INTRODUCTION

- **What's Money Laundering ?**

- Any conduct involving the acquisition ,holding, disposing of, managing, keeping, exchanging , depositing , guaranteeing , investing , transferring or converting funds , or tampering with their value , if such Funds are the proceeds of many crimes , with the knowledge of that , provided that such conduct purports to conceal , disguise or alter the nature , source , location , ownership , or any interest therein , or change the true nature ,or to prevent the discovery thereof or impede the identification of the perpetrator of the crime the proceeds of which are these Funds**.**

*** Its Stages :**

- Placement
- Layering
- Integration

*** BANQUE MISR Policy in Combating Money Laundering :**

- Internal Control Guidelines
- Implementing " KYC " Procedures
- Identifying of Suspicious Operations
- Retention of Documents , Vouchers and Records
- Training

To achieve its procedures and policies , **BANQUE MISR** has adopted the following steps :

- Appointing the AML Officer in each branch .
- Appointing the AML Officer for branches zones for reviewing the suspicious cases arrived from its affiliate branches .

- Appointing the AML Manager at the bank to inspect the suspicious cases which are received by him from the AML Officers at the zones and main branches , keep them on file after annotating on them by the reasons for keeping them on file in case there are no suspicious or refer them to the Combating Money Laundering Unit at the Central Bank .

- Determine the duties of the AML officer in the branches, zones and the manager at the bank .

- Determination of the stages and Reporting Procedures about the suspicious cases .

- Every unusual operation shall be brought to the attention of the manager responsible for AML if exceeding certain limits to be set forth bank's management , particularly regarding cash deposits and drawings , the bank's top management has decided to determine the said limit at L.E 100 000 (one hundred thousand Egyptian pounds) or USD 20000(twenty thousand) or equivalent there to in other foreign currencies as a minimum .

- Training the AML Officers in cooperation with the Combating Money Laundering Unit at the Central Bank .

- Circulating the form of reporting the suspicious operations for all branches complying with the form coming from the Combating Money Laundering Unit at the Central Bank .

- The telex shall not be used as a means of transmission abroad in outgoing transfer operations and that all branches shall use only SWIFT messages for such transfers to enable achievement of centralized control over outgoing transfers through SWIFT centralization at Overseas Branch .

- Circulating the Control Guidelines issued by the Central Bank in 29/1/2003 which informed to the bank by circulated letter no. 372/87/1 in 19/2/2003 .

- Amending some unified forms (for example : Account Opening Application , Currency Buy / Sell Form , …….) .

- Preparing a monthly reporting form by the branch which sent to the AML Manager at the bank for knowing the branches commitment to AML regulations .

Section One
Control Guidelines

1. ACCOUNT OPENING:

It shall be incumbent to obtain the necessary data to identify the customers, their legal status and positions, the real beneficiaries from the natural or artificial persons, verification of the propriety of such data in application of the requirements of the principle called "know your customer" upon opening accounts for any of the customers through legal evidential means and recording the data of such identification.

The following shall be observed in particular:

1. No account may be opened for any person(s) without proper identification or under fictitious or feigned names.

2.The general rule applicable to account-opening is that standard unified bank forms should be used in all branches. Such forms should be filled in and signed by the customers and the bank shall verify the propriety of such information and approve thereof as per the original documents submitted.

3. Account-opening forms should_ include detailed particulars including full name and surname of the applicant, his nationality, permanent residence, telephone number, work or business address, kind of activity or profession, names and nationalities of those authorized to operate the customer's account(s) besides any other information deemed necessary.

In case of artificial (judicial) persons, the form shall include the following additional data:

- The legal status **and** nature of the activity.
- The person authorized to sign for the judicial person.

- Names and addresses of partners, in case of partnerships.
- Names and addresses of shareholders each of whom has a

Shareholding exceeding 10 % of the share capital of the company in,
Case of corporations (stock companies).

4. The account-opening application form shall include a declaration made by the. applicant stating that he is the sole, original and beneficial owner of the account being opened and that neither he/she will personally deposit any sum that is suspicious or of unknown source nor will he/she accept deposit of any such amounts, besides his/her undertaking to update the data of the form.

5. The clerk-in-charge shall sight the original documents, have copies thereof and sign in token of his verification of conformity of the photocopies to the original and ascertainment of the propriety of the information submitted in regard of applicants for opening of accounts in the following manner:

a) **Physical persons:**

- The official document (card) bearing identifying data about the individual holding it (national number card, passport, military card).

- For individuals who have incomplete legal capacity, e.g'. minors who are under the legal age, the documents evidencing their legal representatives in the operation of the accounts shall be furnished.

- The documents necessary to evidence the authorization given to the persons who are authorized by the customer to operate his/her account and the information concerning them.

b) Artificial (Judicial) persons :

- The documents necessary for ascertaining existence of the artificial person, its operation and practice, particularly the commercial registration and the tax card.

- The documents evidencing authorization by the judicial person to the natural person(s) representing it and the information concerning him/her/them.

- For non-lucrative societies, the documents evidencing their establishment, the nature of their activities and their power to have accounts opened in their names shall be retained.

However, where no applications for account opening are directly submitted to the bank branches, the form of such application shall be authenticated.

6. Where a financial institution (local or foreign) submits an application for opening an account with the bank, adequate information thereon must be obtained, taking into consideration the following:
   - Such information shall include that which is necessary for identifying the financial institution.
   - Ascertainment of subjection of the financial institution to a control supervision by a regulatory authority in the mother country .
   - Ascertainment of existence of legislations combating money - laundering in the mother country.

7. Due care must be taken for accepting customers giving particular attention to the cases of the followings customers, in accordance with the information and data that become available to the bank upon performance of transactions or operations or rendering services to them or in their behalf and determination of the adequate administrative level that should deal with them and handle their transactions.

Examples of such customers are:

- Customers belonging to countries that have no adequate legal. systems combating money - laundering and in accordance with the information communicated to the bank by the CB.E. in this regard,
- Customers who are accustomed to exercise activities relative to precious commodities such as jewelry, gold, motocars, objets d'art, fine masterpieces, dealings in real-estates, financial leasing, or gambling clubs.
- Customers who continually travel to countries known to be engaged in trade in or cultivation of narcotics.
- Customers who apply themselves willingly to extraordinary risky investments, thus making their behaviour different from that of ordinary.

8- Banks shall periodically update the information and documents submitted in respect of opening accounts for customers, every three years at the most or whenever any other reasons should emerge requiring that updating.

II. EXERCISE OF BANKING OPERATIONS:

As the purpose of handling operations related to the accounts of natural or judicial customers is to satisfy their needs in accordance with the nature of their activities and the considerations involved, banks should obtain enough information to be able to handle such accounts in the manner that will ensure fulfillment of the requirements of the principle "Know your customer" and should commit themselves not to establish time-deposits or accept funds or deposits that are of unknown source or in fictitious names giving special attention to the following operations:

(1) Cash Deposits :

a. The following operations are similar in nature to cash deposits:

- traveler's cheques deposited in customers' accounts.
- bank drafts (to bearer) or cashiers cheques deposited in customers' accounts

b. On accepting any cash deposits the following must be observed:

- Deposit shall be as per a form evidencing the following basic data: name of the person in whose account the amount is deposited, a/c number, name and address of depositor.
- Ascertainment of propriety and correctness of information set forth in the form and checking the identification document of the depositor .

c. Special attention shall be given by banks to the following deposits:

- Large cash deposits made either by the account – holders themselves or by persons authorized to operate the account in a manner that is not consistent with the nature of their activity.
- Frequent cash deposits whose total amount over certain periods does not appear to be commensurate with the activity of the customers.
- Frequent cash deposits by various entities or persons in the account of a customer for no clear purpose and without there being any relationship between such entities and the customer.
- Large cash deposits transferred within short periods to another quarter or entity not closely related to the activity of the customer(s) who transferred them.
- Large cash deposits made by customers who normally use cheques or other banking instruments.
- Large cash deposits by customers using ATM machines, thus, no direct contact with bank employees exists, if such deposits are not in conformity with the customer's activity.
- Customers in whose accounts there are transactions in big amounts in cash without use of other banking instruments without any justifiable clear reason.
- Customers using several accounts in depositing cash amounts whose total represents a big amount during a time period.
- Persons who seek to exchange large quantities of banknotes for obtaining larger denominations in return for lesser ones without clear reasons.

2 - Operation of customer accounts:

Special attention shall be paid to the following:

- Customers who transfer abroad large amounts accompanied by instructions for payment in cash, also large incoming amounts transferred from abroad in favour of nonresident customers accompanied with instructions for payment in cash to them.
- Incoming transfers from abroad in large amounts in favour of a customer from other banks or financial institutions that are not commensurate with the nature and volume of his/her foreign activities.
- Incoming transfers of large amounts with instruction to pay in cash to beneficiaries having no accounts with the bank.
- Outgoing and/or incoming transfers to and from countries that have no adequate legal systems for combating money laundering.
- Consecutive transfers to an account or several accounts opened abroad.
- Deposit of cheques for large sums with the beneficiary being a third party but are endorsed to the customer without there being any clear relationship between the beneficiary and the customer to justify such endorsement.
- Any customer holding in his name several accounts while the nature of his activity does not require such multiplicity, particularly, if transactions and movements occur on such account with persons not clearly related or having business with the customer.
- Customers who use their accounts to receive or transfer large amounts for no clear reason or without there being any clear relationship with them or with their activities.
- Large cash drawings from an account that had been considered

- inactive or from an account which received large amounts transferred unexpectedly to it from abroad.
- Frequent electronic transfers of small amounts to a certain account followed by the account-holder drawing or transferring such amount in the country or abroad.
- Frequent applications for issue of traveller's cheques or bank drafts for amounts incommensurate with the nature of customer's activities.
- Frequent receipt of documents for collection for payment of their value abroad in a manner that is disproportionate with the nature or volume of the customers activities.

- Opening documentary credits for large amounts disproportionate with the nature and volume. of customers activities, or in which the beneficiary is a customer abroad closely related to the customer.
- Discounting of commercial paper where the beneficiary is a foreign party unknown to the bank and without there being any justification for such local discounting.

3 - Foreign Exchange Operations :

Special attention must be paid to foreign exchange selling and buying operations. The following shall be observed in respect of operations exceeding five thousand US dollars or equivalent thereof:

- No dealing shall be transacted with persons of unknown identity or using fictitious names.

- The information concerning the customers must be obtained on standard unified forms used by all branches for buying or selling of foreign currencies. Such forms must be filled in and signed by the customers and the bank must ascertain the soundness and propriety of their data and approve of them.

- Forex selling or buying forms shall contain detailed particulars including customer's full name, nationality, permanent address, telephone number, workplace address, kind of activity and any other information deemed necessary.
- The following operations must receive particular attention:
    - Large selling or buying forex transactions that are disproportionate to the nature of the activities of customers.
    - Frequent selling or buying forex transactions whose total over certain periods is inappropriate or disproportionate to the activity of the customers.

4 - Other operations:

Special attention shall be paid to other operations and in particular the following:

- Purchase, through the bank, of securities for large amounts or keeping them with it in custody if this practice is inappropriate to the nature of the customer's activity.
- Customers applying for loans against guarantees represented in assets owned by third parties not having any clear relationship to them or in case the borrowing as to its size or nature is inconsistent with the nature of the activity of the customers applying for the loan.
- Transactions and dealings of those who frequent gambling halls in casinos should be monitored by representative(s) of the banks supervising such casinos.

5- Abnormal banking operations:

Special care shall be taken to look for and detect any unusual operations taking into consideration the contents of the present guidelines as a minimum, and so that the bank's internal system should be able to detect such operations and bring to the attention of the manager responsible for combating money - laundering such operations as are suspected to involve money - laundering.

Special attention should be given to cash transactions exceeding 250 thousand Egyptian pounds or equivalent thereof in foreign currencies and taking the necessary steps for alerting in respect of and reporting any transactions suspected to involve money - laundering according to contents of item HI below.

Ill. Reporting and alerting on operations and transactions suspected to involve money - laundering :

1. Staqes of reporting on suspicious operations:

a) The branch officer responsible for combating money laundering shall check and examine. the unusual transactions that are suspected to be related to money - laundering. Should he/she verify thereafter that no such suspicion is justified, he/she shall take a decision keeping such transactions on file indicating the reasons.

- But if such officer should be in doubt in the propriety of the matter investigated he/she should immediately refer the case, after approval by the branch manager, to the zone, inserting the reason for suspicion and referral on each case.

b) The zone's compliance and investigation officer and the officer concerned at the main branch shall make a report on suspicious cases, case by case, and if any cases are to be kept on file without further action they shall make an annotation giving the reason for keeping on file. The officer responsible for combating money - laundering in the zone or at the Main branch shall be responsible for taking such decision giving

reasons therefore. In case of the suspicion becoming certain, the said officer shall send same immediately to the Bank's officer responsible for combating at the Overseas Branch after approval of the report by the General-Manager concerned.

c) The Manager responsible for combating money laundering in the Bank, Overseas Branch, shall examine the unusual transactions, whether those which the Bank's internal systems directly make available to him/ her or those to be brought to him by the officers responsible for combating money laundering at the zones and the Bank's main branches with the justifying reasons or those that come to him/her from any other quarter.

- Should the Manager responsible for combating money-laundering in the Bank at the Overseas Branch find out that no suspicion exists, he shall be responsible for taking decisions to keep on file such transactions giving reasons therefore.

. But if the manager mentioned in the preceding paragraph should find that a certain case is suspected to involve laundering, he shall so inform the CB.E.'s money - laundering Combating Unit on the ad-hoc form prepared by the said unit, attaching thereto all data and photocopies of the vouchers and documents related

2) Such notice shall include in detail the reasons and justifications whereon the Bank relied in deciding that a certain case involves suspicion of money laundering.

3) It shall be forbidden to disclose to the customer, then beneficiary or to any party other than the authorities and quarters concerned with application of the provisions of the law on combating money laundering, any information regarding the financial transactions suspected of involving money laundering or divulging any measures or

procedure relative thereto.

4 - RETENTION OF DOCUMENTS, VOUCHERS AND RECORDS:

Bank's units shall retain all such relative documents, vouchers and records as are to be retained obligatorily for a minimum period bf five years in accordance with the following:

- As regards accounts opened in the names of natural or artificial persons or others including banks and other financial institutions: related documents, vouchers and records are to be kept for at least five years after the date of closure of the account.
- For operations carried out for customers having no accounts, the documents, vouchers and records for every operations shall be retained for at least five years from the date of finishing the operation.

It shall also be obligatory to periodically update such data which shall, upon request be put in the form of documents, vouchers and records, at the disposal of judiciary authorities and competent quarters concerned with application of the provisions of the Law No. 80 for 2002 on combating money-laundering.

- **It shall be incumbent to comply with the Bank's instructions in this regard.**

5-INTERNAL SYSTEMS:

1. In application of the CB.E.'s instructions requiring that every unusual operation or transaction shall be brought to the attention of the manager responsible for Money-Laundering combat if exceeding certain limits to be set forth bank's Management, particularly regarding cash deposits and drawings, Forex buying and selling cash transactions and I or transfers from or to foreign countries, the Bank's Top

Management has decided to determine the said limit at LE. 100000 (one hundred thousand Egyptian Pounds) or USD 20000 (US $ twenty thousand) or equivalent thereto in other foreign currencies **as a minimum.**

2. Regular updating the information and documents submitted in respect of opening accounts for customers on a three - year basis at the most or on emergence of reasons necessitating such updating.

3. Review - on a periodical basis - of the systems regarding said guidelines, to look for any possible weak points or any noncompliance with or disregard of the application thereof and to take the necessary measures to avoid such weakness taking into account the capability of such systems to detect such transactions as are not proportionate to the size or nature of the customer's activity or those that are concluded with suspicious customers.

4. The Bank's To Management has decided that telex shall not be used as a means of transmission abroad in outgoing transfer operations and that all branches shall use only **SWIFT** messages for such transfers to enable achievement of centralized control over outgoing transfers through swift centralization at Overseas Branch taking into consideration strict abidance by the instructions regarding ciphers and codes,telex and swift.

5. Review of the bank's forms used and its systems to check the extent of their adequacy and whether or not they ensure sound application of control guidelines.

Section Two
Duties_and Responsibilities of the Anti Money Laundering Officers

1. Secondary Branches:

A. Ensure the arrival of the extraordinary transactions reports *from* the computer on a daily and regular basis, and keep these reports in a way would that would facilitate referring thereto when needed.

B. Coordinate with the officers of the branch in connection with updating the customers data on a regular basis.

C. Coordinate with the staff of the branch in connection with the manner of reporting suspicious cases, together with receiving suspicion reports, study, inspect and keep the on file if no suspicion is confirmed, or report them after ratifying them by the means of reporting determined pursuant to the instructions, together with ensuring their non-disclosure to the customers.

D. Coordinate with the management of the branch in connection with applying the control guidelines on all daily transactions related to this subject matter and comply with reporting suspicious cases pursuant to the instructions.

E. Receive copies of the bulletins and instructions received by the branch that pertain to the subject matter of anti- money laundering, and contact the manager in charge of anti-money laundering at the bank in case of any inquiry or facing any problems regarding what is mentioned therein.

F. Furnish the manager in charge of anti-money laundering at the bank with a monthly statement of the suspicious cases, whether those previously kept on file or reported by him, provided that the statement would include declaring all unsuspicious transactions that were carried out during the month, apart *from* the cases referred to in the statement, by using the enclosed form "Statement of Suspicion Cases *for* the Month of Form" (Enclosure no. 1). The report prepared *for* each month shall be sent during the first week of the following month.

G. In case of reporting a suspicious transaction, the data of notifying the branch of a transactions suspected to involve money laundering form shall be filled in by using the enclosed form (Enclosure no. 2).

2. Main Branches & Central Bodies:

* In addition to what has been mentioned in Item First:

A. Each department manager at the main branch shall review the daily report on the extraordinary transactions and furnish the anti-money laundering officer at the branch with the report after annotating on it at the end of the business day, provided that the officer would keep a copy of the reports received by him in a way that would facilitate referring thereto.

B. The duties mentioned above shall apply to the anti-money laundering officer at the Visa Center and any other central bodies that deal with the customers.

3. Branches Zones:

A. Review and inspect the suspected cases which arrive after ratifying them by the anti-money laundering officer at the affiliate branches and annotate on them to the effect of keeping them on file if there is no suspicion, or report them after their ratification to the anti-money laundering officer at the bank pursuant to the instructions.

B. Ensure the arrival of the extraordinary transactions reports to the affiliate branches on a daily and regular basis, and keeping them by the anti-money laundering officer at the branch in a way that would facilitate referring thereto.

C. Keep a copy of the instructions and bulletins pertaining to anti-money laundering and contact the manager in charge of the anti-money laundering at the bank in case of any inquiry or facing any problems in connection with implementing what has been mentioned therein and reporting them to the affiliate branches.

D. Record the cases that arrive from affiliate branches, whether those kept on file or reported in an ad-hoc register pertaining to such transactions to be kept with

the officer.

E. Furnish the manager in charge of anti-money laundering with an aggregate monthly statement for the affiliate branches of the suspicious cases, whether those kept on file or reported, provided that the statement would include that all transactions that were carried out during the month, subject matter of the statement, were unsuspicious apart from the cases mentioned in the statement by using the enclosed form (Enclosure no. 1).

F. Furnish the manager in charge of anti-money laundering at the bank with an aggregate summary of the repeated notes at the branches arriving from the inspection body on the inspection cycles and express the opinion on the manner of treating them.

4. Duties of the Manager in Charge of Anti-Money Laundering Transactions at the Bank:

A. Inspect the suspected cases which are received by him from the anti-money laundering officers at the zones and main branches, keep them on file after annotating on them by the reasons for keeping them on file in case there are no suspicions or refer them to the Anti-Money Laundering Unit at the Central Bank of Egypt if they is a suspicion on the form prepared for this purpose by this unit "Notifying the Bank of a Transaction Suspected to Involve Money Laundering Form". The first page of the form is enclosed (Enclosure no. 3).

B. Prepare a manual or computerized register for keeping the cases that are received by him from the branches and zones, whether those kept on file or reported.

C. Receive any instructions about anti-money laundering from local and foreign quarters and generalize them on the branches of the bank, if need may be.

D. Peruse the registers and data needed by him to carry out the works of inspection in the manner that guarantees the confidentiality of the information, review the systems and procedures of anti-money laundering, the extent of compliance with their application and propose what is needed (complete any shortage therein, the update and development they require or increase their efficiency and effectiveness).

E. Prepare an annual report on the aspects of his activity, his evaluation to the systems and procedures of anti-money laundering at the bank, the extraordinary and suspicious transactions, and the measures taken in their concern, coupled with the proposals he deems in this concern. This report shall be submitted to the Board of Directors for expressing the notes "it deems and the procedures it decides taking in its concern. This report shall be sent to the Anti-Money Laundering Unit at the Central Bank coupled with the notes and decisions of the Board of Directors in its concern.

F. Provide the Anti-Money Laundering Unit at the Central Bank with the data and statistics requested and facilitate its perusal to the registers and documents for the sake of its assumption to the works of investigation and examination.

G. Look into the inspection notes received by him from the main branches and zones, and reply to them.

N.B:

* The Inspection Body shall furnish the anti-money laundering unit officer at the branches zone and the main branches directly with a copy of the most important notes on the branches affiliated to the zone and the main branch during the inspection cycles about the extent of applying the control guidelines and instructions pertaining to the subject matter of anti-money laundering to learn regularly of the aspects of deficiency in the application of the instructions and seek avoiding them.

* Provided that the person determined by the general manager of the branch or the zone would replace the anti-money laundering officer at the branches or zones in case of his absence.