



# AFC Policy

Anti-Financial Crime Management Framework

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## Inhaltsverzeichnis

1	SUMMARY.....	3
2	AFC COMPLIANCE FRAMEWORK.....	3
3	POLICIES AND PROCEDURES .....	4
3.1	Prohibited Business Relationships .....	4
3.2	Research and Filing of Suspicious Activity Reports (SARs)/Suspicious Transaction Reports (STRs).....	4
3.3	Management and Controls of AML and AFC Risk .....	5
3.3.1	Risk Analysis.....	5
3.3.2	Controls.....	5
3.3.3	KYC Program .....	5
3.3.4	Correspondent Banking.....	5
3.3.5	Approval of New Products, Markets or Changes of Significance .....	6
3.3.6	Training Program .....	6
3.3.7	Reliability of Staff .....	6
4	EMBARGO AND FINANCIAL SANCTIONS PROGRAM .....	6
5	ANTI-BRIBERY AND CORRUPTION (ABC) AND ANTI-FRAUD.....	7
6	RECORD RETENTION .....	7
7	INDEPENDENT TESTING .....	7



## 1 SUMMARY

MISR BANK-EUROPE is committed to the highest standards of Anti-Financial Crime (AFC) covering Anti-Money Laundering (AML), Anti-Bribery and Corruption (ABC), Counter Terrorism Financing (CTF), Anti-Fraud and other criminal acts that are to the bank's detriment. The members of the Management Board and all employees are required to adhere to these standards to protect MISR BANK-EUROPE and its reputation from being misused for money laundering and/or terrorist financing or other illegal purposes.

MISR BANK-EUROPE has its headquarters in Frankfurt / Main, Germany and is supervised by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin).

The Federal Republic of Germany is a member country of the Financial Action Task Force (FATF) and the European Union (EU) and has enacted laws and rules designed to implement the anti-money laundering policies of both FATF and the EU. The goal of these laws is to detect and prevent money laundering and potential terrorist financing.

MISR BANK-EUROPE adheres to all applicable laws and regulations in all countries where it conducts business, or has business relationships with.

MISR BANK-EUROPE continuously improves its AML and AFC strategies, goals and objectives on an ongoing basis and maintain an effective compliance program for the Bank's business that reflects the best practices for a diversified, global financial services provider.

The program is formulated and directed by the Anti-Money Laundering Officer and addresses all AML-related topics, especially Know Your Customer (KYC), Anti-Bribery and Corruption (ABC), Sanctions & Embargoes and Anti-Fraud.

For all these topics MISR BANK-EUROPE has implemented clear rules and regulations which must be complied with at all times by all MISR BANK-EUROPE staff globally.

## 2 AFC COMPLIANCE FRAMEWORK

MISR BANK-EUROPE maintains an efficient and appropriate compliance system including among others internal means to:

- identify, assess, and reduce AFC risks
- due diligence processes like Know-Your-Customer or Know-Your-Employee
- comply with all reporting obligations
- ensure paper-trail and sufficient record-keeping
- implement all applicable regulatory requirements
- on-job and external training of staff in relevant aspects of AFC
- design and development of new markets, products or other aspects of change management to be consistent with the bank's efforts to prevent financial crime

These internal means are subject to continuous improvement based on market knowledge and self-development.

The bank appointed an AML Officer who has been tasked by the Management Board on the basis of section 6(2) 2 AML Act with a discretionary power over AML and Financial Crime related matters. He/she has unrestricted access to all information, data, records and systems of the Bank he/she deems necessary to fulfil his/her function. The AML Officer serves as the



bankwide office (German *Zentrale Stelle*) for all matters of Anti-Financial Crime within the bank and reports directly to the responsible member of the Management Board.

He/she is responsible for adherence to applicable AML and Financial Crime regulations and obligations derived from regulations like the German AML Act (GwG), German Banking Act (KWG) or the German Foreign Trade Ordinance. In addition, he/she is responsible for establishing and maintaining MISR BANK-EUROPE's AFC program to identify, assess, monitor and manage risks related to Money Laundering, terrorist financing and Financial Crime.

### 3 POLICIES AND PROCEDURES

MISR BANK-EUROPE has developed a clear set of policies and procedures outlining its general AFC standards and principles. Detailed documents ensure that these standards are implemented in day-to-day business. All policies and policy-related documents are published on a policy platform so they can be accessed by all staff at any time. They are subject to an annual review cycle to ensure their conformity with AML regulations and any further applicable rule to prevent the financial industry and banking services being misused for money laundering, financing of terrorism, circumvention of embargos or financial sanctions or other criminal offences.

#### 3.1 Prohibited Business Relationships

MISR BANK-EUROPE refuses to enter into or maintain a business relationship, if the bank cannot form a reasonable belief that it knows the true identity of the client or any Ultimate Beneficial Owners (UBO) or the nature and purpose of business. In particular, the bank will not

- accept assets that are known or suspected to be the proceeds of criminal activity
- conduct business relationships with individuals or entities known or suspected to be a terrorist or a criminal organization or a member of such or subject to applicable financial sanction regimes
- maintain anonymous accounts, accounts for shell banks or pay-through accounts
- enter into relationships with clients from Special Risk Countries as defined by the FATF

Additionally, besides the no tolerance to illicit business or any other criminal offence, the bank refuses any kind of business relationship that are not in scope of the bank's code of conduct. This applies in particular to transactions sourced by funds that are gained in red-light district earnings, modern slavery or human trafficking, gambling, or proliferation of mass weapons. However, business to ensure national defence or governmental controlled lotteries are allowed.

Moreover, the bank refuses all kind of corruption, bribery or any other kind of granting/accepting of unappropriated benefits.

#### 3.2 Research and Filing of Suspicious Activity Reports (SARs)/Suspicious Transaction Reports (STRs)

Suspicious activities must be properly handled and escalated as soon as possible within the respective MISR BANK-EUROPE legal entity. Regular AML training ensures that staff are reminded of their duty at timely reporting of any suspicious activity to their respective AML Officer, where allowed under local regulations.



### 3.3 Management and Controls of AML and AFC Risk

MISR BANK-EUROPE has developed and implemented a comprehensive set of measures to identify, manage and control its AML risk. These measures are

- Enterprise AML / AFC Risk Analysis
- Control Framework and System
- robust and strict KYC program
- Special safeguards for correspondent banking relationships
- training and awareness program of MISR BANK-EUROPE staff
- procedures to ensure staff reliability
- Robust and strict Sanctions & Embargoes program
- Anti-Bribery and Corruption (ABC) and Anti-Fraud programs

#### 3.3.1 Risk Analysis

MISR BANK-EUROPE has implemented a framework on continuous Enterprise AML/AFC Risk Analysis to assess the level of risk exposure considering the banks customers, products, services, and geographic risk and to derive appropriate security measures from this analysis. AML safeguards are derived from the results of the above mentioned Risk Analysis.

#### 3.3.2 Controls

Adherence to the AML/AFC program needs to be reviewed regularly to ensure that the Bank's efforts are successful. The AML Officer at MISR BANK-EUROPE is therefore obliged to conduct appropriate controls. The responsible AML Officer must ensure, by implementing adequate customer- and business-related controls, that all applicable AML and AFC requirements are being adhered to and security measures are effective and properly functioning.

#### 3.3.3 KYC Program

MISR BANK-EUROPE has implemented a strict KYC program to ensure all kinds of customers (natural or legal persons or legal structures, correspondent banks) are subject to adequate identification, risk rating and monitoring measures. The program has been implemented throughout all business divisions.

KYC includes not only knowing the clients and entities the Bank deals with (either as a single transaction or ongoing relationship), or renders services to, but also the Ultimate Beneficial Owners (UBOs), Representatives and Authorised Signatories as appropriate.

The program includes strict identification & verification requirements, assessing the nature and purpose of banking service demands, research and sanction screening procedures and ongoing monitoring and regular review of all existing business relationships.

Special safeguards are implemented for business relationships with politically exposed persons (PEPs) and clients from countries or industries deemed high risk but also enhanced internal requirements for customers qualified at inherent high risk

#### 3.3.4 Correspondent Banking

MISR BANK-EUROPE has implemented special safeguards and monitoring processes for its correspondent banking business. These safeguards encompass, but are not limited to:

- Obtaining sufficient information of the respondent bank to fully understand the nature of its business, its reputation, management and ownership structure and maturity of the bank's regulation and supervision in the respondent's country
- Assessment of the responding bank's compliance to regulations and supervision, including assessment of compliance of the respondent bank's AML/CTF systems



- Risk-classification of all respondents
- Assessment of the respondent's AML and terrorist financing controls
- Obtaining senior management approval of the on boarding jurisdiction for establishment of new respondent banking relationships
- Apply transaction monitoring and embargo filtering on transactions with respondents

MISR BANK-EUROPE will not maintain accounts for shell banks or correspondent banking accounts for banks offering services to shell banks. Respondent banks have to provide confirmation that they will not provide any banking services to or engage in any business with shell banks.

### **3.3.5 Approval of New Products, Markets or Changes of Significance**

MISR BANK-EUROPE has implemented security measures and processes to prevent new products from being misused for money laundering or terrorism financing, or that new products facilitate anonymity of business relationships or transactions. Same Change Risk Management procedures apply to new markets or significant changes of the operational model.

### **3.3.6 Training Program**

MISR BANK-EUROPE has implemented a comprehensive AFC training program to ensure that all staff, in particular individuals responsible for transaction processing and/or initiating and/or establishing business relationships, undergo AML awareness training.

MISR BANK-EUROPE's training is tailored to the business to ensure that staff is aware of different possible patterns and techniques of money laundering which may occur in their everyday business. Training also covers the general duties arising from applicable external (legal and regulatory) or internal requirements and the resulting individual duties which must be adhered to in everyday business as well as patterns to recognize money laundering or financial crime activities.

### **3.3.7 Reliability of Staff**

MISR BANK-EUROPE has rolled-out a framework ensuring that only reliable individuals are recruited and employed by the bank. These consist of identification & validation routines, background checks and continuous feedback to enhance quality and performance to be at highest level in all aspects of banking services.

## **4 EMBARGO AND FINANCIAL SANCTIONS PROGRAM**

Compliance with all applicable embargoes and financial sanction regimes is mandatory within MISR BANK-EUROPE and for all employees and business partners. Being located in the EU all EU embargos and financial sanctions as well as all German regulations are binding for MISR BANK-EUROPE. Additionally, the bank complies with U.S. embargoes that generally apply to U.S. persons and any entity, regardless of their place of domicile or work or where organized, and any individual active with the U.S., whether from inside or outside the U.S. However, the bank observes the boycott prohibition of section 7 German Foreign Trade Ordinance.

The bank's Embargo and Financial Sanction Program comprises controls on new clients and on existing clients as well as minimum requirements for filtering of transactions against embargo/sanctions lists before they are executed. This also applies to all other services.



## 5 ANTI-BRIBERY AND CORRUPTION (ABC) AND ANTI-FRAUD

MISR BANK-EUROPE does not tolerate bribery, or any form of corruption. All MISR BANK-EUROPE employees and third parties that act on MISR BANK-EUROPE's behalf are strictly prohibited from having any involvement in acts of bribery and corruption.

MISR BANK-EUROPE's ABC program involves inter alia staff training, monitoring and testing, special requirements for dealings with public officials, or regulations for gifts, entertainment, donations and business courtesies.

MISR BANK-EUROPE has implemented an Anti-Fraud Program to ensure that the Bank is not misused for purposes of, or that employees do not commit or contribute to, any fraudulent activity.

In the Corporate Code of Conduct, which is mandatory for all employees, all rights and regulations are laid out in detail. The Code of Conduct is published in the internal rulebook.

## 6 RECORD RETENTION

All data obtained according to client identification and AML security measures must be documented. Records must be kept for a minimum of 5 years, notwithstanding potentially longer retention periods under local civil or commercial law. In any case, all data and documents shall be deleted 10 years after the year the business relationship has been terminated or ended otherwise.

## 7 INDEPENDENT TESTING

Adherence to the requirements of MISR BANK-EUROPE's AML program is subject to independent testing by MISR BANK-EUROPE's Internal Audit function and the Annual External Year-End Auditor.

S. Glaab, 24.07.2023

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