

Pursuant to provisions of Article 26, second of the Anti-Money Laundering and Countering- Financing the Terrorism Law No. 39 of 2015, the following regulations no.

(1) of 2017 on

"Enhanced Customer Due Diligence for the High-Level officials with Risks" (ECDD) are issued:

Article 1:

Definitions and terms used in these Regulations:

First: the Law: Anti-money laundering and counter-financing the terrorism law no. 39 for the 2015.

Second: The office: Anti-money laundering and counter-financing the terrorism office.

Third: High-level officials with risks: shall include any natural person, whether as customer or beneficial owner, who is or was entrusted with a prominent public function in the State of Iraq or in a foreign country, such as Head of States or of governments, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, and important political party officials; or entrusted with a prominent function by an international organization, such as directors, deputy directors and members of the board. The term also includes immediate family members and close associates. Close associates includes widely and publicly known close business colleagues or personal advisors or any persons who are in position to benefit significantly from close business associations with the high-level officials, and their relatives of the second degree.

Fourth: Financials institutions: the financial institutions cited in the Article 1, (eighth) of the above-mentioned law.

Article 2-

The provisions of the present regulations, shall apply to financial institutions working in Iraq, its branches and majority owned subsidiaries of institutions operating outside the Republic of Iraq as long as these provisions are not contradictory to provisions of laws in effect in the other country, and the Financial institutions that have branches and majority owned subsidiary companies in countries where laws

conflicts with the implementation of the present regulations' provisions, must notify the supervisory authority about this effect.

Article 3-

These regulations will be applied to the high- level officials with risks who occupy/occupied any of the positions or jobs as mentioned below whether they were national or foreign persons or their relatives, and these positions as follows:-

- a- The president of the republic, vice president, his advisories, and those who are in the same level-position.
- b- The prime ministers, his advisories, members of the cabinet, and those who are in the same level-position.
- c- Heads of the political parties.
- d- Speaker and the members of the parliament.
- e- Head and members of the high judicial council.
- f- Heads of the independent government committees and those who are in the same level-position.
- g- Ministers' deputies, advisories, general inspectors and those who are in the same level-position.
- h- Ambassadors, ministers plenipotentiary and the Diplomatic advisers.
- i- Director -General and those who are in the same level-position.
- j- Judges of different grades.
- k- Commanders and high rank officers of the security service, and those who are in the same level-position.
- l- Heads, deputies, managers, board members of the NGO and NPO, and those who are in the same level-position.

Article 4-

The financial institutions shall apply the Risk-based approach when implementing the procedures of customer due diligence to high-level official with risks, and they should determine, understand the ML&FT risks related to their activities, and developing the policies and strategies according to these risks, as well as the financial institutions must refer the results of the procedures taken under the provision of this article to the competent supervisory authority when requested.

Article 5-

The financial institution must carry out the below mentioned actions on the high-level officials with risks in addition to the normal customer due diligence procedures as follows:-

- a- Setting-up risks management system that enables the institution's staff to infer whether the customer or the beneficiary owner is representing a high-level official with risks or not, and the necessity of obtaining the consent of the senior management when establishing the business relationship with such officials, as well as proposing the required procedures when finding out a customer or a beneficiary owner is a high-level official with risks.
- b- Taking enough procedures to examine the sources of the money related to the activities of a customer or a beneficiary owner who is a high-level official with risks.
- c- Reviewing regularly the policies and the risks management procedures related to the high-level officials with risks and taking necessary corrective actions when required.
- d- Conducting an accurate and a continuous tracking regarding the transactions of high-level officials with risks.
- e- In case the beneficiary owner is a high-level official with risks, additional identification documents and verification procedures should be taken, and in case the beneficiary owner is a legal person, essential procedures should be implemented to be acquainted with the ownership structure and the dominant management related to the legal person depending on the information and Data obtained from official documents in addition to other means which enable the financial institution to be familiar with the beneficiary owner.
- f- These provisions shall apply to the persons with risks according to their positions, and their relatives until the second degree.

Article 6-

These regulations shall enter into force once published in the official gazette.

Explanatory Statement for Issuing These Regulations

Pursuing to the principle of preserving the public money, and combating the crimes related to money laundering and financing the terrorism, these regulations were issued concerning the high-level official with risks, in the light of provisions of the Anti-Money Laundering and Countering Financing the Terrorism law No. (39) for the year 2015, these regulations have also taken into consideration the latest development in the field of Anti-money Laundering and Countering Financing the Terrorism, as well as these regulations have responded to the international standards of the Anti-Money Laundering and Countering Financing the Terrorism issued by the Financial Action Task Force.

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