

**Syrian Arab Republic**  
**Monetary and Credit Council**



**الجمهورية العربية السورية**  
**مجلس النقد والتسليف**

**Banking Supervision Instructions**  
**No. 6 dated 29/08/2004**

**Instructions for Caution**  
**In Dealing with Customers**

**Issued by the Monetary and Credit Council upon**  
**Decision No. (71/M.C.C) dated 29/08/2004**

**Endorsed by the Prime Minister**

**Syrian Arab Republic**  
**Monetary and Credit Council**

**Decision No. (71/M.C.C)**

Monetary and Credit Council,

Pursuant to:

The provisions of Paragraph (e), Clause Two, Article One of the Law of the Central Bank of Syria and the Basic Monetary Law No. /23/ dated 17/03/2002,  
Legislative Decree No. /59/ of 2003 on Anti-Money Laundering and its executive regulations issued by Prime Minister's Decision No. 692 dated 19/02/2004,  
The revision thereof in its session held on 29/08/2004,

**Decides the following:**

**Instructions for Caution in Dealing with Customers**

Article. 1 - Banks operating in the Syrian Arab Republic are required to adhere to the following:

**Customer Acceptance Policy**

1. Setting specific policies and procedures for accepting customers, clarifying the type of customers that pose risks higher than the average risks posed by the remaining customers. This requires being aware of the following:
  - The identity and background of the customer to be dealt with.
  - Accounts linked to the customer.
  - Customer's activities and works.

- Any dangerous indicators associated with the customer.

## **Verifying the customer's identity**

2. Verifying the identity of customers who are being dealt with or intended to be dealt with based on the principle of “Know your Customer” and ask them for all supporting documents that confirm their identities.

The customer can be defined as:

- A natural and legal person who has an account or various accounts with the bank.
  - Persons who benefit from transactions carried out by professional intermediaries.
  - Any person connected with the bank whose operations pose or may pose reputational or other risks to the bank.
3. Establishing regulatory procedures and determining the necessary conditions for accepting new customers so that they are not dealt with before verifying their identities and the legitimacy of the work they carry out.
  4. Requesting each customer to submit a written statement stating the identity of the actual beneficiary of the intended financial transaction and attaching to this statement all personal and financial information about this beneficiary.
  5. Documenting information about the identities of the customers who are dealt with and about the person who may represent them, and update this information periodically, while conducting a regular follow-up of their financial and personal situations and noting any significant alterations that may occur therein, as well as conducting direct personal interviews with them and getting to know them closely.
  6. In avoidance of reputational risks that may arise from dealing with some customers; banks that provide special banking services to new customers, such as opening credit accounts, shall inquire about these customers. This dealing shall be approved by at least one senior management member, along with the manager of the branch where these accounts open.
  7. Identifying and setting the necessary standards for the evidentiary documents of customers dealt with, and keeping and maintaining these documents for at least five

years as of stopping dealing with them or completing every financial transaction they have conducted.

8. In case of opening a numbered account for a deposit (the numbered account refers to the account number without mentioning the holder's name, who is known only to the bank's manager or his duly representative), the bank's employee in charge of opening the account shall apply the principle of "caution" to the account through obtaining sufficient information about it, including the application of the conditions hereinabove. Opening the numbered account requires the approval of at least one senior management member, in addition to the approval of the person in charge of opening the account.
9. If the account opener deals with the bank through its official power of attorney on behalf of a person, he shall present the same in addition to the documents related to his identity as well as all necessary documented information.

However, if the account opener is a legal person in the form of a company or institution, the bank shall then ask the representative thereof to present the official power of attorney granted thereto, the decision of the general assembly of shareholders, or the decision of the partners who authorized him to represent them. The bank shall also know the identity of the persons responsible for this company or institution and request personal and financial information about them.

In all cases, the bank shall be aware of the financial sources and nature of the activities carried out by this company or institution, in addition to the financial sources and nature of activities of the people who own this company or institution.

10. Determining the identity of participants in mutual funds when opening a special account for these funds, and determining the identity of the beneficiaries when opening an account for one of the financial intermediaries that represents these beneficiaries, in the same ways and methods specified in the foregoing paragraphs.
11. The bank shall periodically re-verify the identity of its customers, especially in the event that there is doubt about the accuracy of the previously declared information or in the event of subsequent changes to the identity of these customers.

**Operations carried out via correspondence:**

12. As for accounts opened for non-resident persons, and for banking operations conducted by electronic means or by correspondence, banks are required to verify the identity of these persons and document sufficient and complete information about

their personal background and financial sources, as well as to verify and audit the amounts transferred from and to them by electronic means, requesting that these transfers be subsequently accompanied by a written authorization upon independent statements. In all cases, banks shall determine the means and establish procedures for dealing with the accounts of non-residents and electronic banking operations in a way that ensures an effective exercise of the principle of caution in dealing with correspondents.

### **In Dealing with Correspondents**

13. Collecting all information about the correspondents to be dealt with and confirming the nature of the activities they carry out, after considering the following matters:
  - Inquiring about the departments of these correspondents.
  - Knowing the main financial activities they carry out.
  - Locations of their main activities.
  - Procedures that correspondents take to comply with anti-money laundering procedures.
  - The identity of the persons who want to deal with these correspondents through the bank.
  - The extent to which the countries where these correspondents work adhere to anti-money laundering standards.

### **Continuous Monitoring of Accounts**

14. Putting systems into effect to detect unusual and suspicious activities and setting limits on the amounts of dealing with certain categories of customers or certain types of accounts who are or whose activities are suspicious, and paying attention to amounts that exceed these limits.
15. Ensuring that the bank has administrative information systems that communicate to management and officials in a timely manner and work to identify, analyze and follow up on customer accounts that involve unusual or suspicious operations. For example,

without limitation, transactions that include the following indicators are considered suspicious:

- Depositing large amounts or recurring deposits of small amounts that does not match the volume of the customer's known business
- Lack of economic justification or legitimate goal for performing the operation due to the discrepancy between the nature of this operation and the nature of the customer's normal professional activity.
- Making transfers to foreign countries and to the accounts of other people and receiving large financial transfers from them without connection, link or justification for dealings with these countries or persons.
- Collecting, receiving and purchasing bearer checks or traveler's checks in large amounts.
- Conducting fund operations (cash banking operations) with large amounts such as deposits, withdrawals, purchasing instruments like bonds and notes, and exchanging foreign currencies.
- Carrying out financial transactions whose size is not proportional to the financial situation of the customer dealt with.
- The accuracy of the information declared by the depositing or withdrawing customer is doubtful.
- Noting that any large and critical operations that a customer may carry out through the bank shall be approved by more than one senior management member.

### **Risk Management**

16. Establishing clear policies and specific and precise procedures regarding how to identify the identities of customers dealt with and how to declare and report suspicious transactions. The bank's internal audit or inspection department is also responsible for evaluating these procedures, following them up on an ongoing basis, and ensuring that the bank's employees apply and implement these policies and procedures properly.
17. Working to explain the policies and procedures related to money laundering to all employees and training them continuously on how to detect suspicious operations and

money laundering operations, and involving officials and employees in training programs and seminars on the methods used to combat money laundering.

18. Training employees to deal with the bank's customers with tact and courtesy, and to beware that requesting the aforementioned information about customers complicate banking operations or alienate customers from dealing with the bank.
19. Preparing a detailed form (in the form of application to open an account for the customer) to be approved by all operating banks, filled out and signed by the customer and submitted to the bank branch to be reviewed by the employee in charge. Then a branch card shall be filled out with the information from the form submitted by the customer in addition to the other information required in the bank's card as obtained from the customer directly after submitting the form. The employee then marks the card, and the bank updates the card periodically and whenever necessary.

This bank card is adopted for preparing customer information base, in addition to the Central Bank's uses.

Maintaining the confidentiality required under the Anti-Money Laundering Law and the Bank Secrecy Law, especially when investigating or verifying the authenticity of information about customers.

Article 2 - This decision shall be communicated to all competent bodies to put it into force.

**Issued in Damascus, on 29/08/2004**

**Governor of the Central Bank of  
Syria  
Dr. Adib Mayala**

**Endorsed by  
Prime Minister  
Dr. Mohammed Naji Etri**

**Secretary of Monetary and Credit  
Council  
Layla Tannous**