



**BACB**

**British Arab Commercial Bank Plc**

**Money Laundering Deterrence**

**2009**

**It is not BACB's policy to respond individually to requests from other banks for the completion of money laundering prevention questionnaires or to provide copies of detailed internal procedures.**

**This document summarises the bank's money laundering deterrence programme and provides information regarding BACB's regulatory status. It also outlines the main provisions of UK money laundering prevention law.**

### **Domicile**

BACB is a UK registered commercial bank, based in London and established for more than 30 years. An outline of its activities, details of shareholders and management can be found by visiting its website at [www.bacb.co.uk](http://www.bacb.co.uk)

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### **Banking Supervision**

BACB is authorised and regulated by the Financial Services Authority (FSA), the UK's sole financial services regulator under the terms of the Financial Services and Markets Act 2000.

In the UK, banks are not issued with a single licence document. Instead, the FSA grant permission to undertake specific activities, for example, deposit taking.

Details of BACB's permissions and regulatory status can be obtained by visiting the FSA website at [www.fsa.gov.uk](http://www.fsa.gov.uk) and searching the FSA Register using BACB's reference number **204564**.

### **Money Laundering Prevention Law in the UK**

The UK is a member of the Financial Action Task Force (FATF) and the necessary legal framework is in place to implement FATF recommendations for the prevention of money laundering. As a EU member, the UK has also implemented all relevant EU directives.

Key elements of UK law are as follows:

- The laundering of the proceeds of all crime is illegal;
- Laws are in place prohibiting involvement with and the financing of terrorism;
- Banks are obliged to establish the true identity of all customers, keep copies of identification documents and maintain transaction records for at least 5 years after a customer relationship ceases;
- For companies and other non personal entities, banks are required to establish ultimate beneficial ownership;
- Firms are required to appoint a Money Laundering Reporting Officer (MLRO) to act as a focal point for money laundering prevention and to receive Suspicious Activity Reports from staff;
- Financial sector employees are required to report knowledge or suspicion of money laundering or terrorism to the firm's MLRO, who in turn has an obligation to consider such reports and, if validated, pass them to a central

agency, the Serious Organised Crime Agency (SOCA). Failure to do so is a criminal offence punishable by fine and/or imprisonment;

- All financial institutions are required to train their staff in money laundering prevention on a regular basis.

In addition to the UK legal framework, The Joint Money Laundering Steering Group (JMLSG), a group of leading UK Trade Associations in the Financial Services Industry, produce guidance for best practice in the industry. These can be viewed using the following links:

[Part I - main text](#)

[Part II - sectoral guidance](#)

### **BACB's Money Laundering Prevention Procedures**

BACB has detailed policies and procedures approved by senior management and the Board designed to prevent involvement in money laundering or terrorist financing and to ensure regulatory and legal compliance.

BACB has never been fined or censured for breaches of money laundering prevention regulations.

#### **General Policies**

- BACB complies with the letter and spirit of all laws, regulatory requirements, codes and standards of good market practice in the UK and any other markets in which it operates;
- BACB has appointed an MLRO in accordance with legal requirements;
- BACB staff members are required under the terms of their employment contracts to report suspicious transactions to the MLRO and are protected by law where they do so in good faith;
- BACB prohibits the opening of anonymous accounts and dealings with banks that do not have a physical presence in any country - "shell banks";
- BACB does not operate "payable through" accounts;
- BACB retains all transaction and identity verification records for at least 5 years after closure of a relationship;
- BACB has internal audit and risk management functions that regularly monitor the effectiveness of and compliance with its money laundering prevention policies and controls.

#### **Know Your Customer and Due Diligence**

- The identity of all customers including ultimate beneficial ownership for non-personal accounts is verified and evidence of regulation and licensing for correspondent bank customers is obtained;
- Additional stringent controls are in place in relation to the accounts of customers considered to be "Higher Risk" these include:
  - Those domiciled in High Risk Countries (countries that are viewed as having weak or lax controls regarding Money Laundering prevention);
  - Money Services Businesses; and
  - Those customers deemed to be "politically exposed" or connected with individuals or businesses so designated;
- Information held regarding "High Risk" customers is regularly reviewed and updated;
- BACB screens all transactions against terrorist lists issued by government agencies, central banks and other international bodies.

## **Reportable Transactions and Transaction monitoring**

- BACB uses behavioural monitoring to identify unusual patterns of account activity against known customer business;
- Where appropriate transactions are reported to the relevant authorities by the MLRO.

## **AML Training**

- BACB has a well developed and comprehensive training and communication programme to ensure that all staff are aware of the dangers of money laundering and terrorism and understand their legal obligations including any changes to laws or procedures;
- All records of attendees and material used in AML training sessions are retained.

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