



**AMENDMENTS NO. 2 TO THE AIFC ANTI-MONEY LAUNDERING,
COUNTER – TERRORIST FINANCING AND SANCTIONS RULES**

(AML)

AIFC RULES NO. FR0026 OF 2018

Astana International Financial Centre, Astana

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**Amendments No. 2 to the AIFC Anti-Money Laundering, Counter-Terrorist Financing and
Sanctions Rules No. FR0026 of 2018**

AIFC Anti-Money Laundering, Counter–Terrorist Financing and Sanctions Rules No. FR0008 of 2017 are to be amended by inserting the underlined text and deleting the struck through text as shown below:

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Figure 1 – The Risk Based Approach

Figure 2 – Customer Risk Assessment

10. CORRESPONDENT BANKING

10.1. Application

10.1.1. Limits on application

This Chapter applies only to Authorised Persons.

10.2. Correspondent Banking

10.2.1. Obligations in respect of correspondent banking relationships

An Authorised Firm proposing to have a correspondent banking relationship with a respondent bank must:

- (a) undertake appropriate CDD on the respondent bank;
- (b) as part of (a), gather sufficient information about the respondent bank to understand fully the nature of the business, including making appropriate enquiries on its management, its major business activities and the countries or jurisdictions in which it operates;
- (c) determine from publicly-available information the reputation of the respondent bank and the quality of supervision, including whether it has been subject to a money laundering or terrorist financing investigation or relevant regulatory action;
- (d) assess the respondent bank's AML controls and ascertain if they are adequate and effective in light of the FATF Recommendations;
- (e) ensure that prior approval of the Authorised Firm's senior management is obtained before entering into a new correspondent banking relationship;
- (f) ensure that the respective responsibilities of the parties to the correspondent banking relationship are properly documented; and
- (g) be satisfied that, in respect of any customers of the respondent bank who have direct access to accounts of the Authorised Firm, the respondent bank:
 - (i) has undertaken CDD (including on-going CDD) at least equivalent to that in AML 6.3.1 in respect of each customer; and
 - (ii) [will conduct ongoing CDD at least equivalent to that in AML 6.4.1,](#)

- in respect of each customer; and
- (iii) can provide the relevant CDD information in (i) to the Authorised Firm upon request; and
 - (h) document the basis for its satisfaction that the requirements in (a) to (g) are met.

In the process of completing the CDD, prior to establishing a correspondent banking relationship, the Authorised Firm must consider all of the following:

- (a) whether it is regulated and supervised for AML and CFT purposes by a regulatory or governmental authority, body or agency equivalent to the Regulator in each foreign jurisdiction in which it operates;
- (b) whether each foreign jurisdiction in which it operates has an effective AML/CFT regime;
- (c) if the respondent is a subsidiary of another legal person — the following additional matters:
 - (i) the other person's domicile and location (if different);
 - (ii) its reputation;
 - (iii) whether the other person is regulated and supervised (at least for AML and CFT purposes) by a regulatory or governmental authority, body or agency equivalent to the Regulator in each jurisdiction in which it operates;
 - (iv) whether each foreign jurisdiction in which it operates has an effective AML/CFT regime;
 - (v) its ownership, control and management structure (including whether it is owned, controlled or managed by a politically exposed person).

If the Authorised Firm establishes a correspondent banking relationship with the respondent, the Authorised Firm must:

- (a) conduct enhanced ongoing monitoring of the volume and nature of the transactions conducted under the relationship, and if necessary, obtain and record the information on the source of monies for conducted transactions; and

- (b) conduct ongoing review of the relationship at least on an annual basis.

An Authorised Firm must:

- (i) not enter into, or continue a correspondent banking relationship with a Shell Bank; and
- (ii) take appropriate measures to ensure that it does not enter into, or continue a correspondent banking relationship with, a bank which is known to permit its accounts to be used by Shell Banks.

Guidance on correspondent banking

AML 10.2.1 prohibits an Authorised Firm from entering into a correspondent banking relationship with a Shell Bank or a bank which is known to permit its accounts to be used by Shell Banks.

10.3. Prohibition of Shell Banks

A Shell Bank must not be established in, or operate in or from, the AIFC.

10.4. Pay Through Accounts

10.4.1. This rule applies if:

- (a) a Bank (the correspondent) has a correspondent banking relationship with a financial institution (the respondent) in a foreign jurisdiction; and
- (b) under the relationship, a customer of the respondent who is not a customer of the correspondent may have direct access to an account of the correspondent.
- (1) The Bank (correspondent) must not allow any of the customers of the respondent to have access to the account of any of its own customers, unless the correspondent is satisfied that the respondent:
- (a) has conducted customer due diligence measures for all of its customers and verified their identity; and
- (b) conducts ongoing monitoring for its customers; and
- (c) can provide to the correspondent, on request, the documents, data and information obtained in conducting CDD and ongoing monitoring for any of its customers.
- (2) In the event of the correspondent asking the respondent for documents,

data or information mentioned in (c) above and the respondent fails to satisfactorily comply with the request, the correspondent must immediately terminate the customer's access to accounts of the correspondent and consider making a suspicious transaction report to the FIU.

10.5. Payment processing using On-line services

10.5.1. Electronic verification of identification documentation

An Authorised Firm may rely on electronic verification of identification documentation if it complies with the risk-based approach and other requirements of these rules.

An Authorised Firm must make and keep a record that clearly demonstrates the basis on which it relies on the electronic verification of identification documentation.

An Authorised Firm may permit payment processing to take place using on-line services if it ensures that the processing is subject to:

- (i) the same monitoring as its other services; and
- (ii) the same risk-based methodology.