

## **Internal Control Procedure for Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)**

**Majan Exchange**

### **Objective**

1. This procedure is intended to establish awareness and internal procedures to be followed by staff for anti-money laundering and combating the financing of terrorism (AML/CFT) control within the Majan Exchange. It is mandatory that every staff of Majan Exchange shall read the procedure carefully and take steps required in the procedure.

### **Risks of money-laundering and the financing of terrorism**

2. Staff shall recognize the risk of being involved in money laundering as follows :
- Compliance and legal risks: Any signs of breaching legislation and regulations for AML/CFT may show a weak compliance control and may cause civil and criminal penalties against Majan Exchange LLC, its Directors as well as individual staff.
  - Reputation risk: Any breach of compliance what so ever, may effect the reputation of Majan Exchange LLC, thus, triggering other risks including correspondent relation ships and patronage.

### **AML Committee**

3. The Anti-Money Laundering Committee of Majan Exchange LLC is composed of the General Manager, Assistant manager initially and may include competent employees of Majan Exchange LLC, with the expansion process..
4. The Committee is chaired by the General Manager.
5. The Committee is responsible for coordinating Majan Exchange LLC's policies with governed AML/CFT, overseeing the implementation of the policies and comply with necessary actions relating to AML/CFT.
6. The Committee is convened, in principle, every month. However, the committee of management could convene the AML Committee anytime when deemed necessary.
7. The minutes of the Committee are made and reported to the AML Unit of the managing partner (HNB).

### **Anti-Money Laundering Compliance Officer**

8. AML Compliance Officer shall be the Manager of the branch. At the Head Office branch, the AML Compliance officer shall be the Assistant Manager. Reports of each branch should be forwarded to Asst. Manager of Head Office.

9. AML Compliance Officer will have access to all information within each branch.

### **Customer Due Diligence**

Staff shall identify customer and verify his/her identity for the following occasions.

- Encashment of Foreign Currency notes
- Outward Remittances .
- If the customer is acting on behalf of a third party, staff must get the necessary approval from the competent officer before processing the transaction.

11. Staff should obtain the following identification of customers;

- Name
- Address & phone number
- ID information (such as Oman I.D. Card for Oman Nationals, Labour Card for Non Oman Nationals, Oman Driving License, Valid Passport and Visa).
- It is necessary to check carefully the persons photograph appearing on ID
- Sources of income/cash flows.
- Employer / Employment

12. Staff should verify the customer's identification by using above mentioned documents. Staff shall make copies of the official document and keep with other relevant documents of the customers.

13. Encashment or Outward remittances transactions conducted properly, should be approved by an officer.

14. For the existing customers who have established relationships, to be issued with a customer identification card where details of the customer is stored in the systems history.

### **Record Keeping**

15. All records of transactions should be maintain for minimum period of 10 years.

### **Monitoring of accounts and transaction**

16. Staff shall pay special attention to all complex and unusual large transactions, and all unusual patterns of transactions. Staff will be informed about examples of such unusual transactions by internal circulars. AML Compliance officer shall maintain permanent records of such circulars and related correspondence.

17. Staff shall pay special attention to business relationships and transactions with customers from non-cooperative countries and territories (NCCT) designated by the FATF. Staff should regularly refer to the website of the FATF (<http://www.fatf-gafi.org>).

### **Suspicious transaction reporting**

18. If staff suspects that funds are the proceeds of a criminal activity, should report immediately and before finalizing the transaction to AML Compliance Officer at the branch. Staff shall not inform customers when reporting information relating to them to the competent officer.

19. The Majan exchange LLC will adopt and practice a policy to maintain strict confidentiality of suspicious Activity Reports submitted by members of staff and to protect them from any imminent danger or risk as a consequence of such reporting.

20. AML Compliance Officer should prepare a report to The National Committee for combating Money Laundering which comprises the members of The Central Bank Of Oman, The General Directorate of Criminal investigations of the Royal Oman Police, The Ministry of Commerce and Industry and The Capital Market Authority for any suspicious transaction immediately.

21. All the suspicious transaction reports to the Central Bank of Oman should be signed off by the General Manager or in the absence of GM, by an authorized officer–Head Office.

22. Copies of all reports sent to Central Bank of Oman should be kept for minimum of 10 years.

23. If customer is confirmed to be identical to the designated terrorists, the branch shall immediately request the Head Office and that no transaction for the customer is processed.

### **Staff training on AML/CFT**

24. The AML Committee shall provide training on the AML/CFT issues to all staff. The details of training programs shall be developed by the AML Committee.

25. All the staff shall attend the training on the AML/CFT issues on regular basis. The frequency of training (minimum annually) shall be determined by the AML Committee.

26. Managers of branches shall ensure the full attendance by their staff to training on AML/CFT. Staff attendance shall be certified by the AML Committee.

### **Internal Auditing of AML/CFT control**

27. AML/CFT control systems are subject to independent review by AML Committee. AML Committee shall review the effectiveness of the AML/CFT system across the Exchange.

## Definitions

- The State - The Sultanate of Oman
- Central Bank - The Central bank of Oman
- Money Laundering - Any act involving transfer, conversion or deposit of property, or concealment or disguise of the true nature of those property which were derived from any of the offences stated below.
- Narcotics & psychotropic substances.
  - Organized criminal activity & racketeering.
  - Human trafficking & migrant smuggling.
  - Counterfeiting currency & piracy of products.
  - Insider trading & market manipulation.
  - Sexual exploitation, including children.
  - Kidnapping, piracy & terrorism.
  - Offences committed in violation of environmental laws.
  - Illicit dealing in fire arms & ammunition.
  - Bribery, embezzlement, damage to public property.
  - Corruption, fraud, breach of trust & related offences.
  - Exchange control violations
  - Any other related offences referred to in international conventions to which the State is a party.

### Definition of Money Laundering offences –

When a person intentionally commits or assists in commission of in respect of property derived from any of the above acts.

- The conversion, transfer or deposit of proceeds, with intend to conceal or disguise the illicit origin of such proceeds.
- The concealment or disguise of the true nature, source, location, deposition, movement, rights with respect to, or ownership of proceeds.
- The accusation, possession or use of such proceeds.

- Penalties - Without prejudice to administrative penalties stated in the law, financial, commercial and economic establishments operating in the state shall be criminally liable for the offence of money laundering if intentionally committed in their respective names or for their account.

**Important** **Staff should refrain from informing any person that his/her transactions are being scrutinized for possible involvement in suspicious operations, or that security authorities or other competent authorities are investigating possible involvement in suspicious operations.**

**Staff should also refrain from false notification to the competent authority, in bad faith, of the commission of the money laundering offenses with intent to cause damage to another person.**