

F AREAST
F INANCE &
I NVESTMENT
L IMITED

A Financial Institution licensed by Bangladesh Bank
under The Financial Institutions Act, 1993

Customer Acceptance Policy of FFIL

June 2019

Eunoos Centre (8th level)
52-53 Dilkusha Commercial Area
Dhaka-1000, Bangladesh
Phone: 880-2-9554174, 9559621, 9563253, 9572169, 7162328, 01977334539
E-mail: ffil@bdcom.net, Web site: <http://www.ffilbd.com>

Fareast Finance & Investment Limited
Customer Acceptance policy of FFIL

Contents

Sl. #	Subject	Page #
Section-1	Preliminary	3
1.1	Short title	3
1.2	Application of policies	3
1.3	Interpretation	3
1.4	Variation, modification, incorporation and cancellation of policies	3
Section-2	Preamble, Objective, and Definition of a Customer	4
2.1	Preamble	4
2.2	Objective	4
2.3	Definition of a Customer	4
Section-3	Customer Acceptance Policy	5
Section-4	Customer Identification	8
4.1	What constitutes a customer's identity	8
4.2	Individual customers	9
4.3	No face-to-face contact	9
4.4	Appropriateness of document	10
4.5	Joints Accounts	10
4.6	Change in address or other details	10
4.7	Record Keeping	10
4.8	Introducer	10
4.9	Persons without standard identification documentation	10
4.10	Minor	11
4.11	Corporate bodies and other entities	11
4.12	Companies registered abroad	13
4.13	Partnership and unincorporated business	13
4.14	Powers of Attorney/Mandates to operate accounts	13
4.15	Timing and duration of verification	13
4.16	Know your employee (KYE)	14
Section-5	Effective from	14

Customer Acceptance Policy of FFIL

Section-1: Preliminary

1.1 Short title

This policy may be called the “Customer Acceptance Policy of FFIL.”

1.2 Application of policy

The policy will be performed to all branches/offices/subsidiaries of the company and business under Credit or Deposit Mobilization channels of FFIL and read in combination with AML/CFT guidelines issued by BFIU from time to time.

Employees of FFIL are given advice to follow comprehensive and correct method for opening a new account and scrutinizing the financial dealings in accordance with the said policy.

1.3 Interpretation

In this rule, unless there is anything repugnant in the law, subject or context:

1.3.1 “Company” means Fareast Finance & Investment Limited (FFIL).

1.3.2 “The Board” means the Board of Directors of the Company.

1.3.3 “The Management” means the persons who are in the policy implementation and operational aspect of the Company.

1.3.4 “Managing Director” means the Chief Executive of the Company.

1.3.5 “Employee” means an employee of the Company whether temporary or permanent.

1.3.6 “Officer” means an Officer of the Company whether temporary or permanent classified as such and includes an Officer on probation.

1.3.7 Words importing persons include both male and female employees of the Company.

1.3.8 Words importing singular number shall include the plural and vice versa.

1.4 Variation, modification, incorporation and cancellation of the policy

1.4.1 The Board if required in the interest of the employees and the Company, may vary, modify, incorporate or cancel any of the rules and regulations regarding the Customer Acceptance Policy of FFIL.

1.4.2 No new rules or alteration in an existing rule shall have any force until approved by the Board and issued in the form of a circular, a copy of which shall be made available for information, inspection and compliance by every employee.

Section-2: Preamble, Objective, and Definition of a Customer

2.1 Preamble

As money is the lifeblood for a financial institution, a good customer is the pivotal machine for its smooth growth and sustainability but in reverse it causes havoc for a financial body. A misstep can create unlawful hundi activities, illegal flow and source of fund, money laundering, financing of terrorism and proliferation financing of weapons of mass destruction. The most excellent way to prevent financial crimes is a benchmark of a Customer Acceptance Policy (CAP). CAP is a fundamental element of the banking/financial course of action. It implements financial institutions to apprehend their customers and their business outlines better and to foil financial offenses. Customer Acceptance Policy is synonymous with Know Your Customer (KYC), Customer Due Diligence (CDD) and Enhanced Due Diligence (EDD). In conclusion, it is understandable that having all the necessary and appropriate due diligence on new and extant customers is the central element of CAP.

2.2 Objectives of the Policy

The premier objectives of the Customer Acceptance Policy are:

- 2.2.1 to prevent Fareast Finance & Investment Limited (FFIL) from being used, willfully or inadvertently, for Money Laundering (ML) or Terrorist Financing (TF) deeds.
- 2.2.2 to identify the different customers and their risk level: new/existing, individual, partnership, sole proprietorship firm and company .
- 2.2.3 to act in accordance with Bangladeshi law, BFIU circulars and guidelines on AML/CFT.
- 2.2.4 to classify high risk customers, PEPs and IPs.
- 2.2.5 to identify the company's suspicious transactions/activities and report the affairs to Bangladesh Financial Intelligence Unit (BFIU) through goAML without any delay.
- 2.2.6 to make sure that the assigned employees of FFIL are much knowledgeable on AML/CFT method of functioning.

2.3 Definition of a Customer:

A 'Customer' is defined as:

- 2.3.1 any person or institution maintaining an account of any type with a bank or financial institution or having banking related business;
- 2.3.2 the person or institution as true beneficial owner in whose favour the account is operated;
- 2.3.3 the trustee, intermediary or true beneficial owner of the transaction of the accounts operated by the trust and professional intermediaries (such as lawyer/law firm, chartered accountant, etc) under the existing legal infrastructure;
- 2.3.4 any person exercises ultimate effective control over a legal person through direct /other means;
- 2.3.5 high value single transaction conducted in a single Demand Draft, Pay Order, Telegraphic Transfer by any person or institution or any person/institution involved in a financial transaction that may pose reputation and other risks to the institution. In this case if a transaction appears abnormal in relation to the usual transaction of the concerned person or institution that transaction will be treated as high value.

Section-3: Customer acceptance policy

For the safeness of company's overall standing, FFIL has created methodically a system for its wide range of products, services and network. FFIL deems the aspects such as fundamental prerequisite for account opening, customers' milieu in relation with border areas/geographical risk, the country of origin or residence, Politically Exposed Persons (PEPs), Influential Persons (IPs), customer's measures through Risk Based Approach, linked accounts, high risk areas: arms, mineral extraction, construction project and telecoms; business activities or other risk indicators. Moreover, to improve FFIL's AML/CFT related activities and to monitor the accounts closely and effectively a threshold limit for the both liability and asset side products have been set.

FFIL shall consider the following aspects of customer relationship correctly and carefully in accordance with the said policy:

- a. No account should be opened in Pseudonym, anonymous or fictitious name. No numerical account/secret account shall be opened.
- b. No transactions shall be conduct if anybody is convicted for a crime included in the predicate offences.
- c. Customer Due Diligence means all correct and complete information of any customer. When establishing a new business relationship, a customer shall properly be identified by varying his/her NID, parents and spouse name, visiting cards, photos of the concerned people, nominee information, present & permanent address, business address: office, factories; business documents/deeds, birth certificate, trade license, salary certificate (for salaried person), documents of assets or its sale, documents of bank/FIs statement/certificate, TIN, VAT registration, passport, driving license, and mobile/TNT number.
- d. FFIL shall turn down all customers whose reputation in the print and electronic media or in the market are usually linked with against the law activities or with banned entities such as individual terrorists or terrorist organizations etc.
- e. No transactions shall be established with a shell bank/company.
- f. Enhanced Due Diligence is an increased & advanced level of CDD/advanced investigative analysis. EDD indicates collection and verification of information relating to the source of wealth and source of fund and monitoring ongoing transactions and accounts. FFIL shall act upon EDD subject to special authorization, for potential customers that fall into one of the following categories:

- i. PEPs/IPs, being entrusted with a prominent public functions, and their family members, close associates and relatives, and details of their business partnership;
 - ii. Customers from cross-border areas and indicating higher risk indicators-geographical;
 - iii. Customer's wealth or lifestyle is incompatible with known lawful sources of income or wealth;
 - iv. Customers whose activity or source of income is, directly or indirectly, dealing in weapons or other equipment used for war purposes;
 - v. Customers' wealth and earnings derived from the granting of government licenses (such as mineral extraction concession, exploration of gold, trading of petroleum products, such as oil and petrol, energy such as natural gas, CO2 emissions and wind power; license to act as a monopoly provider of services, or permission for significant construction projects);
 - vi. Well established companies/customers having trade with paintings, sculpture, statue, and antique materials.
 - vii. Customers having business with alcoholic products;
 - viii. A beneficial owner exercising through effective control or other means;
 - ix. Non-face-to face customers.
- g. A risk-based approach means that countries, competent authorities, financial institutions and banks identify, assess, and understand the money laundering and terrorist financing risk to which they are exposed, and take the appropriate mitigation measures in accordance with the level of risk. It gives FFIL full understanding of the High-Risk Customers in business. The method is based on the best available information, logical, comprehensive and systematic process. Assigned employees of FFIL will evaluate risk assessment and consequence, business delivery methods or channels, the nature, scale, diversity and complexity of business and finally score level of risk through the risk-based approach.
- h. Parameters of risk perception should be clearly defined in terms of the source of fund, the nature of business activity, location of customer, customer's customer and monitoring the transaction occurred by the customer's customer and monitoring their business indirectly, mode of payments, volume of turnover, service offered, social and financial status etc. to categorize customers into different risk grades.

- i. Documentation requirements and other information to be collected in respect of different categories of customers depending on perceived risk.
- j. Not to open an account or close an account where FFIL is unable to apply appropriate customer due diligence measures i.e. FFIL is unable to verify the identity and/or obtain documents required as per the risk categorization due to non cooperation of the customer or non reliability of the data/information furnished to the financial institution. Decision by FFIL to close an account should be taken at a reasonably high level after giving due notice to the customer explaining the reasons for such a decision.
- k. Circumstances, in which a customer is permitted to act on behalf of another person/entity, should be clearly spelt out in conformity with the established law and practices of financial service as there could be occasions when an account is operated by a mandate holder or where an account is opened by an intermediary in fiduciary capacity.
- l. The status of a customer may change in relation with a customer progresses. The transaction pattern, volume of a customer's account may also change. With times an ordinary customer can turn into a risky one. To address this issue, customer acceptance policy should include measures to monitor customer's activities throughout the business relation.
- m. The listed persons or institutions in UN Sanction list can't be the customer of FFIL.
- n. For opening account in favor of Non residential citizen in Bangladesh FFIL should follow the instructions of Foreign Exchange Regulation Act, 1947.
- o. Customer profile is non-public and not for circulation and details contained therein shall not to be disclosed for any other purpose.
- p. Customers' address can be verified by means of current utility bill, acknowledgement receipt of Thanks Letter through postal services and checking the telephone directory.
- q. FFIL reserves its right to do EDD, report STR/SAR and deny the establishment of any business relationship with a person at any time subject to rightful reason.
- r. The records on all sorts of identification and information of a customer and connection of business with FFIL shall be kept for at least five years from the date when the relationship with the customer has ended.
- s. Any employee can contact to BFIU subject to necessity.

Section-4: Customer identification

Customer identification is an essential element of KYC standards. The customer identification process applies naturally at the outset of the relationship. To ensure that records remain up-to-date and relevant, there is a need for FFIL to undertake regular reviews of existing records. An appropriate time to do so is when a transaction of significance takes place, when customer documentation standards change substantially, or when there is a material change in the way that the account is operated. However, if FFIL becomes aware at any time that it lacks sufficient information about an existing customer, it should take steps to ensure that all relevant information is obtained as quickly as possible. Once verification of identity has been satisfactorily completed, no further evidence is needed to undertake subsequent transactions.

4.1 What constitutes a customer's identity

Identity generally means a set of attributes which uniquely define a natural or legal person. There are two main constituents of a person's identity, remembering that a person may be any one of a range of legal persons (an individual, corporate body, partnership, etc). For the purposes of this guidance, the two elements are:

- the physical identity (e.g. Birth Certificate, TIN/VAT Registration, Passport/National ID, Driving License etc.); and
- the activity undertaken.

Confirmation of a person's address is also useful in determining whether a customer is resident in a high-risk country. Knowledge of both residence and nationality may also be necessary, in a non money-laundering context, to avoid breaches of UN or other international sanctions to which Bangladesh is a party. Where a passport is taken as evidence, the number, date and place of issuance should be recorded. The other main element in a person's identity is sufficient information about the nature of the business that the customer expects to undertake, and any expected or predictable, pattern of transactions. For some business these may be obvious, however, for more complex businesses this may not be the case. The extent of the description required will depend on the institution's own understanding of the applicant's business.

Once account relationship has been established, reasonable steps should be taken by the institution to ensure that descriptive information is kept up-to-date as opportunities arise. It is important to emphasize that the customer identification process does not end at the point of application. The need to confirm and update information about identity, such as changes of address, and the extent of additional KYC information to be collected over time will differ from sector to sector and between institutions within any sector. It will also depend on the nature of the product or service being offered, and whether personal contact is maintained enabling file notes of discussion to be made or whether all contact with the customer is remote.

4.2 Individual customers

FFIL shall obtain following information while opening accounts or establishing other relationships with individual customers:

- Correct name and/or names used;
- parent's names;
- date of birth;
- current and permanent address;
- details of occupation/employment and sources of wealth or income
- Contact information, such as – mobile/telephone no.

The original, certified copy of the following Photo ID also play vital role to identify the customer:

- Current valid passport;
- Valid driving license;
- National ID Card;
- Employer provided ID Card, bearing the photograph and signature of the applicant;

Identification documents which do not bear photographs or signatures, or are easy to obtain, are normally not appropriate as sole evidence of identity, e.g. birth certificate, certificate from any local government organs, credit cards, non-Bangladeshi driving license. Any photocopies of documents showing photographs and signatures should be plainly legible. Where applicants put forward documents with which an institution is unfamiliar, either because of origin, format or language, the institution must take reasonable steps to verify that the document is indeed genuine, which may include contacting the relevant authorities or obtaining a notarized translation. Financial Institutions should also be aware of the authenticity of passports.

- One or more of the following steps is recommended to verify addresses:
- provision of a recent utility bill, tax assessment or bank statement containing details of the address (to guard against forged copies it is strongly recommended that original documents are examined);
- checking the Voter lists;
- checking the telephone directory;
- visiting home/office;
- sending thanks letter.

The information obtained should demonstrate that a person of that name exists at the address given, and that the applicant is that person.

4.3 No face-to-face contact

Where there is no face-to-face contact, photographic identification would clearly be inappropriate procedures to identify and authenticate the customer. FFIL should

ensure that there is sufficient evidence, either documentary or electronic, to confirm address and personal identity. At least one additional check should be undertaken to guard against impersonation. In the event that internal procedures require sight of a current passport or ID card where there is no face-to-face contact, then a certified true copy should be obtained. FFIL should not allow non face to face contact to a resident in establishing relationship.

4.4 Appropriateness of documents

There is obviously a wide range of documents which might be provided as evidence of identity. It is for each institution to decide the appropriateness of any document in the light of other procedures adopted. However, particular care should be taken in accepting documents which are easily forged or which can be easily obtained using false identities.

4.5 Joint accounts

In respect of joint accounts where the surname and/or address of the account holders differ, the name and address of all account holders, not only the first named, should normally be verified in accordance with the procedures set out above.

4.6 Change in address or other details

Any subsequent change to the customer's name, address, or employment details of which FFIL becomes aware should be recorded as part of the Know Your Customer process. Generally this would be undertaken as part of good business practice and due diligence but also serves for money laundering prevention.

4.7 Record keeping

All documents collected or gathered for establishing relationship must be filed in with supporting evidence. Where this is not possible, the relevant details should be recorded on the applicant's file. Institutions which regularly conduct one-off transactions, should record the details in a manner which allows cross reference to transaction records.

4.8 Introducer

To identify the customer and to verify his/her identity, an introducer may play important role. An introduction from a respected customer, personally known to the management, or from a trusted member of staff, may assist the verification procedure but does not replace the need for verification of address as set out above. Details of the introduction should be recorded on the customer's file. However, personal introductions without full verification should not become the norm, and directors/senior managers must not require or request staff to breach account opening procedures as a favor to an applicant.

4.9 Persons without standard identification documentation

It is generally believed that financial inclusion is helpful in preventing money laundering and terrorist financing. Most people need to make use of the financial system at some point in their lives. It is important, therefore, that the socially or financially disadvantaged such as the elderly, the disabled, students and minors

should not be precluded from obtaining financial services just because they do not possess evidence of identity or address where they cannot reasonably be expected to do so. In these circumstances, a common sense approach and some flexibility without compromising sufficiently rigorous AML procedures is recommended. Internal procedures must allow for this, and must provide appropriate advice to staff on how identity can be confirmed in these exceptional circumstances. The important point is that a person's identity can be verified from an original or certified copy of another document, preferably one with a photograph. FFIL shall not allow "high value" transactions to this kind of customers.

A certifier must be a suitable person, such as for instance a lawyer, accountant, director or manager of a regulated institution, a notary public, a member of the judiciary or a senior civil servant. The certifier should sign the copy document (printing his name clearly underneath) and clearly indicate his position or capacity on it together with a contact address and phone number. In these cases it may be possible for the institution to accept confirmation from a professional (e.g. doctor, lawyer, directors or managers of a regulated institution, etc) who knows the person. Where the individual lives in accommodation for which he or she is not financially responsible, or for which there would not be documentary evidence of his/her address, it may be acceptable to accept a letter from the guardian or a similar professional as confirmation of a person's address. A manager may authorize the opening of a business relationship if s/he is satisfied with confirmation of identity circumstances but must record his/her authorization on the customer's file, and must also retain this information in the same manner and for the same period of time as other identification records.

4.10 Minor

For minor, the normal identification procedures set out above should be followed as far as possible. Where such procedures would not be relevant, or do not provide satisfactory evidence of identity, verification might be obtained in the form of the home address of parent(s). Under normal circumstances, a family member or guardian who has an existing relationship with the institution concerned would introduce a minor. In cases where the person opening the account is not already known, the identity of that person, and any other person who will have control of the account, should be verified.

4.11 Corporate bodies and other entities

Because of the difficulties of identifying beneficial ownership, and the possible complexity of organization and structures, corporate entities and trusts are the most likely vehicles to be used for money laundering, particularly when a legitimate trading company is involved. Particular care should be taken to verify the legal existence of the applicant and to ensure that any person purporting to act on behalf of the applicant is authorized to do so. The principal requirement is to look behind a corporate entity to identify those who have ultimate control over the business and the company's assets, with particular attention being paid to any shareholders or others who exercise a significant influence over the affairs of the company. Enquiries should be made to confirm that the company exists for a legitimate trading

or economic purpose, and that it is not merely a “brass plate company” where the controlling principals cannot be identified. Before a business relationship is established, measures should be taken by way of company search and/or other commercial enquiries to ensure that the applicant company has not been, or is not in the process of being, dissolved, and struck off, wound-up or terminated. In addition, if FFIL becomes aware of changes in the company structure or ownership, or suspicions are aroused by a change in the nature of business transacted, further checks should be made. No further steps to verify identity over and above usual commercial practice will normally be required where the applicant for business is known to be a company, or a subsidiary of a company, quoted on a recognized stock exchange.

The following documents should normally be obtained from companies:

- Certified copy of Certificate of Incorporation or equivalent, details of the registered office, and place of business;
- Certified copy of the Memorandum and Articles of Association, or by-laws of the client.
- Copy of the board resolution to open the account relationship and the empowering authority for those who will operate any accounts;
- Explanation of the nature of the applicant's business, the reason for the relationship being established, an indication of the expected turnover, the source of funds, and a copy of the last available financial statements where appropriate;
- Satisfactory evidence of the identity of each of the principal beneficial owners being any person holding 10% interest or more or with principal control over the company's assets and any person (or persons) on whose instructions the signatories on the account are to act or may act where such persons are not full time employees, officers or directors of the company;
- Satisfactory evidence of the identity of the account signatories, details of their relationship with the company and if they are not employees an explanation of the relationship. Subsequent changes to signatories must be verified;
- Copies of the list/register of directors.
- Where the business relationship is being opened in a different name from that of the applicant, the institution should also satisfy itself that the reason for using the second name makes sense. The following persons (i.e. individuals or legal entities) must also be identified in line with this part of the notes:
 - All of the directors who will be responsible for the operation of the account / transaction.
 - All the authorized signatories for the account/transaction.
 - All holders of powers of attorney to operate the account/transaction.
 - The beneficial owner(s) of the company
 - The majority shareholders of a private limited company.

A letter issued by a corporate customer is acceptable in lieu of passport or other photo identification documents of their shareholders, directors and authorized signatories. Where the institution already knows their identities and identification records already accord with the requirements of these notes, there is no need to verify identity again. When authorized signatories change, care should be taken to ensure that the identities of all current signatories have been verified. In addition, it may be appropriate to make periodic enquiries to establish whether there have been any changes in directors/shareholders, or the nature of the business/activity being undertaken. Such changes could be significant in relation to potential money laundering activity, even though authorized signatories have not changed.

4.12 Companies registered abroad

Particular care should be exercised when establishing business relationships with companies incorporated or registered abroad, or companies with no direct business link to Bangladesh. Such companies may be attempting to use geographic or legal complication to interpose a layer of opacity between the source of funds and their final destination. In such circumstances, FFIL should carry out effective checks on the source of funds and the nature of the activity to be undertaken during the proposed business relationship. This is particularly important if the corporate body is registered or has known links to countries without anti-money laundering legislation and procedures equivalent to Bangladesh. In the case of a trading company, a visit to the place of business may also be made to confirm the true nature of the business.

4.13 Partnerships and unincorporated businesses

In the case of partnerships and other unincorporated businesses whose partners/directors are not known to the FFIL, the identity of all the partners or equivalent should be verified in line with the requirements for personal customers. Where a formal partnership agreement exists, a mandate from the partnership authorizing the opening of an account and conferring authority on those who will operate it should be obtained. Evidence of the trading address of the business or partnership should be obtained and a copy of the latest report and accounts (audited where applicable). An explanation of the nature of the business or partnership should be ascertained (but not necessarily verified from a partnership deed) to ensure that it has a legitimate purpose.

4.14 Powers of Attorney/Mandates to operate accounts

The authority to deal with assets under a power of attorney constitutes a business relationship and therefore, where appropriate, it may be advisable to establish the identities of holders of powers of attorney, the grantor of the power of attorney and third party mandates. Records of all transactions undertaken in accordance with a power of attorney should be kept.

4.15 Timing and duration of verification

The best time to undertake verification is prior to entry into the account relationship. Verification of identity should, as soon as is reasonably practicable, be completed before any transaction is completed. However, if it is necessary for sound business reasons to open an account or carry out a significant one-off

transaction before verification can be completed, this should be subject to stringent controls which should ensure that any funds received are not passed to third parties. Alternatively, a senior member of staff may give appropriate authority. This authority should not be delegated, and should only be done in exceptional circumstances. Any such decision should be recorded in writing. Verification, once begun, should normally be pursued either to a satisfactory conclusion or to the point of refusal. If a prospective customer does not pursue an application, staff may (or may not) consider that this is itself suspicious.

4.16 Know Your Employee (KYE)

Institutions and businesses learn at great expense that an insider can pose the same ML/TF threat as a customer. It has become clear in the field that having co-equal programs to know your customer and to know your employee is essential. In an effort to identify and anticipate trouble before it costs time, money and reputation damage, FFIL shall look closely at the people inside their own organizations. Keeping that in mind, FFIL shall introduce a KYE program that will allow it to understand an employee's background, conflicts of interest and susceptibility to money laundering complicity. The program will perform the background screening of prospective and current employees, especially for criminal history, to keep out unwanted employees and identifying those to be removed.

Section-5: Effective from

The policy shall be effective from June 20, 2019 afternoon.

This policy is approved by the Board of Directors in their 197th meeting held on June 20, 2019 under agendum # BM201906197-14.