

United Arab Emirates is a member of the Gulf Cooperation Council, who in turn is a member of the Financial Action Task Force (FATF) on Money Laundering and Terrorism Financing. UAE's commitment in fighting Money Laundering & Terrorism Financing is evident from the fact that clear and wide-ranging laws & regulations (Federal Law No. 20 of 2018 and Cabinet Decision No 10 of 2019) are in place. The Central Bank of UAE which is the regulator for all banks operating in UAE has also issued regulations on guidance for Anti Money Laundering (Notice No. 74/2019). Al Masraf's Compliance & AML policies are designed to ensure compliance to requirements and obligations set out in local & applicable international regulations as well as FATF recommendations on AML & CTF.

Al Masraf Policies & Principles

Al Masraf's Compliance & AML Team owns and is responsible for the following policies;

- ❖ Anti-Money Laundering/Counter-Terrorist Financing
- ❖ Sanctions Compliance
- ❖ Targeted Financial Sanctions (TFS)
- ❖ Correspondent Banking Relationships
- ❖ FATCA Compliance
- ❖ CRS (Common Reporting Standard)

❖ Anti-Money Laundering Policy

Al Masraf's AML Policy sets out the minimum standards which must be complied with across the Bank:

- The appointment of a Money Laundering Reporting Officer (MLRO), who has responsibility for oversight of compliance with relevant regulations, rules and best practices.
- Establishing and maintaining Risk Based Customer Due Diligence, Identification, Verification and Know Your Customer Procedures, including Enhanced Customer Due Diligence for those customers presenting higher risk, such as Politically Exposed Persons and Correspondent Banking Relationships.
- Establishing and maintaining Risk Based Systems and Procedures to monitor ongoing customer account activity.
- Procedures for reporting Suspicious Transaction Reports internally as well as to regulatory bodies (Financial Intelligence Department at the Central Bank of UAE).
- The maintenance of appropriate records for the minimum prescribed periods as per local regulations.
- AML training and awareness for all relevant employees.
- Appropriate management information and reporting on AML matters to the Senior Management of the Bank.

❖ **Sanctions Compliance Policy**

Al Masraf's Sanctions Compliance Policy is designed to ensure that the Bank complies with applicable economic sanctions laws in every jurisdiction with which it may operate/trade.

- Screening customers and transactions against global sanctions lists issued by the United Nations Security Council (UNSC), the European Union (EU), the United Kingdom (HMT) and the United States (OFAC), as well as against relevant local lists that apply to Al Masraf operation exposure.
- Prohibited business activity which includes on-boarding or continuing customer relationship or providing products or services or facilitating transactions that Al Masraf believes may violate applicable sanctions or Al Masraf Sanctions policy. This includes prohibitions on business activity with individuals or entities named in a sanctions list or activity, directly, involving countries or territories subject to comprehensive sanctions.
- It is Al Masraf's policy not to deal with any person/entity that may result in violation of any sanctions regulations.
- All employees receive ongoing training on the Sanctions Compliance Policy.

❖ **Targeted Financial Sanctions (TFS)**

To ensure that the Bank complies with applicable Targeted Financial Sanctions:

- Bank should conduct screening on existing, new and potential clients against Sanctions lists.
- To follow the guidelines related to Targeted Financial Sanctions (TFS) issued by the UAE, UN and FATF
- To prevent funds or other assets from being made available, directly or indirectly, for the benefit of listed individuals, groups and entities.

❖ **Correspondent Banking Policy**

The correspondent banking policy describes the risks associated with correspondent banking relationships and provides a framework of core requirements and procedures.

- As per The Central Bank of UAE's regulations, all correspondent banking relationships are subject to enhanced customer due diligence and review.
- In accordance with local regulations & FATF recommendations, Al Masraf does not deal with any Shell Banks (i.e. banks that do not have any physical presence in any country).

❖ **FATCA Compliance**

FATCA requires foreign financial institutions (FFIs) to register with the Internal Revenue Service of USA, perform due diligence to identify US accounts and report client data to the IRS.

- United Arab Emirates is on list of FATCA Compliant Countries as it has signed IGA Model 1 Agreement with the USA. Under this agreement, all UAE Banks will report US Accounts to the Central Bank of UAE for onward submission to the IRS of USA.

- Al Masraf is registered with the IRS of USA and our Global Intermediary Identification Number (GIIN) is “CHKEPT.99999.SL.784”.
- Al Masraf has updated its account opening documents and other monitoring procedures to capture the relevant information required for identification, classification & reporting of US persons/entities accounts.

❖ CRS Common Reporting Standard

In line with international efforts to Combat Tax Evasion, the UAE Government along with over 100 countries have committed to the Organization for Economic Co-operation and Development (OECD) for Automatic Exchange of Financial Information (AEOI) in Tax Matters. CRS regime mainly targets persons and entities whose major assets / income are kept outside their country of tax residency.

- The Ministry of Finance is the UAE Competent Authority in charge of the AEOI, and Al Masraf will be submitting details on Reportable Accounts to the Central Bank on annual basis.
- Al Masraf has identified clients, and introduced controls on-boarding new clients, where obtaining new Tax Declaration Forms are mandatory.