

Instruction on Reporting Cash Transactions above the Designated Threshold Amount

Purpose

In order to combat money-laundering and prevent financing of terrorism and in the effective implementation of the implementing regulations of the Anti-Money Laundering Act No. 181434/T 43182K of 5 December 2009 passed by the Ministers of the Working Group for the Adoption of implementing regulations of the Anti-Money Laundering Act, especially article 26 of the implementing regulations, this Instruction on "Reporting Cash Transactions above the Designated Threshold Amount" is hereby notified.

Definitions

Article 1- The terms and phrases used in this Instruction have the following definitions:

1-1- Central Bank: Central Bank of the Islamic Republic of Iran;

1-2- Credit Institutions: Banks (including Iranian banks and branches and representative offices of foreign banks based in the Islamic Republic of Iran), non-bank credit institutions, credit cooperatives, Gharzolhassanah funds, leasing companies. Note: "Credit institution" means a branch or representative office based in the free trade and industrial zones and the special economic zones of the Islamic Republic of Iran.

1-3- National ID of Legal Persons: A unique number that is allocated to all legal persons, according to approval No. H39271 T/16169 of Apr. 18, 2009.

1-4- Designated Number for Foreign Persons: A unique number that is allocated to all foreigners related to I.R. Iran by the National Database for Foreign Nationals, according to approval No. H40266T/ 16173 of Apr. 18, 2009.

1-5- Financial Intelligence Unit (FIU): A national, central and independent agency that is responsible for receiving and analyzing reports of suspicious transactions and disseminating them to the competent authorities as specified in article 38 of the implementing regulations.

1-6- Implementing Regulations: Implementing regulations of the Anti-Money-Laundering Act No. 181434/T 43182K of 5 December 2009 passed by the Ministers of the Working Group for the Adoption of implementing regulations of the Anti-Money Laundering Act.

1-7- Designated Threshold Amount: As defined in article 1 (G) of the implementing regulations of the Anti-Money-Laundering Act.

1-8- Cash Fund: Any type of coins and banknotes and checks of various kinds whose transfers are not being 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, traveler's checks, Iran checks and the like).

1-9- Customer:

any natural or legal person who has an account in a credit institution, or a bank account is opened in favour or on behalf of that person;

any natural or legal person who is in banking or credit services relation other than the above with the credit institution (or other beneficiary or beneficiaries) and from whom various risks, especially reputation and operations risks may arise for the credit institution.

Article 2- If a payment or deposit by the customer exceeds the designated threshold amount, a cash payment report (attached form) must be fully and precisely completed and signed by the customer and submitted to the credit institution. If customer is unable to complete the form, the report shall be

completed by the employees of the credit institution and verified and confirmed by the customer.

Note: The inclusion of the national ID number for natural persons, the national ID for legal persons, or the designated number of foreign persons (as the case may be), and also the reason for payment or deposit of the relevant funds in cash and the source of cash funds (above the designated threshold amount) must be stated in the form. This information must be obtained in relation to all persons relevant to the transaction (payer, account holder, endorsers of checks, etc.).

Article 3- After completion of the attached form, the relevant personnel of the credit institution must comply and check the information provided against the customer's identification data in accordance with the regulations stipulated in the Instruction on Identification of Customers in Credit Institutions, and only thereafter deposit or transfer the funds of the customer. In this respect:

If the customer does not complete the form, or refrains from providing information that would enable the relevant employees of the credit institution to complete the form, the employees of the credit institution are obligated to accept the funds from the customer, but shall inform the Financial Intelligence Unit of the issue and inform that the matter is “urgent”. In such cases, the provision of services to the customer shall be suspended until the issue is clarified. The relevant actions must be carried out without informing the customer.

If there is ambiguity about the truth of the information or documents provided by the customer, the credit institution's employees must inquire the issue from other databases and systems and relevant officials until the issue is resolved. In such cases, the provision of services to the customer shall be suspended until the issue is clarified. The relevant actions must be carried out without informing the customer. If the identification of the customer is not possible, the credit institution shall cease providing services to the customer. The relevant employees of the credit institution shall state the reasons for terminating services in the attached form and submit the same to the relevant authorities.

If information provided by the customer is not valid or the customer's identification card is considered by the employee to be forged, the credit institution shall immediately report the matter to the Financial Intelligence Unit. In such cases, the provision of services to the customer shall be suspended for one working day. After this period and upon the provision of a judicial order by the Financial Intelligence Unit to the credit institution, necessary actions will be taken in accordance thereto, otherwise the provision of services to the customer will resume.

Article 4- If the explanations provided by the customer about the source of the cash funds above the Designated Threshold Amount, and the reasons provided for depositing in cash are not convincing, or for any other reason there is a suspicion of money-laundering or the financing of terrorism, the relevant officer shall, in addition to submitting the report subject of this Instruction, also submit the report on suspicious transactions in accordance with the regulations set forth in the Instruction on Identification of Suspicious Transactions and Method of Reporting.

Article 5- After completing the report, the related officer shall submit the report to the head of the branch in charge of combating money laundering, so that after gathering and evaluating the information provided, all completed reports will be submitted to the credit institution's unit on anti-money-laundering at the end of each day. A copy of all completed reports shall be kept at the branch.

Article 6- The credit institution's anti-money-laundering unit shall, upon receiving reports from the branches, evaluate and prioritize them. All received reports with any complementary explanations shall be sent to the Financial Intelligence Unit until the end of that working day in the designated format.

Article 7- The credit institution must maintain the documents and information relevant to the cash deposit exceeding the designated threshold amount which it has obtained and documented while providing services to the customer for a period of at least five years after the end of the transaction. They should be

maintained in a way that they would be promptly available to competent authorities, upon their request.

Article 8- The credit institution must design its softwares such that in addition to registering all cash receipts and payments, it will render the payment of cash in excess of the designated threshold amount to a customer impossible. Should a customer insist on receiving cash in excess of the designated threshold amount, the credit institution shall report the matter to the Financial Intelligence Unit.

Article 9- In order to effectively implement the regulations set forth in this Instruction, the credit institution must design and perform its required systems and softwares such that it is ensured that the employees of the credit institution are carrying out the relevant duties.

Article 10- The credit institution shall design the software relevant to cash deposits, such that it will include information on the type and composition of the cash funds provided by the customer and the value of each of those so that it is possible to reconstruct the cash transactions above the applicable designated threshold amount.

Article 11- The credit institution shall designate in each branch a person responsible for explaining to the customer the necessity of reporting cash deposits above the designated threshold amount, so that in cases where questions may arise the issue will be sufficiently explained to the customer.

This Instruction has been approved in the eighth session of the High Council on Anti--Money Laundering on 9 February 2011 in 11 articles and 2 notes and is effective from the date of notification.