



United Finance Company, SAOG

Anti Money Laundering Policy Document



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ANNEXURE

Money Laundering Investigation Report

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FOREWORD

This Document lays down the Anti Money Laundering Policies and Procedures to be followed by personnel working in each functional area. Money Laundering now has become a Global concern and is the mother of all crimes. These guidelines have been framed to ensure effective practices are implemented to counter the problem of Money Laundering and that UFC is not made the victim of any Financial Crime. It is UFC's endeavor to ensure compliance in letter and spirit to the regulations under AML Law and the requirements as per the regulators of AML namely CBO ,CMA , Ministry of Commerce and the ROP

However, as part of our commitment for continual improvement, each reader and follower of this manual is encouraged to identify improvement opportunities and bring them to the attention of the appropriate authority for evaluation and subsequent incorporation in the manual.

Each reader is also urged to identify those activities that may have undergone a change since the introduction of the manual, as well as new activities that have not been included and obsolete activities that still form a part of the document but are not relevant in the current context and bring them to the immediate attention of their supervisors for appropriate modification in the policy.


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REVISION HISTORY

Version No	Effective Date	Summary of changes
1.1	17-12-2006	Only minor cosmetic changes done like change in designations, etc.
1.2		Foreward for general modifications
1.2		Changes in the designations of the applicable positions
1.2		Whistle blower policy added as a part of AML Policy under item 3.4.4.
1.2		Changing of Cash Limit for Record of Cash transactions and Large deposits – Ref 3.2 and 3.3 and 3.6.1.

REVIEW AND AUTHORISATION

<u>REVIEWED BY</u>		<u>AUTHORIZED BY</u>	
SIGNATURE		SIGNATURE	
NAME	S. SHIV KUMAR	NAME	RAGHAVAN K. MURTI
TITLE	C.L.O.	TITLE	C.E.O.

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DEFINITIONS

Term	Definition
UFC	United Finance Company (SAOG)
ROP	Royal Oman Police
FATF	Financial Action Task Force – An international committee set up for combating money laundering activities
CFT	Combating the finance of terrorism
AML	Anti Money Laundering
CBO	Central Bank Of Oman
CMA	Capital Market Authority
MOC	Ministry of Commerce
BOD	Board of Directors
CEO	Chief Executive Officer
CLO	Chief Lending Officer
CO	Compliance Officer
Chairman – AML Committee	Chief Lending Officer

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1.0 INTRODUCTION

1.1 Purpose


- 1.1.1 The purpose of this document is to lay down the Anti-Money Laundering policies of United Finance Company in order to create awareness among all relevant staff members and all Department Heads about Money Laundering and the ways and means of combating the same effectively.**

1.2 Scope

- 1.2.1 The scope of this document is to combat any act of money laundering and establish effective controls within the organization to ensure that the company restrain itself from being made a vehicle for Money laundering. To implement adequate due diligence on new and existing customers sound Know-Your-Customer (KYC) norms, continuous training of all relevant staff members and good reporting procedures to safeguard the organization from the dangers of Money Laundering.**
- 1.2.2 This policy has been prepared in compliance to the “Money Laundering Law” through the Royal Decree No 34/2002 and all applicable regulations/guidelines issued by the CBO. Also in compliance to the Royal Decree No.72/2004 on Executive Regulations of the Law of Money Laundering issued on 28.6.2004**

1.3 Responsibility

- 1.3.1 Responsibility for approving the manual will lie with the BOD. Responsibility for ensuring implementation of the policies and procedures laid down in this manual will lie with the Chairman – AML Committee. The Chairman of the AML Committee of UFC will be owner and custodian of this manual. The owner takes the ultimate responsibility for maintaining this manual to keep it updated according to changing needs of the organization and in response to changes in applicable regulations. No individualistic practices that are in conflict or are inconsistent with the contents of this manual will be allowed.**

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1.4 Review and Changes

1.4.1 Any changes in laws and regulations may also trigger a review of this policy document. The Compliance Officer of UFC is responsible for keeping track of all regulatory pronouncements applicable to this policy. He will advise the Chairman of AML Committee accordingly to initiate a review of the policies whenever applicable.


1.4.2 Any changes in the policy will be effected only upon approval by the Board of Directors.

1.4.3 At the time of change the version number and date from which the document is effective (which is at the header of all pages of this policy-procedure) will be changed as follows;

- **Version Number: The first issue of the document will bear the Version Number as 1.0. For any minor change in the document the version number will increase to 1.1, 1.2 and so on. In case of a major change in the system wherein the entire procedure needs to be re-written and re-issued, the new issue will be released with version number 2.0. Earlier versions will be marked obsolete and withdrawn from circulation**
- **Effective Date: This is the date from which the document is effective and this is the date from which implementation and compliance to the document is expected. The document may be released earlier but with an effective date, which is later, which means that the compliance to the procedure is to start only from the date mentioned on the document.**

1.5 Date of next review

1.5.1 UFC will ensure that this policy document is reviewed at least once in a year so as to keep pace with the developments in the regulations and market. The next date of review will be within one year from the date of effect, which is indicated in the header of this manual.

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1.6 General

Definition of Money Laundering and International AML Initiatives


- 1.6.1 Money laundering is the process, by which the criminals in possession of illegitimate money attempt to conceal the true origins and ownership of their wealth. Anti money laundering (AML) efforts and Combating the Financing of Terrorism (CFT) have emerged as top priority with Governments and private business sector. More recent geopolitical events have brought the topic again into sharp focus. The rapid transformation of the financial market place and the trend towards convergence of the markets with the concurrent forces towards deregulation poses new challenges in the drive against money laundering and calls for adequate risk reduction strategies.**

AML Initiatives in Oman

- 1.6.2 Sultanate of Oman has always recognized the importance of joining hands with International community on implementing Anti Money Laundering measures. The Central Bank of Oman (CBO), as early as 1990, decided to adopt the various recommendations of FATF with the active and joint involvement of regulatory bodies including the Capital Market Authority (CMA) and Royal Oman Police (ROP). Subsequently the Sultanate has issued the “Money Laundering Law” through the Royal Decree No 34/2002 with effect from April 1st 2002. Also the Royal Decree No.72/2004 on Executive Regulations of the Law of Money Laundering issued on 28.6.2004 has been implemented by the Regulators.**

AML Initiatives in UFC


- 1.6.3 UFC in its endeavors recognizing the importance of combating Money Laundering activities has established effective controls and procedures in its financial operations. UFC has established its AML policies and procedures manual in compliance to the Money Laundering Law. An AML Committee has been formed in compliance to this manual. Strict adherence to its KYC norms-, with additional controls and efforts to train all relevant staff members are done on a continuous basis. The Whistle-blower policy is proposed for implementation with Management approvals.**

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1.7 The Money Laundering Crime

1.7.1 As per Article 2 of the Money Laundering Law, Oman, any person who intentionally commits any of the following acts shall be deemed to have committed the offence of money laundering:

- q **Transfer or movement of property or conducting a transaction with the proceeds of crime knowing, or with reason to know, that such property is derived directly or indirectly from a crime or from an act or acts of participation in a crime, with the purpose of concealing or disguising the nature or source of such proceeds or of assisting any person or persons involved in a crime.**
- q **The concealment, or disguise of the nature, source, location, disposition, movement, ownership and rights in or with respect of proceeds of crime, knowing or with reason to know, that such proceeds were derived directly or indirectly from a crime or from an act or acts of participation in a crime.**
- q **The acquisition, receipt, possession or retention of proceeds of crime knowing, or with reason to know, that it is derived directly or indirectly from a crime or from an act or acts of participation in a crime.**

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2.0 ANTI MONEY LAUNDERING COMMITTEE

2.1 Committee Members

2.1.1 The Anti-Money Laundering (AML) Committee shall comprise of the following members

1. Chief Lending Officer
2. Compliance Officer
- 3 -Divisional Manager (Credit &Operations)

2.1.2 The Chief Lending Officer shall be the Chairman of the committee and he shall be assisted by the 2 team members as given above in executing the responsibilities of the Anti Money Laundering Committee. The Chairman will be responsible for implementation of policies and procedures in compliance with this manual.


2.1.3 The Compliance Officer will be the authorized signatory for all correspondences with the CBO and ROP, CMA and MOC as per applicability with regard to sending the periodic reports and reporting suspicious cases to the appropriate authority.

2.2 Responsibilities

Compliance

2.2.1 The primary objective of the AML Committee shall be implementing effective AML policies and measures for combating Money Laundering using various measures like:

1. Strict adherence to Know Your Customer norms and Verification Procedures and regulations.
2. Ensure implementation of systems for effective tracking, monitoring and reporting of suspicious transactions.
3. Organizing training programme for all relevant staff members on a continuous basis.
4. Review and appraisal of AML measures at periodic intervals.
5. Introduce new measures, withdrawal or modification of old measures wherever required.
6. Keeping updates of changes in the national and international AML regulations.

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7. Coordinating with CBO & ROP , CMA and Ministry of Commerce and comply to the reporting requirements.

8. The committee shall also conduct compliance reviews at periodic intervals.

Reporting and Coordinating with CBO & ROP and CMA /MOC

2.2.2 The AML committee as the liaison authority with CBO and ROP will carryout the following activities

- i. The AML committee will intimate CBO of the name of the AML compliance officers and subsequent changes if any.
- ii. The AML committee members will receive the circulars of CBO and make necessary changes to the company procedures if required and maintain a separate record of that.
- iii. Furnishing Quarterly reports to CBO signed by the Chairman – AML Committee and Compliance Officer on suspicious transaction if any, else a NIL report.
- iv. AML will instruct the IT department to update the database of terrorist list as maintained in the database on receiving any intimation from CBO for any revisions or through the website.
(URL: [http:// www. un. Org / docs/sc/committees/1267/1267ListEng.htm](http://www.un.org/docs/sc/committees/1267/1267ListEng.htm))
- v. The CBO- caution list /Classification List will also be updated from time to time and as informed by the CBO.
- vi. Any specific guidelines issued by MOC /CMA will also followed and coordinated by the AML Committee.


Review Meetings

2.2.3 The AML committee shall meet at least once in every quarter and when required to review the updates on AML and CBO circulars. The minutes of the meetings shall be recorded.

Compliance Review Check List

2.2.4 The AML committee shall review the following points:

Check List


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Check List	
1	Are all relevant staff members aware of the KYC policies of UFC and know what Money Laundering is?
2	Whether all relevant staff members are aware of the reporting procedures?
3	Are Terrorist Lists and the CBO Lists checked and recorded for all new customers?
4	Are the lists updated and incorporated in the system?
5	Whether Quarterly reports are sent to CBO in time. ?
6	Whether Training programmes are conducted and attended by all relevant staff members?
7	Are Records of old lessees retained for 10 years? Is Verification of Identity and address / holding of this and the records for not less than 10 yrs from the transactions or Closure whichever is later
8	The AML policy manual is distributed and available with all function heads and relevant staff members.
9	The authenticities of the new customers are properly verified with respect to the compliance checklist and against originals.
10	Separate record of all cash transactions exceeding RO 3000 are maintained and records of identity of the payee are collected.
11	Whether verification of corporate clients identity and nature of business was carried out wherever required?

Training Programmes for all relevant officers and staff members.

2.2.5 The AML Committee shall be responsible to organize awareness-training programmes for all the officers and staff.

- i. Training programmes shall be conducted at periodic intervals.**
- ii. Record of the training programmes organized will be maintained as per the HR procedures.**
- iii. The contents of the training programmes will include the following**
 - Introducing the money laundering law and its executive statute.**
 - Recommendations by Financial Action task Force (FATF) and other international and regional committees.**
 - Outlining money laundering activities**
 - Explaining investigation and reporting policies and systems.**
 - Recent Developments**

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Investigation Report

2.2.6 The AML committee members will immediately investigate any reported suspicious transaction and prepare the *Investigation Report* (PR/AML/01) as per the format given in the annexure.


3.0 ROLES AND RESPONSIBILITIES OF EMPLOYEES

3.1 Know your customer

3.1.1 As per the company policy and procedures no new proposals shall be approved unless the customer furnishes all documents as per the document check list. The Marketing Executive shall ensure that the following customer information is collected.

- 1) Customer Name (As per ID Card, Resident Card and Passport)**
- 2) Nationality**
- 3) Identification Documents like residence card/labour card, passport etc.**
- 4) Detailed information on customer relating to**
 - i. Postal address.**
 - ii. Work address**
- 5) For corporate customers**
 - i. CR Certificate**
 - ii. Copies of IDs of authorized signatures**
 - iii. Verification of signatures of authorized signatories with independent sources**
 - iv. Ministry of Commerce & Industry certificates**
 - v. Other identification documents as deemed necessary.**
 - vi. Wherever required, a field visit will be made by UFC staff to the customer's location and an evaluation report of the same.**

3.1.2 All verification shall be done only after meeting the customer in person and seeing his original documents. The duplicate copies shall be stamped with "*Original Seen*" and signed by the executive verifying it.

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3.1.3 All customers shall be automatically checked against the following

- vii. The terrorist list as forwarded by the CBO.**
- viii. CBO-caution list.**
- ix. BCSB report**
- x. BCSB Classification list.**

3.2 Record of Cash transactions

3.2.1 The Customer Services Department shall maintain a separate record of all cash transactions exceeding RO 3000/-. If a lessee or his representative is paying cash in excess of RO 3000 then the copies of Resident card and the contact phone number of the depositor shall be collected.


3.3 Large Cash Deposits

3.3.1 Cash deposits in excess of RO 3000/- will be deemed as large cash deposits. Customers who intend to pay sums in excess of RO 3000/- should be directed to pay through the bank. The customer shall either deposit the amount directly in the Bank to the credit of UFC's account with that bank and produce the pay-in-slip evidencing the payment made (OR) can give a current dated Cheque drawn in favour of UFC.

3.4 Handling & Reporting of suspicious cases

3.4.1 A few guidelines are given below on how to handle the situation on identifying a suspect.

- § Avoid being excited or agitated on detecting a questionable person or transaction, but obtain enough information about the customer or person.**
- § Be courteous and diplomatic at all times.**
- § Handle suspected cases in the strictest confidence and information shared on a need to know basis with other members of the staff while such cases are being handled.**
- § The staff concerned shall ensure that the information gathered is treated as very confidential and discreetly report it to the Officer of AML Committee. In case of UFC's branch operations, then the staff shall only report it to the Branch Head, who in turn will discreetly report it to the AML Committee.**

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§ **The concerned authority shall immediately report suspicious transactions to any one of the AML Committee Members.**

3.4.2 Any lease, which is preclosed within a period of 3 months by making cash payment, shall be brought to the notice of the Compliance Officer for further investigation.

3.4.3 Any case of suspected money laundering will be investigated by the member of AML committee and then reported to the appropriate authority of CBO as given below, by the Compliance Officer.

Vice President
Banking Control Departments and Legal
Central Bank of Oman
P.O. Box 1161, Ruwi,
Postal code 112
Sultanate of Oman.

3.4.4. WHISTLEBLOWER POLICY


The Policy protects individuals who, in good faith, report conduct which they reasonably believe to be corrupt, illegal or unethical.

Process Employees are encouraged to raise concerns through their line management. Outside the line management structure, employees also have the option of raising concerns with the Chief Executive Officer. If the subject matter of the concern is the Chief Executive Officer himself, it would be in order for the person concerned to raise the subject with Head of Internal Audit or the Chairman of the Board of Directors.

The matter must be investigated by line management and outcome reported to AML Committee in accordance with principles of procedural fairness. Resolution of the issue and any recommended action by AML Committee will be communicated to Chief Executive Officer, and to the extent permitted by law, the individual who initiated the issue and any other party involved.

3.5 Retention of Files/Records

3.5.1 The CAF will preserve records on customer identification, lease files and business correspondence for not less than 10 yrs from the transactions or Closure whichever is later

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3.6 Possible indicators of money laundering

3.6.1 The possible indicators of money laundering include:

Sl. No	Activity
1	Early termination/settlement of lease contracts within a period of 3 months by making cash payments.
2	Cash deposits made by lessees in amounts specially exceeding RO 3000/-
3	Heavy down payments as compared to declared sources of income
4	Unidentifiable or unexplained sources of income
5	Installment payments being settled through a third party
6	Letter of Credit requested for import/export of capital assets without clear explanation of the source and destination of the transfer.

Ref No:

Date:

SOURCE

Department/Branch Name	
------------------------	--

SUSPICION

Name of Lessee/Customer	
Proposal No / Contract No	
Occupation	
Other details as applicable	

REASONS FOR SUSPICION



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(Please attach all relevant documents)

Name of Officer AML Committee

Signature

ACTION TAKEN

Name of Officer AML Committee

Signature & Date