

Instruction on
The Procedure for Sending the Credit Institution's Customers' Deeds and
Documents to Their Postal Address

Purpose

In order to combat money-laundering and prevent financing of terrorism and to ensure the effective implementation of article 14 (8) of the National Banking and Monetary Act (of July 1972, as further amended), and article 7 (A) of the Anti-Money Laundering Act (enacted by the Islamic Consultative Assembly on 22 January 2008), and chapter 2 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, and the Cabinet implementing regulations No. T/211815 H39395 on Cash Flow Documentation in the Country of 16 March 2008, this Instruction "The Procedure for Sending the Credit Institution's Customers' Deeds and Documents to Their Postal Address" 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 institution: 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, investee companies, and other natural and legal persons acting as intermediaries in the exchange of funds.

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- 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.

1-4- Customer Identification: The identification and verification of the customer's identity using information sources and data that are independent, valid and reliable. Customer identification is divided into two groups of activities known as "initial identification" and "full identification".

1-5- Initial Identification: Checking the particulars declared by the customer against identification documents and entry of information. In case the information is provided by agent or attorney, the particulars of the principal shall be entered in addition to that of the attorney's or agent's.

1-6- Full Identification: Precise identification of the customer at the time of providing basic services as referred to in the Instruction on Identification of Customers of Credit Institutions.

1-7- Banking and Credit Services: Various services provided by the credit institution to a customer. Banking and credit services are divided into two groups, known as "non-basic services" and "basic services" as described below.

1-8- Non-Basic Services: Services which are not a prerequisite and requirement for providing other services to a customer nor will result to a continued relationship of the customer with the credit institution. The provision of these services to a customer only requires the customer's initial identification by the

credit institution as set forth in this Instruction. Some of the non-basic services are as follows:

- Transfer of funds;

- Any form of receipt or withdrawal;

- Foreign exchange trading, whether in cash, transfers, foreign traveler's check, etc.;

- Issuance of various cashier's checks and certified checks and payment of checks.

1-9- Basic Services: Banking and credit services which, according to regulations, are considered to be pre-requisite and requirement for providing other services by credit institutions after which customers call on the credit institution to receive frequent and continuous services. The provision of basic services to a customer requires full identification of the customer (in addition to initial identification) as defined in this Instruction. Some of the basic services are as follows:

- Opening accounts of any type with banks;

- Provision of facilities and leasing transactions;

- Transactions related to letters of credit;

- Issuance of various bank letters of guarantee and endorsement;

- Buying debt, reception or discounting of commercial and banking documents (including promissory notes, checks and bills of exchange) and endorsements thereof;

- Renting of safe deposit boxes;

- Issuance of various receipt and payment cards.

1-10- 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.

1-11- Designated Number of 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.

1-12- Legal Domicile of Legal Person: Registered legal domicile in the Database of National ID for Legal Persons based in the National Organization for Notarization of Deeds and Properties.

1-13- Persons Identification System (PIS): The system based in the Ministry of Finance and Economic Affairs, which is connected to relevant organizations such as the National Organization for Civil Registration, National Organization for Notarization of Deeds etc., and facilitates replying to credit institutions' inquiries on various persons' identification and address.

The Necessity of Sending Deeds and Documents to the Customers' Postal Address

Article 2- From the date this Instruction is notified, a credit institution shall, in order to deliver deeds and documents of a customer who is requesting the use of basic services for the first time or for future occurrences (checkbook, bank account booklet, debit and payment cards, etc.), send a letter by registered mail to the postal address of that customer and thereby inform the customer that only by presenting that letter in an on-site visit to the credit institution, can the customer receive the relevant deeds and documents.

Note 1: In respect of the residential address of natural persons, the postal code indicated on the national ID card and in respect of the legal domicile of legal persons, the postal code mentioned in the relevant databases shall be the basis for sending the letter to the customer. A credit institution shall, upon receiving a customer's request for basic services for the first time, conduct a full identification of the customer and document the customer's address as described below and maintain the records in the customer's file.

Note 2: The credit institution may charge the customer for sending communications by registered mail.

Obtaining a Customers' Address, Verifying Its Truth and Documenting It

Article 3- A credit institution shall, when identifying natural or legal persons within the framework of the regulations of the Instruction on Identification of Customers of Credit Institutions, obtain the precise residential address and postal code or legal domicile (for legal persons), phone number and fax of the customer.

Obtaining a P.O. Box number from a customer is not enough by itself.

Article 4- If an attorney, executor (of estate), guardian or parent is requesting banking services on behalf of another person or persons, the credit institution shall, in addition to the details of the principal, also obtain the precise residential address, postal code and phone number of such representatives.

Note 1: A credit institution shall, when conducting a full identification of a customer or an attorney, executor (of estate), guardian, or parent thereof, check the postal code on their national ID card or national ID card for legal persons against the address indicated in the Persons Identification System (PIS) and after ensuring that they match, certify a copy of the said documents by the authorized signatory of the credit institution and maintain that record in the customer's file.

Note 2: A customer's postal address and code that have been documented as above and are being maintained in the customer's file shall be the basis of the credit institution's communications with the customer. The credit institution shall emphasize the duty of the customer to report any change in its postal address and code to the relevant authority (Civil Registration or Notarization of Deeds and Properties Organizations) in the contract it concludes with the customer.

Article 5- In respect of joint accounts, a credit institution shall obtain the information stated in articles 3 and 4 of this Instruction for each of the account's authorized signatories, and send documents to the postal address of one of the account holders (according to the agreement between the credit institution and the authorized signatories).

Article 6- In order to document the address, postal code, phone number and fax number of a customer, a credit institution shall:

6-1- In conducting the initial identification of a natural person, check the residential postal address of the customer against the details of the original national ID card. For foreign natural persons residing in Iran, check the postal address of the customer against valid identification documents – as set forth in the Instruction on Identification of Customers of Credit Institutions.

6-2- For initial identification of legal persons, check the postal code of the legal person's legal domicile, according to the Instruction on Identification of Customers of Credit Institutions.

6-3- For full identification of natural persons (Iranian or foreign), in addition to the duties set forth in the above paragraphs, it is necessary to inquire about the address and postal code provided by the customer from Persons Identification System (PIS) or relevant databases. The person conducting the inquiry shall certify the time of receiving certification from the relevant databases and mention his/her particulars on the copy of the relevant document.

6-4- For full identification of legal persons (Iranian or foreign), in addition to the duties set forth for initial identification, it is necessary to inquire about the address and postal code of legal domicile provided by the customer from the relevant databases. The credit institution shall also check the postal code and residential addresses of the authorized signatories of legal persons against information provided on the back of their national ID cards and verify the truth by inquiring from the relevant information databases. The person conducting the inquiry shall certify the time of receiving certification from the relevant databases and mention his/her particulars on the copy of the relevant document. In order to document the residential postal code and address of the legal person's authorized signatories, it is necessary that these individuals pay an on-site visit to the credit institution like natural persons.

6-5- If there is any discrepancy between the address and postal code or postal code of the (National ID) card with the postal code provided by the customer, the credit institution shall take the following measures:

If there is a discrepancy between the address and postal code provided by the customer with the address and postal code of the post company database, the customer will be asked to correct its address or postal code.

If there is a discrepancy between the postal code provided by the customer and the postal code indicated at the back of the national ID card (indicating the residential address of a natural person), services shall be provided to the customer; However, the customer shall be given a deadline of one month to provide a new national ID card that has the new postal code indicated at its back. Obviously, during this period no facilities shall be provided to the customer, and only services such as opening an investment account or Gharzolhassanah account shall be provided. If the customer does not provide a new national ID card during this period, the matter shall be reported to the Central Bank for adoption of decision. After inquiring from the relevant authorities, the Central Bank shall determine the continuation or cessation of services to that customer.

If there is a discrepancy between the postal code of the legal domicile of a legal person provided by the customer with the postal code indicated in the legal persons identification database, the provision of services shall be suspended until either one of the codes are corrected.

If the postal code of a legal person is not mentioned in the National ID Database of Legal Persons, the customer shall be requested to refer to the organization that has registered the particulars of the legal person in the National ID Database of Legal Persons and correct its address and postal code. In this case, the provision of any facilities and services to the customer shall be stopped by the credit institution.

Creating and Updating Information Pertaining to a Customers' Address

Article 7- A credit institution shall consider an appropriate box in all the forms and documents used by the customer for the inclusion of a national ID number or national ID number of legal persons or designated number of foreign persons and their postal code, and this information shall be fully and precisely obtained.

Article 8- A credit institution shall consider an appropriate box in all its softwares and information systems which are used to record the banking operations of customers for the inclusion of a national ID number or national ID number of legal persons or designated number of foreign persons and their postal codes and provide for the search possibility of these numbers in the said softwares. The credit institution shall also incorporate the necessary mechanism for updating the postal code and ID numbers stated above in its softwares and systems.

Article 9- A credit institution shall send the postal code and information related to the customer's address and other particulars of its customers in its information systems to the relevant authorities at least once every six months for verification and controlling its truth and shall receive and incorporate in its systems any changes to such information. In view of the credit institution, the last address of a customer is the address that exists in the relevant database, even if the customer has not corrected its address. This shall be included in the contract concluded with the customer. If, prior to updating the information, a customer requests correction of its address and postal code, such correction is conditional upon conformity with information provided in the relevant information databases.

Article 10- If after carrying out the duties stated above, it comes to light that the customer's postal code (natural, legal) belongs to another, the credit institution shall report the matter to the Financial Intelligence Unit as a suspicious transaction report.

Article 11- A credit institution shall, upon notification of this Instruction, implement the duties set forth in this Instruction in respect of its current customers

who, by virtue of receiving prior basic services, have maintained relations with the institution.

Note: Such current customers whose particulars have shown discrepancy during the verification process, shall rectify such discrepancies within three months. If such discrepancies are not rectified, the anti-money-laundering unit of the credit institution shall report the matter to the Financial Intelligence Unit as a suspicious transaction report.

Article 12- A credit institution shall cease providing services to all customers who do not have a postal code within three months of the notification from this Instruction. Upon the provision of a postal code by a customer, the provision of services to the account holder shall resume.

This Instruction has been approved in the eighth session of the High Council on Anti--Money Laundering on 9 February 2011 in 12 articles and 6 notes and is effective from the date of notification.