

AML/CFT Policy

A Trust Exchange Policy document

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Compliance Officer/MLRO

Owner

Compliance Officer/MLRO

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Classification

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ترست للصرافة
Trust Exchange

Revision History

Date	Version	Author	Comments (including Review History)
01/04/2016	V.1	Christos Christou	Created for Trust Exchange Co as part of the Consultancy/Business Management Project
09/01/2017	V.2	Saiful Islam	Updated with points on Reporting, Fraud Management, Internal and External Auditing
23/04/2018	V.3	Saiful Islam	Updated Clause 6.2- AML/CFT General Principles and Clause 6.3 - KYC

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1 Summary

Purpose The purpose of this Policy is to describe the fundamental principles that all members of Trust Exchange Co. W.L.L. must fully comply with, regarding Anti-Money Laundering (AML) legal and regulatory framework and the legal and regulatory framework of Combating the Financing of Terrorism (CFT).

Scope The Policy applies to Trust Exchange Co. ("Company"), its associates, branches, or affiliates that provide financial services to customers, as described in the applicable law(s), regulations, or directives of the respective country the entity is operating in, relating to the prevention of the use of the financial system for money laundering and financing of terrorism.

Functional Responsibility The functional responsibility of this Policy lies with the Compliance Officer/MLRO

2 Related documents

Policies POL-TR COMP002
POL-TR COMP003

Procedures PRD-TR COMP001

Work Instructions

Forms

Other

AML/CFT Policy

3 Definitions

Term or Acronym	Description
AML	Anti-Money Laundering
BoD	Board of Directors
CDD	Customer Due Diligence – it is the process of collecting, evidencing, and verifying the customer transactional behavior.
CO/MLRO	Compliance Officer/Money Laundering Reporting Officer
Company	Trust Exchange Co. W.L.L., its branches, associates, and affiliates
CFT	Combating the Finance of Terrorism
EDD	Enhanced Due Diligence – it is the method of collecting additional evidences and answers about a customer and or a transactions during an investigation procedure.
KYC	Know Your Customer - it is the process that the financial services providers and other regulated entities must perform in order to identify their customers (existing or prospecting), collect and record relevant information, static and professional/business related data.
ML	Money Laundering - it is the direct or indirect participation in any transaction that seeks to conceal or disguise the nature or origin of funds derived from illegal activities.
Money Laundering Risk	it refers to the risk of been engaged directly or indirectly with money laundering, terrorist financing, or proliferation.
Proliferation	It is the act of production, distribution, or usage of arms or armaments of mass distruction.
QCB	Qatar Central Bank
STRs	Suspicious Transactio Reports
FIU	Financial Information Unit
Risk-based approach	a reasonably designed risk-based approach is one by which institutions identify the criteria to measure the potential money laundering risks.
TF	Terrorist Financing - it is the act of providing any material, or facilities, or collection of financing, or managing of funds aiming to perform, facilitate, or assist the commission of a terrorist act by a criminal organization or individual terrorist.
FI	Financial Institution

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4 Introduction

The Company is operating under license from the QCB as a foreign currency exchange and remittance business; in this respect, it is under legal and regulatory obligation to design and implement a formal and effective AML/CFT Compliance and Sanctions Program. The Company's Board of Directors, has nominated and approved a Compliance Officer/MLRO who is approved by the QCB to direct and manage the AML/CFT Compliance and Sanctions Program.

The Board of Directors has also issued and approved a number of compliance policies, including the AML/CFT Policy, that must be strictly followed by all the members of staff of the Company.

5 Policy Statement

The main objectives of the Company's AML/CFT Policy are:

- ◇ **To protect the reputation of the Company**, by taking all reasonable steps for exercising appropriate CDD in all business functions to deter the use of the Company's products and services for ML/FT, and all those persons that are involved in criminal activities, including terrorism and proliferation.
- ◇ **To protect the Company's assets, its management team, and its employees** from unfounded allegations of facilitating ML, TF, and Proliferation.
- ◇ **To avoid criminal and or civil legal proceedings, and regulatory sanctions or penalties** which might result from unwitting involvement in ML, TF, or Proliferation.
- ◇ **To avoid any financial losses from criminal and or civil legal proceedings, and regulatory sanctions or penalties** which might result from unwitting involvement in ML, TF, or Proliferation.

The Company is declaring the following:

- ◇ **Identifies the customer before** establishing a business relationship;
- ◇ **Registers all customers executing any type of remittance transactions** (sender, receiver, beneficiary);
- ◇ **Registers all customers executing foreign currency exchange transactions;**
- ◇ **Builds an economic profile of all corporate customers;**
- ◇ Collects, scans, and store a **verified Identification Document**, only from the categories that the QCB allows to be used in financial transactions;
- ◇ Executes CDD for every transaction executed;
- ◇ Applies an automated **Risk Scoring Model to categorize** its customers for ML/FT risk;
- ◇ Undertakes EDD for high-risk customers, or customers that want to execute high-value transactions;
- ◇ Is not accepting business relationship with **not accepted person's categories, or shell companies, or executes transactions on behalf of third parties** that do not have an approved legal right to execute transactions for;
- ◇ Implements controls, through MIS reporting and an automated software, to **identify, investigate, and report any suspicious transactional behavior;**
- ◇ Adopts methodologies for recognizing suspicious transactions at the front-line business operations, internally report them to the CO/MLRO, and reporting those, if found suspicious after investigation, to the competent authorities (FIU);

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- ◇ Complying with the **applicable sanctions** – UN, EU, OFAC, and the instructions of the QCB related to not-acceptable persons (black listed entities);
- ◇ Adopts methodologies and automated systems to identify, investigate, log, and execute continuous EDD for PEPs;
- ◇ Puts in place **appropriate controls**, e.g. audits from Internal or External Auditors, to assess the effectiveness and efficiency of the AML/CFT Compliance and Sanctions Program;
- ◇ Provides ongoing training to all employees of the Company for AML/CFT.

6 Policy Notes

6.1 Organizational Structure

- ◇ The Board of Directors of the Company has appointed a CO/MLRO to direct and manage effectively the AML/CFT Compliance and Sanctions Program within the Company's Operations;
- ◇ The CO/MLRO is directly reporting to the Board of Directors, and for this reason it prepares a Quarterly AML/CFT Compliance Report addressed to the Board, highlighting the key Money Laundering Risks the Company is facing and any appropriate actions taken to mitigate them.

The role of the Board of Directors

- The BoD is the ultimate responsible body for approving and directing the AML/CFT function within the Company;
- The BoD is receiving information and reports from the MLRO, and gives instructions to the MLRO of actions to be taken and directions to consider/work with;
- The BoD approves all the Policies and Procedures related to AML/CFT and oversees the proper adherence to the Laws and Regulations in the country, ensuring that the Company fully comply with these Laws and Regulations.

The role of the MLRO

- Oversight on the implementation of AML policies, procedures, systems and controls, including the risk based approach to ML/FT risks;
- Ensure that appropriate policies, procedures, systems and controls are established, developed and maintained to monitor day-today operations for compliance with AML law, regulations, policies, procedures, systems and controls and assess regularly [at a minimum Yearly], review the effectiveness of the same to prevent money laundering and terrorist financing;
- MLRO should be the key and focal person in implementing the AML strategies;
- Supporting and coordinating the BoD's focus on managing the money laundering and terrorist financing risks in individual business areas;
- Ensure that wider responsibility for preventing money laundering and terrorist financing is addressed centrally;
- Ensuring the AML monitoring and accountability.

Particular Responsibilities of MLRO & Deputy MLRO are:

- Receiving, investigating and assessing the internal suspicious transaction reports;
- Filing STRs to FIU;

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- Acting as focal or central point of contact between FIU, the Regulator(s), and State authorities in relation to AML issues;
- Ensure prompt response to request for information by FIU, Regulator(s), and State authorities in relation to AML issues;
- Receive and act on Qatar Central Bank and international findings about AML issues;
- Monitoring appropriateness and effectiveness of the AML/CFT training programmers;
- Reporting to the BoD on AML and CFT issues;
- Exercising all other functions given to Money Laundering Reporting Officer under AML/CFT Law, regulations or on issues relating to AML/CFT;
- Ensure to keep Deputy MLRO informed of the significant AML/CFT developments;
- The MLRO must execute his responsibilities honestly, reasonably and independently, particularly while receiving, investigating and assessing internal STRs and deciding whether to make a STR to FIU;
- The Deputy MLRO will function and act as the MLRO during the absence of the MLRO and during the vacancy of MLRO and rules of responsibilities of MLRO applies to Deputy as MLRO.

MLRO reports

The BoD would, on a regular basis, decide what general reports should be given to it by the MLRO, including the periodicity of these reports, in order to discharge its responsibilities under the AML/CFT Law and these regulations. At the minimum, an Annual Report by the MLRO should be given to the BoD for each fiscal year to enable the BoD to consider it within a specified time frame and assess the overall AML/CFT risks that the Company is facing.

The MLRO Report shall assess the adequacy and effectiveness of the AML policies, procedures, systems and controls in preventing money laundering and financing of terrorism. The minimum requirements of the Annual Report that shall be submitted to the BoD for each fiscal year should include the following details, but not limited to:

- The numbers and types of internal STRs made to MLRO;
- The number of these STRs that has been passed on to the FIU and the number of STRs that has not been passed on to the FIU, and reasons thereof;
- The numbers and types of breaches by the AML/CFT Law, regulations or the policies, procedures, systems and controls;
- Areas where the AML policies, procedures, systems and controls should be improved along with proposals for appropriate improvements;
- A summary of the AML/CFT training imparted to officers and employees;
- Areas where the AML/CFT training program should be improved and proposals for;
- Number and types of customers, who are categorized as "high risk";
- A summary on the progress in implementing AML/CFT action plans, like consideration the Annual Report by the BoD, assessment and review of training, any other issues relating to AML/CFT;
- Outcome of any audit reviews that was mandated by the Company in relation to AML/CFT policies, procedures, systems and controls;
- Outcome of any review or assessment of risks, policies, procedures, systems and controls.

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6.2 AML/CFT General Principles

- ◇ Maintain appropriate AML/CFT procedure and controls for implementing the Policy;
- ◇ Apply appropriate CDD by:
 - Validate the identification of a customer **before** registering in the IT system, or making a one-off transaction;
 - Establish the beneficial owner(s) of any registered customer, and register them too, **before** executing any transaction for or on their behalf;
 - Build an economic profile for corporate customers, by obtaining the relevant information and supporting documents as described in the AML/CFT procedures;
 - Ensure the full implementation of Customer Acceptance Policy;
 - Undertake EDD when dealing with PEPs, or high-risk customers, or high-value transactions, or customers with tourist visa, or customers under family sponsorship, or for any reason there is a suspicion about a customer or transaction;
 - Perform regular reviews for customers, especially corporates, as defined in the Customer Monitoring Program Policy;
- ◇ Take reasonable steps to recognize suspicious transactions, and maintain a rigid procedure for reporting them to the competent authorities (FIU);
- ◇ Comply with the applicable, up-to-date sanctions imposed on persons (individual and corporates), organizations, and countries by UN, EU, OFAC, UK, and the instructions given by QCB;
- ◇ Maintain all customer/transactions related records for at least 15 years, or for longer period if the Law in the Qatar requires.
- ◇ Cooperate with the authorities to the extent that is fully permitted by the applicable Laws in Qatar.

6.3 KYC

- ◇ **Customer Acceptance Policy** – the Company has a policy in place which clearly defines the categories of persons (individuals, unincorporated bodies, or corporates) that are not accepted by the Company to become/be as customers. Enhance on-going monitoring shall be applied on Politically Exposed persons (PEPs) and approval of the Board shall be obtained to continue relationship with customers coming under PEPs category. Apart of the not accepted categories, the Company has identified specific categories that impose a high money laundering risk on the Company and a specific approval procedure is detailed for customer acceptance in this case.
- ◇ **Customer identification** – it includes the collection of all relevant documentation and information, as detailed in the Company AML/CFT procedures, that will result not only in the identification of the customer but additionally in the creation of the economic profile of the customer, including the nature of the business activities the person (individual or corporate) is engaged in. At the opening stage, the Company screens the identification details through specific black/sanctions lists (as a minimum it uses the UN, EU, OFAC, UK, and QCB) for gathering more information from external sources, and assess the risk involved in the customer acceptance procedure.

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Original identity documents required for customer registration – individuals; we should scrutinize only identification documents with photograph:

- Qatari ID/Resident Permit (RP)*
- Passport with Valid Visa;
- GCC ID, only for GCC Nationals
- Diplomatic ID (For employees working with embassies and other international organization in Qatar.
- Cruise ID-for tourists coming to the country by the tourist ships

Documents required for customer registration of corporate customers includes the following

- Copy of Commercial Registration.
- Identities of Directors/Partners/Proprietor.
- Identities of authorized signatories, if any (other than the above).
- Letter of representation.
- Identity of the representative/s
- Memorandum & Articles of Association.

*Financial transactions for the residents whose RP has expired shall be allowed during the grace period of 90 Days allowed to them to renew their RPs.

- ◇ **Continuous monitoring** – the customers and their transactions are continuously monitored using an appropriate AML system, to identify any unusual transactional behavior, or suspicious transaction and after thorough investigation to report these to the competent authorities (STR).
- ◇ **Risk management** – the Company apply effective KYC procedures, as detailed in the Company AML/CFT procedures, including adequate monitoring systems and controls, segregation of duties and authorities, staff training, and other relevant risk assessment and management measures.

6.4 Ultimate Beneficial Owners

The Company must identify the true beneficial owners for any product, service, or transaction offered to the customer. In this respect, the identification process of beneficial owner(s) must include at least the following:

- ◇ **For corporates**
 - The physical person(s) who ultimately own or control a corporate through direct or indirect ownership, or control of a sufficient percentage of the shares or voting rights in that corporate, including through bearer share holdings, a **percentage of equal or above 10%**¹.
 - The physical person(s) who otherwise exercise control over the management of a corporate.

¹ The percentage can be increased to that value dictate in the QCB Rulebook. Where not specified, the value of 10% shall prevail

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◇ Unincorporated bodies

- Examples of such bodies can be foundations, legal arrangements, trusts, non-profit organizations etc.
- Where the future beneficiaries have already been determined, the physical person(s) who is the beneficiary of **equal or above 10%¹ of the property** of the body.
- Where the beneficiaries that benefit from the body have not yet been determined, the class of persons in whose main interest the body is set up, or operates.
- The physical person(s) who exercise **control of equal or over 10% of the property** of the body (or any other percentage the QCB Rulebook may require).

6.5 Tipping Off

- Tipping off is prohibited under the provisions of Article 39 of Law (4) of 2010;
- We ensure that our officers and employees are aware of and sensitive to the issues surrounding and consequences of tipping off;
- We have policies, procedures, systems and controls to prevent tipping off;
- In case the employee believes or has reasonable grounds to believe that a customer may be tipped off by conducting CDD measures or on-going monitoring, the employee should refer the case to MLRO for making a STR to FIU instead of conducting CDD measures or monitoring. The MLRO shall make and maintain record to the effect to demonstrate the grounds for belief that conducting CDD measures or on- going monitoring would have tipped off the customer.
- If an internal STR is send to MLRO, he should not disclose this to the customer or any person;
- If the MLRO finds that customer is hiding the fact or hiding the beneficial owner, he should not tell it to the customer, but refer the matter in Internal STR;
- The company should ensure that information relating to internal STRs are not disclosed to any person other than the members of Board of Directors of the company without the consent of the MLRO;
- The MLRO should not accord permission or consent to disclosure of information relating to internal STR to any person, unless MLRO is satisfied that such disclosure would not constitute tipping off;
- If the staff finds any letter from QCB / FIU, this should not be disclosed to any person/customer.

6.6 Record Keeping

The Company is maintaining all the documentary evidences about KYC, CDD, EDD, and transactions so as to be able to provide any kind of information about its customers and their transactions as and when these are required by Competent Authorities, regulators, Auditors, Customers etc.

The transaction-related records are kept for a minimum of 15 years, and are available for review as and when required; however, the records for transactions executed through third-party providers, e.g. Western Union, Transfast, Xpress Money etc., are maintained separately and are maintained indefinitely.

The documentation related to customer registration, KYC forms, or identification documents are either maintained in hard copy or in electronic form, for at least 15 years.

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6.7 Know Your Employee

As part of “Know Your Employee” programme, the Company requests the following documentation as a minimum during the recruitment procedure:

- Resume or Curriculum Vitae (CV), detailing the personal and professional information;
- Educational qualification certificates, or professional certificates, duly certified or attested (where appropriate);
- Personal/professional background verification;
- Police clearance, where required.

For all positions reporting to the Board of Directors (controlled functions) or the General Manager, the prior QCB approval shall be taken before appointment.

The Human Resource Department shall check the antecedence of all new employees by checking their references when considering their application.

In order to ensure the integrity of the Company, HR and Line Managers must monitor their staff behaviour so as to identify and report to the MLRO any situations that might be considered suspicious.

All managers/supervisors must know the staff in their department and report any unusual change in behaviour, substantial change in the financial situation or in the spending habits of the employees working directly under them to the MLRO.

Compliance Department must check the name of the applicant or employee is not listed in OFAC, PEP and or Internal Watch lists. Every person in the Company will be screened against these lists annually.

An AML Compliance Undertaking will be taken from each and every employee of the company at the date of completion of the AML/CFT Training during Induction Programme.

6.8 Training

AML/CFT Training for all the Company members of staff is conducted regularly, with the minimum frequency of once per calendar year. The training programme includes the following as a minimum:

- **General information:** background and history related to anti-money laundering controls, what is money laundering and terrorist financing, stages of money laundering, why do criminals launder money and the necessity to combat the money laundering & terrorist financing issues within the financial system;
- **Responsibility of the employees** under the Qatar AML/CFT Law, covering money laundering and terrorist financing matters, the need for obtaining sufficient evidence of identity, recognizing and reporting knowledge or suspicion of money laundering or terrorist financing, etc.;
- **Duties and responsibilities of the Compliance Officer/MLRO;**
- **Customer risk profile;**
- **PEPs;**
- **Potential effect** on the company, on its employees and customers, if there is any breach of AML/CFT Law or Regulations;
- Ways to **identify suspicious transactions;**
- Procedure for **reporting of suspicious transactions;**
- **Record keeping.**

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Initial Training

- The MLRO provides AML/CFT compliance and sanctions training to all new employees before allowing them to conduct or handle transactions;
- The MLRO is responsible for ensuring that the training of each employee has been properly documented;
- To satisfy initial training requirements, each employee must execute one or more of the following:
 - a. Read the Compliance training materials and sign and date a training log;
 - b. MLRO will obtain proof of training from the training provider or the employee will sign a training log;
- Each employee's signed training log or other documentation of initial training will be retained for 5 years as legally required.

Ongoing Training

- The MLRO and each employee who handles customer transactions is required to read, sign and date any correspondence that applies to compliance. The MLRO will file this correspondence with the training records once all employees have read them and will retain them for 5 years;
- The MLRO and each employee who handles or conducts transactions is required to read all compliance articles issued by the local authority or by other correspondents of the company. The MLRO and each employee must sign or initial and date the article to document that they have read it. The MLRO will file these articles with the training records once all employees have read them and will retain them for 5 years;
- All employees will attend the training course at least once a year. After the training course, all employees will be given a "Knowledge Test" to complete and check their understanding and to score them accordingly. Employee's scores on AML policy and procedures will also be used as one of the parameters for assessing their performance during their yearly appraisals;
- MLRO will attend at least one training course a year conducted by a third party, independent from Trust Exchange Co. WLL

6.9 Correspondent Relationship

- The Company shall gather sufficient information about the correspondent banks with whom they are going to enter relationship with, through a structured questionnaire.
- The Company must obtain information about the correspondent banks ownership structure and management.
- The Company should pay attention to the quality of supervision by the relevant supervisory authorities when establishing correspondent relationships with Foreign Banks.
- Attention should be paid when entering or continue a correspondent banking relationship with a bank incorporated in a jurisdiction in which it has no physical presence or located in jurisdictions that have been identified by FATF as "high risk jurisdictions".
- The Company should establish that the banks have due diligence standards and employ due diligence procedures with respect to transactions carried out through the accounts.
- The Company will not enter correspondent relationship with Shell Banks.

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7 Reporting

7.1 Obligation of Money Laundering Reporting Officer on receipt of internal suspicious transaction reports

- Properly and appropriately document the report.
- Furnish a written acknowledgment to the officer or employee, together with a reminder of the provisions relating to tipping off.
- Consider the internal report in the light of all other relevant information available and decide whether the transaction is suspicious and furnish a notice to the officer or employee of the decision of the Money Laundering Reporting Officer.

7.2 External Reporting requirements

- We have clear and effective policies, procedures, systems and controls for reporting all known or suspected instances of ML of TF to FIU.
- These policies and procedures do comply with AML/CFT Law, regulations in relation making STRs to FIU promptly and speedily and to cooperate effectively with the FIU and law enforcement agencies in relation to STRs made to FIU.

7.3 Obligation for report to FIU

- We are statutorily obligated under the provisions of Law 4 of 2010 to submit a STR to FIU.
- When we are aware, suspect or has reasonable grounds to know or suspect that funds are proceeds of criminal conduct, or related to TF or linked or related to, or are to be used for, terrorism, terrorist acts or by terrorist organization, we are obligated to make a report to FIU.
- Staff must raise Internal STRs in the specified format within the next working day. Any staff who feels any transaction leading to suspicion can fill in the internal STR form and report it directly to the MLRO or Deputy MLRO, staff do not need to go through the Branch Manager or any supervisor to file a STR.
- The Internal STRs will be further scrutinized/ investigated by MLRO/ Dy. MLRO and in case of reasonable suspicion will file an STR to FIU within two business days from receipt of internal STR from branches.
- The STR to FIU is made by the Money Laundering Reporting Officer or Deputy Money Laundering Reporting Officer of our company in the absence/ leave of MLRO.
- We will make STRs to FIU, irrespective of the fact that an internal STR has been made to the Money Laundering Reporting Officer, or irrespective of the amount of transaction.
- MLRO is specially mandated and trained in this regard and he directly reports to FIU and the Board of Directors of Trust Exchange Co. WLL.
- The reports prepared by MLRO quarterly will be reviewed by the Board of Directors. They will give their observations and any deficiencies observed will be sent to Executive Committee of Trust Exchange Co. WLL.
- Internal Auditor is mandated to study/verify the adequacy of KYC/AML/CFT policies of the company and its implementation at regular intervals.
- Internal Auditor will submit a detailed report of KYC/AML/CFT to the Board of Directors annually in addition to the annual KYC/AML/CFT reports received from external Auditors

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8 Fraud Management

- 8.1 Trust Exchange Company W.L.L. shall ensure that it allocates appropriate resources and have in place systems and controls to deter, detect and record instances of fraud or attempted fraud.
- 8.2 Any actual or attempted fraud incident (however small) shall be reported to appropriate authorities (including the QCB) and followed up.
- 8.3 Trust Exchange Company W.L.L. shall ensure that a person, of sufficient seniority, is given the overall authority for the prevention, detection and remedying of fraud within the organization.
- 8.4 Trust Exchange Company W.L.L. shall provide regular training to their management and staff, to make them aware of potential fraud risks.

9 Internal and External Auditing

- 9.1 The internal auditing function should review the effectiveness of the procedures and control systems applied in respect of AML/CFT on an annual basis by the FI for its branches and subsidiaries inside and outside the State of Qatar. All appropriate actions should be taken to fill any gap or update and develop the said procedures and systems to ensure their effectiveness and adequacy.
- 9.2 The external auditor should, among other functions, ensure that the FI applies these regulations and verify the adequacy of the policies and procedures applied by the FI in this regard. It should also include the results of such review in the management letter and inform QCB immediately of any major violation of these regulations.

10 Records

Document	Location	Duration of Record	Responsibility
KYC evidences	Branch/Warehouse	15 years minimum	Branch Manager/Warehouse Manager
Employee documents	HR Manager	15 years	HR Manager