.

Note: the inclusion of the national ID number for natural persons, the national ID for legal persons or the designated number of foreign persons (as the case may be), and also the reason for payment or deposit of the relevant funds in cash must be stated in the form. This information must be provided for all persons relevant to the transaction (payer, account holder, endorsers of checks, etc.).

Article 3- After completion of the attached form, the relevant personnel of the financial institution must check the information provided against the identification documents of the customer in accordance with the regulations stipulated in the Directive on Identification of Customers in Financial Institutions, and only thereafter deposit or transfer the funds of the customer. In this respect:

- If the customer does not complete the form, or refrains from providing information that would enable the personnel of the relevant financial institution to complete the form, the personnel of the financial institution are obligated to accept the funds from the customer, but shall inform the Financial Intelligence Unit of the issue and designate the matter as “urgent”. In such cases, the provision of services to the customer shall be suspended until the issue is clarified. The relevant actions must be carried out without informing the customer.

- If there is ambiguity about the truth of the information or document provided by the customer, the financial institution's personnel must inquire into the issue from other information terminals and systems and relevant officials until the issue is resolved. In such cases, the provision of services to the customer shall be suspended until the issue is clarified. The relevant actions must be carried out without informing the customer. If the identification of the customer is not possible, the financial institution shall cease providing services to the customer. The relevant personnel of the financial institution shall state the reasons for terminating services in the attached form and submit the same to the relevant authorities.
- If information provided by the customer is not valid or the customer's identification card is forged, the financial institution shall immediately report the matter to the Financial Intelligence Unit. In such cases, the provision of services to the customer shall be suspended for one work day. After this period and upon the provision of a judicial order by the Financial Intelligence Unit to the financial institution, further action will be taken in accordance thereto, otherwise the provision of services to the customer will resume.

Article 4- If the explanations provided by the customer about the source of the cash exceeding the designated threshold amount, and the reasons provided for depositing cash are not convincing, or for any other reason, there is a suspicion of money-laundering or the financing of terrorism, the relevant official shall, in addition to submitting the report subject of this Directive, also submit the report on suspicious transactions in accordance with the regulations set forth in the Directive on Identification of Suspicious Transactions and Method of Reporting.

Article 5- After completing the report, the official shall submit the report to the branch director for combating money laundering, so that after evaluation and conclusion of the information provided, all completed reports will be submitted to the financial institution's unit on anti-money-laundering at the end of each day. A copy of all completed reports shall be kept at the branch.

Article 6- The financial institution's Anti-Money Laundering Unit shall, upon receiving reports from the branches, evaluate and classify them. All received reports with any complementary explanations shall be sent to the Financial Intelligence Unit until the end of that day in the defined format.

Article 7- The financial institution must maintain the documents and information relevant to the deposit of cash exceeding the designated threshold amount which it has obtained and documented while providing services to a customer for a period of at least five years after the end of the transaction. The maintenance of such records must be such that upon request by competent authorities, the information can be provided in the shortest possible time.

Article 8- The financial institution must design its software such that in addition to registering all cash deposits and payments, it will render the payment of cash in excess of the designated

threshold amount to a customer impossible. Should a customer insist on receiving cash in excess of the designated threshold amount, the financial institution shall report the matter to the Financial Intelligence Unit.

Article 9- In order to effectively implement the regulations set forth in this Directive, the financial institution must design and use its required systems and software such that it is ensured that the personnel of the financial institution are carrying out the relevant duties.

Article 10- The financial institution shall design the software relevant to cash deposits, such that it will include information on the type and composition of the cash provided by the customer and the value of each of those so that it is possible to rebuild the cash transactions in excess of the designated threshold amount.

Article 11- The financial institution shall designate in each branch a person responsible for explaining to the customer the necessity of reporting cash deposits in excess of the designated threshold amount, so that in cases where questions may arise the issue will be sufficiently explained to the customer.

This Directive has been approved in the eighth session of the High Council on Anti--Money Laundering on 9 February 2011 in 11 articles and two notes and is effective from the date of notification.

Natural Persons

Name and surname:

ID number:

Date of birth:

Father's name:

National ID No.:

Occupation:

Personnel member:

Telephone number:

Postal code:

Residential address:

Legal Persons

Company's name:

National ID
of legal person:

Economic code:

Address:

Postal code:

Name and surname of
payer/withdrawer:

National ID No.:

Foreign Persons

Name and surname:

Country:

Nationality:

Designated number
of foreign person:

Passport number:

Transaction Details

Name of bank:

Account number:

Date:

Sum:

Type of currency:

Type of transaction:

Explanations (origin of funds):

Signature of customer:

Branch:

Personnel number of user:

User signature:

Explanations:

Directive on

Monitoring and Control of Suspect Persons by Financial 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 Executive By-Law of the Anti-Money Laundering Act No. 181434/T 43182K of 5 December 2009 issued by the Ministers member of the Work Group for the Adoption of By-Laws of the Anti-Money Laundering Act and further amendments, especially article 10 of the By-Law, this Directive on "Monitoring and Control of Suspect Persons by Financial Institutions" is hereby notified.

Definitions

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

1-1- Money laundering: means 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- Financial institutions: means banks (including Iranian banks and branches and representative offices of foreign banks based in the Islamic Republic of Iran), non-bank financial institutions, credit cooperatives, interest-free loan funds, leasing companies, and other natural persons acting as intermediaries in the exchange of funds and are under the supervision of the Central Bank;

Note: A financial institution includes a branch or representative office existing in the free trade and industrial zones and the special economic zones of the Islamic Republic of Iran.

1-4- Suspect persons: all persons whose names and specifications have been listed by the Financial Intelligence Unit, by reason of being believed to be related with money-laundering and the financing of terrorism and declared to the financial institution by the Financial Intelligence Unit or the Central Bank;

1-5- Suspicious Transactions and Activities: means transactions and activities which persons, having access to information and/or reasonable grounds, suspect are being performed with the aim of money laundering or the financing of terrorism;

1-6- Customer:

- a natural or legal person who has an account in a financial institution, or a bank account is opened by or on behalf of that person;
- any natural or legal person who is in another banking or credit service relation with the financial institution (or other beneficiary or beneficiaries) and from whom various risks, especially risks to reputation and operations, may arise for the financial institution.

1-7- Customer identification: the recognition 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: means checking against identification documents and entry of information declared by customer. In case the information is provided by agent or attorney, information of the principal shall be entered in addition to that of the attorney or agent.

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

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

1-10-1- Non-basic Services: means services which are not a prerequisite and required for providing other services to a customer nor will they result in a continued relationship of the customer with the financial institution. The provision of these services to a customer only requires the customer's initial identification by the financial institution as set forth in this Directive. Non-basic services include:

- Money order;
- Any form of payment or withdrawal;
- Buying and selling foreign currencies, whether cash, transfers, foreign travelers check, etc.;
- Issuance of various cashier's checks and inter-bank (certified) checks and payment of checks.

1-10-2- Basic Services: means services which, according to regulations, are considered to be prerequisite and required for providing other services by financial institutions after which customers call on the financial 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 Directive. Basic services include:

- Opening accounts of any type with banks;
- Provision of facilities and leasing transactions;

- Transactions related to letters of credit;
- Issuance of various bank guarantees 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 withdrawal and payment cards.

Article 2- Monitoring suspect persons transactions

A financial institution shall monitor suspect persons transactions and activities and follow the orders issued by the Financial Intelligence Unit or the Central Bank in relation thereto.

Article 3- Access of personnel to the names and details of suspect persons

A financial institution shall provide the names and details of suspect persons to its relevant personnel that provide services to customers and train them in the correct implementation of this Directive.

Article 4- Confidentiality of information

A financial institution is to consider the names and details of suspect persons as confidential and only provide them to its relevant personnel. Any case of disclosure or unauthorized use of this information shall be dealt with according to the law.

Article 5- Updating

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

Article 6- Obligation of software compatibility

A financial institution is obliged to design and set its service providing software and programs such that the provision of services to suspect persons will only take place within the framework of the orders issued by the Financial Intelligence Unit and the Central Bank. The said software must be so designed as to be able to send and receive the reports required by the Financial Intelligence Unit by the Anti-Money Laundering Unit of the financial institution.

Article 7- ad hoc reporting

In any case where a financial institution is acting in accordance with article 2 of this Directive, it shall immediately inform the Financial Intelligence Unit of the matter by way of the Anti-Money Laundering Unit of the financial institution or should the financial institution lack such a unit, by way of the highest official of the financial institution.

Article 8- Periodic reporting.

Every three months, a financial institution shall provide a comprehensive report on all activities it has carried out in the implementation of this Directive to the Central Bank.

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

Directive on

Identification of Suspicious Transactions and Method of Reporting

Purpose

In order to combat money-laundering and prevent financing of terrorism and provide the necessary framework to implement article 7 (C) of the Anti-Money Laundering Act of 22 January 2008 and chapters two and three of the Executive By-Law of the Anti-Money Laundering Act No. 181434/T 43182K of 5 December 2009 issued by the Ministers member of the Work Group for the Adoption of By-Laws of the Anti-Money Laundering Act and further amendments, especially article 43 of the By-Law, which requires the drafting of a Directive on the identification of suspicious transactions and operations, this Directive on the "Identification of Suspicious Transactions and Method of Reporting" is hereby notified.

Definitions

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

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

1-2- Act: means the Anti-Money-Laundering Act of 2008;

1-3- By-Law: means the Executive By-Law of the Anti-Money Laundering Act of 2009;

1-4- Financial institutions: means banks (including Iranian banks and branches and representative offices of foreign banks based in the Islamic Republic of Iran), non-bank financial institutions, credit cooperatives, interest-free loan funds, leasing companies, investee companies, and other legal persons acting as intermediaries in the exchange of funds.

Note: A financial institution includes a branch or representative office existing in the free trade and industrial zones and the special economic zones of the Islamic Republic of Iran.

1-5- Customer:

- a natural or legal person who has an account in a financial institution, or a bank account is opened by or on behalf of that person;
- any natural or legal person who is in another banking or credit service relation with the financial institution (or other beneficiary or beneficiaries) and from whom various risks, especially risks to reputation and operations, may arise for the financial institution.

1-6- Banking and financial services: refers to various services provided by the financial institution to a customer. Banking and financial services are divided into two groups, known as "non-basic services" and "basic services" as described below.

1-6-1- Non-basic Services: means services which are not a prerequisite and required for providing other services to a customer nor will they result in a continued relationship of the customer with the financial institution. The provision of these services to a customer only requires the customer's initial identification by the financial institution as set forth in this Directive. Non-basic services include:

- Money order;
- Any form of payment or withdrawal;
- Buying and selling foreign currencies, whether cash, transfers, foreign travelers check, etc.;
- Issuance of various cashier's checks and interbank (certified) checks and payment of checks.

1-6-2- Basic Services: means services which, according to regulations, are considered to be prerequisite and required for providing other services by financial institutions after which customers call on the financial 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 Directive. Basic services include:

- Opening accounts of any type with banks;
- Provision of facilities and leasing transactions;
- Transactions related to letters of credit;
- Issuance of various bank guarantees 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 withdrawal and payment cards.

1-7- Suspicious Transactions and Activities: means transactions and activities which persons, having access to information and/or reasonable grounds, suspect are being performed with the aim of money laundering or the financing of terrorism.

Note: Reasonable grounds are conditions and circumstances that lead an ordinary person to doubt and suspect the origin of funds and deposits or other operations of a person (natural or legal).

1-8- Financial Intelligence Unit (FIU): means a centralized and independent unit that is responsible to receive, analyze and refer the reports about suspicious transactions to the

competent authorities (as specified in article 38 of the Executive By-Law to the Anti-Money-Laundering Act).

1-9- Suspicious transactions report gathering system: a system in the Financial Intelligence Unit that has been designed and commissioned to gather and collate reports and other information on transactions suspect to money-laundering and the financing of terrorism from organizations subject to the law.

1-10- The Council: means High Council on Anti-Money Laundering.

1-11- Secretariat: means the Secretariat of the High Council on Anti Money Laundering.

Reporting

Article 2- Upon observing transactions and operations suspicious of money laundering and financing terrorism, all personnel of a financial institution have a duty to report the matter to the person or units in charge of anti-money laundering in their institution without informing the customer. Such reports are confidential and if a customer is informed of such reports, the informer will be dealt with according to law.

Article 3- The relevant personnel of financial institutions have a duty to submit their reports to the Anti-Money Laundering Units of their institution so that the said unit will submit them to the Financial Intelligence Unit.

Article 4- The Anti-Money Laundering Unit of the financial institution shall, upon suspecting money-laundering by a customer, whether that customer requests basic or non-basic services, report the matter to the Financial Intelligence Unit.

Note 1: A list of some of the criteria for identifying suspicious transactions is attached hereto. A financial institution shall continuously refer to the Secretariat website at: www.Iranaml.ir to download and use the latest list.

Note 2: The appraisal of the relevant personnel of the financial institution regarding a suspicious transaction is of primary importance and the declared criteria are only part of the relevant criteria.

Article 5- The financial institution shall draft and notify the appropriate criteria for the identification of suspicious transactions for its various structural levels (branch, management, etc.).

Article 6- The submission of a report on suspicious transactions and other reports that a financial institution is obligated to submit to the Financial Intelligence Unit is not considered an accusation of any person and the submission thereof to the said unit is not considered a disclosure of personal secrets, and therefore the reporters will face no accusation in this regard.

Article 7- The Anti-Money Laundering Unit in every financial institution shall, in addition to submitting a report on suspicious transactions to the Financial Intelligence Unit (ordinary reports), also submit reports on suspicious transactions that have been prepared by comparing the information gathered from various units of the financial institution.

Article 8- If a financial institution, in submitting a report other than a report on suspicious transactions, comes across a suspicious issue, it shall, in addition to submitting that report, also submit a report on the suspicious issue to the competent authorities.

Article 9- The Anti-Money Laundering Unit of the financial institution shall submit the report on suspicious transactions by way of the Suspicious Transactions Reports Gathering System to the Financial Intelligence Unit by the end of that same working day at the latest. If access to the said system has not yet been granted by the Financial Intelligence Unit to the financial institution, the institution shall refer to the Internet website of the Secretariat to download and complete the printed form of suspicious transactions reports and send the completed form by Courier Post to the Financial Intelligence Unit.

Article 10- In order to expedite the evaluation of the reports, the official or units in charge of anti-money laundering in the financial institution shall be provided with the necessary and sufficient powers and access within the financial institution and the conduction of inquiries and reporting by them and the submission of the results to the competent authorities shall not be dependent upon verification or approval by any other person.

Article 11- The financial institution shall, upon receiving the username for the Suspicious Transactions Reports Gathering System, take the necessary precautions in safeguarding that username. Needless to say, in view of the confidentiality of the information of the system, any disclosure or unauthorized use will be dealt with according to law.

Article 12- The financial institution shall evaluate on a daily basis the suspicious transactions gathering reports system and answer any requests for information in that system by the end of that same working day at the latest and provide the required information in the format determines and by way of the system.

Training of Personnel

Article 13- The financial institution shall design and provide general training for all relevant personnel in the financial institution, and design and provide specialized training for personnel in specialized areas. The record of personnel participation in these training sessions shall be kept in the personal files.

Maintenance of Customers and Transactions Records

Article 14- The financial institution shall maintain and safe-keep the documents relevant to suspicious transaction reports in accordance with the By-Law on “the Duration and Method for Maintaining Commercial Papers, Banks' Ledgers and Documents” (By-Law number 80223/89 of 6 July 2010).

Scope of this Directive

Article 15- This Directive is binding on all branches and representatives of foreign banks and financial institutions in Iran, financial institutions situated in free trade and industrial zones and special economic zones, and Iranian banking units (branches and representatives) abroad.

This Directive has been approved in the eighth session of the High Council on Anti-Money Laundering on 9 February 2011 in 15 articles and four notes and is effective from the date of notification.

Directive on

Identification of Iranian Customers of Financial Institutions

Purpose

In order to combat money-laundering and prevent financing of terrorism and provide the necessary framework for the implementation of article 14 (8) of the National Banking and Monetary Act (of July 1972, as further amended), and article 7 (A) of the Anti-Money Laundering Act of 22 January 2008, and chapter 2 of the Executive By-Law of the Anti-Money Laundering Act No. 181434/T 43182K of 5 December 2009 issued by the Ministers member of the Work Group for the Adoption of By-Laws of the Anti-Money Laundering Act and its later amendments, the Cabinet By-Law Number T/211815 H39395 on Documenting the Flow of Funds in the Country of 16 March 2008, and to manage various banking risks, especially operational, reputation, and conformity risks, this Directive on "Identification of Iranian Customers of Financial Institutions" is hereby notified.

Definitions

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

1-1- Central Bank: Central Bank of the Islamic Republic of Iran.

1-2- Act: The Anti-Money-Laundering Act of 22 January 2008.

1-3- By-Law: the Executive By-Law of the Anti-Money Laundering Act No. 181434/T 43182K of 5 December 2009 issued by the Ministers member of the Work Group for the Adoption of By-Laws of the Anti-Money Laundering Act and its later amendments.

1-4- Financial institutions: means banks (including Iranian banks and branches and representative offices of foreign banks based in the Islamic Republic of Iran), non-bank financial institutions, credit cooperatives, interest-free loan funds, leasing companies, investee companies, and other legal persons acting as intermediaries in the exchange of funds.

Note: A financial institution includes a branch or representative office existing in the free trade and industrial zones and the special economic zones of the Islamic Republic of Iran.

1-5- Senior Management: members of the executive board/managing director and such managers and senior personnel of the financial institution who are directly under the supervision of the

executive board/managing director and are responsible for carrying out the strategies and policies of the Board of Directors/Board of Trustees or the executive board as the case may be.

1-6- Operational Risk: the possibility of loss arising from insufficient or inappropriate processes and methods, manpower and internal systems or occurrences that take place outside the financial institution, including suspension of operations, customer penalties, business products and performance, employee performance and workplace safety.

1-7- Reputation Risk: potential loss due to loss of reputation for reasons such as an unfavorable financial situation, a decrease in credit ranking or loss of public trust.

1-8- Conformity: compliance of the financial institution's activities with laws, regulations and standards relevant to the activities of the institution.

1-9- Conformity risk: the possibility of imposition of fines, legal punishments, monetary penalties, suffering of important losses or damage to the reputation of the financial institution resulting from violating laws, regulations and standards.

1-10- Customer:

- a natural or legal person who has an account in a financial institution, or a bank account is opened in favor or on behalf of that person;
- any natural or legal person who is in another banking or credit service relation with the financial institution (or other beneficiary or beneficiaries) and from whom various risks, especially risks to reputation and operations, may arise for the financial institution.

A customer may be divided into two types of occasional and permanent as defined below.

1-10-1- Occasional customer: a customer visits the financial institution to receive non-basic services and the provision of services to the customer does not require the creation of a file. An occasional customer does not have a "continuous" relationship with the financial institution. Customers requesting the payment of checks, money order and payment of bills are occasional customers.

1-10-2- Permanent customer: a customer whose relationship with the financial institution has the important quality of being continuous and due to the type and nature of the services required, it is necessary to create an identification and other relevant information file for that customer.

1-11- Customer identification: the recognition 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".

1-11-1- Initial Identification: means checking against identification documents and entry of information declared by customer. In case the information is provided by representative or attorney, information of the principal shall be entered in addition to that of the attorney or representative.

1-11-2- Full Identification: means precise identification of customer at the time of providing basic services as referred to in this Directive.

1-12- Banking and financial services: refers to various services provided by the financial institution to a customer. Banking and financial services are divided into two groups, known as "non-basic services" and "basic services" as described below.

1-12-1- Non-basic Services: means services which are not a prerequisite and required for providing other services to a customer nor will result in a continued relationship of the customer with the financial institution. The provision of these services to a customer only requires the customer's initial identification by the financial institution as set forth in this Directive. Non-basic services include:

- Money order;
- Any form of payment or withdrawal;
- Buying and selling foreign currencies, whether cash, transfers, foreign travelers check, etc.;
- Issuance of various cashier's checks and interbank (certified) checks and payment of checks.

1-12-2- Basic Services: means services which, according to regulations, are considered to be prerequisite and required for providing other services by financial institutions after which customers call on the financial 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 Directive. Basic services include:

- Opening accounts of any type with banks;
- Provision of facilities and leasing transactions;
- Transactions related to letters of credit;
- Issuance of various bank guarantees 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 withdrawal and payment cards.

1-13- National ID of Legal Persons: means a unique number that is allocated to all legal persons, according to By-Law No. H39271 T/16169 of Apr. 18, 2009.

1-14- Non-Financial Businesses and Professions: means persons who engage in cash transactions with a high frequency and are prone to risks in terms of money laundering such as:

- Forward dealers in real estates and cars;
- Jewelers;
- Automobile dealers;
- Dealers in valuable carpets;
- Dealers in antiques and precious cultural materials.

1-15- Financial Intelligence Unit (FIU): means a centralized and independent unit that is responsible to receive, analyze and refer the reports about suspicious transactions to the competent authorities (as specified in article 38 of the Executive By-Law to the Anti-Money Laundering Act).

1-16- Designated Threshold Amount: as defined in article 1 (G) of the Executive By-Law of the Anti-Money Laundering Act;

1-17- The Council: means High Council on Anti-Money Laundering.

1-18- Secretariat: means the Secretariat of the High Council on Anti-Money Laundering.

1-19- Persons Identity Verification System (PIVS): a system existing in the Ministry of Economic Affairs and Finance, which is connected to relevant organizations (National Organization for Civil Registration, State Organization of Deeds and Properties, Post Company, and the Tax Affairs Organization) and facilitates replies to financial institutions inquiries on various persons identification and address.

1-20- Principal Shareholder: is a person whose shares in a legal person exceed the limits set in this Directive (natural person 5% and legal person 10%).

Article 2- A financial institution shall, in order to give effect to the purposes of this Directive, draft transparent policies and procedures within the framework of the prescribed laws and regulations and review the same annually. These policies and procedures must contain the following:

- The policy on accepting customers;
- The procedures for identification of customers;
- Continuous monitoring of accounts;
- Risk management.

The Policy on Accepting Customers

Article 3- A financial institution must have clearly defined criteria for accepting customers. These criteria should incorporate the following:

3-1- Opening any kind of account requires the identification of the customer based on valid documents.

3-2- A financial institution must check the identity and information provided by the customer and its representative (parent, executor (of estate), guardian, attorney) against valid documents, according to the rules set forth in this Directive.

3-3- Prior to opening an account, a financial institution shall check to ensure that the details of the person requesting the opening of an account does not correspond to the details of persons for whom it is forbidden to open accounts.

Article 4- The financial institution must classify its customers (natural, legal) according to the risk it may incur from them and from factors such as their social and professional position, financial condition, type and nature of profession, background of the customer, main domicile, related accounts or other effective factors (as determined by the financial institution).

Article 5- The classification subject of article 4 must be such as to enable receiving information from customers according to their allocated category. Therefore, for customers that pose minimum risk receiving the necessary information within the framework of this Directive will suffice, and for those customers who pose a greater risk, more detailed information must be received and updated in shorter periods. The extent of the information required will be defined by the internal regulations of the financial institution.

Article 6- The financial institution is obliged to safeguard and protect customers' information and it must take steps to prevent the disclosure or unauthorized use of such information.

Article 7- In order to update the information, a financial institution must create an obligation for the customer in the text of the contract concluded to promptly inform the National Organization for Civil Registration of any change in the information provided accompanied by the relevant documents.

Article 8- The financial institution must promptly implement article 15 of the By-Law concerning the identification of existing customers.

Note 1: Such existing customers, whose details show inconformity at the comparison stage, must clarify such inconformity within three months. If the inconformity is not clarified, the Anti-Money Laundering Unit of the financial institution shall submit the matter to the Financial Intelligence Unit.

Note 2: Such existing customers whose median annual activity is considered unimportant by virtue of the relevant Directive that shall be approved by the Council are exempt from this article.

Article 9- If a financial institution is unable to obtain the necessary information for the identification of a customer for reasons such as a lack of cooperation by the customer or the customer provides false information, the financial institution shall, after explaining the issue, abstain from providing services to the customer.

Article 10- A financial institution shall report the details of customers who have provided false information to the Financial Intelligence Unit.

Article 11- The provision of basic services to the following persons by a financial institution are forbidden and if such services have been provided prior to this Directive, the financial institution shall sever its ties with the customer:

- Persons who refrain from providing the necessary information or documents;
- Unauthorized currency exchange bureaus;
- Persons who are prevented from opening accounts by virtue of a judicial ruling;
- Iranian persons without a national ID or National ID for legal persons.

Procedures for Identification of Customers

Article 12- The identification of a customer is divided into initial identification and full identification based on the services it requests (non-basic services, basic services).

12-1- Initial Identification:

A financial institution shall, when providing any banking and financial services (whether non-basic services or basic services) to a customer (whether occasional or permanent) and conducting any kind of monetary and financial operations (even under the designated threshold amount), including any form of payment and withdrawal, money order, issuance and payment checks, provision of facilities, issuance of any kind of payment and debit cards, issuance of guarantees, sale and purchase of foreign currencies, certificate of deposit and participation bonds, acceptance of guarantees and undertakings of guarantors in any form, such as signing promissory notes, bills of exchange and letters of credit, carry out an initial identification of the customer as set forth in this Directive and registered information in its information systems.

Note: Payment of government bills and utilities under the designated threshold amounts does not require the identification of the customer.

12-1-1- Initial Identification of Natural Persons:

- Required information:

Name and surname, national ID number, date of birth, father's name, complete residential address and postal code, telephone number.

- A financial institution shall, upon receiving the above information from the customer, conduct verification check against the original national ID card and verify the relevant document.

Note 1: A financial institution shall provide training to all relevant personnel on the method of distinguishing an original ID card from a forgery, according to By-Law number 89/32532 of 6 May 2010, issued by the Central Bank on control specifications of national ID cards and register such training in its personnel files.

Note 2: In respect of persons lacking capacity, it is necessary to obtain the information of their guardian in addition to the information of that person.

Note 3: In respect of persons lacking capacity, a financial institution is only permitted to open a savings account and interest-free loan fund. The opening of a current account, payment of loan and facilities, opening of letters of credit, issuance of any kind of guarantee and other similar services to these persons is prohibited.

Note 4: If a financial institution has an online connection (direct or indirect) to the National Organization for Civil Registration and the said institution is able to check the information provided by the customer against a photo birth certificate or driving license or a valid passport, the initial identification of the customer may be carried out by these documents.

Note 5: The initial identification of a natural person introduced by a legal person shall be carried out according to the regulations on natural persons.

12-1-3- Initial Identification of Legal Persons

Considering that in order to receive non-basic services natural persons visit a financial institution on behalf of legal persons, the initial identification of these persons shall also take place according to the rules on natural persons.

12-1-4- In case there is any ambiguity concerning the originality of the identification documents provided by a customer, the individuals carrying out the initial identification in the financial institution shall conduct an inquiry by referring to other information sites and systems, obtaining credible evidences according to this Directive, or inquiring from informed legal authorities, in order to clarify the ambiguity and identify the customer. In such cases, the provision of services shall be suspended until clarification.

Upon certainty about the falsity of the information, the financial institution shall, in addition to abstaining from providing further services, immediately report the matter to the Financial Intelligence Unit.

12-2- Full Identification

A financial institution shall, when providing any basic services to a permanent customer, fully identify and perform due diligence of said customer, in addition to carrying out the initial identification.

12-2-1-Full Identification of Natural Persons

- In order to fully identify a natural person, a financial institution shall, in addition to carrying out an initial identification of the person, obtain the following information and documents from that person, as the case may be:
 1. A valid letter of introduction signed by at least one known customer or persons trusted by the financial institution or a letter of introduction from a financial institution licensed by the Central Bank, government organizations, or official professional associations and organizations.
 2. The records of the customer's relationship with any of the financial institutions licensed by the Central Bank and an inquiry from that national institution in order to verify the truth and validity of information provided by the customer.
 3. A valid business license, especially for nonfinancial businesses.
 4. Employment certificates from natural persons with a valid business license or from legal persons holding a national ID.
 5. Information on the type, extent and purpose of the customer's activities in order to define the expected turnover threshold of the customer in its field of business.

Note 1: The full identification of a natural person introduced by a legal person (including Iranian) shall be conducted according to the regulations on natural persons.

12-2-2- Full Identification of Legal Persons

For full identification of Iranian legal persons, a financial institution shall, in addition to carrying out an initial identification, obtain the following information and documents as the case may be:

- The type, subject, nature and extent of the legal person's activities;
- Information on the ranking of the legal person (from authorities, such as the Credit Scoring Company, ranking by the Vice Presidency on Strategic Planning and Monitoring, or other professional authorities);

Note: If the company has not been ranked, the financial institution shall evaluate its financial statements, as verified by a member of the Association of Chartered Certified Accountants

(ACCA) in order to perform the due diligence of the customer. If the legal person is not obliged to appoint a member of the ACCA, the most recent financial statements of the legal person shall be directly evaluated.

- The details of the individual or individuals who are authorized to withdraw from the legal person's account (including name and surname, national ID, father's name, date of birth, address, and postal code), and their position (accompanied by a sample of their authorized signature);
- The names, details, residential addresses and postal codes of the members of the Board of Directors, executive board/managing director, individual auditor (or auditors), legal inspector or inspectors and shareholders (partners) holding more than 5% of the shares (assets) of the legal person. (In respect of other legal persons such as nonprofit organizations and foundations, the details, address, and postal code of the founders or Board of Trustees or other similar organs).
- Main place of activity, address and postal code of the central office, telephone and fax numbers, authorized signatories and a sample of their signatures, and information on how all financial documents and relevant communications become official, duration, and powers of the board of directors and the managing director or other similar organs of the institution regarding accounts;
- An undertaking by the managers and authorized signatories of the legal person, to the effect that they have provided the latest documents and information on the legal person and that they shall immediately inform the financial institution of any changes in such documents and information.

Note: With regard to governmental and municipal institutions and organizations (subject of article 587 of the Commercial Code) that gain legal personality upon establishment and without requiring registration, obtaining their registration date and number has no relevance. In such cases, receiving the national ID number and inquiring from the Person Identity Verification System (PIVS) or the national database for legal persons ID number and maintaining the information in the records shall suffice and there is no need to carry out the other duties concerning full identification of customers.

12-2-3- In order to fully identify a customer, a financial institution shall inquire about the truth of the information provided (including the national ID of legal or natural persons, etc.) from the relevant information databases, as the case may be. The person conducting the inquiry shall certify the time of receiving verification from the said databases, and include his/her details in the said documents.

Note: The truth and validity of the information provided can be inquired from the following databases, as the case may be:

- Natural persons: the national ID number database for natural persons;

- Legal persons: the national ID number database for legal persons;
- Address: post company;
- Economic code: organization for tax affairs;

(The above can be inquired from the Persons Identity Verification System (PIVS)).

- Guild code: Ministry of Commerce;
- Iran code: Ministry of Commerce;
- The National Official Gazette's database.

12-2-4- For full identification of a natural person, the information provided by the person shall be checked against valid documents submitted by the person to the financial institution by an authorized signatory of the institution and marked " Certified Copy" by said signatory, and kept in the customer's records.

12-2-5- If an attorney, executor (of estate), guardian, or parent is acting on behalf of another person or persons requesting services, the financial institution shall, in addition to identification of the principal, conduct an identification of the said representative and document his/her evidences, according to these rules.

12-2-6- Documenting a customer's address for initial identification shall take place by checking the declared postal code by the customer against the postal code indicated at the back of the customer's national ID card. In order to document a customer's address for full identification, the declared postal code by the customer shall be checked against the information in the national postal code database (access to this database is possible via the PIVS).

12-2-7- If a customer has a unique number in a financial institution, according to which various accounts are created it is not necessary to conduct a full identification of the customer for each account.

12-2-8- If the principal shareholders of a legal person are persons (natural, legal) that are unknown to the financial institution, the customer's identification shall also be conducted for its principal shareholders. In any case, the operations of the legal person must be monitored closely (in accordance with the regulations set forth in the Directive on Monitoring Suspect Persons).

12-2-9- In respect of those services that due to particular laws and regulations require further information and evidences, the financial institution shall, in addition to abiding by the regulations stipulated in this Directive, apply the relevant particular regulations for the identification of the customer as well.

12-2-10- In respect of persons who hold a general power of attorney for conducting all the affairs of a natural or legal person, a financial institution shall conduct a full identification of the

principal and representative (as set forth in this Directive) and report the matter to the Central Bank and the Financial Intelligence Unit.

12-2-11- A financial institution shall check the information obtained from a customer against valid documents and ensure their truthfulness. Valid documents consist of:

❖ **For natural persons:**

- National ID card;
- National Birth Certificate (only for persons under the age of 15);
- National Birth Certificate or driving license or passport (if the financial institution has access to the PIVS and is able to verify the information of such documents with information in that system).

Note: In respect of persons lacking capacity, it is necessary to obtain an officially notarized document certifying the position of the parent, guardian, or executor (of estate).

❖ **For legal persons:**

- The original or copy of the certificate of incorporation of the company, Memorandum of Association;
- Application for registration of the company or its Articles of Association (according to the situation of the company);
- Resolution of the Board of Directors on opening an account (in the name of the company), and introducing authorized signatories;
- An undertaking by the said legal persons to the effect that any change in the Memorandum of Association or Articles of Association or the decision of the Board of Directors concerning the opening of account and authorized signatories will be immediately reported.

12-2-12- If a customer does not provide the above-mentioned identification document or there is a suspicion of money laundering or other related crimes, a financial institution shall abstain from providing services to the customer and report the matter to the Financial Intelligence Unit.

Note: Financial institutions may consider other documents that credibly contain the said information (specifically information required for performing due diligence of the customer) as acceptable in their internal directives. Financial institutions may define the level of identification in view of the type and nature and due diligence of a customer in their internal directives, subject to the assurance that the required information shall be obtained.

Article 13- The provision of basic services in electronic form and without full identification of the customer and any untraceable or unnamed electronic financial transaction and provision of related facilities is forbidden.

Article 14- A financial institution when providing basic services to non-financial occupations, shall, in addition to obtaining the documents necessary for full identification, obtain the necessary undertaking to the effect that the Anti-Money Laundering Act and regulations will be fully respected. If nonfinancial occupations abstain from providing this undertaking or do not abide by said undertaking, the financial institution shall cease providing services to them.

Article 15- A financial institution shall, when providing services to persons whose names and details have been declared to the financial institution by the Central Bank, be more diligent and more closely and continuously monitor their financial activities.

Note: The financial institution shall, in respect of the persons listed below show more diligence and supervision:

- Individuals and institutions whose names are included in money-laundering and terrorism lists and declared to the financial institution by the Central Bank;
- Guilds that do not have a guild code.

Article 16- A financial institution when providing basic services to a customer oblige the customer to:

- A- Provide the information specified in this Directive and required by the financial institution and respect the regulations on anti-money-laundering.
- B- Not allow other persons to use the provided basic services, and if used to report the matter to the financial institution immediately. Lawful representation, subject to the condition that the details of the representative or attorney are included and initial identification and registration of the details has been carried out is exempt from this clause.

Note: The said undertakings shall be explained clearly and precisely to the customer. If a customer does not accept these undertakings or violates them, the provision of services to the customer shall cease.

Article 17- A financial institution shall include an appropriate box in all the forms it uses for the inclusion of a valid identification number (national ID number, or national ID number of legal persons, as the case may be), and postal code, and this information shall be fully and precisely obtained and checked.

Article 18- A financial institution shall include an appropriate box in all its software, databases and information systems in which monetary and financial operations are registered for the inclusion of a valid number (national ID number, or national ID number of legal persons, as the case may be), and postal code and provide for the search possibility of these numbers in the said software.

Article 19- If a financial institution has not checked the details of the persons and locations registered in its information systems against the relevant information databases, it shall send the said details to the said databases and control their truthfulness within one month of providing basic services to a customer.

Article 20- A financial institution shall update the information it has checked against the relevant databases every three months. If it comes to light that a natural person has died in the said period but the death has not been reported to the financial institution, that person's account shall be immediately blocked and if, after his/her death there has been any transaction exceeding the designated threshold amount, the matter shall be reported to the Central Bank and the Financial Intelligence Unit.

Article 21- Financial institutions providing basic services shall continuously update the information relevant to the full identification of customers, especially in the following cases:

- A- When in view of circumstantial evidence, there is a possibility that the situation of the customer has substantially changed.
- B- When the financial institution believes that in view of circumstantial evidence, a customer is involved in money-laundering or financing of terrorism operations.

Article 22- For the purpose of documenting customers' information, after conducting an inquiry from the relevant authorities and ascertaining the truth of the information, a copy of the documents shall be certified by the authorized signatory of the financial institution.

Article 23- Six months after the notification of this Directive, the postal code of the legal domicile of permanent customers must correspond to the information in the relevant databases (Civil Registration for Deeds Notarization). In respect of occasional customers, a financial institution shall check the postal code included at the back of the national ID card against information provided by the customer.

Article 24- the provision of services to customers indicates the conduction of the identification process of the customer by the relevant personnel of the financial institution and the responsibility for any shortcoming in this regard within the framework of this Directive shall rest with the said personnel.

Article 25- A financial institution shall block any accounts that lack a national ID number, or national ID number of legal persons within three months of the notification of this Directive. Upon the provision of the said ID numbers, the said account shall be unblocked.

Continuous monitoring of accounts

Article 26- A financial institution shall create a comprehensive system for information management and take steps to compile and process customers' information in this system and provide access to relevant units.

Article 27- In order to effectively control the risks arising from insufficient identification of a customer, the customer's account shall be monitored, according to its classification ranking.

Article 28- In respect of higher risk accounts, a financial institution shall create a system that also monitors these accounts periodically.

Article 29- Financial institutions shall provide a summary of the information of customers receiving basic services in relation to money laundering, and upon the declaration of the Financial Intelligence Unit and as set forth by that unit, submit the same to that unit at the end of each month.

Note: The said summary of information shall include the name and surname, national ID number and date of provision of basic services in respect of natural persons, and in respect of legal persons, the name and national ID number of legal persons or economic code. Other requirements shall be declared to financial institutions upon approval by the Council.

Risk Management

Article 30- The Board of Directors, senior management, or equivalent organizational position of the financial institution shall ensure the existence and implementation of effective programs for customer identification by adopting appropriate procedures. These programs must provide for the possibility of efficient management of systems, controls, segregation of duties and training of personnel. The final responsibility for decisions taken in this regard rests with the Board of Directors or its equivalent in the financial institution.

Article 31- The responsibility for the implementation of policies and procedures of the Board of Directors and senior management or equivalent organizational position in the financial institution (in respect of customer identification and creation of relevant information systems) rests with that institution's Anti-Money Laundering Unit. The said unit shall evaluate the implementation of the policies and procedures for customer identification in all branches and all levels of the financial institution and report any deviation accompanied by corrective suggestions to the Board of Directors and senior management of the financial institution.

Article 32- A financial institution shall provide training to its personnel on identification of customers. Training modules must be designed such that personnel gain sufficient and reasonable knowledge on the necessity, importance and method of implementing policies and procedures on customer identification. These modules must be continuous (specifically in respect of new personnel) so that it is ensured that the relevant personnel have received the relevant training in this regard. The financial institution shall include the relevant training records in its employees' files.

Article 33- A financial institution shall review the information pertaining to a customer being active once every six months. Also, on request of a customer or the incidence of substantial

change in a customer's situation, the financial institution shall once again conduct a full identification of the customer.

Keeping Records of Customers and Their Transactions

Article 34- The Board of Directors of the financial institution shall ensure that necessary steps have been taken for the appropriate maintenance and processing of information, and that powerful systems have been established in the institution, such that when necessary, these systems are able to provide required information by relevant authorities with ease, and within the framework of relevant laws and regulations within one working day at the maximum.

Article 35- The maintenance of the documents and evidences in the financial institution shall be in accordance with the By-Law on “the Duration and Method for Maintaining Commercial Papers, Banks' Ledgers and Documents” approved in the 1114th session of the Money and Credit Council on 15th June 2010 (Central Bank By-Law number 80223/89 of 6 July 2010, as further amended).

The type of transaction, amount and kind of currency, date of transaction and parties to the transaction, accounts whereby the transaction has taken place, and details of the account holder(s) shall be included in the records of financial transactions maintained.

Scope of This Directive

Article 36- In addition to financial institutions, this Directive is binding on all branches and representatives of foreign banks and financial institutions in Iran, financial institutions situated in free trade and industrial zones and special economic zones.

Effective Date

Article 37- The effective date of this Directive is one month after its notification by the Central Bank. During this time, financial institutions shall inform customers and adopt the necessary measures and facilities for implementing this Directive, such that its implementation will as far as possible not interfere with customers' affairs.

This Directive has been approved in the eighth session of the High Council on Anti--Money Laundering on 9 February 2011 in 37 articles and 18 notes.

Directive on

Measures Necessary for Ensuring the Observance of Anti-Money Laundering Regulations by Foreign Units of Financial Institution

Purpose

In order to combat money laundering and financing of terrorism and in the effective implementation of article 31 of the Executive By-Law of the Anti-Money Laundering Act No. 181434/T 43182K of 5 December 2009 issued by the Ministers member of the Work Group for the Adoption of By-Laws of the Anti-Money Laundering Act, and to ensure the full implementation of the said rules in all financial institution units situated abroad and preventing them from being exposed to reputation risks, this Directive on "Measures Necessary for Ensuring the Observance of Anti-Money Laundering Regulations by Foreign Units of Financial Institution" is hereby notified.

Definitions

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

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

1-2- Act: means the Anti-Money-Laundering Act (enacted by the Islamic Consultative Assembly on 22nd January 2008);

1-3- By-Law: means the Executive By-Law of the Anti-Money Laundering Act No. 181434/T 43182K of 5 December 2009 issued by the Ministers member of the Work Group for the Adoption of By-Laws of the Anti-Money Laundering Act;

1-4- Financial institutions: means banks (including Iranian banks and branches and representative offices of foreign banks based in the Islamic Republic of Iran), non-bank financial institutions, credit cooperatives, interest-free loan funds, leasing companies, investee companies, and other legal persons acting as intermediaries in the exchange of funds.

Note: A financial institution includes a branch or representative office existing in the free trade and industrial zones and the special economic zones of the Islamic Republic of Iran.

1-5- Reputation Risk: potential loss due to loss of reputation for reasons such as an unfavorable financial situation, a decrease in credit ranking or loss of public trust;

1-6- Foreign Units: representative office or branch of a financial institution situated abroad;

1-7- Destination State: the country where the foreign unit of the financial institution is situated;

1-8- Foreign Subsidiary: refers to an independent legal person that has been incorporated in the destination state as a financial institution and is under the control of a financial institution of the Islamic Republic of Iran.

Article 2- A financial institution that has foreign units shall take measures to ensure that the laws and regulations on anti-money laundering and precautionary directives issued by the Central Bank are notified to such units for full implementation.

Article 3- A financial institution shall ensure that its foreign unit personnel have received the necessary training on anti-money laundering regulations and methods of discharging the responsibilities entrusted to them and have sufficient knowledge of the relevant concepts.

Article 4- Foreign units shall, in accordance with the Central Bank's guidelines on observing anti-money-laundering laws and regulations in destination states, act as follows:

1. If there are anti-money-laundering regulations compatible with international standards in the destination state, the foreign unit shall fully and diligently abide by those regulations.
2. If the regulations of the destination state set a lower standard than the regulations of the Islamic Republic of Iran, the foreign unit shall abide by the regulations of the Islamic Republic of Iran.
3. If the destination state does not have any regulations on anti-money laundering, the foreign unit shall abide by the regulations of the Islamic Republic of Iran. In this case, or if the destination state is a high-risk region in terms of money-laundering, the financial institution shall report the matter to the Central Bank in order to receive the necessary guidelines.
4. The financial institution's inspectors shall, when inspecting foreign units, prepare a detailed report on the conditions of the destination state (on money-laundering risks and the precise implementation of anti-money-laundering regulations) for the Board of Directors of the financial institution or if the institution does not have a Board of Directors, for its highest official.
5. The Anti-Money Laundering Unit of the financial institution shall continuously monitor the conditions of those countries in which the financial institution units in respect of their compliance with international standards and the anti-money-laundering regulations of Iran, and report any developments to the Board of Directors of the financial institution or if the institution does not have a Board of Directors, to its highest official. Furthermore, the financial institution shall send a copy of these reports to the Central Bank.
6. The discharge of the duties set forth in this Directive is also incumbent on the financial institution's foreign subsidiaries, if the destination state's regulations allow it.

This Directive has been approved in the eighth session of the High Council on Anti--Money Laundering on 9 February 2011 in 4 articles and one note and is effective from the date of notification.

Directive on

The Procedure for Sending a Financial Institution's Customers' Deeds and Documents to Their Postal Address

Purpose

In order to combat money-laundering and prevent financing of terrorism and to ensure the effective implementation of article 14 (8) of the National Banking and Monetary Act (of July 1972, as further amended), and article 7 (A) of the Anti-Money Laundering Act (enacted by the Islamic Consultative Assembly on 22 January 2008), and chapter 2 of the Executive By-Law of the Anti-Money Laundering Act No. 181434/T 43182K of 5 December 2009 issued by the Ministers member of the Work Group for the Adoption of By-Laws of the Anti-Money Laundering Act, and the Cabinet By-Law Number T/211815 H39395 on Referencing the Flow of Funds in the Country of 16 March 2008, this Directive on "The Procedure for Sending a Financial Institution's Customers' Deeds and Documents to Their Postal Address" is hereby notified.

Definitions

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

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

1-2- Financial institution: means banks (including Iranian banks and branches and representative offices of foreign banks based in the Islamic Republic of Iran), non-bank financial institutions, credit cooperatives, interest-free loan funds, leasing companies, investee companies, and other natural and legal persons acting as intermediaries in the exchange of funds.

Note: A financial institution includes a branch or representative office existing in the free trade and industrial zones and the special economic zones of the Islamic Republic of Iran.

1-3- Customer:

- a natural or legal person who has an account in a financial institution, or a bank account is opened by or on behalf of that person;
- any natural or legal person who is in another banking or credit service relation with the financial institution (or other beneficiary or beneficiaries) and from whom various risks, especially risks to reputation and operations, may arise for the financial institution.

1-4- Customer identification: the recognition 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".

1-5- Initial Identification: means checking against identification documents and entry of information declared by customer. In case the information is provided by agent or attorney, information of the principal shall be entered in addition to that of the attorney or agent.

1-6- Full Identification: means precise identification of customer at the time of providing basic services as referred to in this Directive.

1-7- Banking and financial services: refers to various services provided by the financial institution to a customer. Banking and financial services are divided into two groups, known as "non-basic services" and "basic services" as described below.

1-8- Non-basic Services: means services which are not a prerequisite and required for providing other services to a customer nor will they result in a continued relationship of the customer with the financial institution. The provision of these services to a customer only requires the customer's initial identification by the financial institution as set forth in this Directive. Non-basic services include:

- Money order;
- Any form of payment or withdrawal;
- Buying and selling foreign currencies, whether cash, transfers, foreign travelers check, etc.;
- Issuance of various cashier's checks and inter-bank (certified) checks and payment of checks.

1-9- Basic Services: means services which, according to regulations, are considered to be prerequisite and required for providing other services by financial institutions after which customers call on the financial 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 Directive. Basic services include:

- Opening accounts of any type with banks;
- Provision of facilities and leasing transactions;
- Transactions related to letters of credit;
- Issuance of various bank guarantees 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 withdrawal and payment cards.

1-10- National ID for Legal Persons: means a unique number that is allocated to all legal persons, according to By-Law No. H39271 T/16169 of Apr. 18, 2009.

1-11- Designated Number of Foreign Persons: means a unique number that is allocated to all foreigners related to I.R. Iran by the National Database for Foreign Nationals, according to By-Law No. H40266T/ 16173 of Apr. 18, 2009.

1-12- Legal Domicile of Legal Person: refers to the registered legal domicile in the National ID for Legal Persons Database existing in the State Organization of Deeds and Properties.

1-13- Persons Identity Verification System (PIVS): a system existing in the Ministry of Economic Affairs and Finance, which is connected to relevant organizations such as the National Organization for Civil Registration, State Organization of Deeds and Properties etc., and facilitates replies to financial institutions' inquiries on various persons identification and address.

The Necessity of Sending Deeds and Documents to the Customers' Postal Address

Article 2- From the date this Directive is notified, a financial institution shall, in order to deliver deeds and documents of a customer who is requesting the use of basic services for the first time or for future occurrences (checkbook, bank account statement, debit and payment cards, etc.), send a letter by registered mail to the postal address of that customer and thereby inform the customer that only by providing that letter in a on-site visit to the financial institution can the customer receive the relevant deeds and documents.

Note 1: In respect of the residential address of natural persons, the postal code indicated on the national ID card and in respect of the legal domicile of legal persons, the postal code included in the relevant databases shall be the basis for sending the letter to the customer. A financial institution shall, upon receiving a customer's request for basic services for the first time, conduct a full identification of the customer and document the customer's address as described below and maintain the records in the customer's file.

Note 2: The financial institution may charge the customer for sending communications by registered mail.

Obtaining a Customers' Address, Verifying Its Truth and Documenting It

Article 3- A financial institution shall, when identifying natural or legal persons within the framework of the regulations of the Directive on Identification of Customers of Financial Institutions, obtain the precise residential address and postal code or legal domicile (for legal persons), phone number and fax of the customer. Obtaining a post box number from a customer is not enough in itself.

Article 4- If an attorney, executor (of estate), guardian or parent is requesting banking services on behalf of another person or persons, the financial institution shall, in addition to the details of the principal, also obtain the precise residential address and postal code and phone number of such representatives.

Note 1: A financial institution shall, when conducting a full identification of a customer or an attorney, executor (of estate), guardian, or parent thereof, check the postal code on their national ID card or national ID card for legal persons against the address indicated in the PIVS and after ensuring that they match, certify a copy of the said documents by the authorized signatory of the financial institution and maintain that record in the customer's file.

Note 2: A customer's postal address and code that has been documented as above and is being maintained in the customer's file shall be the basis of the financial institution's communications with the customer. The financial institution shall emphasize the duty of the customer to report any change in its postal address and code to the relevant authority (Civil Registration or Notarization of Deeds and Properties) in the contract it concludes with the customer.

Article 5- In respect of joint accounts, a financial institution shall obtain the information stated in articles 3 and 4 of this Directive for each of the account's authorized signatories, and send document to the postal address of one of the account holders (according to the agreement between the financial institution and the authorized signatories).

Article 6- In order to document the address, postal code, phone number and fax number of a customer a financial institution shall:

6-1- In conducting the initial identification of a natural person, check the residential postal address of the customer against the details of the original national ID card. For foreign natural persons residing in Iran, check the postal address of the customer against valid identification documents – as set forth in the Directive on Identification of Customers of Financial Institutions.

6-2- For initial identification of legal persons, check the postal code of the legal person's legal domicile, according to the Directive on Identification of Customers of Financial Institutions.

6-3- For full identification of natural persons (Iranian or foreign), in addition to the duties set forth in the above paragraphs it is necessary to inquire about the address and postal code provided by the customer from PIVS or relevant databases. The person conducting the inquiry shall certify the time of receiving certification from the relevant databases and include his/her details on the copy of the relevant document.

6-4- For full identification of legal persons (Iranian or foreign), in addition to the duties set forth for initial identification, it is necessary to inquire about the address and postal code provided by the customer from the relevant databases. The financial institution shall also check the postal code and residential addresses of the authorized signatories of legal persons against information

provided on the back of their national ID cards and verify its truth by inquiring from the relevant information databases. The person conducting the inquiry shall certify the time of receiving certification from the relevant databases and include his/her details on the copy of the relevant document. In order to document the residential postal code and address of the legal person's authorized signatories, it is necessary that these individuals pay an on-site visit to the financial institution like natural persons.

6-5- If there is any discrepancy between the address and postal code or postal code of the card with the postal code provided by the customer, the financial institution shall take the following measures:

- If there is a discrepancy between the address and postal code provided by the customer with the address and postal code of the post company database, the customer will be asked to correct its address or postal code.
- If there is a discrepancy between the postal code provided by the customer and the postal code indicated at the back of the national ID card (indicating the residential address of a natural person), services shall be provided to the customer and the customer shall be given one month to provide a new national ID card that has the new postal code indicated on it. Obviously during this period no facilities shall be provided to the customer, and only services such as opening an investment account or an interest-free loan account shall be provided. If the customer does not provide a new national ID card during this period, the matter shall be reported to the Central Bank for the adoption of a decision. After inquiring from the relevant authorities, the Central Bank shall determine the continuation or cessation of services to that customer.
- If there is a discrepancy between the postal code of the legal domicile of a legal person provided by the customer with the postal code indicated in the legal persons identification database, the provision of services shall be suspended until either one of the codes are corrected.
- If the postal code of a legal person is not included in the legal persons identification database, the customer shall be requested to refer to the organization that has input the details of the legal person in the legal persons identification database and correct its address and postal code. In this case, the provision of any facilities and services to the customer shall cease by the financial institution.

Creating and Updating Information Pertaining to a Customers' Address

Article 7- A financial institution shall include an appropriate box in all the forms it uses for the inclusion of a national ID number or national ID number of legal persons or designated number of foreign persons and postal code, and this information shall be fully and precisely obtained and checked.

Article 8- A financial institution shall include an appropriate box in all its software and information systems which are used to record the banking operations of customers for the inclusion of a national ID number or national ID number of legal persons or designated number of foreign persons and postal code and provide for the search possibility of these numbers in the said software. The financial institution shall also incorporate the necessary mechanism for updating the postal code and ID numbers stated above in its software and systems.

Article 9- A financial institution shall send the postal code and address information and other details of its customers within its information systems to the relevant authorities at least once every six months for verification and shall receive and incorporate in its systems any changes to such information. For a financial institution, the last address of a customer is the address that exists in the relevant databases, even if the customer has not corrected its address. This shall be included in the contract concluded with the customer. If, prior to updating the information a customer requests a correction of its address and postal code, such correction is conditional upon conformity with information provided in the relevant information databases.

Article 10- If after carrying out the duties stated above it comes to light that the customer's postal code (natural, legal) belongs to another, the financial institution shall report the matter to the Financial Intelligence Unit within the framework of reporting suspicious transactions.

Article 11- A financial institution shall, upon notification of this Directive, implement the duties set forth in this Directive in respect of its current customers who, by virtue of receiving prior basic services, have maintained relations with the institution.

Note: Such current customers whose details have shown discrepancy during the verification process, shall rectify such discrepancies within three months. If such discrepancies are not rectified, the Anti-Money Laundering Unit of the financial institution shall report the matter to the Financial Intelligence Unit within the framework of reporting suspicious transactions.

Article 12- A financial institution shall cease providing services to all customers who do not have a postal code within three months of the notification of this Directive. Upon the provision of a postal code by a customer, the provision of services to the account holder shall resume.

This Directive has been approved in the eighth session of the High Council on Anti--Money Laundering on 9 February 2011 in 12 articles and six notes and is effective from the date of notification.

By-law on

The Duration and Method for Maintaining Commercial Papers, Banks' Ledgers and Documents

The Monetary and Credit Council, acting under article 33 (F) of the National Monetary and Banking Act of 9 July 1972, approved the By-Law on “the Duration and Method for Maintaining Commercial Papers, Banks' Ledgers and Documents”, hereinafter referred to as the by-law, in its 1114th session of 15 June 2010 in 12 articles and 11 notes as follows.

Chapter 1- Scope

Article 1- The documents subject of this bylaw consist of: deeds, commercial papers, documents and ledgers of banks in five levels as defined below:

1-1- First level documents:

- A. Deeds and documents on the ownership of movable and immovable properties of banks;
- B. Articles of Association, records and documents on the establishment of a bank;
- C. Shareholder logs of banks;
- D. Memoranda of meetings of the Assembly and Board of Directors of a bank;
- E. The original copies of banks' balance sheets and relevant annexes that have been approved by the General Assembly and the activity report of the Board of Directors.

1-2- Second level documents:

- A. General ledger;
- B. Journal.

1-3- Third level documents:

- A. Signature sample cards, documents for identification and opening of various domestic or foreign currency accounts for customers;
- B. Canceled checks, including ordinary checks, cash checks, Iran checks, cashier's checks, etc. promissory notes, bills of exchange and other payment or reception instruments of domestic or foreign currency;
- C. Certificates of nonpayment of bounced checks and documents on the clearance of bounced checks;
- D. All concluded contracts and agreements between a bank and a person (except contracts on facilities provided);
- E. Documents on a bank's account operations for internal transactions carried out in respect of tenders;

- F. Canceled guarantees and relevant documents;
- G. Documents on the transfer of shares;
- H. The second copy of long-term investment deposit certificates and various bank certificates of deposit bonds¹;
- I. All papers and documents on the sale and purchase of foreign currencies, foreign drafts, foreign credit cards and foreign currency agreements;
- J. All papers and documents on drafts, clearing house, safety deposit box and participation bonds;
- K. Papers and documents on import and export letters of credit;
- L. All accounting documents, whether domestic or foreign currency cash or transfers.

1-4- Fourth level documents:

- A. Contracts, papers and documents on facilities provided and credits used by customers;
- B. Papers on the sale of worn-out and used and decommissioned equipment and furniture;
- C. Papers and documents on discounted commercial instruments;
- D. Papers on the purchase of a bank's requirements and movable and immovable properties.

1-5- Fifth level documents:

- A. Registration books on issued and received letters;
- B. Outgoing communications books;
- C. Check stubs issued by a bank's offices and bureaus.

Note: The determination of the level for other documents shall be carried out upon the suggestion of banks and verification of the central bank.

Chapter 2- Duration of Maintaining Information on Documents

Article 2- Banks shall indefinitely maintain information relevant to documents of the first, second, third and subparagraph A of fourth and fifth level documents in electronic form.

Chapter 3- Duration and Method of Maintaining Documents

Article 3- Duration of Maintaining Documents

3-1- Banks shall maintain first level documents indefinitely.

3-2- Banks shall maintain second level documents for a period of at least 10 years after the end of the financial year.

3-3- Banks shall maintain third level documents for a period of five years after the times specified in the table annexed to this bylaw.

¹ Amendment of the 87th session of the credit commission of the central bank of the Islamic Republic of Iran of 9 February 2011

3-4- Banks shall maintain fourth level documents for a period of three years after the times specified in the table annexed to this bylaw.

3-5- Banks shall maintain fifth level documents for a period of one year after the times specified in the table annexed to this bylaw.

Note 1: In respect of documents that have become relevant to a dispute prior to the expiration of the duration of their maintenance, banks shall maintain such documents until the finalization of the dispute.

Note 2: In respect of other documents that must be maintained for a specific period of time by virtue of laws, such documents shall be maintained for the specified periods.

Article 4- Method of Maintaining Documents

4-1- In physical form:

Banks shall take necessary measures, such that while protecting the security and quality of documents, access to the documents shall be easily possible when needed.

4-2- Digital copies:

In respect of third, fourth and fifth level documents, banks may, in addition to physical maintenance, maintain a digital copy of such documents within the framework of a comprehensive system based on a codified bylaw approved by the board of directors of each bank.

Note 1: If a digital copy is prepared, the physical maintenance of the documents at the location of their preparation and production shall not be obligatory.

Note 2: If the documents are being physically maintained in a place other than the location of their preparation and production, the Board of Directors of the bank shall adopt measures and conditions whereby access to the original documents shall be possible within four working days.

4-3- Microfilms:

Subject to undertaking procedures specified in article 7, banks may maintain all their documents as microfilms.

Chapter 4- Destruction of Documents

Article 5- Destruction after Duration

The destruction of second, third, fourth and fifth level documents after the expiration of the duration set forth in sections 3-2, 3-3, 3-4 and 3-5 and within the framework of the bank's internal regulations is permitted.

Article 6- Destruction Prior to Expiration

Banks may destroy third, fourth and fifth level documents prior to expiration of the duration set forth in article three, subject to undertaking the procedures specified in article 7.

Article 7- The Process of Converting Documents to Microfilm by the Combined Digital and Microfilm Method

The destruction of third, fourth and fifth level documents prior to the durations set forth in article 3 is conditional upon carrying out the following procedures:

- A. Determination of an organizational unit for the conversion of documents to microfilm by the combined digital and microfilm method;
- B. The allocation of a suitable location for carrying out the process of converting documents to microfilm by the combined digital and microfilm method;
- C. The transfer of all relevant documents to the location mentioned under “B”;
- D. The preparation of the relevant documents for digital scanning;
- E. Carrying out a digital scan of the documents;
- F. Control, editing and standardization of the digital scans such that the retrieval, classification and analysis of their information will be easily possible;
- G. Filming the digital scans on microfilm rolls by using archive writer equipment;
- H. The precise control of the microfilm in respect of clarity and readability of the transferred information. If the contents of the microfilm are not readable the relevant copy shall be digitally scanned once again, and after filming, the documents shall be added to the end of the microfilm roll;
- I. Preparation of the minutes of meeting for checking the microfilm against documents and its signature by a committee consisting of the following members:
 - The president or vice president of the general archives;
 - The president or vice president of the organizational unit responsible for converting documents to microfilm;
 - A representative of the inspection bureau;
 - A representative of the legal department;
 - A representative of security;
 - A representative of electronics services or informatics or information technologies auditing.
- J. Obtaining a digital scan of the minutes mentioned under “I” and filming the said minutes at the beginning and end of each microfilm roll.

Note 1: If there are any contents or writings on the back of documents, such contents shall also be included in the microfilm.

Note 2: The original minutes of meetings mentioned under “I” shall be maintained until such time that the microfilms are destroyed.

Note 3: The president or vice president of the general archives shall head the committee mentioned under “I” and the meetings of the said committee shall take place and be managed by that person.

Note 4: If the persons or units stated under “I” do not exist in the bank’s organizational chart, the Board of Directors of the bank shall designate alternative persons or units.

Note 5: The Board of Directors of the bank shall define the scope and extent of the powers and competences of the committee stated under “I”.

Note 6: The presence of all members of the committee stated under “I” is necessary for carrying out the process of converting documents to microfilm by the combined digital and microfilm method.

Article 8- The microfilms prepared in accordance with this bylaw are considered as the originals of the documents and may be referred to in all courts of law.

Chapter 5- Electronic Documents

Article 9- Documents that in accordance with article 2 of the Electronic Commerce Act are produced, sent, received, saved or processed by using electronic, light or new information technologies are considered as the originals of the documents subject to article 8 of the said Act. Banks shall indefinitely maintain electronic documents concerning the second, third, fourth and fifth levels.

Article 10- Banks shall save backups of all electronic documents such that in the event of damage to one copy, the other copy shall be immune.

Chapter 6- Miscellaneous

Article 11- In respect of documents and deeds that by virtue of regulations have historical value, banks shall maintain such documents in accordance with the Act for the Establishment of the National Documents Organization of Iran.

Article 12- The contents of this bylaw shall also apply in respect of nonbanking financial institutions licensed and supervised by the central bank of the Islamic Republic of Iran.

This bylaw supersedes and replaces the bylaw of 25 February 1975 and the enactments of 9 January 1983 and 29 December 1990 of this Council concerning the said bylaw.

Row	Name of Document	Base Time
Third level documents		
A	Signature sample cards, documents for identification and opening of various domestic or foreign currency accounts for customers	From the date the account is closed or a change in the authorized signatories or the signatures
B	Canceled checks, including ordinary checks, cash checks, Iran checks, cashier's checks, etc. promissory notes, bills of exchange and other payment or reception instruments of domestic or foreign currency	From the date of settlement
C	Certificates of nonpayment of bounced checks and documents on the clearance of bounced checks	From the date of issue
D	All concluded contracts and agreements between a bank and a person (except contracts on facilities provided)	From the date of termination contract and settlement of account
E	Documents on a bank's account operations for internal transactions carried out in respect of tenders	From the date of transaction
F	Canceled guarantees and relevant documents	From the date of termination or settlement of account
G	Documents on the transfer of shares	From the date of transfer
H	The second copy of long-term investment deposit certificates and various bank certificates of deposit bonds	From the date of closing the account
I	All papers and documents on the sale and purchase of foreign currencies, foreign drafts, foreign credit cards and foreign currency agreements	From the date of concluding banking operations
J	All papers and documents on drafts, clearing house, safety deposit box and participation bonds	From the date of concluding banking operations
K	Papers and documents on import and export letters of credit	From the date of concluding banking operations
L	All accounting documents, whether domestic or foreign currency cash or transfers	From the date of concluding banking operations
Fourth level documents		
A	Contracts, papers and documents on facilities provided and credits used by customers	From the date of settlement of account and release of securities
B	Papers on the sale of worn-out and used and decommissioned equipment and furniture	From the date of sale
C	Papers and documents on discounted commercial instruments	From the date of concluding banking operations
D	Papers on the purchase of a bank's requirements and movable and immovable properties	From the date of purchase
Fifth level documents		
A	Registration books on issued and received letters	From the date of closing the book
B	Outgoing communications books	From the date of closing the book
C	Check stubs issued by a bank's offices and bureaus	From the date the check book is finished

Directive on

Method of Identification of Foreign Customers of Financial Institutions

Purpose

In order to combat money laundering and prevent financing of terrorism and in the effective implementation of article 14 (8) of The National Money and Banking Act (July 1972 and its later amendments), article 7(a) of the Anti-Money Laundering Act (adopted by the Islamic Consultative Assembly on the 22 January 2008), chapter 2 of the Executive By-Law of the Anti-Money Laundering Act, subject of By-Law No. 181434/T 43182K of 5 December 2009 issued by the Ministers member of the Work Group for the Adoption of By-Laws of the Anti-Money Laundering Act and its later amendments, the Cabinet By-Law No. T/211815 H39395 on Documenting the Flow of Funds in the Country of 16 March 2008, By-Law on “Determining the Designated Number of Foreign Persons Related to the Country”, Subject of H40266T/ 16173 of Apr.18, 2009 approved by the Council of Ministers and Resolutions by the Committee of its Article 9 and to manage various banking risks, especially operational, reputation, and conformity risks, this Directive on “Method of Identification of Foreign Customers of Financial Institutions” is hereby notified.

Definitions

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

1-1- Central Bank: Central Bank of the Islamic Republic of Iran.

1-2- Act: The Anti-Money Laundering Act of 22 January 2008.

1-3- By-Law: the Executive By-Law of the Anti-Money Laundering Act No. 181434/T 43182K of 5 December 2009 issued by the Ministers member of the Work Group for the Adoption of By-Laws of the Anti-Money Laundering Act and its later amendments.

1-4- Financial institutions: means banks (including Iranian banks and branches and representative offices of foreign banks based in the Islamic Republic of Iran), non-bank financial institutions, credit cooperatives, interest-free loan funds, leasing companies, investee companies, and other legal persons acting as intermediaries in the exchange of funds.

Note: A financial institution includes a branch or representative office existing in the free trade and industrial zones and the special economic zones of the Islamic Republic of Iran.

1-5- Senior Management: members of the executive board/managing director and such managers and senior personnel of the financial institution who are directly under the supervision of the

executive board/managing director and are responsible for carrying out the strategies and policies of the Board of Directors/Board of Trustees or the executive board as the case may be.

1-6- Operational Risk: the possibility of loss arising from insufficient or inappropriate processes and methods, manpower and internal systems or occurrences that take place outside the financial institution, including suspension of operations, customer penalties, business products and performance, employee performance and workplace safety.

1-7- Reputation Risk: potential loss due to loss of reputation for reasons such as an unfavorable financial situation, a decrease in credit ranking or loss of public trust.

1-8- Conformity: compliance of the financial institution's activities with laws, regulations and standards relevant to the activities of the institution.

1-9- Conformity risk: the possibility of imposition of fines, legal punishments, monitoring punishment, suffering of important losses or damage to the reputation of the financial institution resulting from violating laws, regulations and standards.

1-10- Customer:

- a natural or legal person who has an account in a financial institution, or a bank account is opened in favor or on behalf of that person;
- any natural or legal person who is in another banking or credit service relation with the financial institution (or other beneficiary or beneficiaries) and from whom various risks, especially risks to reputation and operations, may arise for the financial institution.

A customer may be divided into two types of occasional and permanent as defined below.

1-10-1- Occasional customer: a customer visits the financial institution to receive non-basic services and the provision of services to the customer does not require the creation of a file. An occasional customer does not have a "continuous" relationship with the financial institution. Customers requesting the payment of checks, money order and payment of bills are occasional customers.

1-10-2- Permanent customer: a customer whose relationship with the financial institution has the important quality of being continuous and due to the type and nature of the services required, it is necessary to create an identification and other relevant information file for that customer.

1-11- Foreign natural persons: are individuals who do not have Iranian nationality, have valid documents of the passport issuing country and have visa or valid residence permission in Iran. As regards stateless foreigners, have special card for foreign nationals or valid temporary exit card issued by the Interior Ministry of I.R. Iran. As for foreign refugees, have valid refugee card issued by the Police of I.R. Iran.

1-12- Foreign legal persons

They include:

a) Institutions, companies and their active branches registered outside Iran.

Note- Agency and branches of foreign companies and institutions registered with the Iranian General Bureau of Registration of Companies are considered as Iranian legal persons.

b) Foreign political representatives resident in Iran including embassies and consulates.

c) Official representative offices of international organizations located in Iran approved by the Ministry of Foreign Affairs.

d) Offices of foreign NGOs with license for activity issued by the Interior Ministry.

1-13- Customer identification: the recognition and verification of the customer's identity using information sources, documents and data that are independent, valid and reliable. Customer identification is divided into two groups of activities known as "initial identification" and "full identification".

1-13-1- Initial Identification: means checking against identification documents and entry of information declared by customer. In case the information is provided by representative or attorney, information of the principal shall be entered in addition to that of the attorney or representative.

1-13-2- Full Identification: means precise identification of customer at the time of providing basic services as referred to in this Directive.

1-14- Banking and financial services: refers to various services provided by the financial institution to a customer. Banking and financial services are divided into two groups, known as "non-basic services" and "basic services" as described below.

1-14-1- Non-basic Services: means services which are not a prerequisite and required for providing other services to a customer nor will they result in a continued relationship of the customer with the financial institution. The provision of these services to a customer only requires the customer's initial identification by the financial institution as set forth in this Directive. Non-basic services include:

- Money order;
- Any form of payment or withdrawal;
- Buying and selling foreign currencies, whether cash, transfers, foreign travelers check, etc.;

- Issuance of various cashier's checks and interbank (certified) checks and payment of checks.

1-14-2- Basic Services: means banking and financial services which, according to regulations, are considered to be prerequisite and required for providing other services by financial institutions after which customers call on the financial institution to receive frequent and continuous services. Basic services include:

- Opening accounts of any type with banks;
- Provision of facilities and leasing transactions;
- Transactions related to letters of credit;
- Issuance of various bank guarantees 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 withdrawal and payment cards.
-

1-15- Designated Number: A unique number which is determined and allocated to each of foreign natural and legal persons and shall be inserted on the valid ID as a code.

1-16- Financial Intelligence Unit: (FIU) a national, centralized and independent financial unit that has the responsibility to receive, analyze and refer the reports about suspicious transactions to the competent authorities (as specified in article 38 of the Executive By-Law of the Anti-Money Laundering Act).

1-17- Designated Threshold Amount: as defined in article 1 (G) of The Executive By-Law of the Anti-Money Laundering Act.

1-18- The Council: means High Council on Anti-Money Laundering.

1-19- Secretariat: means the Secretariat of the High Council on Anti-Money Laundering.

1-20- National Database for Foreign Nationals: the authority in charge of determining the designated number of foreign natural and legal persons having relation with I. R. Iran, , according to By-Law No. H40266T/ 16173 of Apr.18, 2009 approved by the Council of Ministers.

1-21- Persons Identity Verification System (PIVS): a system existing in the Ministry of Economic Affairs and Finance, which is connected to relevant organizations (National Organization for Civil Registration, National Database for Foreign Nationals, State Organization

of Deeds and Properties, Post company, and the Tax Affairs Organization) and facilitates replies to financial institutions inquiries on various persons identification and address.

1-22- Valid identification documents

1-22-1- Foreign natural persons

- Valid passport: means a passport that its expiry date has not been passed and includes valid residence permission.

Note 1: Valid residence permission is:

- 1- The valid residence permission issued by the Police, inserted on the passport;
- 2- Visa with valid date issued by the Ministry of Foreign Affairs, inserted on the passport;
- 3- The passport of nationals whose country requires entry visa for Iranian nationals with entrance stamp to the country and at most one month since the entrance date;
- 4- Passport of foreign nationals with visa renewal permission issued by the Police.

Note 2- visa or residence permission inserted on the service and political passports issued by the Ministry of Foreign Affairs.

- Valid refugee document issued by the Police;
- Valid identification card issued by the Interior Ministry;
- Valid temporary exit card (Processing) issued by the Interior Ministry.

Note 3- Validity of refugee documents, identification cards and Processing is subject to non-expiry of the date.

1-22-2- Foreign legal persons

- Introduction letter by the Ministry of Foreign Affairs for political representative of countries and international organizations

- Introduction letter by the Interior Ministry for foreign NGOs;
- Registration documents of other foreign legal persons outside Iran on which the place, date and number of registration and subject of legal person's activity have been inserted;

1-23- Identity specifications

1-23-1- Natural persons: Name and surname, father or mother's name, date of birth, country of birth, number and kind of identification document, nationality, gender, designated number.

Note: as regards Arab nationals, the name of ancestor is considered as identity specifications with no need to obtain surname

1-23-2- Legal persons: name, nationality, subject of activity, kind of activity, number, place and date of registration, designated number.

Note: This Directive contains minimum necessary information on the method of identification of valid documents of foreign documents. The Central Bank take measures to prepare and notify relevant guidelines of valid identification documents. Also, due to complexity of identifying the validity and lawfulness of presented documents by foreign natural or legal persons, personnel of financial institutions shall have to inquire the matter on a case basis via connecting to PIVS or through contact with National Database for Foreign Nationals.

Note: While verification of evidences and documents of occasional foreign customers is conducted at the place of the financial institution, they should employ experienced staff in each branch.

Article 2- A financial institution shall, in order to give effect to the purposes of this Directive, draft transparent policies and procedures within the framework of the prescribed laws and regulations and review the same annually. These policies and procedures must contain the following:

- The policy on accepting customers;
- The procedures for identification of customers;
- Continuous monitoring of accounts;
- Risk management.

The Policy on Accepting Customers

Article 3- A financial institution must have clearly defined criteria for accepting customers. These criteria should incorporate the following:

3-1- Opening any kind of account requires full identification of the customer based on identity documents and papers, valid residence and activity permission and rules set forth in this Directive.

3-2- A financial institution must check the identity and information provided by the customer and its representative (parent, executor (of estate), guardian, and Iranian or foreign attorney) against valid identification documents, according to the rules set forth in this Directive.

3-3- Prior to opening an account, a financial institution shall check to ensure that the details of the person requesting the opening of an account does not correspond to the details of foreign persons for whom it is forbidden to open accounts.

3-4- The financial institution shall have to refrain from opening account for foreign natural and legal persons who do not provide valid documents for their residence in Iran.

3-5- AML Unit of financial institution is obliged to report details of foreign customers who have provided false information to the Financial Intelligence Unit.

Article 4- as for foreign nationals with refugee document issued by The Police, special card of foreign nationals and temporary exit card (processing) issued by the Interior Ministry, financial institutions shall have only, after initial and full identification, to provide relevant services of opening interest-free loan saving account, investment saving and operation for cashing checks.

Note: provision of any E-card and license of E-services to the above mentioned persons are forbidden.

Article 5- provision of any bank services to foreign nationals with valid passport and residence permission is permitted.

Article 6- The financial institution must promptly implement article 15 of the By-Law concerning the identification of existing customers.

Note 1: Such existing customers, whose details show inconformity at the comparison stage, must clarify such inconformity within three months. If the inconformity is not clarified, the Anti-Money Laundering Unit of the financial institution shall submit the matter to the Financial Intelligence Unit.

Note 2: Such existing customers whose median annual activity is considered unimportant by virtue of the relevant Directive that shall be approved by the Council are exempt from this article.

Article 7- If a financial institution is unable to obtain the necessary information for the identification of a customer for reasons such as a lack of cooperation by the customer or the customer provides false information, the financial institution shall, after explaining the issue, abstain from providing services to the customer.

Article 8- A financial institution shall report the details of customers who have provided false information to the Financial Intelligence Unit.

Procedures for Identification of Customers

The identification of a foreign natural or legal customer is divided into initial identification and full identification based on the services it requests. While providing banking services to foreign customers, financial institution is obliged to obey relevant provisions of Directive on Identification of Iranian Customers of Financial Institutions in addition to rules set forth in this Directive. Hence, a financial institution shall, when providing any banking and financial services (whether non-basic services or basic services) to a foreign customer, whether occasional or permanent, and conducting any kind of monetary and financial operations (even under the designated threshold amount), including any form of payment and withdrawal, money order, issuance and payment checks, provision of facilities, issuance of any kind of payment and debit cards, issuance of guarantees, sale and purchase of foreign currencies, certificate of deposit and participation bonds, acceptance of guarantees and undertakings of guarantors in any form, such as signing promissory notes, bills of exchange and letters of credit, carry out identification of the customer as set forth in this Directive and registered information in its information systems.

Note: Payment of government bills and utilities under the designated threshold amounts does not require the identification of the customer.

Initial Identification of Foreign Persons (Natural, Legal)

Article 9- While providing non-basic services, the financial institution is obliged to obtain identity specifications of the customer and his/ her representative (parent, executor (of estate), guardian, Iranian or foreign attorney) and upon verification against the original valid identity documents, register them.

Note: as regards legal persons, identification of their representative or attorney is mandatory.

Full Identification of Foreign Persons (Natural, Legal)

A financial institution shall, when providing any basic services to foreign persons (natural or legal), fully identify them, in addition to carrying out the initial identification.

Full Identification of Foreign Natural Persons

Article 10- For full identification of foreign natural persons, relevant personnel of the financial institution is obliged to complete the annexed form number 1, attached with the scan or copy of valid identification documents of foreign natural persons and send it to the AML Unit. This Unit shall obtain the designated number of foreign persons via PIVS. If that number already exists, the AML Unit shall have to check its authenticity and then order opening the account to the requesting branch. At the same time, the valid documents and the filled out form shall be sent to FIU via the communication system of FIU. The latter Unit, after doing necessary surveys from relevant databases which shall take within at most three working days, notifies the license of activity to the AML Unit of the financial institution. Prior to the issuance of the said license, the financial institution is only allowed to receive funds from the owner of the account and provision of any other banking services is subject to the issuance of license. In case the FIU does not issue the said license, the financial institution shall have to take measures according to the order of the FIU.

Full Identification of Foreign Legal Persons

Article 11- For full identification of foreign legal persons, relevant personnel of the financial institution is obliged to complete the annexed form number 2, attached with the scan or copy of valid identification documents of foreign legal persons and send it to the AML Unit. This Unit shall obtain the designated number of foreign persons via PIVS. If that number already exists, the AML Unit shall have to check its authenticity and then order opening the account to the requesting branch. At the same time, the valid documents and the filled out form shall be sent to FIU via the communication system of FIU. The latter Unit, after doing necessary surveys from relevant databases which shall take within at most three working days, notifies the license of activity to the AML Unit of the financial institution. Prior to the issuance of the said license, the financial institution is only allowed to receive funds from the owner of the account and provision of any other banking services is subject to the issuance of license. In case the FIU does not issue the said license, the financial institution shall have to take measures according to the order of the FIU.

Note: as regards foreign companies, branches and representative offices of foreign companies in Iran and foreign NGOs, in addition to full identification of natural persons with authorized signature, foreign resident officials traveling to Iran (as per the requirements for natural persons)

and also specifications of board of directors, and senior managers and equivalent organizational position in foreign countries (as noted for natural persons, except the number of residence permission and visa and address), obtain specifications of their principal company outside Iran, according to the content of forms No. 1 and 2).

Article 12- For full identification of foreign customers (natural or legal), financial institution shall have to obtain all information that it obtains (as the case may be) for full identification of Iranian customers (natural, legal) and maintain them in their records.

Continuous Monitoring of Accounts

Article 13- branches that open accounts for foreign natural and legal persons are obliged to provide a summary of the information of customers' turnover and submit it to AML Unit of the financial institution every three months via E-system, so that, based on this information, in addition to monitoring specified in this Directive, necessary monitoring shall be conducted in accordance with conditions of legal and illegal activity and presence of natural and legal persons. In case of changes of the said conditions, necessary informing to the relevant branches shall be conducted.

Article 14-The Board of Directors, senior management, or equivalent organizational position of the financial institution shall ensure the existence and implementation of effective programs for foreign customer identification by adopting appropriate procedures. These programs must provide for the possibility of efficient management of systems, controls, segregation of duties and training of personnel. The final responsibility for decisions taken in this regard rests with the Board of Directors or its equivalent in the financial institution.

Article 15- The responsibility for the implementation of policies and procedures of the Board of Directors and senior management or equivalent organizational position in the financial institution (in respect of foreign customer identification and creation of relevant information systems) rests with that institution's Anti-Money Laundering Unit. The said unit shall evaluate the implementation of the policies and procedures for customer identification in all branches and all levels of the financial institution and report any deviation accompanied by corrective suggestions to the Board of Directors and senior management of the financial institution.

Article 16- Financial institution shall provide training to its personnel on identification of customers. Training modules must be designed such that personnel gain sufficient and reasonable knowledge on the necessity, importance and method of implementing policies and procedures on customer identification. These modules must be continuous (specifically in respect of new personnel) so that it is ensured that the relevant personnel have received the relevant training in this regard. The financial institution shall include the relevant training records in its employees' files.

Article 17- Financial institution is obliged to review the information pertaining to a customer being active once every six months. Also, on request of a customer or the incidence of substantial change in a customer's situation, the financial institution shall once again conduct a full identification of the customer.

Keeping Records of Customers and Their Transactions

Article 18- The Board of Directors of the financial institution shall ensure that necessary steps have been taken for the appropriate maintenance and processing of information, and that powerful systems have been established in the institution, such that when necessary, these systems are able to provide required information by relevant authorities with ease, and within the framework of relevant laws and regulations within one working day at the maximum.

Article 19- The maintenance of the documents and evidences in the financial institution shall be in accordance with the By-Law on “the Duration and Method for Maintaining Commercial Papers, Banks' Ledgers and Documents” approved in the 1114th session of the Money and Credit Council on 15th June 2010 (the Central Bank By-Law number 80223/89 of 6 July 2010, and its later amendments).

The type of transaction, amount and kind of currency, date of transaction and parties to the transaction, accounts whereby the transaction has taken place, and details of the account holder(s) shall be included in the records of financial transactions maintained.

Miscellaneous

Article 20- Observance of other provisions mentioned in the Directive on Identification of Iranian Customers of Financial Institutions is mandatory for foreign natural and legal persons.

Scope of This Directive

Article 21- In addition to financial institutions, this Directive is binding on all branches and representatives of foreign banks and financial institutions in Iran, financial institutions situated in free trade and industrial zones and special economic zones.

Effective Date

Article 22- The effective date of this Directive is one month after its notification by the Central Bank. During this time, financial institutions shall inform customers and adopt the necessary

measures and facilities for implementing this Directive, such that its implementation will as far as possible not interfere with customers' affairs.

This Directive has been approved in the twelfth session of the High Council on Anti-Money Laundering on 2 January 2012 in 22 articles and 14 notes.

Directive on

Method of Taking Particular Precision and Supervision While Providing Basic Services to Foreign Politically Exposed Persons by Financial Institutions

In order to combat money laundering and prevent financing of terrorism and ensure the effective implementation of the Executive Bylaw of the Anti-Money Laundering Act subject of By-law No. 181434/T 43182K of 5 December 2009 issued by the Ministers member of the Work Group for the Adoption of By-laws of the Anti-Money Laundering Act, in particular its Article 9, this Directive on “Method of Taking Particular Precision and Supervision While Providing Basic Services to Foreign Politically Exposed Persons by Financial Institutions” is hereby notified.

Definitions

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

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

1-2- Financial institutions: means banks (including Iranian banks and branches and representative offices of foreign banks based in the Islamic Republic of Iran), non-bank financial institutions, credit cooperatives, interest-free loan funds.

Note: A financial institution includes a branch or representative office existing in the free trade and industrial zones and the special economic zones of the Islamic Republic of Iran.

1-3- Designated Number: a unique number that, according to resolution No. H40266T/ 16173 of Apr. 18, 2009 by the Council of Ministers, is determined and allocated to each of foreign persons.

1-4- Act: the Anti-Money-Laundering Act of 22 January 2008;

1-5- Bylaw: means the Executive Bylaw of the Anti-Money Laundering Act of By-law No. 181434/T 43182K of 5 December 2009 issued by the Ministers member of the Work Group for the Adoption of Bylaws of the Anti-Money Laundering Act.

1-6- Foreign natural persons: are individuals who do not have Iranian nationality, have valid passport of another country and have visa or valid residence permission in Iran. As regards stateless foreigners, have special card for foreign nationals or valid temporary exit card issued by the interior ministry of I.R. Iran. As for foreign refugees, have valid refugee card issued by the police of I.R. Iran.

1-7- Foreign Political Persons

Foreign natural persons who have one of the following conditions:

1-7-1- Persons who have official political position in their own country or have a diplomatic position on behalf of their country in foreign countries.

1-7-2- Persons who have not any official position but are known as persons of political parties at that country and are engaged in political activities in their own or foreign countries.

1-7-3- Persons who have official position in inter-state or international organizations.

1-8- Special foreign politically exposed persons: foreign politically exposed persons as noted in item (1-7) or other foreign politically exposed persons affiliated to military or quasi-military or cult groups, provided that they have one of the following conditions:

- a) Prosecuted by Interpol
- b) Prosecuted under provisions of extradition of criminals
- c) Boycotted by Security Council of the UN.

Note: The list of foreign politically exposed persons and special foreign politically exposed persons shall be updated by the Central Bank and notified to financial institutions.

1-9- Banking and financial services: refers to various services provided by the financial institution to a customer. Banking and financial services are divided into two groups, known as "non-basic services" and "basic services".

1-9-1- Non-basic Services: means services which are not a prerequisite and required for providing other services to a customer nor will result in a continued relationship of the customer with the financial institution. The provision of these services to a customer only requires the customer's initial identification by the financial institution as set forth in this Directive. Non-basic services include:

- Money order;
- Any form of payment or withdrawal;
- Buying and selling foreign currencies, whether cash, transfers, foreign travelers check, etc.;
- Issuance of various cashier's checks and certified checks and payment of checks.
- Buying and selling certificate of deposit (special or general) and other securities

1-9-2- Basic Services: means services which, according to regulations, are considered to be pre-requisite and required for providing other services by financial institutions after which customers call on the financial 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 Directive. Basic services include:

- Opening accounts of any type with banks;
- Provision of facilities and leasing transactions;
- Transactions related to letters of credit;
- Issuance of various bank guarantees 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 withdrawal and payment cards.

Article 2- financial institution is obliged, while providing basic services, in particular the following banking services, to foreign political persons, to observe provisions set forth in this Directive:

1- Opening, blocking (the whole or part of the account) and closing interest-free loan saving account.

2- Opening, blocking (the whole or part of the account) and closing interest-free loan saving account and termed deposit investment account

Note 1: According to letter No644/1496977 dated 14Nov 2011 of General Manager of International Law of the Ministry of Foreign Affairs, introducing legal and natural persons of foreign representatives located in I.R. Iran for conducting banking activities and receiving basic services is subject to issuance of an official letter by the General Protocol Office of the Ministry of Foreign Affairs.

Note 2- Provision of all basic services to special foreign political persons is forbidden. In case of provision of basic services to the said persons before the notification of this Directive, it is necessary to immediately report the issue to the Central Bank so that the method of action be, upon usual evaluation, declared.

Note 3: Provision of basic services to other foreign political persons is permitted but the issue should be immediately reported to the Central Bank.

Article 3- In case where foreign political person withdraws from receiving basic services or in case the provision of the said services is ceased (such as blocking account, settlement of facilities), the issue should immediately be reported to the Central Bank.

Opening interest-free loan saving account

Article 4- Opening interest-free loan current account for foreign political persons is possible, only within the framework of provisions set forth in the Directive on “Method of Identification of Foreign Customers of Financial Institutions”, in particular their full identification.

Article 5- As for opening interest-free loan current account for foreign political person, the financial institution is obliged to review this matter that the applicant person falls within which group of foreign political persons mentioned in this Directive. In this regard:

5-1- Opening current account for special foreign political persons is absolutely forbidden.

5-2- In case the original home country of foreign political persons is among those countries in which organized crimes and predicate offences of money laundering are many, opening current account for them shall be subject to obtaining permission from the Central Bank.

5-3- In case after opening account, foreign political persons who hold the accounts fall under one of the previous Items...., it is necessary to immediately report the issue to the Central Bank so that the method of action be, upon usual evaluation, declared to the financial institution.

Article 6- Banks are obliged to exercise necessary controls, in order to ensure that specifications of person applying for opening account are not those of persons whom it is forbidden to open account for (such as persons who are in the black list due to the order of a judicial authority or due to having the record of bounced checks).

Article 7- Prior to opening current account, the bank is obliged to obtain necessary information, through predicted mechanisms, in order to identify the number of current accounts of the applicant in the whole banking system. Also, banks shall have to design and apply proper monitoring activities within the framework of the Circular “Guidelines for Efficient Internal Monitoring System in Financial Institution” No. 1172/MB dated 21 June 2007 issued by the Central Bank to identify the applicants who have numerous current accounts and are probably lacking necessary capacity for opening new current account.

Opening Interest-free Loan Saving Account and Termed saving Investment

Article 8- While opening interest-free loan saving account and termed deposit investment for foreign political persons, banks are obliged to conduct full identification, according to Directive on method of identification of foreign customers of financial institutions. For opening the said accounts, permanent residence of the applicant in Iran is not required.

Closing and Blocking Account

Article 9- The accounts mentioned in this Directive shall be closed in the following cases:

9-1- requesting of the applicant

9-2- By virtue of issuance of judicial verdict by Iranian courts;

9-3- By virtue of issuance of judicial verdict by foreign courts, upon approval by the Central Bank;

9-4- By virtue of issuance of judicial order by international authorities, upon approval by the Central Bank;

Note: Accounts shall be blocked only when conditions set out in items (9-2), (9-3) and (9-4) are met. The financial institution is obliged to report closing or blocking accounts of foreign political persons, along with a full report, to the Central Bank.

General Requirements

Article 10- All financial institutions are obliged to ensure observance of this Directive by their foreign branches.

Article 11- Financial institutions are obliged to report all basic services that have been provided to foreign political persons to the Central Bank.

Article 12- The financial institution should, in addition to observing provisions of this Directive, observe regulations relating to opening, blocking and closing current account applicable to all Iranian and foreign persons, in the case of foreign political persons.

This Directive has been approved in the twelfth session of the High Council on Anti-Money Laundering on 2 January 2012 in 12 articles and 6 notes.

Executive Directive on

Anti-Money Laundering in Currency Exchange Bureaus

Purpose

In order to combat money-laundering and prevent financing of terrorism and ensure the effective implementation of article 7 of the Anti-Money Laundering Act (enacted by the Islamic Consultative Assembly on 22 January 2008), the Executive By-Law of the Anti-Money Laundering Act No. 181434/T 43182K of 5 December 2009 issued by the Ministers member of the Work Group for the Adoption of By-Laws of the Anti-Money Laundering Act and its later amendments, and the Cabinet By-Law Number T/211815 H39395 on “Documenting the Flow of Funds in the Country” of 16 March 2008, and in line with international rules and criteria in the field of AML and CFT this Directive on "Anti-Money Laundering in Currency Exchange bureaus" is hereby notified.

Definitions

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

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

1-2- Act: the Anti-Money Laundering Act of 22 January 2008.

1-3- By-Law: Executive By-Law of the Anti-Money Laundering Act No. 181434/T 43182K of 5 December 2009 issued by the Ministers member of the Work Group for the Adoption of By-Laws of the Anti-Money Laundering Act and its later amendments.

1-4- Financial Intelligence Unit (FIU): means a centralized and independent unit that is responsible to receive, analyze and refer the reports about suspicious transactions to the competent authorities (as specified in article 38 of the Executive By-Law to the Anti-Money Laundering Act).

1-5- Currency Exchange Bureau: any private stock company or joint guarantee company that, upon obtaining license from the Central Bank, engages in the act of sale and purchase or transfer of foreign currencies in cash or by money order or via brokers outside the country and/or engages in sale and purchase of gold and silver coins.

1-6- Designated Threshold Amount: the sum of one hundred and fifty million (150,000,000) Riyals cash, or its equivalent in other foreign currencies and precious material. The Cabinet may, where necessary, modify such Threshold with a view to the country's economic conditions.

1-7- Cash: means any type of coins and banknotes and checks of various kinds whose transfers is not being documented and is untraceable, such as ordinary bearer checks and other checks whose bearer is a party other than the first beneficiary (such as the endorsed checks by third parties, travelers, checks, Iran checks and the like).

1-8- Money laundering: means the crime of money laundering, as defined by section 2 of the AML Act;

1-9- Suspicious Transactions and Activities: means transactions and activities which persons, having access to information and/or reasonable grounds, suspect are being performed with the aim of money laundering or the financing of terrorism;

1-10- Customer: any person including principal, attorney or legal representative who calls on the currency exchange bureau for receiving services, dealing or transfer of funds.

1-11- Customer identification: the recognition and verification of the customer's identity using information sources and data that are independent, valid and reliable.

1-12- National ID for Legal Persons: means a unique number that is allocated to all legal persons, according to By-law No.H39271 T/16169 of Apr. 18, 2009 of the Council of Ministers.

1-13- Designated Number of Foreign Persons: means a unique number that is allocated to all foreigners related to I.R. Iran by the National Database for Foreign Nationals, according to By-law No.H40266T/ 16173 of Apr. 18, 2009 of the Council of Ministers.

1-14- FCMS: is the Foreign Currency Monitoring System that is located at the Central Bank and currency exchange bureaus are obliged to register all exchange operations and information related to identification of the customer in that System.

1-15-Currency fund: national money unit of I.R. Iran that is Rial.

1-16- Currency Exchange Bureau Designated Account: a designated account (in Rial or foreign currency) under the name of the currency exchange bureau through which the bureau's financial operations are conducted.

1-17- Customer Code: is a unique number which each individual should obtain once from the currency exchange bureau for the exchange activity.

Identification of the customer

Article 2- All currency exchange bureaus are obliged, before providing services to customers, to identify them in the following manner:

2-1- Identification of Iranian natural person

Required information for Identification of Iranian natural person includes name and surname, national ID number, date of birth, father's name, number of birth certificate, place of birth, complete residential address and postal code, landline and mobile numbers.

Currency exchange bureaus are obliged, in conducting all exchange activities, to obtain the above mentioned information from the customer, verify it against the content of the national card, register the information in the FCMS, write it on the relevant invoice and get the invoice signed by the customer.

2-2- Identification of foreign natural person

Required information for Identification of foreign natural person includes name and surname, father's or grandfather's name, nationality, number of visa, number of passport, complete residential address and postal code, home or domicile address in Iran, telephone number, designated number of foreign persons.

While obtaining the said information from foreign natural customer and verifying against original identification documents, all currency exchange bureaus are obliged in all currency operations to register information in FCMS and write it on the invoice which customer shall sign.

Note: As regards foreign natural person, the valid passport including entry and residence permission or ID card and or valid processing paper for foreign nationals, designated number of foreign persons is considered identification documents.

2-3- Identification of Iranian legal person

Required information for Identification of Iranian legal person includes, name, registration number, registration place, national ID, economic code, complete address and postal code of legal domicile of legal person and telephone number.

While obtaining the said information from legal customer and verifying against original identification documents, all currency exchange bureaus are obliged in all currency operations to

register information in FCMS and write it on the invoice which the representative of the legal person shall sign.

Note: Valid documents for legal persons consist of: Articles of association; the certificate of registration of the company; latest Official gazette;

2-4- Identification of foreign legal person

Required information for identification of foreign legal person includes: name, registration number, country and city of registration, economic code, complete address and postal code of legal domicile of legal person, telephone number, license for activity in Iran, designated number of foreign persons.

While obtaining the said information from legal customer and verifying against original identification documents, all currency exchange bureaus are obliged in all currency operations to register information in FCMS and write it on the invoice which the representative of the legal person shall sign.

Note 1: In case the transaction is more than the designated threshold amount, it is necessary for the currency exchange bureau to scan the identification documents of the customer.

Note 2: As regards all legal persons, including Iranian and foreign, it is necessary, in addition to obtaining and filing the original of the valid introduction letter, to identify the introduced representative by the legal person, in accordance with the regulations on identification natural persons.

Article 3- In case the customer who refers to the currency exchange bureau does not have the customer code, it is necessary, before defining the customer in the FCMS, to search via the national number (Iranian natural person) national ID (Iranian legal person) passport number or designated number (foreign persons) and if the customer information is not registered in the System, the bureau shall define it.

Article 4- In case of money order's operations, the declarations of customer about reason of performing money order shall be registered with relevant documents in FCMS.

Note 1: In case the purchased order by the customer is for importing, the currency exchange bureau is obliged to insert the order registration number in the FCMS.

Note 2: In case specifications provided by the customer are false and or his/her identification documents are assessed as forged by the bureau, the bureau is obliged to immediately report the issue as a suspicious transaction to the FIU. In these cases, provision of services to the customer

shall be ceased for one working day after submission of the report. After that time and in case the FIU presents a judicial decree to the bureau, necessary measures on that basis shall be taken, otherwise provision of services to the customer is permitted.

Financial transaction in currency exchange operations:

Article 5- The currency exchange bureau is obliged to install POS device – in Rial – connected to the bureau's account.

Note: Upon notification of the Central Bank for the possibility of installing POS device – in foreign currency - the bureaus shall have to install it.

Article 6- It is necessary to conduct any payment of cash higher than the designated threshold amount to the customer (including settlement of the ordered transaction or cancellation of the order or part of it by the customer) be conducted via paying in the account of the customer or issuing check in his/her name (without the possibility of countersigning). The bureau is by no means allowed to offset the original or remaining part of the customer account with other accounts.

Reporting

Article 7- Upon observing transactions and operations suspicious of money laundering and financing of terrorism, all currency exchange bureaus have a duty to submit the matter to the FIU through STR System in their institution without informing the customer. Such reports are confidential and if a customer is informed of such reports, the informer will be dealt with according to law.

Note 1: The list of some indices of identifying suspicious transactions and activities shall be sent through STR System. The currency exchange bureau is obliged to use the latest version of this list by continuous visiting of the System.

Note 2: The appraisal of the relevant personnel of the currency exchange bureau regarding a suspicious transaction is of primary importance and the declared criteria are only part of the relevant criteria.

Article 8- The submission of a report on suspicious transactions and other reports that a currency exchange bureau is obliged to submit to the Financial Intelligence Unit is not considered an accusation of any person and the submission thereof to the said unit is not considered a disclosure of personal secrets, and therefore the reporters will face no accusation in this regard.

Article 9- All currency exchange bureaus are obliged, in all transactions more than the designated threshold amount whose price is paid in cash by the customer, obtain explanations of the customer and complete the form of cash payment more than the designated threshold amount in the System.

Note: If the customer does not complete the form, or refrains from providing information that would enable the personnel of the relevant currency exchange bureau to complete the form, the personnel of the currency exchange bureaus are obligated to accept the funds from the customer, but shall inform the Financial Intelligence Unit of the issue and designate the matter as “urgent”.

Article 10- If the explanations provided by the customer about the source of the cash exceeding the Designated Threshold Amount are not convincing, or for any other reason, there is a suspicion of money laundering or the financing of terrorism, the relevant official shall have to submit the report on suspicious transactions to FIU.

Article 11- All currency exchange bureaus are obliged to submit every six months a report of their activities related in any way to this Directive to the Central Bank.

Maintaining the Records:

Article 12- All currency exchange bureaus are obliged to register the records of financial transactions and operations electronically in FCMS and keep documents relating to identification record of customers, invoices and other documents related to currency exchange bureau operations physically and at least five years since completion of operation.

.Note: Also, in case of winding up or liquidation of the currency exchange bureau, the documents shall have to be kept for five years after the winding up or liquidation.

Article 13- Records and documents mentioned in this section ought to be kept and maintained in a way that it is possible to send the requested information by the FIU within at most four working days and the requested evidence and documents within at most one month. The currency exchange bureau is responsible for search and provision of the documents.

Method of monitoring of suspect persons:

Article 14- All currency exchange bureaus are obliged to monitor operations and transactions of persons whose names have been announced by the FIU and take measures on them according to orders issued by the Unit.

Access of personnel to the names and details of suspect persons

Article 15- All currency exchange bureaus shall provide the names and details of persons, according to article 14, to its relevant personnel that provide services to customers and along with inserting them in their software, provide the possibility of issuing necessary alerts at the time of conducting transaction with those persons.

Confidentiality of information

Article 16- All currency exchange bureaus are to consider the names and details of persons, according to article 14, as confidential and only provide them to their relevant personnel. Any case of disclosure or unauthorized use of this information shall be dealt with according to the law.

Updating

Article 17- All currency exchange bureaus shall immediately after receiving the names and details of persons, according to article 14, update the previous list, such that the list of these persons will consistently contain the latest amendments and be at the disposal of the relevant personnel.

Ad hoc reporting

Article 18- In any case where all currency exchange bureaus are acting in accordance with article 14 of this Directive, it shall immediately report the Financial Intelligence Unit of the matter.

Training of personnel

Article 19- All currency exchange bureaus are obliged to train their employees the content of AML Act, its Executive By-Law and the relevant Directives.

Article 20- All currency exchange bureaus are obliged to make necessary arrangements for their employees to attend training courses on AML and CFT held by the Central Bank or the Secretariat of the High Council on AML.

This Directive has been approved in the twelfth session of the High Council on Anti-Money Laundering on 2 January 2012 in 20 articles and 11 notes and is effective from the date of notification.