

The Decision No ()/M

The Chairman of

The Board of Commissioners;

- Based upon the Provisions of the Law No (22) for the year 2005, and its changes by the Legislative Decree No (50) for the year 2009;
- The Provisions of the Decree No (33) for the year 2005;
- The Provisions of the Decree No (319) for the year 2014, and its changes by the Decree No (5) for the year 2017;
- The Approval of the Board of Commissioners in their Session No (22) that was held – up dated on 12/6/2017;
- And the necessity of the work and the Public Interest;

Issues the following:

The Directives of Anti Money Laundering and Counter Terrorism Financing in Securities' Transactions and Their Changes.

The Definition:

Article (1):

- These Directives will be called as; **“The Directives of Anti Money Laundering and Counter Terrorism Financing in Securities' Transactions.”**
- These Directives' Provisions will be applied on the working Financial Services and Intermediary Companies, their Branches, and the Licensed

Investment Funds by the Commission, and they are refer to thereafter as the Company.

Article (2):

The following words and phrases that are listed in these Directives will have the assigned meanings hereunder, unless the context refers to the contrary;

- **The Commission:** The Syrian Commission on Financial Markets and Securities (SCFMS) that was established by the Law No (22) for the year 2005.
- **The Counter Commission:** The Anti-Money Laundering and Counter Terrorism Financing Commission that was established by the Legislative Decree No (33) for the year 2005;
- **The Company:** The Working Financial Services and Intermediary Company, and the Licensed Investment Funds by the Commission.
- **The Client:** The Company's Client whether he / she is a Natural Person, or a Legal Entity.
- **The Permanent Client:** The client who has conducted more than one purchasing or selling process within (12) twelve months, and he / she will be subject to the process of the stated data's up-dating in the Control Act.
- **The Temporary Client:** The client who has opened the account for the purpose of the Subscription Securities' selling only, or he / she has never conducted any investment activity within the past (12) twelve months, and such client will not be subject to any process of Data's up- dating.
- **The Economical Right Person:** The Natural Person who has an authentic intention or a real interest in the Company's and the Client's relation. Whether he / she has conducted this relation by him- herself, or on his – her behalf.
Or he / she does have a full or an effective control on a Legal Entity, or he / she does have the right to conduct any legal act on their behalf.
- **The Notification Person:** He / she is the direct person who is responsible for the program of the Anti-Money Laundering and Counter Terrorism Financing at the Company.

And he /she has the duty to notify the Commission and the Counter Commission for any process of Money Laundering or Terrorism Financing or a similar process to it.

- **The Control System: (1)** The Control System of all the Financial and Banking Transactions at the Financial and Banking Institutions of the Syrian Arab Republic and the Syrian Free Zone for the purpose of combating the Money Laundering and Counter Terrorism Financing in accordance with the issued Decision No (19) for the year 2019 and its changes by the Commission of Anti Money Laundering and Counter Terrorism Financing.

Article (3):

The un assigned words and Phrases in these Directives shall have the assigned meanings for them in each of the Syrian Commission on Financial Markets and Securities' (SCFMS) Act and the Directives of Anti – Money Laundering and Terrorism Financing , in addition to the issued regulations and directives in this regard, unless the context refers to the contrary.

The Money Laundering's Program:

Article (4):

- A.** The Company will abide by settling and applying an Anti-Money Laundering and Terrorism Financing's Program, in accordance with the defined requirements in the Control Act.
And it is certified by the Board of Directors' Members as the case will be.
- B.** The Company will abide by supplying the Commission and the Counter Commission with a copy of the Anti – Money Laundering and Terrorism Financing's Program, and providing all the related documents and evidences about its efficiency when the Commission or the Counter Commission requires such.

(1) The Definition of “**The Control System**” has been changed in accordance with the Decision of the Board of Commissioners No (170)/M that is dated on 21/12/2020. And the **Past Definition** of it was as the follows:

“The Control System”: The Control System of all the Banking and Financial Transactions at the Banking and Financial Institutions of the Syrian Arab Republic and the Syrian Free Zone for the purpose of Combating the Money Laundering and Counter Terrorism Financing in accordance with the Decision No (15) for the year 2015, and its changes that was issued by the commission of Anti Money Laundering and Counter Terrorism Financing.

C. The Program must include the following:

1. Written and clear policies, procedures and restrictions to deter the Transactions of Money Laundering and Terrorism Financing, that take into consideration the related risks to the mentioned Transactions.
2. The appropriate procedures to manage the abidance by, including the appoint of a Notification Person and the abidance by all the related procedures, laws and regulations to the Anti-Money Laundering and Terrorism Financing.
3. An appropriate and consistent Training Course for all the employees and the Official Persons which is related to Anti – Money Laundering and Terrorism Financing.
And to abide by attending the Training Courses that the Commission or the Counter Commission will be supervised upon.
4. Examining procedures in accordance with high Standards when appointing the employees at the Company.

D. The policies, procedures and restrictions must include in the minimum level the following:

- 1) The policies for the clients’ accept, and the Account’s Opening’s Agreement.
- 2) The Procedures for the necessary care.
- 3) To prepare and reserve the registrations.
- 4) The consistent control and the discover of the fraud transactions.
- 5) The requirements for the Internal and External Notification.

- E. The Company will abide by conducting a periodical evaluation (at least once each two years) concerning the adequacy and efficiency of the Counter's Program.
- F. The Company must work on developing its (IT) System (the Back Office System) so that it will be able to alert the notifications about the unusual transactions and other information that the Commission and the Counter Commission of money Laundering will require.

The Notification Person:

Article (5): (2)

The Company will abide by appointing a Notification Person who fulfills the following Terms and Qualifications:

- 1) A University Degree in one of the following Specializations such as The Financial, Economical or the Legal science.
- 2) A Working Experience in the Financial or Banking's Field that does not decrease (2) two years.
- 3) A Good Qualifications and skills in the English Language and the usage of the Computer.
- 4) He / She must be of full competence, well manner and behaviors, and capable of conducting His / her tasks in an autonomous and objective manner.
- 5) He / She must be within the accredited Persons by the Commission.

(2) The **Article (5)** has been changed in accordance with the Decision of the Board of Commissioners No (170)/M that is dated on 21/12/2020.

And the **Past Text** of it was as the follows:

- 1) A University Degree in one of the following Specializations such as; the Financial Economical or Legal Science.
- 2) A Working Experience in the Financial Field that does not decrease (5) Five Years.
- 3) He / She must be of full competence, well manner and behaviors and capable of conducting His / Her Tasks in an autonomous and objective manner.
- 4) He / She must be within the Accredited Persons by the Commission.

Article (6): (3)

- A.** The Board of Directors or the General Director (In case there are Board of Directors) at the Company will abide by appointing a Notification Person in accordance with the Terms and the Qualifications that are stated in these Directives, and The Control Act after the Approval of the Commission has been obtained.
- B.** The Company will notify the Anti-Money Laundering Commission as soon as the Notification Person is appointed.
- C.** The Commission has the right to require from the company to appoint a Vice Notification Person stipulated for Him /Her to fulfill the same terms that are required from the Notification Person.

Article (7):

The Company must enable the Notification Person to conduct the following:

- 1) To initiate his / her specialties in an independence manner, and in a way that reserves the confidentiality of his / her received information, in addition to his / her conducted measures.
- 2) To contact with the Board of Directors' Members as the case will be, and the Executive Management at the company.
- 3) To contact directly within his / her tasks and duties with the Commission and the Counter Commission.
- 4) To have the ability to access freely and in the appropriate time for all information including such that is related to the clients' data, their legal documents, and the transactions' registrations.
- 5) To receive the Employees' Reports directly about any manipulation process and to study and audit it.

(3) The Article (6) has been changed in accordance with the Decision of the Board of Commissioners No (170)/M, dated on 21/12/2020.

And the **Past Text** was as follows:

- The Appointment of the Notification Person or His / Her exemption is correlated with the Approval of the Commission and the Anti – Money Laundering Commission.

- The Commission has the right to require from the Company to appoint a Vice Notification Person stipulated for Him / Her to fulfill the same Terms that are required from the Notification Person.

Article (8):

The Notification Person in the context of practicing his / her tasks, has to conduct the following:

- 1) To abide by the Provisions of the Directives of Anti Money Laundering and Counter Terrorism Financing, and their related issued regulations, directives and decisions. And to notify the Counter Commission with any suspected transaction that is related to the Money Laundering or Terrorism Financing in accordance with its appropriate mean or accredited Form which is attached with all these translations' related data and documents, in addition to the based upon reasons.
- 2) To work as a contact point among the company, the Commission, and the Counter Commission.
- 3) To execute the requirements of the Counter Commission that are related to the information's requiring, simultaneously with the notification of the Commission.
- 4) To submit a Semi Annual Report as a minimum level to the Board of Directors' Members as the case will be, in accordance with the Article (16) of the Control Act, and to send a copy of it to the Commission.
- 5) To abstain from disclosing directly or in directly, or by any mean, to the client or un specialized Entity about any of the conducted procedures concerning any of the suspected transactions or the Counter Commission's applications which are related to the information's requiring.

The Duly Diligence Toward the Clients:

Article (9):

- A.** The Company has to make the necessary duly diligence measures toward the client in the following cases:
- 1) Before and after establishing the mutual contract whether such is in a constant or temporary manner.
 - 2) To suspect the occurrence of a related transaction to the Money laundering or Terrorism Financing.
 - 3) The existence of doubts concerning the accuracy and correctness of the previously obtained data whether such is before or during the dealing with the clients.
- B.** Taking into consideration the Provisions of the Counter Commission Act, and its related issued directives and regulations, the diligence will include the following:
- 1) To identify the client's identity Card and activities, or such that are related to the Economical Right Person, and to verify them in accordance with the " Dealing Act Between the Intermediaries and Their Clients" that is issued by the Commission, and according to the " Control Act" that is issued by the Counter Commission.
 - 2) To conduct the necessary measures to verify the client's identity, in accordance with the client's applied identification's procedures, stipulated to state a certified copy of the proxy that is reserved in the client's registration.
 - 3) To abide by abstaining the company from dealing with an anonymous identity's client, or who holds a pseudonym.
 - 4) To rely on the percentage importance and risks to decide the extent of supporting the duly diligence procedures toward the client.

Article (10):

The due diligence must be supported, and additional measures must be imposed as well, besides notifying in case of suspecting any event of Money Laundering and Terrorism Financing.

Such is done in case of evaluating the work's relation as a high risk one, or in the cases that are stated in the Control Act, and in one of the following mentioned cases as:

- 1) The occurrence of a remarkable change in the account's management and the nature of the transactions.
- 2) The repetition of the trading's transactions by the client without clear purpose, or in transactions that signal his / her lack to an investment's trend, and that do not correspondence with the trend of the Market.
- 3) The lack of the client's interest in obtaining the best Biding Rate of the security.
- 4) The lack of the client intention toward the risks, charges, or other securities' transactions' Charges.
- 5) The existence of doubt concerning the lack of sufficient information about the client.
- 6) In case the client has conducted recurrent trading transactions or in big sums that are not in correspondence with his / her activity or Annual Income, or that contradict his / her usual Investment Policy.
- 7) In case the client has subsidized his / her account with big sums then after withdraw them without any transaction's settling, or any existence of a clear clarification.
- 8) In case the Intermediary has received purchasing orders and selling orders simultaneously from the same client on the same security.
- 9) In case the client has many different accounts in his / her family's members' names or in Legal Entities without the existence of an obvious and clear investment aim, or in case of him / her conducting many transactions among these accounts without any reason.
- 10) The existence of many accounts that are managed by one person as a proxy, and without any clarification, or legal or geographical correlation.

- 11) The verified sourced or correlated accounts, in accordance with FATF or Basel Committee's definitions, with un coordinated countries, or high risks' classified countries, or even countries that lack the existence of appropriate Anti money Laundering Systems.

Article (11):

The procedures of the duly diligence can be simplified, including the Constant Control in case the client is:

- A Listed Company at the Market.
- One of the Public Entities.

The Cash Transactions:

Article (12):

The company must consider the following:

- 1) The Company in addition to the Due Diligence Procedures Toward the Clients that are stated in these Directives and the Control Act, must abide by receiving from the client the necessary information about the Money's Source or its direction in case the Client's deposits are equal or surpass in their value a Sum of One Million Syrian Lira (1,000,000) S.L. or its equivalent in Foreign Currency in one day. **(4)**
- 2) To abstain from exchange any of the sums for the client's interest except through Bank's transfers, or issued cheques for the first beneficiary that are delivered directly to the client or to whom he / she authorizes.
- 3) In case the cheque is received by any other authorized party by the client, the company has to certify all the information that is related to the receiver's name, his / her place of accommodation, work's place, and National Number if he / she is a Syrian Citizen.
Or his / her passport if he / she is non-Syrian Citizen.

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- (4)** The Item (1) of the Article (12) has been changed in accordance with the Decision of the Board of Commissioners No (170)/M dated on 21/12/2020.
And the **Past Text** was as follows:

1. “ Any Cash Sums that are paid – up by the Client will be registered in case their Total is to increase (5,000,000) S.L. Five Million Syrian Lira, or their equivalent in Foreign currencies in the one day in a special Registration, stipulated for the money’s source to be mentioned.”

Article (13):

The Company has to consider the following:

- 1) To hold special Files for the manipulated transactions that reserve copies of the notifications, data and documents.
- 2) To authorize the related information to the duly diligence toward the clients in registrations that are attached with certified copy of the documents that verify the correctness of these information.
And to reserve them for a period that does not decrease (10) ten years since the termination’s date of the client’s relation with the company or since the date of the last transaction that the client has conducted.
- 3) To up- date the information periodically and consistently or in case there is a doubt about it in any stage of the dealing’s stages.
- 4) To provide a complete Electronic (IT) System to reserve the registrations and documents. And to ensure in the minimum level the archiving of all the related information to the client’s identity, the signature’s pattern, the duly diligence data, and the executed transactions by the client.

Article (14):

The company must abide by identifying its employees with the following:

- 1) The Directives of Anti Money Laundering and Counter Terrorism Financing, and their related issued regulations and directives.
- 2) The procedures of the notification about any of the suspected transactions that are related to the Money Laundering or Terrorism Financing.

3) The Guidelines for identifying any of the suspected types that are classified within the Money laundering or Terrorism Financing's Transactions.

Article (15): (5)

The company will abide by authorizing an External Accounting Auditor; in addition to His / Her other tasks, and within His / Her framework to evaluate the Measures and the Internal Restrictions for the Financial Services and Intermediary Company, to ensure the Company's abidance by the Legal, Organizational and Control Restrictions that are related to combat the Money Laundering and Counter Terrorism Financing, and offering the results of such in the Certificate of the External Accounting Auditor; (within the Paragraph of the Disclosure about the Legal and Organizational Requirements), with the necessity to inform the Commission as soon as any contravention has been detected.

Article (16):

It is prohibited on the Acknowledged Person due to his / her position or post, whether such is done in direct or indirect way; to spread any of the related information to submitted or exchange procedures or information in accordance with the effective Directives of Anti Money laundering and Counter Terrorism Financing's provisions, and their related issued regulations and directives; in any manner to un specialized Entity legally.

Article (17):

It is applied, contrary to the existence of a specific text for these Directives; the Provisions of the Syrian Commission on Financial Markets and Securities' Law, the Counter Commission Law and their related issued regulations and directives.

(5) The Article (15) has been changed in accordance with the Decision of the Board of Commissioners No (170)/M dated on 21/12/2020.

And the **Past Text** was as follows:

“The Company will abide by authorizing an Accounting Auditor to ensure its compliance of the Provisions of “The Directives of Anti Money Laundering and Counter Terrorism Financing”, and their Executive Directives in addition to their related issued Control Act and these Directives and to include such in the Annual Report.

With the necessity to inform the Commission as soon as any contravention has been detected.”

Article (18):

The Decision No (95/M) that was dated on 16/9/2009 is considered concealed.

Article (19):

This decision is notified the concerned for implementation.

Damascus Dated on 15/6/2017.

The Chairman

Of the Board of Commissioners;

Of Syrian Commission on Financial Markets and Securities;

Dr. Abd Fadleah.

Translation Directorate.

K.I.