

## Executive Bylaw of the Anti-Money Laundering Act

### Chapter One

### Definitions

**Article 1 :** The following definitions shall apply for the purposes of the terms and phrases used herein:

- a) Act means the Anti-Money Laundering Act passed in Jan. 22, 2008.
- b) Customer/Client means a customer, client and/or any person, whether the beneficial owner, his attorney or legal agent who applies to natural persons and legal entities to benefit from services, carry out deals, transfer funds and precious possessions (such as gold, jewels, antiques, valuable artistic works and the like).
- c) Initial Identification means the checking and entry of the particulars declared by the customer by producing his identification records and, if acted by the attorney or agent, entry of the attorney's or agent's particulars in addition to those of the beneficial owner.
- d) Full Identification means precise identification of the customer at the time of providing base services as referred to in paragraphs (d) and (f) of article 3 of the present bylaw.
- e) Credit Institutions means banks (including Iranian banks and branches and subsidiaries of foreign banks based in the Islamic Republic of Iran) , non-bank credit institutions, credit cooperatives, interest-free loan funds (qard al-Hasanah – a benevolent loan, free from Riba–usury), leasing companies, investee companies, foreign exchange offices and other individuals and entities that act as intermediaries to exchange funds.
- f) Suspicious Transactions and Operations mean the transactions and operations that persons, based on the availability of information and/or the reasonable grounds, suspect that such transactions and operations are carried out for the purpose of money laundering activities.

Note: Reasonable grounds mean the existence of the circumstances which shall make any reasonable person investigate the origin of property and depository or other related operations. Some of these suspicious transactions and operations include:

1. financial transactions and operations related to the customer which shall go far beyond his anticipated level of activity;
2. detection of forgery, false statement and/or false report by the customer before or after any deal is carried out including the time when the base services are provided as well;
3. the transactions in which it is, in any manner, identified that the true interested party at least one of the fictitious transacting parties has been another person or other persons;

4. the business transactions above the applicable designated threshold which are inconsistent with the customer's area of activity and his known business goals and targets;

5. the transactions in which the legal domicile of the transacting party has been located in highly dangerous (in terms of money laundering) regions;

6. the transactions above the designated threshold from which the customer has withdrawn before or during the course of transactions or has, after the conduct of transaction, nullified the agreement without any reasonable cause;

7. the transactions which, based on the normal conduct of business defined by the competent authorities involved, are complex, unusual and without any apparent economic purposes.

g) The Designated Threshold means conversion of the amount of one hundred and fifty million (150,000,000) rials cash or its equivalent into other foreign currencies and valuable commodities. The Council of Ministers (the Cabinet) may, where necessary, modify such threshold with a view to the country's economic conditions.

h) Cash means any type of coins and banknotes and checks of various kinds whose transfers have not been documented and are untraceable such as ordinary bearer checks and other checks whose bearer is a party other than the first beneficiary (such as the endorsed checks by third parties, travelers' checks, Iran checks and the like).

i) The Designated Persons (Authorities) means all natural persons and legal entities referred to in articles (5) and (6) of the Act including the Central Bank of Islamic Republic of Iran (CBI), banks, financial and credit institutions, Stock Exchange, insurance companies, central insurance corporation, interest-free loan funds (Qard al-Hasanah— a benevolent loan, free from Riba—usury), foundations and charities and municipalities as well as notaries, lawyers, auditors, accountants, judiciary official experts and legal inspectors.

j) Designated Non-Financial Businesses and Professions means the persons (natural/legal) that engage in cash transactions with a high frequency and are prone to risks in terms of money laundering such as forward dealers in real estates and cars, jewelers, dealers in valuable cars and carpets and dealers in antiques and precious cultural products.

k) Base Services means the services which are, as per the rules, considered to be prerequisite and requisite for providing other services by the designated persons and, afterwards, the customer will apply to such authorities to benefit from frequent and continuous services such as opening accounts of any type with banks, obtaining trading codes on the stock exchange, obtaining business/economic codes, obtaining business cards and business licenses.

l) Legal Entity's National Code means a unique number which is allocated to all legal entities subject to the decree no.H39271T/16169 of Apr. 18, 2009.

m) Aliens' Specially-Designated Number means a unique number which is allocated to all aliens associated with I.R.I. by the National Database for Aliens as per the decree no.H40266T/16173 of Apr. 18, 2009.

n) Council means the Anti-Money Laundering Supreme Council.

- o) Secretariat means the secretariat of the Anti-Money Laundering Supreme Council as described in article (37).
- p) The Financial Intelligence Unit means a centralized and independent unit which is responsible to receive, analyze and refer the reports of suspicious transactions to the appropriate authorities as described in article (38).

### Chapter two

### Customer Identification and Verification

**Article 2 :** The credit institutions, insurance companies and the stock exchange company shall have to take action for the initial identification of the client (perform customer due diligence CDD-as described in paragraphs (a) and (b) of article (3) and enter the relevant information in their database system at the time of providing all kinds of services and dealings in monetary and financial operations even less than the applicable designated threshold such as any type of receipt and payment, money order, drawing and payment of checks, granting loans/facilities, issuance of various plastic cards, issue of letters of guarantee (LGs), buying and selling foreign currencies, certificates of deposit and participation certificates, accepting guarantee and guarantor's obligations in any manner including the signing of promissory notes, bills of exchange and letters of credit (LCs), securities purchase and sale.

Note: Payment of the governmental bills and payments made for municipal services less than the applicable designated threshold shall not require any identification process.

**Article 3 :** All designated persons shall have to make the initial identification of their customers at the time of performing any deals and operations as well as providing services above the applicable designated threshold and/or when suspicion is aroused in respect of money laundering activities in the following manner:

#### **A-Initial identification of natural persons**

1. the initial identification of a natural person shall take place on the basis of the national code and checking it with the original national card as a common practice as well as the zip (postal) code of the place of residence;

Note: Where the designated persons are connected on line to the State Organization of Civil Status Registry for checking information via this channel, the receipt of photo-affixed birth of certificates or driving licenses or valid passports shall not meet any impediment.

2. with respect to the aliens, the valid passport of the respective country having the entry visa and residence permit or identity card and/or a valid work permit for aliens shall be regarded as identification records.

Note: The fulfillment of all duties described in the executive bylaw of the law requiring the use of national code and zip (postal) code for the Iranian citizens shall accordingly be mandatory.

### **B-Initial identification of legal entities**

1. the initial identification of a legal entity shall take place on the basis of the national code and zip (postal) code of the legal entity's domicile and checking it/them with the original(s) or attested copy of identity card (as stated in the bylaw requiring the use of national code of legal entities).
2. with respect to the foreign legal entity, the identification shall take place by receiving the records of valid business license in Iran and the special number for aliens obtained from the National Database for Aliens.
3. the initial identification of a natural person introduced by a legal entity shall take place in accordance with the standards prescribed for natural persons.
4. the officers in charge of initial identification of customers shall, in the circumstances where any ambiguity exists as to the authenticity of the identification records delivered by customers, have to take action to lift ambiguity and verify customer's records through search in other databases and systems and/or make inquiries from the appropriate well-informed authorities. Nevertheless, the service provision shall be stopped until when the ambiguity has been clarified.

### **C-Initial identification of non-banking issues**

1. all persons who are in charge of providing services related to the safe deposit boxes and post boxes (mail boxes) in the country shall have to identify customers at the time of service provision.
2. all persons who engage in accepting or handling deposits and providing postal services to customers shall have to identify customers in the circumstances where the value of deposits and postal parcels declared by customers is above the applicable designated threshold.
3. all trades union/guilds which are, at the discretion of the Council, prone to be abused by money launderers shall have to take action for initial identification of customers in all transactions above the applicable designated threshold and make entries of such transactions. Such entities shall also have to record the unique number of persons in the sales invoices.

### **D-Full identification of natural persons**

In addition to the initial identification (as stated in paragraph A of this article), the designated persons shall, at the time of providing the base services (specifically when opening the bank account), have to take action for the full identification of the customer and estimation of his anticipated level of activity as follows:

1. receiving a valid introduction letter signed by at least one of the recognized customers or the trusted persons or an introduction letter from one of the credit institutions licensed by the Central Bank of I.R.I. , governmental organizations and/or official professional entities and associations.
2. obtaining information from the customer regarding his relationships with the designated persons involved and making inquiries from such persons to establish the authenticity of the information given by the customer.
3. receiving the valid business license especially with regard to the designated nonfinancial businesses and professionals which are more prone to money laundering

activities such as jewelers, dealers in precious metals/stones, real estate and car dealership agencies.

4. obtaining the employment certificate from the natural persons who hold business licenses and/or the legal entities that hold national codes.

5. obtaining information about the type and scope of the customer's activity to estimate the customer's anticipated level of return in his area of activity.

### **E-Full Identification of legal entities**

1. obtaining information about the type, nature and scope of the customer's activity to estimate the anticipated level of activity.

2. obtaining information about articles of association, articles of incorporation, major shareholders, type of activity, providers of financial resources for the legal entity, founders, directors/executives, inspectors, auditors and their domiciles.

3. obtaining information about the company's compliance ratings from the appropriate authorities (such as rating agencies, ranking by the Vice-President's Office for Planning and Strategic Supervision and/or professional entities).

Note: If the company has not been rated/ranked, the designated person shall have to directly take action through examining the audited financial statements by one of the members of the Association of Chartered Certified Accountants (ACCA) so as to assess and evaluate the client's anticipated level of activity. Where the legal entity is not obligated to appoint a member of the Association of Chartered Certified Accountants, the last valid financial statements of the company shall directly be examined.

4. furnishing obligations by directors and holders of authorized signature signifying that they have submitted the last records and information about the legal entity and undertake to immediately report any change in the foregoing issues.

Note: The procedure for estimating the customer's anticipated level of activity by the designated persons shall be established as per the rules which shall be approved by the Council upon the recommendation of the designated person.

**Article 4** : The records stated in paragraphs (d) and (e) of article 3 shall have to be inquired from the appropriate databases and obtain assurance about the authenticity of the documents and information (including national number and national code and the like) so produced. The inquirer shall have to certify the time of receiving confirmation from the said databases along with his particulars in the said records.

**Article 5** : In the event that the customer does not produce the records and documents referred to in the foregoing articles or suspicion exists as regards the money laundering activities or other related offences, the designated persons shall have to avoid providing services to them and shall report the matter to the finance intelligence unit.

Note: The designated persons may, in their in-house bylaws, accept other records and documents which will securely provide the foregoing information (especially the required information for assessing the customer's anticipated level of activity). The designated persons may, in their in-house bylaws, arrange the level of identification with respect to the type, nature and the customer's anticipated level of activity while ensuring that the required information is so obtained.

**Article 6 :** Providing the base services electronically and without the customer's full identification and performance of any type of electronically untraceable or unnamed financial transactions as well as granting any loans shall be forbidden.

**Article 7 :** The designated persons shall, at the time of providing base services to the designated non-financial businesses and professions, have to obtain the required obligations from them regarding the enforcement of the anti-money laundering Act and regulations whilst receiving the documents and records indicated in paragraphs (d) and (e). In case of the failure of the designated non-financial businesses and professions to furnish such obligations and/ or negligence in the fulfillment of their obligations, the designated persons shall refuse to provide services to them.

**Article 8 :** The designated persons shall not have to restart the full identification process of the customers of the financial institutions in which the anti-money laundering regulations are, at the discretion of the secretariat, being observed.

**Article 9 :** The designated persons shall have to exercise special care and control when opening and freezing the accounts for the politically exposed foreign persons.

**Article 10 :** The designated persons shall, when providing services, have to exercise continuous monitoring and further control over the persons who have been reported to them by the financial intelligence unit.

**Article 11 :** The designated persons shall, at the time of providing base services to customers, have to make them be bound to act as follows:

1. to submit the information requested by the designated persons as specified herein and abide by anti-money laundering rules and regulations;
2. not to permit other persons/parties to use base services and, if so, immediately report the matter to the designated persons. The legal arrangements (such as power of attorney or agency) shall not apply to this paragraph providing that the particulars of the attorney or agent and the process of his initial identification have been recorded and entered;

Note: The foregoing obligations shall be expressly and precisely explained to the customer. Where the customer does not accept such obligations or does not fulfill his obligations, the providing of services to him/them shall be stopped.

**Article 12 :** The designated persons shall have to provide a proper space in all their available forms so as to put in one of the valid identity numbers (national number, national code and aliens' specially designated number as the case may be), as well as the postal (zip) code and shall have to accurately and thoroughly receive and check such particulars.

**Article 13 :** The designated persons shall have to provide the required spaces in all softwares, banks and database systems in which the financial and monetary operations are entered so as to put in one of the valid numbers (national number, national code and aliens' specially designated number as the case may be), as well as the postal (zip) code and shall also provide the opportunity for «search» on the basis of the said numbers/codes in software.

**Article 14 :** The designated persons shall have to send the particulars of the persons and locations recorded and entered in their database systems to the appropriate



authorities every six months and shall control the accuracy of such particulars and receive the latest modifications and changes. If any definite and irremovable inconsistency is found in such particulars, the matters(s) shall be reported to the financial intelligence unit.

**Article 15 :** The designated persons shall, within six months after the notification of the present bylaw, have to perform the foregoing duties with respect to the former customers who used to benefit from the base services and, by the same token, are still carrying on their activities.

Note1: That group of the former customers whose particulars are found to have inconsistencies at the matching stage shall have to remove the inconsistencies within three months. If such inconsistencies are not rectified, the units of anti-money laundering in each establishment shall have to report the matters to the financial intelligence unit.

Note2: That group of the former customers whose average size of activities in a year is insignificant as per the rules approved by the Council shall be excluded from the application of this article.

**Article 16 :** As of the notification date of the present bylaw, the designated persons shall have to send by post that batch of the documents and records which are determined by the Council to the customer's address. As of the said date, the designated persons shall have to use the postal (zip) code recorded in the national card with respect to the place of residence of natural persons and use the postal (zip) code of the domicile recorded in the national code with respect to the legal entities when sending the appropriate documents.

**Article 17 :** The designated persons providing base services shall have to continuously update the data relating to the full identification of customers, more specifically in the following circumstances:

- a) when, based on the evidence and causes, there will be a probability that the customer's statement of account has undergone material changes;
- b) where the designated persons, based on the evidence and causes, sense a probability that the customer has been involved in money laundering operations and/or terrorist financing.

### Chapter Three

#### Required Structure and Reporting Requirements

**Article 18 :** The designated persons and also the board of directors of trades union of the designated non-financial businesses and professions shall have to introduce a unit to be responsible for anti-money laundering activities to the secretariat subject to their organizational scope and expansion. The secretariat may, if need be, verify the qualifications of the said unit members.

Note1: All designated persons shall, proportionate to the scope of their organizations, make the necessary arrangements in a manner to obtain the assurance required for

the enforcement of the laws and regulations governing the anti-money laundering activities.

Note2: At the time of certifying the qualifications of individuals, the secretariat shall, in addition to their professional competence, have also to establish their general and security competence by making inquiries from the appropriate authorities.

**Article 19** : The functions of individuals or responsible units under article (18) are as follows:

a) to examine, investigate, prioritize and comment on the reports sent by the personnel of the appropriate authorities;

b) to promptly send such reports in the specified formats to the financial intelligence unit without the customer's knowledge;

Note: The time-limit for the «promptness» indicated in this article shall be notified in separate directives subject to the status of the designated persons. This period, shall not, however, exceed four business days.

c) to monitor the activities of the clients using the base services to identify the suspicious transactions;

d) to prepare the necessary software to facilitate quick access to the required information in enforcing the laws and regulations and accordingly in the systemic identification of suspicious transactions;

e) to devise the required mechanism to control the anti-money laundering processes (the process of collecting and analyzing information, recruitment of staff, training and the like) and assess and evaluate its compliance level in the appropriate establishments;

f) to provide supplementary information required by the financial intelligence unit and other authorities which are competent in the fight against terrorism;

g) to issue the required circulars as regards the execution of the law and regulations governing the anti-money laundering operations upon the agreement of the secretariat;

h) to conduct inspection of the subordinate units to ensure the strict observance of laws and regulations;

i) to prepare the statistics relating to the measures carried out by the appropriate establishment in the anti-money laundering and the outcomes thereof;

j) to send the records of the persons stated in note (3) of article (4) of the Act to the appropriate authorities in coordination with the financial intelligence unit;

k) to keep the records and reports of correspondence relating to the appropriate establishment concerning the issues of money laundering and terrorist financing;

l) to draft the annual program for law enforcement by the designated persons and monthly control of the level of its compliance.

**Article 20** : The regulatory or supervisory authorities monitoring the designated persons (such as the Central Bank of I.R.I., Central Insurance Corporation of I.R.I., Securities and Exchange Organization, the State Inspectorate General Organization, the State Organization of Lands and Deeds Registration, Trades Union/Guilds, Organization of Endowment and Charity Affairs) shall, in their normal inspection



rounds, have to take account of the rules for combating money laundering and terrorist financing and comment on the compliance or non-compliance with such rules.

**Article 21** : The secretariat shall have to examine the performance of the authorities referred to in article (20) once every six months and report the matter to the Council.

**Article 22** : The designated persons shall, if requested by the financial intelligence unit, have to deliver a summary of information provided by users of base services in connection with the issue of anti-money laundering activities to the financial intelligence unit at the end of each month in the manner indicated by such unit.

Note: The summary of the foregoing information shall have to contain: the name, surname, national number and the date of providing base services in respect of natural persons; the name and national code or economic code in respect of legal entities; the aliens' specially designated number in respect of aliens. Other necessary items shall be notified to the designated persons upon the Council's approval.

**Article 23** : In order to speed up the reports investigation, the individual or the working groups responsible for anti-money laundering operations shall be vested with sufficient authority and required accessibilities within the realm prescribed for each one of the designated persons so as to perform his/their assigned duties. The conduct of investigation and reporting to the appropriate authorities shall not be subject to the confirmation and approval of other authorities.

**Article 24** : In order to speed up accessibility to the required information, upon the request made by the financial intelligence unit from the designated persons, one of the members of the anti-money laundering working group of the designated persons shall be based at the financial intelligence unit vested with the power of having accessibility to all information of the designated person so as to meet the initial needs of the financial intelligence unit. Under no circumstances shall the said individual have access to the information of the financial intelligence unit.

### Chapter four

### Compulsory Reports

**Article 25** : All the staff working under the designated persons shall, in case of observing the suspicious transactions and operations (subject of paragraph (e) of article (1)) have to report the matter to the anti-money laundering units of each establishment without the client's knowledge. If such unit does not exist, the highest official of the designated persons shall bear the responsibility of receiving reports and taking appropriate measures. If the customer is informed of such matter, the violator shall be treated in accordance with the prevalent rules.

**Article 26** : The staff working under the designated persons shall have to enter all the transactions above the applicable designated threshold for which the customer pay in cash and report the matter along with the customer's explanations to the anti-money-laundering units in each establishment and, where such unit does not exist, to the highest official of the designated person. The anti-money laundering units in each

establishment and/or the highest official of the designated person (where such unit does not exist) shall, at the end of each week, have to submit a summary of the said forms in the manner indicated by the financial intelligence unit and keep the originals in strict safeguards.

Note1: Money remitters above the applicable designated threshold shall have to give the explanations required in the declared forms to the designated persons.

Note2: In the case of cash transfer above the applicable designated threshold by using nonbanking practices such as by post/mail, the staff of the designated persons shall have to report the matter to the anti-money-laundering units in each establishment. Where such unit does not exist, reports shall have to be addressed to the highest official of the designated person to adopt appropriate measures.

Note3: The forms, amount and manner of receiving information from the customer, the manner and amount of initial information sent to the financial intelligence unit and the method of storing and retrieving information with each designated person shall be subject to the bylaw which shall be approved by the Council.

**Article 27** : The report on the suspicious transactions and accordingly the reports which the designated persons are bound to send shall imply no accusation whatsoever against individuals and the reporting of such transactions to the financial intelligence unit shall not be considered disclosure of personal secrets and, as a result, no charge whatsoever shall be leveled against the reporters when enforcing the present bylaw.

### Chapter five

#### The Affairs Concerning Foreign Exchanges

**Article 28** : The purchase and sale of foreign currencies in any manner including the payment of local currency (rials) inside the country and receipt of foreign currency outside the country and vice versa shall be authorized only through the banking systems and licensed exchange offices pursuant to the laws and regulations in force. Failing to do so, the buying and selling of foreign currencies shall be deemed to be unauthorized and, in such a case, the provisions of the Law on the Procedures of Imposing State Penalties Regarding the Commodity and Foreign Currency Smuggle approved in 1995 by the Expediency Council shall prevail.

**Article 29** : The Central Bank of I.R.I. shall, at the end of each day, have to enter the detailed information concerning the purchase, sale and transfer of foreign currencies through the banking system and licensed exchange offices in the databank which has been organized for such purpose and further shall provide the opportunity of access to and search in it by the financial intelligence units.

**Article 30** : All designated persons especially banks and exchange offices shall have to send reports containing the information under article 28 to the Central Bank of the I.R.I. Failure to send information, sending incomplete and false information, splitting up transactions into the amounts less than the applicable designated threshold shall be forbidden and the violator/or violators shall be treated as per the rules in force.

**Article 31** : All designated persons shall, by adopting the necessary measures, have to



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ensure that the anti-money laundering regulations are observed in branches and agencies outside the country.

**Article 32** : The designated persons shall have to exercise the utmost care in their transactions/ exchanges with other countries and regions indicated by the Council.

### Chapter six

#### Records-Keeping

**Article 33** : All designated persons shall have to retain the documentation relating to financial transactions and operations (whether active or non-active) and also the documents relating to customer's identification data when providing the base services in the physical form and/or in other lawful methods for at least five years after the end of transactions. The settlement board of the legal entities involved shall, in case of the winding-up, have also to keep the documents up to five years after the financial events.

Note1: The records and documents in this article shall be filed and kept in a manner that the information included in such documents can be accessed at the request of the financial intelligence unit and other appropriate authorities within the period of the time appointed in article (19). The original documents and records, if requested by the financial intelligence unit and other appropriate authorities, shall have to be produced within one month at the latest. The designated person shall have the responsibility of search for and presentation of documents.

Note2: The foregoing documents shall, if need be, permit reconstruction of transactions.

Note3: This article shall not infringe other rules which have made the storing of documents compulsory for more than the specified period.

**Article 34** : The designated persons shall have to organize their financial and administrative structures in a manner that all accounts and records of a person be coherent, recognizable and verifiable.

### Chapter seven

#### Training Courses

**Article 35** : All designated persons shall, in collaboration with the secretariat, have to make the necessary arrangements to organize pre-employment training and on-the-job (OJT) training courses for their staff. The objectives of such courses shall be introduction to the law, bylaw and relevant regulations, the modus operandi of money launderers and, in particular, the latest intrigues of money launderers in using the services of the designated persons and the method of eliminating the criminal source of incomes. The staff of the designated persons shall be required to take such training courses so as to continue their employment in the appropriate positions. The records of these training courses shall have to be entered in the personnel files.

**Article 36 :** The anti-money laundering working groups with the designated persons shall, in coordination with the secretariat, have to follow the proper procedures to provide the course orientation and raise public awareness of customers as regards the benefits of law enforcement for people and general duties of customers in this respect and shall further send a report thereon to the secretariat.

### Chapter eight Other Provisions

**Article 37 :** The secretariat is set up in the Ministry of Economic Affairs and Finance and shall be entrusted with the following functions:

1. to perform the office work relating to the holding of the Council's meetings, notification and follow-up of approvals;
2. to have dynamic presence in international conferences and fora and explain the measures taken by the country towards combat against money laundering activities;
3. to follow up and receive reports on the performance of the designated persons, monitor and inspect (in the form of periodic, random and ad hoc inspections) the designated persons to ensure that the approved regulations and bylaws in the scope of the responsibilities of the designated persons and of the designated nonfinancial businesses and professions have been enforced and prepare reports on the enforcement of relevant laws and regulations once every six months and send them to the Council;
4. to assess and evaluate the annual ratings of the designated persons with regard to the level of compliance with the rules governing money laundering, and, if approved by the Council, notify the results to the general public;
5. to be accountable to the competent authorities, formulate policies, initiate a publicity campaign, support the secretariat's electronic database and hold public briefing sessions in association with the responsible authorities;
6. to make coordination for organizing training courses inside and outside the country and compile and publish training materials;
7. to prepare an annual program for the enforcement of the law and regulations thereof by the administrators/officers of the designated persons;
8. to provide the material and spiritual support to the designated persons and relevant staff against whom complaints may be lodged or who may be insulted by customers in the performance of their assigned duties when enforcing the anti-money laundering rules;
9. to update the appropriate bylaws and regulations through the lawful channels;
10. to prepare the draft of the appropriate bylaws and comment on the proposed regulations by the designated persons;
11. to publish the new methods and processes of money laundering practices and terrorist financing in the country and, if necessary, make recommendations for amendment of bylaws and regulations.

**Article 38** : The financial intelligence unit shall be set up in the Ministry of Economic Affairs and Finance to fulfill the functions set out below:

1. to gather, collect and obtain information on the suspicious transactions;
2. to evaluate, examine and analyze the information in the reports and about suspicious transactions;
3. to enter and classify the information in the mechanized systems;
4. to report the particulars of the persons involved in money laundering activities and/or in terrorist financing to the designated persons to exercise more caution and/or terminate cooperation if requested by the appropriate authorities;
5. to provide the analyzed information required by judicial authorities, officers and establishments in charges of fight against terrorism in the country if requested by the appropriate authorities;
6. to prepare the required statistics from the measures carried out in the anti-money laundering process;
7. to procure the required software and information systems;
8. to provide security for the collected information;
9. to exchange information with international organizations and institutions subject to the rules;
10. to gather and glean international experiences;
11. to send reports with a high probability of accuracy or when their probability will be of great importance to the judicial authorities;
12. to follow up the transmitted reports with the judicial authorities;
13. to prepare the draft annual plan of the financial intelligence unit for the Council's approval;
14. to send responses to the inquiries made by the designated persons as soon as reasonably practicable;
15. to comment on the professional qualifications of the administrators of antimoney laundering units proposed by the directors of the designated competent authorities.

**Article 39** : Appointment and dismissal of the secretary shall take place upon the recommendation of the Minister of Economic Affairs and Finance, Council's approval and upon the appointed letter signed by the Minister of Economic Affairs and Finance. The financial intelligence unit shall perform its functions under the direction of the secretary. All posts at the secretariat, financial intelligence unit and affiliated units shall be considered as sensitive jobs and shall be consistent with the appropriate rules.

**Article 40** : Upon the recommendation of the Council, the Vice-President for Management Development and Human Capital shall, within three months, have to notify the organizational structure and functions of the secretariat and other appropriate units, with a view to recruiting experienced staff for strict observance of the laws and a minimum increase in their administrative structures. All executive authorities shall have to cooperate with the Ministry of Economic Affairs and Finance for the recruitment of expert and experienced staff.

**Article 41 :** The Council may appoint a special working group so as to monitor the good performance of the functions and duties assigned to the secretariat and financial intelligence units and submit its inspection reports to the Council.

**Article 42 :** The Ministry of Economic Affairs and Finance shall have the responsibility for providing the requisite possibilities and the support required for the financial intelligence unit and the secretariat.

**Article 43 :** All designated persons shall, within three months after the notification of the present bylaw, have to prepare the draft regulations required to implement this Act and the present bylaw and, in particular, the rules of procedure to identify the suspicious transactions and operations and send them to the secretariat. Such regulations and their possible modifications in the future shall, within three months after the Council's approval, have to be notified to all the staff working under the designated persons followed by the conduct of appropriate training courses for them. Note: With respect to the designated non-financial businesses and professions, the Ministry of Commerce shall, upon the Council's request, take measures in cooperation with chambers of commerce and cooperative and trades union.

**Article 44 :** One month after the notification of the present bylaw, payment of cash to customers above the designated threshold per-day by the designated persons (especially credit institutions) shall be forbidden. The Central Bank of I.R.I. shall have to adopt necessary measures and introduce the appropriate mechanism to facilitate the performance of affairs.

**Article 45 :** All designated persons shall, when issuing licenses or extending the previous licenses for the designated non-financial businesses and professions in various sectors, have to obtain the appropriate obligations from applicants for the enforcement of the law and bylaws thereof governing anti-money laundering and terrorist financing and shall keep them in their files. Inclusion of such obligations in the articles of association of legal entities may accordingly be mandatory in the circumstances indicated by the Council.

**Article 46 :** Where necessary, the Council shall approve the standards and regulations required for the good performance of the existing bylaw and shall notify it to the appropriate authorities, bodies, persons and guilds/trades union by the secretariat.

**Article 47 :** All designated persons shall have to provide the information requested by the financial intelligence unit regarding the anti-money laundering activities in a manner established by such unit to perform the assigned duties.

**Article 48 :** In order to facilitate access to the customer's information and establish the authenticity of the records and information submitted by individuals, the Central Bank of I.R.I. shall have to operate the customer's database which contains the following information:

- a) the information about the registration data and financial statements of customers (natural/legal);
- b) the information about accounts number and the loans/facilities granted to customers as well as matured and past-due loans (subject of the rules for drafting the forms of granting bank loans and banking obligations by the Central Bank of I.R.I.);



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## Securities & Exchange Organization of Iran

- c) the information about dishonored checks;
- d) the information relating to customer's income tax return;
- e) the information about convictions and protested promissory notes of individuals/entities whose names have been entered in the database system;
- f) the information about civil status declared by customers.

**Article 49** : The Vice-President for Planning and Strategic Supervision shall have to provide the budget required for enforcement of the present bylaw up to the limit of ten billion (10,000,000,000) rials for the first year out of the funds allotted in the Budget Law and shall, for subsequent years, allocate the amounts required for such purpose in the law bill of the National Budget. The present bylaw was approved by the President on Dec. 2, 2009. Upon the recommendation No. 22159 of the Ministry of Economic Affairs and Finance on April 11, 2010, and by virtue of the paragraph 3 of article 4 of the Securities Market act of I.R.I ratified in 2005, the Council of Ministers approved «The Bylaw Governing Foreign Investment in the Exchanges and OTC Markets» on April 18, 2010. as drafted below: