

CENTRAL BANK OF YEMEN

HEAD OFFICE  
Sana'a

DATE:01/02/2013



قطاع الرقابة على البنوك

الإدارة العامة للنقد الأجنبي وشئون الصرافة

البنك المركزي اليمني

المركز الرئيسي  
صنعاء

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**CIRCULAR NO. 2/2013**

**TO ALL EXCHANGE COMPANIES LICENSED TO OPERATE IN THE  
REPUBLIC OF YEMEN**

**The Subject**

**BASIC INDICATORS FOR SUSPECTED TRANSACTIONS INVOLVING  
MONEY LAUNDERING AND TERRORISM FINANCING**

With reference to the above subject and

Following to Circular No. 1/2013 related to the Guidelines and supervisory controls addressed to exchange companies in respect of combating money laundering and terrorism financing and

Pursuant to the directives of the Governor,

These basic Indicators for suspicion have been issued to assist exchange companies to recognize this kind of transactions which may involve money laundering or terrorism financing and

in compliance with the notification (STR) requirements to the Financial Information Unit (FIU), as a minimum, in order to ensure that the exchange companies abide by the provisions of Law No. 1/2010 related to Combating Money Laundering and Terrorism Financing and its Executive Regulations.



## **A. Aim of the Circular**

Providing the exchange companies with the minimum level of Indicators for transactions suspected of involving money laundering and terrorism financing, to ensure compliance with the provisions of the AML/CFT Law and its Executive Regulations.

## **B. Circular Application Scope**

To all exchange companies operating in the Republic of Yemen.

## **C. Terrorism Financing**

The various methods used in money laundering are basically consistent with those used to hide the sources and uses of terrorism financing , as the funds used in support of terrorism may emanate from legal sources or illegal activities or both, but the camouflaging of the source of terrorism financing is crucial regardless of whether the source is legal or otherwise.

## **D. Basic Indicators for Recognizing Transactions which may Involve Money Laundering or Terrorism Financing**

### **a. Indicators for detecting transactions suspected of involving money laundering**

Recognizing transactions suspected of involving money laundering depends on the extent of knowledge of the employees of the exchange companies of the provisions of the AML/CFT Law, its Executive Regulations and related Guidelines, in addition to expertise acquired from practice and training in the area of AML/CFT. The following are, as a minimum, indicators related to types of transactions that require enhanced diligence and examination in order to recognize the extent of the presence of suspicion of money laundering.



## **1. Cash Transactions**

- 1.1. Buying, selling or exchanging the following:
  - 1.1.1. Unusually large amounts of cash on the part of a natural or legal person, whose apparent trade activities are normally conducted through checks or other payment instruments.
  - 1.1.2. Recurrent cash amounts with no clear justification in an increasing and noticeable way.
  - 1.1.3. Cash amounts presented on several occasions when the value of each amount each time is less than the maximum limit laid down in the Guidelines, but if added up their total exceeds the limit.
  - 1.1.4. Cash amounts presented on several occasions, which, if added up, represent huge amounts.
  - 1.1.5. Huge cash amounts including cash bundles bearing the stamps of money changers or banks.
- 1.2. Conversion of large quantities of small denomination banknotes into higher denominations without clear reasons.
- 1.3. Initiating several large cash transactions at various branches of the exchange company, either by the originator or his/her representatives during a short period of time, without a clear justification for such behavior.
- 1.4. Customer retrieves part of an amount originally intended to be transferred, on knowing the requirement to follow the Customer Due Diligence Procedures related to extraordinary transactions, as laid down in the Guidelines.
- 1.5. Presenting cash amounts containing counterfeit, mutilated or old banknotes in large quantities.



## **2. Transfers**

- 2.1. Outgoing or incoming transfers to and from abroad in amounts incompatible with the customer's activities.
- 2.2. Initiating transfers for payment abroad or receiving transfers from abroad in large amounts with instructions to pay in cash.
- 2.3. Recurrent transfers from various parties with no clear connection to the customer, or transfers initiated by the customer in favor of those parties.
- 2.4. Transfers of equal or approximately equal amounts to a number of persons in different countries or in favor of one beneficiary.
- 2.5. Domestic transfers in large amounts followed by transfers abroad in different currencies.
- 2.6. Transferring directly abroad an amount of money either in one or several payments.
- 2.7. Initiating transfers in large amounts to countries, characterized as tax havens or for their strict bank secrecy regulations.
- 2.8. Receipt of transfers in large amounts on a regular basis from areas famous for specific crimes, such as planting or trafficking in drugs, or from countries lacking effective AML/CFT systems.
- 2.9. Recurrent outgoing transfers or in large amounts paid for in cash incompatible with the customer's activities.
- 2.10. Recurrent transfers the total of which during a specific period is incompatible with the customer's activities.
- 2.11. Initiating a non routine transfer among a bundle of routine transfers, executed as one single transfer.



### **3. Customer's Behaviors**

- 3.1. Customer keen not to deal directly with the exchange company staff and avoids contact with the exchange company senior staff, whenever they try to get in touch with him/her.
- 3.2. Suspected customer or his/her representative appears anxious and perplexed while carrying out a transaction.
- 3.3. Customer persistently inquires about systems and records at the exchange company, with the aim of having sufficient knowledge about money laundering and terrorism financing transactions, to enable him/her to avoid the legal offences related to them.
- 3.4. Customer asks in an abnormal and excessive way that some transactions be kept in utmost secrecy.
- 3.5. Suspected customer or his/her representative cancels a transaction merely because the exchange company employees try to obtain some missing important data.
- 3.6. Customer looks disappointed and refuses to complete the formalities of a specified financial transaction on knowing that its details must be reported to the concerned authorities.
- 3.7. Customer refuses to provide the exchange company with the required personal identification documents.
- 3.8. Customer who is still a student and irregularly initiates or receives transfers or exchanges currencies in unusually large amounts, in a way inconsistent with his/her position and circumstances.
- 3.9. Customer who is under the influence of another person while visiting the exchange company and is unaware of what is happening, or the customer is elderly and is accompanied by a person, who is not related to him/her in any way during the execution of the financial transaction.



- 3.10. Customer who offers unjustified gifts or bribes to an exchange company employee and tries to convince the employee not to examine and verify his/her personal identification and other documents, or submits suspicious personal identification documents and refuses to provide the company with his/her personal information.
- 3.11. Customer who refuses to disclose the details of his/her business activities or data, documents and pieces of information related to his/her organization or company.

#### **4. Employee's Behaviors**

The following aspects of behavior on the part of the exchange company employee may indicate he/her is involved in illegal transactions:

- 4.1. A substantial and sudden improvement in the employee's standard of living and spending norms incompatible with his/her income.
- 4.2. Employee repeatedly violates control procedures and follows a policy of evasion and deception in carrying out his/her duties.
- 4.3. Employee assisting in executing transactions in which the beneficiary or counterparty is not fully known or identified.
- 4.4. Employee exaggerates the credibility, character and capabilities of the customer and his/her financial resources and means in the reports he/she prepares for the exchange company's management.
- 4.5. Employee avoids going on leave and being absent from work.

#### **5. Other Indicators:**

- 5.1. Real beneficiary belongs to an area famous for its criminal activities.
- 5.2. Signs of luxury and wellbeing on the suspected customer and his/her family in an extravagant way incompatible with his/her economic position, particularly if these signs appear abruptly.
- 5.3. The suspected customer, the real beneficiary or any party to the transaction has a criminal record.



- 5.4. Purchase of real estate, vehicles, jewelry or other property of high value.
- 5.5. Proof of forgery of documents, manuscripts or certificates.
- 5.6. Parties of the transaction (the sender, the real beneficiary or others) are under investigation by a foreign authority.
- 5.7. A natural person and a legal person have both the same address.

## **6. Important Guidelines**

- 6.1. The exchange company should use all possible means to follow up suspected operations and transactions through supervisory reports, the list of non cooperative states and the list of persons and entities chased internationally.
- 6.2. The exchange company should follow up international updates of patterns of money laundering and terrorism financing and methods of combating them, especially what is published in this field by the Financial Action Task Force (FATF), the International Monetary Fund, the World Bank, the Basle Committee and other international organizations.
- 6.3. The exchange company should identify the source of funds when carrying out any transaction involving large cash amounts.
- 6.4. Programming an automated system to produce reports, which assist in enhancing the efficiency and effectiveness of the exchange company's internal AML/CFT systems. Following are some of the suggested reports:
  - 6.4.1. Reports of transfers including: all transfers incoming and outgoing domestic and foreign, the amount of each transfer, the currency used and the method of payment, whether cash or by check in respect of every customer separately.
  - 6.4.2. Statements of entries and balances of correspondent accounts including: all transfers executed by any means showing the amount and currency, bank's or exchange company's name, beneficiary's name, the number and turnover of every exchange company or foreign bank and any other changes.



6.4.3. Bills of lading of currencies including: all shipping operations carried out by any means, specifying the amount shipped and settled, type of currency, name of bank or exchange company, beneficiary's name, volume of dealing with the shipping parties, revenues or commissions accruing from the shipping, shipping documents and any other requirements.

### **Indicators for Identifying Transactions Suspected of Involving Terrorism Financing**

1. Entities or persons who initiate or receive transfers to/from nonprofit making organizations, societies or other parties domestic or foreign, particularly if these parties are located in countries famous for their support of terrorism.
2. Transactions initiated in favor of a nonprofit making entity, incompatible in pattern or volume with its objectives and activities.
3. Huge donations particularly from foreign entities in favor of a nonprofit making entity, especially if there is no clear connection between them.
4. Transfers incoming or outgoing from/to countries famous for their support of terrorism.
5. Incoming transfers in favor of beneficiaries belonging to countries linked to terrorist activities.
6. Persons who receive large transfers from an unknown source for the alleged purpose of covering the beneficiaries' living expenses.



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In conclusion, reference should be made to this circular for identifying suspected transactions. It is obligatory to notify the FIU of any transaction suspected of involving money laundering or terrorism financing, regardless of whether the transaction has been executed or not, in accordance with the notification (STRs) guidelines issued by the FIU, which include specimens of notification on suspected transactions.

This circular comes into force on the date of its issue.

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Assistant Sub Governor

Bank Supervision Sector

Central Bank of Yemen