

Kuwait Financial Centre K.P.S.C “Markaz” Policy statement on Anti Money Laundering (AML) & Combating Financing of Terrorism (CFT)

Money laundering and the financing of terrorism are financial crimes with serious economic effects against which the international community has reacted positively and adopted measures and precautions to fight and curb such crimes. Given the negative effects this phenomenon may leave on the international community, the Financial Action Task Force (FATF) on money laundering has been established in 1989 with primary efforts for developing worldwide standards for AML and CFT, which have led to the issuance of the forty recommendations that provide a complete set of counter measures against AML & CFT. The forty recommendations serve as a charter and approach that should be applied by all countries all over the globe to achieve the objectives of such recommendations. However, and as applied by other countries in this respect, the competent and regulatory authorities in Kuwait have issued necessary legislations and the appropriate resolutions to ensure compliance with the previously mentioned forty recommendations. Apart from the above, the Law 106 of 2013 in connection with Anti Money Laundering and Finance of Terrorism and all the regulatory instructions relating to AML and CFT issued by the Capital Markets Authority and Central Bank of Kuwait serve as the cornerstone and the basics for fighting the said crimes in Kuwait.

Markaz is regulated and falls under the supervision of the Capital Markets Authority (CMA), Central Bank of Kuwait (CBK), Ministry of Commerce and Industry (MOCI), and Bursa Kuwait. Markaz recognizes that adherence to the legislations and regulatory instructions pertinent to AML & CFT will result in the Company being compliant with the local legislations and mitigate the risks the Company may be exposed to. Moreover, adherence to such legislations and regulatory instructions serve as a platform within an important cycle of measures adopted by all public and private institutions across the globe, which all endeavor to fight and curb the destructive impacts of money laundering and financing of terrorism.

As such, the Company has established an independent department which oversees AML compliance (the Compliance Department), which is headed by a senior employee appointed to oversee and supervise the activities of the Department. To ensure its independent functionality, the Compliance Department reports the Chief Executive Officer. The Compliance Department is designated to take the required procedures to ensure the Company’s compliance with the following:

1. Law 106 of 2013 on AML & CFT and its Executive Regulations and any other related laws.
2. Instructions issued by the Capital Markets Authority and Central Bank of Kuwait in respect of AML & CFT.

Furthermore, the Board of Directors, in assuming its responsibilities, has approved the required policies and procedures relevant to AML and is monitoring the implementation of the same through the periodic reports submitted by the Compliance Department to the Board Risk Management Committee.



The policies and procedures approved by the Company's Board of Directors with the objective of complying with the related legal requirements have taken into account the international recommendations and standards issued by the concerned international institutions, particularly the aforesaid forty recommendations. A brief analysis of the Company's policies and procedures in relation to AML & CFT is presented below:

1. The Compliance Department verifies and ensures that the Company and its overseas branches and subsidiaries comply with the procedures required to fight money laundering and terrorism financing to ensure full adherence with the legislations and regulatory instructions in place and to mitigate any associated risks.
2. The Company conducts risk-based analysis and assessment concerning diverse clients for those maintaining a relationship with the Company. Such assessment and analysis also includes country and territory associated risks as identified and classified by the reliable sources.
3. The Company verifies and ensures that the Company is not dealing with clients included in the Sanction lists of the United Nations (UN), European Union (EU), Office of Foreign Assets Control (OFAC), and United Kingdom (UK Treasury) and other official lists, given the fact that the Company relies on a database prepared and updated by major institutions specialized in this area.
4. The Company retains records and documents for all the Company's operations and clients over a minimum period of five years.
5. The Company trains and ensures that all the staff members are aware of the requirements and risks related to money laundering and financing of terrorism. Training is conducted for all the staff in addition to the Board Members and Executive Management Team.
6. The Company is committed to report any suspicious activity to Kuwait Financial Intelligence Unit as per the Law and resolutions issued in this regard.

Know Your Client

The Company has in place clear and precise procedures on "Know Your Client," where all information and data on clients are available. This helps in classifying clients and their transactions conduct under various risk grades as applicable with the Company. These procedures include the following:

1. Determining the client's identity using official documents.
2. Determining whether the client is classified as a Politically Exposed Person to assess whether enhanced due diligence should be applied on such clients.



3. Verifying the true beneficial owner of the account and monitoring related transactions.
4. Using automated systems in monitoring all clients' transactions to verify their authenticity and ascertaining that their transactions do not involve any unusual or suspicious cases.
5. Applying enhanced due diligence on all clients classified as high risk in relation to AML & CFT.

Shell Banks

Markaz does not deal with shell banks, nor does it deal with any financial institution that allows shell banks to use its accounts.

Wire Transfers

The Company does not process any transfer without including the name of party effecting the transfer transaction, his account number, address, and civil ID number in addition to the name of the beneficiary, his account number, and address. Prior to the processing of transfer transaction, the Company also verifies that the name of any of the transfer's parties is not included in the sanction lists.

Internal Controls

1. The staff in the Compliance Department at the Company work with full independence and may access any data and information at the Company in order to assume the duties entrusted to them.
2. The clients classified under high risk in the context of AML are subject to enhanced due diligence.
3. The Company's compliance with legislations and instructions pertaining to AML & CFT is reviewed by the internal auditors on an annual basis. The independent internal auditors present their report to the Board Audit Committee.

