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Anti-Money Laundering Guidance Notes for Licensed Financial Institutions

1. Financial Institutions should develop programs against money laundering. These programs should include, as a minimum:

    (a) adequate internal policies, procedures and controls, including the designation of compliance officers at management level, and adequate screening procedures to ensure high standards not only when hiring employees but on an ongoing basis;
    (b) an ongoing employee training program;
    (c) an audit function to test the above systems.

2. Financial Institutions should not keep anonymous accounts or accounts in obviously fictitious names: they are required to identify, on the basis of an official or other reliable identifying document, and record the identity of their clients, either occasional or usual, when establishing business relations or conducting transactions (in particular opening of accounts or passbooks, entering into fiduciary transactions, renting of safe-deposit boxes, the use of safe custody facilities, performing large cash transactions).

3. Financial Institutions should take reasonable measures to obtain information about the true identity of the persons on whose behalf an account is opened or a transaction is conducted if there are any doubts as to whether these clients or customers are not acting on their own behalf, in particular, in the case of domiciliary companies (i.e. institutions, corporation, foundations, trust, etc. that do not conduct any commercial or manufacturing business or any other form of commercial operation in the country where their registered office is located).

4. Financial Institutions should retain for a minimum of five years, all necessary records on transactions, both domestic and international, to enable them to comply swiftly with

information requests from the competent authorities. Such records must be kept in sufficient form to permit reconstruction of individual transactions (including the amounts and types of currency involved, if any) so as to provide, if necessary, evidence for prosecution of criminal behaviour.

5. Financial Institutions should keep records on customer identification (e.g. copies of records of official identification documents like passports, identity cards, driving licenses or similar documents), account files and business correspondence for at least five years after the account is closed.

   These documents should be available to domestic law enforcement authorities in the context of relevant criminal prosecutions and investigations.

6. Financial Institutions should review and properly document the background and purpose of all complex, unusual large transactions, and all unusual patterns of transactions, which have no apparent economic or visible lawful purpose.

7. If Financial Institutions suspect that any transaction by a customer may form part of a criminal activity or otherwise constitutes a suspicious activity, they should report their suspicions to the law enforcement authorities forthwith.

8. Financial Institutions, their directors and employees, should not warn their customers when information on suspicious activities relating to them is being reported to the law enforcement authorities.

9. Financial Institutions which report their suspicions, should follow the instructions from and otherwise cooperate fully with law enforcement authorities.

10. When a Financial Institution chooses to make no report to the law enforcement authorities on the suspicious activities of one of its customers, it should sever relations with the customer and close all his accounts forthwith in their own interest.

11. Financial Institutions should exercise extreme caution in their business relations and transactions with persons, including companies and financial institutions from other countries.

12. Financial Institutions should ensure that the principles mentioned above are also applied to their branches and subsidiaries abroad, especially in countries which do not or insufficiently apply these recommendations, to the extent that local applicable laws and regulations permit. Financial Institutions should inform their Supervisors when the local applicable laws and regulations prohibit the implementation of these guidelines.

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