

## **Abstract of the FINANCIAL CRIME COMPLIANCE “FCC” Guide**

Lebanon has been achieving its AML/ CFT measures by complying with the recommendations of the international regulations namely the Financial Action Task Force on the laundering of money (FATF).

In 2015 the Lebanese parliament amended the existing legislations to Criminalize Terrorist Funding by enacted Law No.44 dated November 24, 2015 of fighting money laundering and terrorist financing, and by implementing the provision of the law No.42 dated November 24, 2015 on “declaring the cross-border transportation of money”, as well the law No.55 “Exchange of Information for Tax Purposes”.

Fencia Bank s.a.l. integrates successfully into the global financial system by adopting a stringent program to combat money laundering and terrorist financing which is designed to comply with the international and local laws, regulations, standards and best practices.

Fencia Bank s.a.l. always seeks to maintain and promote the transparency and integrity of the financial sector locally and globally. Fencia Bank s.a.l., in collaboration with an American consultant agency, Financial Integrity Network (FIN), reviewed and enhanced the bank’s policies, procedures and system controls in order to mitigate money laundering and terrorist financing risks and to prevent the misuse of the bank’s operations by illegal activities and thus formalized a **Financial Crime Compliance (FCC) Guide**.

This guide comprises of the policies and procedures applied by all the branches of the bank. However the following represents an abstract of it:

### **1. Customer Due Diligence (CDD):**

As per global standards, sound CDD program includes the following elements at least:

#### **- Customers Acceptance Policy “CAP”**

Fencia Bank s.a.l. accepts only those clients whose identity is established by conducting a proper CDD procedures as per pre-defined client's risk profile. However, Fencia Bank s.a.l. prohibits dealing with the below mentioned customers:

- Customers listed on the sanctions lists adopted by the bank including but not limited to lists issued by OFAC, EU, UN and local list issued by the Special Investigation Commission (SIC).

- Customers listed on the designated lists issued by the international Security Council as required by BDL basic circular number 136.
- The account holders who are subject to freezing status by the Special Investigation Commission (SIC).
- Shell Banks.
- Unidentified persons or unknown identity.
- Secret, numbered or anonymous accounts.
- Walk-in customers.
- Companies with a capital totally or partially constituted of bearer shares.

Moreover, Fencia Bank s.a.l adopts clear policies related to dealing with non face to face customers (e.g accounts opened by proxy) such activity requires the approval of the general management.

- **Screening:**

The AML program is built on a systemic screening of customers, beneficial owners, related customer parties, countries and transactional information based on the adopted lists in the bank. Existing customers are subject also to a customer reverse screening whenever sanctions lists has been changed or new sanctions program is adopted.

- **Know Your Customer (KYC):**

Given that a sound KYC policies and procedures are critical to protect the safety and soundness of the Bank, as well as the integrity of banking systems, Fencia bank s.a.l updates its KYC on a regular basis to meet high standards in which source of fund, beneficial right owner, purpose and the nature of the relation should be determined to prevent the utilization of our products or services in illegal or illicit activities.

KYC is updated periodically, every two years at most and on shorter intervals for high risk customers or upon a change in the customer's profile

- **Monitoring:**

Fenicia bank s.a.l. and as per FATF recommendation (No.12) conducts ongoing due diligence on the business relationship and scrutinizes of transactions undertaken by the customer in order to ensure that transactions are consistent with the customer's stated business and classification.

For this purpose, the bank adopts a specialized IT system that directly flags any opening of account or any transaction which involves a black listed party. The bank commits to implement all sanctions imposed by the international authorities by updating regularly the black list adopted by the bank taking into consideration the FATF recommendations as to refrain from dealing with any listed person or institution.

Based on the "Risk Based Approach" (RBA) methodology adopted, the bank mitigates risks associated with its customer base and sorts them into three categories; High, Medium and Low. This categorization is linked to key risk indicators such as customer's business type and volume, nationality/residency and the type of products rendered. As per FATF recommendation, various types of due diligence applications are required depends on the client's risk profile. Those types vary from simplified "SDD" to "EDD" which would at least include sites visits information and peer to peer comparison.

**2. Records Keeping:**

Fenicia Bank s.a.l. retains customer's records for ten years after closing the account or ending the business relation or performing the operation, particularly the customer's full name, residential address, occupation and financial status, in addition to copies of all documents used for identity verification as well as sufficient records that permit reconstruction of individual transactions.

**3. Compliance Staff:**

Fenicia Bank s.a.l. designates a full time chief compliance officer dedicated to oversee the compliance department as well as head of AML/CFT unit who holds (CAMS) certification and reports to this latter and enjoys enough authority to effectively manage and apply the AML policy and procedures.

Fencia Bank s.a.l complies with the intermediate circular of CENTRAL BANK OF LEBANON No. 421, dated may 4, 2016 which requires to form an AML board level committee headed by an independent board member. In addition, Fencia Bank s.a.l complies as well with the BDL intermediate circular number 371 which stipulates of appointing in each branch, an AML/CFT independent officer, having professional and academic expertise. This officer performs independently the required controls away of any marketing activities.

#### **4. Training :**

An annual training program, of anti-money laundry and terrorist financing and its relevant fighting mechanisms, is delivered after being approved by the AML specialized committee and initiated by the Human Resources department with the collaboration of the compliance department to raise awareness and introduce new practices.

Pamphlets of case studies and written directives would be handed out to participants during training sessions to be used later on as a reference. Furthermore, to spread out the culture of the AML principles and concepts among all stakeholders.

The training is mainly delivered by internal bank trainers (managers, directors, team leaders), as well the Bank enrolls its employees for training programs in many accredited and professional institutions that grant certificates such as (CAMS, CFC, CIA, etc...)

#### **5. Reporting of Suspicious Transactions**

In order to comply with legal or regulatory requirements, Fencia Bank s.a.l. must immediately notifies the Governor of the Central Bank of Lebanon in his capacity as Chairman of the Special Investigation Commission (SIC) as stipulated in article 6 of law No. 44 of November 24, 2015, when conducting occasional transaction and holds evidence or has doubts that the attempted or performed banking operation involves illicit acts of money laundering, terrorist financing and/ or terrorist organizations.

#### **6. Correspondent Banks:**

Fencia Bank s.a.l maintains correspondent relationships with international banks around the world in order to provide quality service to its clients cross borders.

Fencia Bank sal verifies the anti-money laundering procedures applied by the correspondent banks and obtain the supporting documents that reinforce them. As well the bank conducts due diligence on NOSTRO accounts that are commensurate to the level of the risks whereby it

abides by the standards specified by (FATF) and by “Wolfsberg Principles”.

Fencia Bank s.a.l. shares information pertaining to its customers and counterparties with correspondent Banks regarding any specific transactions. Furthermore, Fencia Bank s.a.l. exchanges, KYC<sub>s</sub> questionnaires with its correspondent banks with complete integrity and transparency.

#### **7. Anti-Bribery and Corruption:**

Fencia Bank s.a.l. is committed to promote a culture of integrity and honesty and foster an anti-bribery culture amongst its employees; clients and other stakeholders (Whistle blowing policy). The Bank sets the tone at the top. The Board of Directors implements a strict “zero tolerance rate policy” to bribery or any act of corruption including but not limited to fraudulent transactions, diversion of funds and various forms of improper business practices that may negatively impact the public trust in the Bank or affect its reputation.

Nevertheless, Fencia Bank s.a.l. complies with global standards to pay special attention to Politically Exposed Persons (PEPs) whether they are customers or beneficial owners as well as to PEPs family members or close associate by taking reasonable measures to establish the source of wealth and source of funds as well as conducting enhanced Due Diligence and ongoing monitoring of the business relationship.

#### **8. Cyber crime :**

Fencia Bank s.a.l, in conjunction with the Central Bank of Lebanon basic circular NO.144 dated November 28, 2017 “prevention cybercrime” developed a cybercrime guide for raising awareness among both employees and customers to avoid Fraud and its related risks and consequences.

#### **9. Audit:**

Our compliance program is subject to regular and independent review, from Internal and External auditors to ensure the adequacy and efficiency of the program. Auditor's role extends to verify proper and transparent application of AML policy and procedures, record keeping, reporting requirements, assessing efforts to resolve violations and deficiencies noted previously in audits and regulatory reports as well as to look for new risk factors. The audit department assesses the IT and security units, which reviews constantly security policies, strategies and procedures.

Should you need any further information please do not hesitate to contact us: [info@fenciabank.com](mailto:info@fenciabank.com)