

## KYC & AML Policy

As a responsible financial institution, Blom Bank France SA Paris Romania Branch, named here above as "The Bank", in order to protect his reputation on the market, sets out the KYC & AML Programme.

The KYC & AML Programme includes the following documents:

- The KYC Norms/Client acceptance policy;
- The AML and CFT bank policy.

One of the key risks to the bank's reputation is the risk of becoming involved in, or becoming a vehicle for, criminal activities, such as money laundering, terrorism, fraud and corruption.

The products and services offered by the bank could be attractive to those who would use the financial services industry and financial systems for criminal purposes. Additionally, the bank has consider the standards, rules or codes of conduct drawn up by the bank itself, which may lead to negative public opinion.

One important way to mitigate these risks is to ensure that the bank conducts business with acceptable clients and has adequate policies and procedures to deter criminal activities. The client acceptance and anti-money laundering policy ensures the required attention is paid to a client, in order to establish whether or not the bank wants to do business with the client, and that the bank's clients are of good reputation.

The bank's success on this front is dependent upon the co-operation of every manager and employee. Everyone must exercise prudence and vigilance when assessing potential new clients, handling client requests and processing client transactions.

To protect the integrity of the international banking system, and maintain the bank's reputation as a respectable and trustworthy institution, is mandatory that all bank staff to act with commitment and determination.

It is very important that we know our clients, that we rigorously carry out our client acceptance procedures, and assess business transactions carefully before agreeing to them, taking also non-financial aspects into account.

KYCAML includes the client acceptance policy and it covers client identification and verification, risk assessment, transaction filtering, transaction monitoring, unusual or suspicious activity reporting, and the rejection or ending of business relationships. KYCAML also includes the training and awareness necessary to implement the above.

KYCAML advocates a Risk Based Approach, meaning that the standards of due diligence, filtering and monitoring vary in view of the specific risks a (prospective) client or client segment may pose. This approach allows for the possibility to use different measures and controls in different situations and risk levels, depending on: the clients or client segments, their background, their business activities, their products and services needs, the source and nature of funds or assets, and the geographies involved.

### 1 - Background and Purpose

The Romanian KYCAML Program has been drawn up according to the provisions of the Anti-Money Laundering Procedure of BLOM BANK FRANCE, Paris Head office, under the provision of Law no.656/2002 for preventing and fighting against the money laundering as well as drawing up and sanctioning some measures of preventing and fighting against the financing of terrorist acts, Law 535/2004 - on prevention and fight against terrorism based on the provision of NBR's Norms no. 9/2008 on knowing your customer.

Also, the local new legislation transposes the Third European Parliament Directive no. 2005/60/EC on the prevention of the use of the financial system for the purposes of money laundering or terrorist

financing. In this respects in performing their activity, the bank are obliged to adopt adequate measures on prevention of money laundering and terrorism financing and, for this purpose, on a risk base, apply standard customer due diligence measures, simplified or enhanced, which allow them to identify, where applicable, the beneficial owner.

The purpose of this document is to:

- Outline the legal and regulatory framework for KYC/AML/CFT requirement and systems;
- Interpret the requirements of the relevant law and regulations, and how they should be implemented;
- Apply good industry practice in KYC/AML/CFT procedures through a adequate risk-based approach, and
- Identify and implement the systems and controls necessary to mitigate the risks of the bank being used in connection with money laundering and terrorism financing.

## 1.2 – Legal and Regulatory Framework

The principle Romanian legislation are summarized as follows:

1. Law no. 656/2002, on the prevention and sanctioning of money laundering and on setting up of certain measures for the prevention and combating of terrorism financing modified and completed by Government Emergency Ordinance No.53/21st of April 2008;
2. Government Emergency Ordinance No. 594/4th of June 2008 adopting the Regulation of Romanian FIU – NOPCML to applied the Law no.656/2002 on the prevention and sanctioning of money laundering and on setting up of certain measures for the prevention and combating of terrorism
3. Law no. 535/2004 on the prevention and combating terrorism;
4. National Bank of Romania's Norms no. 9/2008 on knowing your customer.

The various components of the above legislation share a common aim of preventing, deterring and combating money laundering.

The following deeds represent offence of money laundering and it is punished with prison from 3 to 12 years:

- 1 a) the conversion or transfer of property, knowing that such property is derived from criminal activity, for the purpose of concealing or disguising the illicit origin of property or of assisting any person who is involved in the committing of such activity to evade the prosecution, trial and punishment execution;
- b) the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing that such property is derived from criminal activity;
- c) the acquisition, possession or use of property, knowing, that such property is derived from any criminal activity;
2. The attempt is punished.
3. Failing to report knowledge, suspicion, or where there are reasonable grounds for knowing or suspecting, that another person is engaged in money laundering;
4. Separate criminal offences of terrorism financing were introduced in Law no.535/2004 on preventing and combating terrorism, respectively:
  - (a) In the case of the money laundering and terrorism financing offences, the provisions of Art. 118 of the Penal Code shall be applied with respect to the confiscation of the proceeds of crime.
  - (b) If the proceeds of crime, subject to confiscation, are not found, their equivalent value in money or the property acquired in exchange shall be confiscated.
  - (c) The income or other valuable benefits obtained from the proceeds of crime referred to in para (2) shall be confiscated.
  - (d) If the proceeds of crime subject to confiscation cannot be singled out from the licit property, there shall be confiscated the property up to the value of the proceeds of crime subject to confiscation.
  - (e) The provisions of para (4) shall be also applied to the income or other valuable benefits obtained



from the proceeds of crime subject to confiscation, which cannot be singled out from the licit property.  
(f) In order to guarantee the carrying out of the confiscation of the property, the provisional measures shall be mandatory as provided by the Criminal Procedure Code.

5. The growing, manufacturing or trading of narcotics.

6. Counterfeiting money, credit cards, debit cards or charges cards, or any official document or commercial paper, including checks.

7. Illegal arm trade.

8. tipping off, or prejudicing an investigation.

Romania has moved to a full “all crimes” approach and all predicate offences for money laundering required in the FATF Recommendations are covered.

### **1.3 – Policy Objectives**

The objectives of this Policy are:

- To prevent use of Bank’s products or services for money laundering and terrorism financing
- To prevent damage to the Bank’s name and reputation by association with money launderers or terrorism financing.
- To ensure that the Bank complies with money laundering and terrorism financing prevention and combating legislation / regulations wherever it does business.

### **1.4 – Policy Scope**

- This Policy applies to all Banks’ Romanian Agencies.
- Meeting the requirements of this Policy is considered of paramount importance and takes precedence over other commercial aspects of managing our customer relationships.

### **1.5 – Policy application**

All Bank’s agencies will implement the approved KYCAML policies and procedures to the standards required by the Romanian legislation (or to any higher standard required by local legislation), which will:

- Identify and know their customers;
- Ensure that adequate records are kept and preserved;
- Provide training for relevant employees to enable them to understand and fulfill their obligations under the Romanian legislation and BBF Group requirement;
- Ensure suspicious transactions are recognized and adequately reported to the Compliance Officer & MLRO who will determine whether a report is to be made to the authorities and to the National Office -
- Ensure that all necessary controls and communications are in place and are operating effectively to prevent money laundering for Prevention and Control of Money Laundering (ONPCSB);
- Ensure terrorism financing transaction are identified and adequately reported in compliance with Romanian legislation;
  
- Provide the Compliance Officer & MLRO with all reasonable access to information that may be of assistance to him in carrying his duties;
- This Policy should always be read and operated in conjunction with the Bank’s detailed AML and KYC procedures.

### **1.6 – Policy Ownership**

The responsibilities connected with this Policy are:

- The overall ownership of this Policy rests with the Bank’s Compliance Coordinator.
- The day-to-day custodian of the Policy is the Compliance Officer & MLRO who also controls the amendments required to this Policy as a result of changing internal and external requirements.
- No changes to, or exceptions from, this Policy are allowed without the formal agreement of the

Compliance Officer & MLRO in consultation with the Compliance Coordinator.

- The Compliance Officer & MLRO is responsible for ensuring that each local agencies complies with this Policy.

### 1.7 – Policy Exemption

No deviations from this Policy are permitted except where formally agreed in advance with the Compliance Officer & MLRO, acting in consultation with the Compliance Coordinator, in a documented special relaxation approved by the General Manager. This must only be considered in exceptional circumstances.

[^ top](#)

### 2.1 – Individual responsibilities

Article 8 – The provisions of this law shall be applied to the following natural or legal persons:

- a) credit institution and branches in Romania of the foreign credit institutions;
- b) financial institutions, as well as branches in Romania of the foreign financial institutions;
- c) private pension funds administrators, in their own behalf and for the private pension funds they manage, marketing agents authorized for the system of private pensions;
- d) casinos;
- e) auditors, natural and legal persons providing tax and accounting consultancy;
- f) public notaries, lawyers and other persons exercising independent legal profession, when they assist in planning or executing transactions for their customers concerning the purchase or sale of immovable assets, shares or interests or good will elements, managing of financial instruments or other assets of customers, opening or management of bank, savings, accounts or of financial instruments, organization of contributions necessary for the creation, operation, or management of a company, creation, operation, or management of companies, undertakings for collective investments in transferable securities, other trust activities or when they act on behalf of and their clients in any financial or real estate transactions;
- g) persons, other than those mentioned in para (e) or (f), providing services for companies or other entities;
- h) persons with attributions in the privatization process;
- i) real estate agents;
- j) associations and foundations;
- k) other natural or legal persons that trade goods and/or services, provided that the operations are based on cash transactions, in RON or foreign currency, whose minimum value represents the equivalent in RON of 15000EUR, indifferent if the transaction is performed through one or several linked operations.”

### 3.1 – Monitoring of transactions

- Procedures were put in place to monitor customers' transactions. Any transaction which does not fit within a customer's transaction profile should be reviewed by the Compliance Officer & MLRO and the General Management, to determine whether the circumstances give rise to any suspicion of money laundering.

- An employee should judge a transaction to be suspicious if, in their personal judgment, they know or suspect that the transaction might be connected to any criminal offence or activity as detailed in the predicate offences as per Law 656/2002.

### 3.2 – Suspicious Activity Reporting

- Any employee who identifies any activity or transaction which he deems to be suspicious must report that suspicion to the Compliance Officer & MLRO or to the MLRO of the Agency, who in their turn and after agreeing with the employee's finding, will report it, through a written Suspicious Transaction



Report (STR), to the Compliance Officer & MLRO.

- STRs should not be discussed with anyone other than the Compliance Officers & MLRO – including the customer and other staff members – to avoid the risk of “tipping off”.
- The Compliance Officer & MLRO will review the STRs submitted by the branches and decide whether they should be reported to the (ONPCSB).

### **3.3 – Maintaining and updating information**

In accordance with Romanian Legislation, Money Laundering information and documents will be stored securely for at least a five-year period. The information relating to customers (personal details, proof of beneficial ownership, etc...) should be kept up-to-date. The Compliance Officer & MLRO will ensure, from time to time, that detailed and concerted renewal efforts are made.

### **4.1 – Staff training and communication**

- The Compliance Officer & MLRO has to prepare a training program on the methods of controlling financial and banking operations, in accordance with the control procedure guide, and with other legal and regulatory texts in force.
- Ensure an ongoing training of the staff and the participation of the officers responsible for operation control and for training in relevant seminars, workshops and lectures, so that they may keep abreast of money laundering-fighting methods.