

RESOLUTION OF THE BOARD OF THE NATIONAL BANK
OF THE REPUBLIC OF BELARUS
December 24, 2014, No. 818

**On Certain Issues of Internal Control in Banks,
Nonbank Financial Institutions, Development Bank of
the Republic of Belarus Joint-Stock Company**

Amendments and addenda:

Resolutions of the Board of the National Bank of the Republic of Belarus No. 495 dated September 19, 2016 and No. 62 dated February 15, 2018

By virtue of Part one Article 39 of the Banking Code of the Republic of Belarus, Part two Article 5 and in pursuance of paragraph two Article 19 of the Law of the Republic of Belarus dated June 30, 2014 “On Actions to Prevent Legitimization of Proceeds of Crime, Financing of Terrorism and Financing Weapons of Mass Destruction Proliferation”, the Board of the National Bank of the Republic of Belarus has ESTABLISHED the following:

1. The enclosed
Instruction on the Requirements to Internal Control Regulations in Banks, Nonbank Financial Institutions, Development Bank of the Republic of Belarus Joint Stock Company in the field of preventing legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation shall be approved.
2. Banks, nonbank financial institutions, and Development Bank of the Republic of Belarus Joint Stock Company shall, within six months from coming this Resolution into effect, shall ensure further development of electronic customer profile database in accordance with the Instruction on the Requirements to Internal Control Regulations in Banks, Nonbank Financial Institutions, Development Bank of the Republic of Belarus Joint Stock Company in the field of preventing legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation, as approved by this Resolution.
3. This Resolution shall come into effect from its official publication.

Chairperson of the Board

N.A. Ermakova

APPROVED

Resolution
of the Board
of the National Bank
of the Republic of Belarus
December 24, 2014, No. 818

INSTRUCTION

on the Requirements to Internal Control Regulations in Banks, Nonbank Financial Institutions, Development Bank of the Republic of Belarus Joint Stock Company in the field of Preventing Legitimization of Proceeds of Crime, Financing of Terrorism and Financing Weapons of Mass Destruction Proliferation

ARTICLE 1 GENERAL PROVISIONS

1. This Instruction establishes the requirements to internal control regulations in banks, nonbank financial institutions, Development Bank of the Republic of Belarus Joint Stock Company (hereinafter JSC) (hereinafter unless otherwise stated “the Banks”) in the field of preventing legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation, except for the requirements to transactions in OTC non-deliverable financial instruments initiated by natural persons and legal entities, which requirements shall be established by other regulatory and legal acts of the National Bank of the Republic of Belarus.
2. For the purposes of this Instruction the terms having the meanings defined by the Law of the Republic of Belarus dated June 30, 2014 “On Actions to Prevent Legitimization of Proceeds of Crime, Financing of Terrorism and Financing Weapons of Mass Destruction Proliferation” (National Legal Internet Portal of the Republic of Belarus, July 03, 2014, 2/2163) and also the following terms having the following meanings shall be used:

identifying agents – means the persons engaged in identification of the bank customers and their representatives when and as instructed by the bank on the basis of an agreement or a legislative act;

the period under review – means the period, one calendar month on average, specified by the Bank depending on the type of financial transactions performed by the customer, over which the customer’s financial transactions are analyzed by the Bank at the follow-up control stage;

the customer profile – means a set of electronic data on the customer acquired by the Bank during its/his identification and verification, which contains information on the customer and its/his activities specified in Article 8 of the Law of the Republic of Belarus “On Actions to Prevent Legitimization of Proceeds of Crime, Financing of Terrorism and Financing Weapons of Mass Destruction Proliferation”, this Instruction, and internal control regulations of the Bank;

questionnaire survey – means compiling the customer profile by the Bank;

correspondent banks – means the banks with which the Banks has established correspondent relations by opening a correspondent and/or clearing account;

verification – means measures implemented by the Bank to verify and/or supplement customer data obtained in the course of identification;

identification – means a set of measures to identify customer data specified by the Law of the Republic of Belarus “On Actions to Prevent Legitimization of Proceeds of Crime, Financing of Terrorism and Financing Weapons of Mass Destruction Proliferation”, this Instruction, and internal control regulations of the Bank;

the customer conducting a one-off transaction – means a person, except for a correspondent bank, conducting a financial transaction without entering into a written agreement of conduct of financial transactions;

the same-type financial transactions – means financial transactions of the same type conducted repeatedly within the period under review by the same person or in respect of the same person;

a suspicious financial transaction – means a financial transaction which raises the Bank’s suspicion of being conducted for the purpose of obtaining proceeds of crime and/or money laundering, financing of terrorism, proliferating or financing proliferation of mass destruction weapons, following the Bank’s decision on classifying it as a financial transaction subject to special control;

customer’s representative – means a person conducting financial transactions on behalf of the Bank customer, which/whose authorities are confirmed in accordance with the procedure established by the law or evidenced by the situation where such representative acts;

the regularity of conducting financial transactions – means conducting financial transactions by the customer for three and more times during the period under review;

the special division – means an organization unit of the Bank responsible for implementation of measures in the field of preventing legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation;

natural persons – means the persons who are not individual entrepreneurs;

a financial transaction raising suspicion – means a financial operation which raises the Bank’s suspicion of being conducted for the purpose of obtaining proceeds of crime and/or money laundering, financing of terrorism, proliferating or financing proliferation of mass destruction weapons, prior to the Bank’s decision on classifying (non-classifying) it as a financial operation subject to special control.

The term “interbank identification system” shall be used in the meaning defined by Edict of the President of the Republic of Belarus No. 478 dated December 1, 2015 “On the Development of Digital Banking Technologies” (National Legal Internet Portal of the Republic of Belarus, December 03, 2015, 1/16129).

The terms “operator of cryptoplatfrom”, “operator of exchange of cryptocurrencies”, and “digital sign (token)” are used in the meanings determined by Decree of the President of the

Republic of Belarus No. 8 dated December 21, 2017 “On Digital Economy Development” (National Legal Internet Portal of the Republic of Belarus, December 27, 2017, 1/17415).

3. Withdrawn.

ARTICLE 2
ORGANIZATION OF THE INTERNAL CONTROL SYSTEM
IN THE FIELD OF PREVENTING LEGITIMIZATION OF PROCEEDS
OF CRIME, FINANCING OF TERRORISM AND FINANCING WEAPONS
OF MASS DESTRUCTION PROLIFERATION

4. The Bank’s internal control system in the field of preventing legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation shall be organized within the Bank’s internal control system and Bank’s risk management system, and shall ensure prevention from intentional or unintentional involvement of the Bank into the process of laundering of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation.
5. Participation of the Bank’s employees, within the scope of their employment duties, in the process of identification of customers and their representatives, survey of customers and detection of financial transactions which are subject to special control shall be the key principle of the Bank’s internal control system organization in the field of preventing legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation.
6. The internal control system in the field of preventing legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation shall be implemented in the following key areas:
 - identification and verification, in cases provided for by the law, of all Bank customers conducting financial transactions, and monitoring of their activity during servicing;
 - detection and documentation of a financial transaction subject to special control, and transfer of respective information to the financial monitoring body;
 - storage of information and documents (copies thereof) during the period established by the legislation.
7. The Bank shall elaborate the Bank’s internal control regulations with due regard for special aspects of the Bank’s organizational structure, nature and volume of banking transactions conducted, and the level of risks inherent in legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation.
8. The special division shall undertake the following functions:
 - elaboration of the internal control regulations;
 - elaboration of the procedure for management of risks inherent in legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation;
 - self-assessment of bank’s engagement in carrying out suspicious transactions related to obtaining proceeds of crime and/or money laundering, financing of terrorism, proliferating or financing proliferation of mass destruction weapons;

making proposals to the head of the Bank or his/her authorized deputy concerning improvement and enhancement of the Bank's internal control system efficiency;

coordination of the organization of the Bank's internal control system;

participation in the process of introduction of new banking products and services;

advising the Bank's employees on the issues arising from implementation of the Bank's internal control regulations, in particular, on preparation of messages and filling in special forms;

organization of, and participation in, the Bank's employees training in preventing legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation;

organization of test of knowledge and participation in instructing of responsible officials of the Bank's organization structures which form the part of the organizational structure of the Bank's internal control system in the field of preventing legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation;

preparation and submission to the Board of Directors (Supervisory Board) of the Bank, at least once a year, of the report on the implementation of the Bank's internal control regulations, recommended measures for improvement of the internal control system, as well as of its copy to the National Bank of the Republic of Belarus on an annual basis, year-end results of work, no later than by March 31 of the year following the reporting one, results of performance in 2017 – no later than on April 15, 2018;

other functions specified by the Bank's internal control regulations and legislation on preventing legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation.

9. When organizing the internal control system the Bank shall ensure that the head of the special division shall report to the head (his/her authorized deputy) of the Bank or to the official responsible for internal control in the Bank, and shall be accountable to the Board of Directors (Supervisory Board).
10. The Banks shall notify the National Bank of the Republic of Belarus of appointment of the head, his/her deputy (designated substitutes thereof) of the special division within five days from the respective order, and provide the following information on the same: name of the special division, surname, first name, patronymic (if any), position, contact telephone numbers, e-mail address, date of appointment.
11. The Bank, by adoption of its appropriate legal acts, shall appoint the responsible official(s) of the Bank, whose responsibilities shall be as follows:
 - organization of customer identification;
 - arrangement of procedures for managing risks inherent in legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation;
 - making a decision to hold a financial transaction suspicious (unsuspicious) and submit information thereon to the financial monitoring body, and a decision on further actions in respect of the customer;
 - making a decision on suspension (resumption) of a financial transaction in cases provided for by legislative acts;

- making a decision to deny a financial transaction in cases provided for by legislative acts;
- making a decision to deny fulfillment of a written agreement for conduct of financial transactions in cases provided for by legislative acts;
- making a decision on denial of the customer connection to the remote banking system, termination or suspension of servicing via such system in cases provided for by legislative acts;
- making a decision on freezing of funds and/or blocking of a financial transaction in respect of persons involved in terrorist activities in cases provided for by legislative acts;
- putting a digital signature on special forms which are electronic documents to be submitted to the financial monitoring body;
- control of correctness and completeness of filling in special forms by the Bank employees, and timeliness of submission thereof to the financial monitoring body;
- organization of the follow-up control with a view to identifying suspicious financial transactions of a long-term nature, which are unidentifiable at the current control stage as transactions subject to special control;
- test of knowledge of employees of the Bank organization units which form a part of the organizational structure of the internal control system in the field of preventing legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation;
- other functions provided for by the internal control regulations of the Bank.

Fulfillment of functions mentioned in Part one of this Clause may be assigned to any one or more responsible officials from among the heads (deputy heads) of independent and other organization units of the Bank, employees of a special division. Any other authorized person may be entrusted with the responsibility to make decisions mentioned in paragraphs six and nine of Part one in this Clause in the absence of the responsible official.

12. In accordance with the order of the head of the Bank, the head of the Bank or his/her deputy shall be appointed an official responsible for compliance with the internal control regulations of the Bank.
13. To define the responsibilities of the employees of the banking units forming a part of the organizational structure of the Bank's internal control system, the Bank shall be governed by the following:
 - a person directly involved in conduct of a financial transaction, an official responsible for follow-up internal control, a person responsible for software-based detection of organizations, individual entrepreneurs and natural persons from among the Bank customers against which/whom funds freezing and/or financial transaction blocking shall be applied, as well as an employee of the special division shall be responsible for preparation of the message stipulated by sub-clause 65.1 Clause 65 of this Instruction;
 - an official responsible for control of correctness and completeness of filling in special forms and an official who has made a decision to consider a financial transaction suspicious and submit information about the same to the financial monitoring body shall be responsible for the procedure of filling in special forms;
 - the persons directly involved in identification and/or survey of customers, and the heads of banking units having the functions of identifying and/or surveying of customers shall be

responsible for compliance with the procedure of identification and/or survey of Bank customers established by Article 4 of this Instruction.

The Bank may not appoint the person who has prepared the message stipulated by sub-clause 65.1 Clause 65 of this Instruction to be responsible for the procedure of filling in a special form.

The division of responsibilities of the Bank employees mentioned in Part one of this Clause shall be enshrined in the appropriate legal acts of the Bank.

14. The internal control shall be carried out at all stages of financial transactions and shall be divided into:

preliminary control exercised by acquisition and examination of requires information and documents (copies thereof) and recording data in the customer profile to have an overall view of the customer;

current control exercised through monitoring of financial transactions conducted by a customer, with due regard for information available at the Bank after preliminary control, with a view to detecting financial transactions subject to special control;

follow-up control exercised through analysis of customer's transactions conducted in the preceding period with a view to detecting suspicious financial transactions of long-term nature, which are unidentifiable at the current control stage as transactions subject to special control.

ARTICLE 3

MANAGEMENT OF RISKS INHERENT IN LEGITIMIZATION OF PROCEEDS OF CRIME, FINANCING OF TERRORISM AND FINANCING WEAPONS OF MASS DESTRUCTION PROLIFERATION

15. With a view to managing risks inherent in legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation, the Bank shall implement the procedures of risk management (identification, assessment, monitoring, control and limitation (reduction) specified in Article 5 of the Law of the Republic of Belarus "On Actions to Prevent Legitimization of Proceeds of Crime, Financing of Terrorism and Financing Weapons of Mass Destruction Proliferation".
16. The Bank shall assess the risk of the Bank's customer transaction conducted with a view to laundering of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation (hereinafter "risk of customer relations") on the basis of a three-level scale including low, medium, and high risk levels.
- A nonbank financial institution may assess risk of customer relations on the basis of a two-level scale including low and high risk levels.
17. The Development Bank of the Republic of Belarus JSC and nonbank financial institutions shall independently determine the factors increasing (reducing) risk of customer relations from the factors listed in Clauses 22 – 27 of this Instruction, in accordance with nature and volume of banking transactions conducted.
18. The three-vector risk allocation model shall be used for assessment of risk of customer relations, whereby the following vectors shall be assessed:

risk by customer profile;
 risk by geographic region;
 risk by types of transactions.

The nonbank financial institution shall independently determine the need for use of the three-vector risk allocation model.

19. To assess the “risk by customer profile” vector, the Bank shall pay due regard to the customer class assigned in accordance with Clause 33 of this Instruction, and analyze the following information:

core business of the customer(s) (place of employment, position– for customers who are natural persons);

information on the customer’s regular counterparties and their business reputation;

classifying the customer as a person, relations with whom are initially associated with the risk increasing (reducing) factors;

information on persons able to determine (influence), directly and/or indirectly (through other persons) the customer’s decisions, on persons whose decision-making is influenced by the customer, and on business reputation of such persons (for natural persons and individual entrepreneurs);

information on the founders (members), beneficiary owners, persons entitled to give binding instructions or otherwise able to guide the customer’s actions, and on their business reputation (for organizations and correspondent banks);

information on the head, chief accountant and/or other authorized officials empowered in accordance with established procedure to act on behalf of the customer, and on their business reputation (for organizations and correspondent banks);

completeness of identification data submitted by the customer, and their consistency with the information available to the Bank, resulting from verification.

information on the customer’s business reputation;

other information which the Bank deems necessary to include in the analysis.

20. To assess the “risk by geographic region” vector, the following information shall be analyzed by the Bank:

residency indicator of the customer;

domicile (place of incorporation, business) of the customer;

the country of business (incorporation) and domicile (residence) of the persons able to determine (influence), directly and/or indirectly (through other persons) the customer’s decisions, and information on the countries of incorporation and domicile (residence) of persons whose decision-making is influenced by the customer;

the customer’s business footprint (countries where accounts have been opened and countries of incorporation of the customer’s regular counterparties);

other information which the Bank deems necessary to include in the analysis.

21. To assess the “risk by types of transactions” vector, the following information shall be analyzed by the Bank:

conformity of financial transactions conducted by the customer with its/his core business lines;

terms and conditions, and types of financial transactions conducted by the customer on an ongoing basis, and their conformity with the risk increasing (reducing) factors;

method of service delivery to the customer;

financial transactions subject to special control, conducted by the customer during the period under review;

facts of suspension of financial transactions on an account by the resolution (decision) of the authorized government bodies (officials) or seizure of funds deposited on the customer's account;

making a decision to deny and/or suspend financial transactions, terminate contractual relations with the customer, in particular, under agreements of providing additional services to the customer via remote banking;

other information which the Bank deems necessary to include in the analysis.

22. The following shall be deemed the customers, relations with which/whom in accessing "the risk by customer profile" vector are associated with the risk increasing factors:
 - 22.1. Persons included, in accordance with established procedure, in the list of organizations and natural persons involved in terrorist activities;
 - 22.2. foreign public officials, officials of public international organizations, persons who hold positions included in the List of public positions of the Republic of Belarus which is specified by the President of the Republic of Belarus, their family members and people closely associated therewith;
 - 22.3. organizations which beneficiary owner is a person indicated in Sub-clauses 22.1 and 22.2 of this Clause;
 - 22.4. customers which/whose counterparty is a person indicated in Sub-clauses 22.1 and 22.2 of this Clause;
 - 22.5. organizations where the head, chief accountant and/or other authorized officials empowered in accordance with established procedure to act on behalf of such organization are the founders (members) of any other organizations with their share in the authorized capital making more than 25 percent or are the owners of any other organizations;
 - 22.6. organizations where the founders (members) who have the share in the authorized capital making more than 25 percent or are the owners also are the founders (members) with their share in the authorized capital making more than 25 percent or are the owners of any other organizations;
 - 22.7. organizations where one and the same natural person acts as a founder (member), head and/or chief accountant;
 - 22.8. organizations which founders (members) and/or heads were brought to trial;
 - 22.9. Bank customers which/who have negative business reputation;
 - 22.10. founders (members) and/or heads of organizations, individual entrepreneurs who had links with the Bank customers having negative business reputation;
 - 22.11. organization and individual entrepreneurs included, in pursuance of Edict of the President of the Republic of Belarus No. 488 dated October 23, 2012 "On Certain Precautions Against Illegal Minimization of Tax Liabilities" (National Legal Internet Portal of the Republic of Belarus, October 25, 2012, 1/13843), on the register of organizations and individual entrepreneurs with the increased risk of committing crimes in the economic field;
 - 22.12. organizations which core business is the purchase and sale of real estate and provision of intermediary services in settlement of real estate transactions;

- 22.13. organizations engaged in tourist activities;
 - 22.14. organizations engaged in gambling business;
 - 22.15. organizations which business is associated with intense cash turnover, in particular with rendering services in retail industry and public catering;
 - 22.16. organizations which business is associated with sale (sale on commission including) of art, antiques, and light vehicles;
 - 22.17. organizations which business is associated with sale of precious metals and gems, and jewelry containing precious metals and gems, except for such financial transactions conducted by Banks;
 - 22.17¹. operators of cryptoplatforms and operators of exchange of cryptocurrencies;
 - 22.18. D group correspondent banks defined in accordance with the Instruction on Safe Functioning Requirement for Banks and Nonbank Financial Institutions, approved by Resolution of the Board of the National Bank of the Republic of Belarus No. 137 dated September 28, 2006 (National Register of Legal Acts of the Republic of Belarus, 2006, No. 186, 8/15213);
 - 22.19. other persons specified by the Bank.
23. The following shall be deemed the customers, relations with which/whom in accessing “the risk by customer profile” vector are associated with the risk reducing factors:
- state-owned organizations;
 - other persons specified by the Bank.
24. The following shall be deemed the customers, relations with which/whom in accessing “the risk by geographic region” vector are associated with the risk increasing factors:
- 24.1. the persons incorporated, domiciled or having place of business in the country (territory) which fail to comply with Financial Action Task Force on Money Laundering recommendations and do not take part in international cooperation in the field of preventing legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation, or persons about whom there is information on conducting transactions through an account with the bank, non-bank financial institution incorporated in such country (territory);
 - 24.2. the persons incorporated, domiciled or having place of business in the country (territory) where preferential tax treatment has been established and/or where disclosure and submission of information on financial transactions is not provided (hereinafter “offshore zones”);
 - 24.3. organizations which beneficiary owner is a person indicated in Sub-clauses 24.1 and 24.2 of this Clause;
 - 24.4. customers which/whose regular counterparties are the persons indicated in Sub-clauses 24.1 and 24.2 of this Clause;
 - 24.5. organizations headed by foreign citizens who are not permanently or temporarily resident in the territory of the Republic of Belarus;
 - 24.6. nonresident organizations which have no permit to establish representation of a foreign company in the Republic of Belarus, issued in accordance with the statutory procedure;
 - 24.7. other persons specified by the Bank.
25. The following shall be deemed the customers, relations with which/whom in accessing “the risk by geographic region” vector are associated with the risk reducing factors:
- residents;
 - other persons specified by the Bank.

26. In assessing the “risk by types of transactions” vector the following shall be deemed the factors that increase the risk of financial transactions:
- 26.1. financial transactions in cash in the amount exceeding 1000 base values conducted by the customers, who are natural persons and individual entrepreneurs, on a one-off basis;
 - 26.2. suspicious financial transactions conducted by the customer on a regular basis;
 - 26.3. suspension of financial transactions on an account by the resolution (decision) of the authorized government bodies (officials) or seizure of funds deposited on the customer’s account
 - 26.4. making, by the Bank, a decision to deny and/or terminate contractual relations with the customer, in particular, under agreements of providing additional services to the customer via remote banking;
 - 26.5. opening by proxy a bank account for a customer by the person who is not an employee of the customer;
 - 26.6. financial transactions conducted through accounts opened in offshore zones;
 - 26.6¹. financial transactions carried out by a customer on a regular basis, which involve acquisition and/or carve-out of digital signs (tokens);
 - 26.7. other financial transactions specified by the Bank.
27. In assessing the “risk by types of transactions” vector the following shall be deemed the factors that reduce the risk of financial transactions:
- placing monetary funds on accounts and/or deposits with the Bank;
 - transactions conducted within payroll programs;
 - taking out a loan from the Bank by the customer;
 - settlement transactions in the form of the letter of credit, collection, and transactions involving bank guarantees and reserve liabilities;
 - interbank transactions;
 - other financial transactions specified by the Bank.
28. Following the analysis of information on the customer available to the Bank, the risk level shall be assigned to each of the three vectors. Based on their values, the Bank, when assigning the final risk level to customer relations, shall rely on the matrix for assigning the final risk level to customer relations which is based on a three-vector risk allocation model, as set forth in Annex 1 to this Instruction.
- Where necessary, the responsible official may make a decision on assigning the final risk level to customer relations.
29. The risk level assigned by the Bank to customer relations (final and per vector of the model) shall be indicated in the “Inside Information” section of the customer profile. Should high risk level be assigned to customer relations within any vector of the model, the rationale for assigning such risk level shall be indicated in the “Inside Information” section of the customer profile. Sub-clauses of Clauses 22, 24 and 26 of this Instruction which contain the respective risk increasing factors or a substantiated judgment of the responsible official (providing the reasons of high risk level assigning) may be indicated by the Bank as the rationale.
30. Where necessary, the Bank shall revise the final risk level of customer relations if and when information indicated in the customer profile, in particular information obtained due

to verification, as well as the nature of financial transactions conducted by such customer, change.

30¹. In the internal control rules the banks are authorized to describe in detail and modify the factors, envisaged by Clauses 22-27 hereof.

31. The Bank shall notify the National Bank of the Republic of Belarus of incorporating in the internal control regulations of the Bank:

additional information which the Bank deems necessary to include in the analysis in assessing the “risk by customer profile”, “risk by types of operations”, “risk by geographic region” vectors in accordance with Clauses 19-21 of this Instruction;

other persons, relations with whom/which in assessing the “risk by customer profile” vector are inherently associated with the risk increasing (reducing) factors in accordance with Clauses 22-23 of this Instruction;

other persons, relations with whom/which in assessing the “risk by geographic region” vector are inherently associated with the risk increasing (reducing) factors in accordance with Clauses 24-25 of this Instruction;

additional factor that increase (reduce) the risk level of financial transactions in accordance with Clauses 26-27 of this Instruction.

Information mentioned in Part one of this Clause shall be submitted by the Bank within five banking days from approval of the internal control regulations (amendment and/or addenda thereto).

32. The Bank shall set an adequate system of identification criteria and alerting attributes of financial transactions with a view to controlling the risks of laundering of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation. Adequacy indicators of such system are as follows:

the ratio of delivered special forms to the quantity of messages prepared in accordance with Sub-clause 65.1 of this Instruction. The system shall be deemed adequate if the ratio exceeds 75 percent;

availability (unavailability) of documented facts of considering financial transactions suspicious in which respect messages were not prepared by the Bank’s internal audit and internal control services, National Bank of the Republic of Belarus and other government bodies engaged in control of banks’ compliance with the legislation on preventing legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation. The system shall be deemed adequate if the number of non-delivered special forms does not exceed 5 percent of the total number of delivered special forms.

33. To set an adequate system of identification criteria and alerting attributes of financial transactions, the customers with which/whom written agreements of conducting financial transactions have been signed shall be classified by the Bank by in the following categories:

high;

medium;

low.

The customers conducting one-off operations may be classified by the Bank in the categories mentioned in Part one of this Clause.

The procedure of classifying the customers in the high, medium or low categories shall be established by the Bank independently in its internal control regulations.

A nonbank financial institution, the Development Bank of the Republic of Belarus JSC may refrain from categorizing the customers.

The category assigned to the customer shall be indicated in the “Inside Information” section of the customer profile.

34. Indicators of adequacy of the system of identification criteria and alerting attributes of financial transactions may be analyzed by the Bank as required but at least once during a calendar year. Should the indicators of adequacy be beyond the set limits, the Bank shall revise at least one of the values of:

the period under review by types of financial transactions;

adjustment of identification criteria and alerting attributes of financial transactions;

criteria for classification of customers in certain categories;

the final risk level of certain customer relations.

Not less than 5 percent deviation limits shall be specified in the Bank’s internal control regulations for identification of the amount of a financial transaction which value is close to the threshold value indicated in identification criteria and alerting attributes.

The maximum deviation may be up to 10 percent depending on the type of financial transactions.

34¹. For the purposes of risk management related to money laundering, financing of terrorism, and financing of proliferation of mass destruction weapons, the Bank carries out the self-assessment of engagement in carrying out suspicious transactions related to obtaining proceeds of crime and/or money laundering, financing of terrorism, proliferating or financing proliferation of mass destruction weapons, using the following indicators:

a coefficient (in percent) of a bank’s engagement in carrying out suspicious transactions by its customers, which is determined as the ratio of the amount of suspicious financial transactions carried out by the bank’s customers and the amount of debit turnovers under the accounts of bank’s customers;

a criterion of realization by a bank of its right to deny execution of suspicious financial transactions, which is assessed under the simultaneous comparison of two indicators:

an amount (in percent) of the share of special forms with the right of denial, which is determined as the quantity of special forms submitted under transactions, which comply with the characteristics specified in Clause 66 hereof, in the total number of special forms which had been sent;

a coefficient (in percent) of realization of the right for denial of execution of suspicious financial transactions, which is determined as the ratio of the quantity of special forms comprising the information on the denial of performance of financial transaction, on denial

of connecting to the system of remote banking servicing, on termination or suspension of provision of services by means of this system, on written denial of execution of an agreement on carrying out financial transactions, or on denial of entering into such agreement and the number of special forms submitted with respect to the financial transactions complying with the characteristics determined in Clause 66 hereof;

the share (in percent) of customers with the high degree of risk in the customers database, which is determined as the ratio of the quantity of customers, to the relations with which the bank assigned the high final degree of risk, and the total number of the bank's customers with a breakdown by the groups (natural persons, independent entrepreneurs and organizations);

other indicators determined by the bank.

The self-assessment of engagement in execution of suspicious transactions related to obtaining proceeds of crime and/or money laundering, financing of terrorism, proliferating or financing proliferation of mass destruction weapons shall be carried out in case of need, but no less than once in a calendar year. The dynamics of indicators shall be analyzed in the course of self-assessment.

The JSC "Development Bank of the Republic of Belarus" and non-bank financial institutions shall determine the indicators out of indicators determined in the first part of this Clause themselves, having regard to the character and volume of banking transactions being carried out.

35. With a view to limiting (reducing) risks associated with legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation, the Bank may apply the following complementary internal control measures to the customers to which/whom the high risk level of customer relations has been assigned:

request for additional information and documents (copies thereof), their analysis, in particular by comparison of information contained therein and information available to the Bank;

suspension and/or denial of the customer's financial transaction in pursuance of paragraphs two, three and six of Part four in Article 6 of the Law of the Republic of Belarus "On Actions to Prevent Legitimization of Proceeds of Crime, Financing of Terrorism and Financing Weapons of Mass Destruction Proliferation";

abandonment of the written agreement for conduct of financial transactions signed with the customer, in pursuance of paragraph four of Part four in Article 6 of the Law of the Republic of Belarus "On Actions to Prevent Legitimization of Proceeds of Crime, Financing of Terrorism and Financing Weapons of Mass Destruction Proliferation";

denial of the customer connection to the remote banking system, termination or suspension of servicing via such system in pursuance of paragraph five of Part four in Article 6 of the Law of the Republic of Belarus "On Actions to Prevent Legitimization of Proceeds of Crime, Financing of Terrorism and Financing Weapons of Mass Destruction Proliferation";

other measures specified by the Bank at its discretion in compliance with the legislation.

ARTICLE 4

IDENTIFICATION AND SURVEY OF THE BANK CUSTOMERS

36. Prior to accepting for servicing, the Bank shall identify the customer in compliance with Article 8 of the Law of the Republic of Belarus “On Actions to Prevent Legitimization of Proceeds of Crime, Financing of Terrorism and Financing Weapons of Mass Destruction Proliferation”.

Should the Bank task the identifying agent with identification of the customer in compliance with Part seventeen Article 8 of the Law of the Republic of Belarus “On Actions to Prevent Legitimization of Proceeds of Crime, Financing of Terrorism and Financing Weapons of Mass Destruction Proliferation”, such Bank shall incorporate the procedure of interaction with identifying agents in its internal control regulations.

The Bank may identify the customers and representatives thereof without their personal attendance in cases specified by Sub-clause 2.4 Clause 2 in Edict of the President of the Republic of Belarus No. 478 dated December 1, 2015.

37. The identification data shall be acquired by the Bank on the basis of information and documents (copies thereof), including the documents which serve as grounds for conduct of banking transactions, submitted by the customer or identifying agent and received by the Bank from the interbank identification system, from the registration body, or from other sources not prohibited by the law. The customer may be requested to fill in an appropriate questionnaire for the purpose of identification.
38. For identification of nonresident banks the Bank may use information contained in the profile filled in by such nonresident bank in accordance with the form elaborated by the Wolfsberg Group.
39. Information acquired in the course of the customer identification shall be recorded by the Bank in the electronic database (hereinafter “the electronic database of customer profiles”) in case of:

conclusion of written agreements for conduct of financial transactions, including agreements concluded in electronic form, in particular, agreements for bank account opening;

conducting financial transactions in the amount equal to or exceeding 1000 base values by the customers engaged in one-off transactions;

conducting financial transactions which are subject to special control, whether or not such transactions have been conducted;

identification of the electronic wallet owner in cases stipulated for by the legislation and/or agreement with the identifying agent.

When signing the written tripartite agreement for conduct of financial transactions between the Bank, nonbank financial institution and the customer, the nonbank financial institution may refrain from recording the customer identification data in the electronic database of customer profiles.

40. The identification data shall be recorded in the electronic database of customer profiles by filling in the customer profiles.

The identification data on the customer representatives shall be recorded in the profile of the Bank customer.

When surveying the citizens of the Republic of Belarus, foreign citizens and stateless persons who have permits for residence in the Republic of Belarus, the identification number shall be used as essential details of the identity document.

Should the Bank task the identifying agent with identification of the customer, maintaining the electronic database of customer profiles by such identifying agent shall be permitted. Should this be the case, the identifying agent shall ensure prompt access of the Bank to the electronic database of customer profiles.

41. For each group of customers (natural persons, individual entrepreneurs, organizations and correspondent banks) the Bank shall develop a customer profile which is an internal bank document.
42. The customer profile may be standard or extended.

The standard customer profile shall contain:

the list of identification data recorded in compliance with Article 8 of the Law of the Republic of Belarus “On Actions to Prevent Legitimization of Proceeds of Crime, Financing of Terrorism and Financing Weapons of Mass Destruction Proliferation”;

type of contractual relations with the Bank (account type) for natural persons and individual entrepreneurs;

“Inside Information” analytical section.

The extended customer profile shall also contain the list of additional identification data according to Annex 2 to this Instruction. In case of identification via the interbank identification system the procedure of obtaining additional identification data shall be specified by the Bank in its internal control regulations.

Any other data which the Bank deems necessary for application of advanced customer identification measures may be added to the customer profile by a decision of the Bank.

To determine the scope of identification data of any third parties (except for correspondent banks) indicated in the customer profile, the Bank shall be guided by the list of mandatory information specified for the standard profile with due consideration of the scope of identification data identifying such third party and available to the customer in respect of such third party.

43. The following shall be indicated in the “Inside Information” analytical section:
 - 43.1. the assigned risk level of customer relations (final and per vector of the model);
 - 43.2. rationale for high risk level per vector of the model;
 - 43.3. a decision of the responsible official on further actions of the Bank in respect of the customer, provided for by Part two Sub-clause 65.4 of Clause 65 in this Instruction;
 - 43.4. a decision of the responsible official on further actions of the Bank in respect of the customer with a view to limiting (reducing) risks provided for by Clause 35 of this Instruction, and a time frame for its implementation;
 - 43.4¹. a decision of the responsible official on freezing of funds and/or blocking of a financial transaction in respect of persons involved in terrorist activities;
 - 43.5. a decision of the responsible official on verification, and a time frame for its implementation;

- 43.6. grounds for recognition of a person who performs the functions of a sole executive body of the customer organization or a person who heads its collective executive body (if the beneficial owner cannot be identified) as a beneficiary owner of the customer organization;
- 43.7. information on financial transactions in the amount equal to or exceeding 1000 base values (excluding transactions in e-money) conducted by the customers engaged in one-off transactions, and/or on suspicious financial transactions of the customers:

date and place of the financial transaction;

the amount of the financial transaction;

type of the financial transaction in accordance with Annex 2 to the Instruction on the procedure of filling in, transfer, registration, accounting and storage of special forms for registration of financial transactions subject to special control, as approved by Resolution of the Council of Ministers Resolution of the Council of Ministers No. 367 dated March 16, 2006 (National Register of Legal Acts of the Republic of Belarus, 2006, No. 53, 5/22072).

The following data may be used in respect of suspicious financial transactions of the customers instead of the abovementioned data:

the number of the special form sent by the Bank to the financial monitoring body;

date of the financial transaction;

financial transaction alerting attribute in accordance with Clause 60 of this Instruction or a code of financial transaction alerting attribute in accordance with Annex 4 to the Instruction on the procedure of filling in, transfer, registration, accounting and storage of special forms for recording of financial transactions subject to special control;

- 43.8. customer category assigned in accordance with Clause 33 of this Instruction;
- 43.9. data of filling in and update of the profile;
- 43.9¹. reason for unavailability of identification data and measures taken by the Bank for obtaining thereof;
- 43.10. other information required for shaping an idea of the customer.

44. The extended customer profile shall be filled in:

for customers, relations with which/whom is classified by the Bank under the final high risk level;

for correspondent banks;

by the decision of the responsible official;

on other grounds provided for by the internal control regulations of the Bank.

45. The Bank shall ensure:

prompt access of responsible officials, employees of a special division, bank workers engaged in customer service to the electronic database of customer profiles or any part thereof

software-based verification of information on the customers and their beneficiary owners with a view to classifying thereof as foreign public officials, officials of public international organizations, persons who occupy positions included in the List of official positions of the Republic of Belarus established by the President of the Republic of Belarus, their family members and their close associates; recording their verification

histories (date of verification, availability/unavailability of match between the data, information on the customer in case of match between the data);

software-based verification, at least once in three months, of information on the customers and their beneficiary owners with a view to detecting the persons included in the list of organizations and natural persons involved in terrorist activities, which list is developed in accordance with established procedure; recording their verification histories (date of verification, availability/unavailability of match between the data, information on the customer in case of match between the data).

46. The Banks shall ensure safety and integrity of information on the customers saved in the electronic database of customer profiles, in particular, in case of hardware and software failure (malfunction).

The Bank shall disseminate and/or submit information saved in the electronic database of customer profiles in compliance with the laws on information, IT penetration, and information protection.

47. The customer profile retention period shall correspond to the period of retention of information and documents (copies thereof) obtained as a result of customer identification, indicated in paragraph fourteen Part one of Article 6 of the Law of the Republic of Belarus “On Actions to Prevent Legitimization of Proceeds of Crime, Financing of Terrorism and Financing Weapons of Mass Destruction Proliferation”.

48. The electronic database of customer profiles shall ensure:

maintaining the customer profiles with the possibility to view any amendments and/or additions, including those based on verification, and dates of making thereof per each customer;

maintaining the story of the customer profiles update (when and who updated the customer profile);

maintaining the log (register) of updates (when and who updated the customer profile; what alterations were made);

availability of retrieval systems enabling to select (filter) customer profiles meeting the given parameters, in which case retrieval of any customer identification data shall be carried out;

depiction of informational links between the customers, including the organization and natural person who is a head, founder or beneficiary owner of such organization, serviced by the Bank; and retrieval of interrelated customers;

printout of customer profiles.

49. Should no customer data (characteristics, parameters) be available for filling in the customer profile, the respective field may be left blank; putting a dash, or writing the words “no”, “not available”, “does not have” in such field shall be permitted.

50. New customers to whom current (settlement) accounts are opened, shall be surveyed prior to opening such accounts on the grounds of documents submitted in compliance with the legislation. Within a month from opening the current (settlement) bank account to the customer, the Bank shall complement its profile with the data unavailable at the date of opening such account. The agreement signed between the Bank and the customer may

specify the procedure, terms and condition of submission, by the customer, of information and documents (copies thereof) required by the Bank for fulfillment of its obligation to prevent from laundering of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation, assigned to it according to the legislation.

51. The Bank shall resort to verification, if there is a suspicion that earlier obtained customer information is not reliable and accurate, and also if advanced verification measures are applied to the customer.
52. For verification the Bank shall be entitled to:
 - request and obtain information on the customer from the government bodies and other organizations according to the procedure and within the scope specified by the legislation;
 - verify the submitted identification data of an individual entrepreneur or organization with data assigned by the government bodies;
 - be in contact with the customer, its/his representative in a face-to-face meeting, by telephone, in writing, by e-mail;
 - specify any other statutorily compliant verification methods in the Bank's internal control regulations.
53. Information and documents (copies thereof) acquired by the Bank during identification of customers, their representatives, other information on the customer acquired and compiled by the Bank may be stored in the file opened for each account holder.
54. The Banks shall update all customer profile information on:
 - the customers to relations with whom/which the final high risk level has been assigned – at least once in a calendar year;
 - the customers to relations with whom/which the final medium risk level has been assigned – at least once in two calendar years;
 - the customers to relations with whom/which the final low risk level has been assigned – at least once in three calendar years.
55. For the purpose of updating data contained in the customer profiles the Bank may furnish the customers who/which are individual entrepreneurs, organizations and natural persons with identification data earlier submitted by the same, for confirmation and use.
56. The identification data of the customers conducting one-off transactions shall be updated during conducting, by the same, of the following financial transactions:
 - a financial transaction which amount is equal to or exceeds 1000 base values;
 - a financial transaction subject to special control.
57. The following shall be included by the Bank in the electronic database of the customer profiles:
 - identification data on a new customer who is not a customer conducting one-off transactions – within 3 business days from signing, with the same, a written agreement for conduct of financial transactions;

identification data on a new customer conducting one-off transactions – within 3 business days from conducting the financial transaction in the amount equal to or exceeding 1000 base values or financial transaction subject to special control;

identification data differing from data indicated in the customer profile – within 3 business days from submission thereof by the customer and/or receipt by the Bank;

customer identification data submitted to the Bank by the identifying agent – within 3 business days from receipt thereof by the Bank from such identifying agent;

information on the suspicious transaction of the customer – within 3 business days from sending a special form to the financial monitoring body;

information on the transaction of the customer conducting a one-off transaction in the amount equal to or exceeding 1000 base values (excluding operations in e-money) – within 3 business days from conducting thereof;

customer identification data subject to update in accordance with paragraph 54 of this Instruction – within 7 business days from submission thereof by the customer and/or receipt by the Bank.

58. Update of information contained in the customer profiles shall not be mandatory if no customers' account movement is conducted on the grounds of their payment instructions within 6 months preceding the date when the deadline for their profile update expires and it is impossible to contact with such customers, or if no customers' account movement is conducted on the grounds of their payment instructions during the period specified for customer profile update.

ARTICLE 5 DETECTION OF CUSTOMERS' FINANCIAL TRANSACTIONS SUBJECT TO SPECIAL CONTROL

59. The customers' financial transactions subject to special control shall be detected by the Bank at the stage of current and follow-up control depending on the final risk level of customer relations:

for the customers to relations with whom/which the final low or average risk level has been assigned – at the stage of follow-up control;

for the customers to relations with whom/which the final high risk level has been assigned – at the stages of current and follow-up control.

The customers' financial transactions specified in paragraph four Part one of Article 7 of the Law of the Republic of Belarus "On Actions to Prevent Legitimization of Proceeds of Crime, Financing of Terrorism and Financing Weapons of Mass Destruction Proliferation" shall be detected at the stage of current control irrespective of the final risk level assigned to customer relations.

Should at the stage of conducting of a financial transaction a suspicion arise of its being conducted for the purpose of obtaining proceeds of crime or money laundering, financing of terrorism and proliferating or financing proliferation of weapons of mass destruction, the Bank, irrespective of the final risk level assigned to customer relations, shall act in accordance with the procedure established by paragraph 65 of this Instruction.

60. The following shall be the criteria used for detection of suspicious financial transactions:

- 60.1. transfer (receipt) by the Bank customer of funds in the amount exceeding 1000 base values, if a participant of such financial transaction is registered or located in the offshore zone;
- 60.2. transfer (receipt) by the Bank customer of funds in the amount exceeding 1000 base values, to/from the account opened in the offshore zone;
- 60.3. ungrounded more than three-fold increase of funds turnover under the current (settlement) account of the customer (organization or an individual entrepreneur) as compared to monthly average turnover under such account (turnover for the preceding month);
- 60.4. submission, by the customer, of suspicious information which cannot be verified or which verification is too expensive; impossibility to contact the customer at the indicated addresses and telephone numbers;
- 60.5. customer's ungrounded refusal to submit or unjustified delays in submission of information on a financial transaction requested by the Bank, or customer's excessive anxiety about confidentiality;
- 60.6. submission by the customer of documents (copies thereof) giving rise to doubts about their authenticity (veracity);
- 60.7. conduct by the customer (organization or individual entrepreneur) of a financial transaction to the amount which is sizable to it/him, using the current (settlement) bank account under which financial transactions were negligible or not conducted during more than 6 months;
- 60.8. impossibility to identify counterparties of the customer or inconsistency of information on the participant of such transaction submitted by the customer with information available to the Bank;
- 60.9. inconsistency of a financial transaction with the nature of the customer's activity;
- 60.10. ungrounded splitting of the amount of the financial transaction with a view to eventual evading of identification or registration in the special form, except for financial transactions in depositing (withdrawal) of funds to/from accounts and/or deposits by natural persons);
- 60.11. conduct by the customer of the following financial transactions in the amount close to or exceeding 2000 base values: international funds transfer by a natural person, individual entrepreneur, organization for conduct of transactions in non-deliverable OTC financial instruments; financial transactions for adding cash to an account of a natural person, individual entrepreneur, organization; withdrawal of cash from an account of a natural person, individual entrepreneur, organization; purchase and sale of foreign currency in cash, securities, and other highly liquid assets by natural persons on a cash basis, if information on the customer available to the Bank does not make it possible to identify the source of funds of such natural person or if this is not conditioned by the nature of activity of the organization or an individual entrepreneur;
- 60.12. regular conduct by the organization, using its current (settlement) bank account, of financial transactions involving funds transfer to its bank account with any other bank and subsequent crediting (return) to its current (settlement) bank account in the amounts which are close in values;
- 60.13. receipt of foreign currency in cash, payment documents in foreign currency having suspicious blotting, for the purpose of handing on for collection;
- 60.14. transfer or receipt of funds using an anonymous (numbered) account. Use of the anonymous (numbered) account means international transfer of funds or receipt of funds from abroad when the information available to the person engaged in conduct of financial transactions does not enable to identify the personality in which/whose favour or on which/whose behalf such transfer has been made;
- 60.15. absence of a clear economic sense of a financial operation;
- 60.16. availability of non-standard or unusually difficult instructions on the procedure of settlements which differ from the customer's common practice or from common commercial practice;
- 60.17. unjustified haste of conducting a financial transaction on which the customer insists;

- 60.18. introduction, by the customer, of material changes relating to the direction of cash flows or other assets, in the previously agreed scheme of the financial transaction immediately prior to conducting thereof;
- 60.19. regular change by the customer of the procedure of fulfillment of its/his contractual obligations;
- 60.20. significant (more than three-fold) increase of the share of cash transferred to the customer's account, when cashless settlements are customary for its/his core activity;
- 60.21. withdrawn;
- 60.22. early (generally within 6 months from receipt) repayment of loan amounts exceeding 2000 base values received by a natural person, if information on such customer available to the Bank does not make it possible to identify the source of finance of such loan indebtedness;
- 60.23. granting/raising of interest-free loan to/by the customer, loan or borrowing to/from the participant of a financial transaction on conditions providing for receipt/payment of interest and/or other remunerations/payments markedly different from common commercial practice, if information on interrelation and cooperation between the participants of such financial transaction is unavailable to the Bank;
- 60.24. customer's disregard for definitely more beneficial terms of a financial transaction (commission fee rate, interest rate on deposits, etc.), offering by the customer of definitely uncommonly high remuneration or remuneration differing from that commonly charged for services of such type;
- 60.25. one-off or repeated (within the period under review) depositing of cash by the natural person, to the total amount exceeding 2000 base values relating to acquisition of property, if information on such customer available to the Bank does not make it possible to identify the source of origin of such funds;
- 60.26. transfer, by the organization or individual entrepreneur within the foreign trade contract, of funds to the amount exceeding 2000 base values to the account of the nonresident counterparty opened in the country other than the country of incorporation thereof. Such criteria shall not be applied when the nonresident and the Bank receiving the funds are residents of the countries which are the members of the European Union and/or European Free Trade Association and have common borders with each other;
- 60.27. conducting, by an individual entrepreneur, of financial transaction(s) in the total amount equal to or exceeding 2,000 base unit in the analyzed period, involving withdrawal of cash earnings, transfer thereof to natural persons' accounts, including those, an access to which is ensured by the bank card, or use thereof for purchase of foreign currency, if amounts of such financial transaction(s) are inconsistent with the nature of the customer's activity;
- 60.28. withdrawal of cash from the organization's account in the amount exceeding 1000 base values in a short period of time after depositing such cash on such account as loans, borrowings, contributions to the authorized capital;
- 60.29. significant difference of terms and conditions of the foreign trade contract or procedure of execution thereof from generally accepted foreign trade practice of making such transactions and/or international regulations applied to similar transactions;
- 60.30. conducting, by the organization within three months from opening its current (settlement) bank account, of financial transactions to the amount exceeding 5000 base values during one banking day or exceeding 20,000 base values during a month. Such criteria shall be applied to organizations with the authorized capital less than 100 base values as documented in their statutes (memorandums of association) if the period from registration thereof on to opening the current (settlement) bank account is less than six months. Such criteria shall not be applied to transactions conducted by such organization for the purpose of raising the bank loan;
- 60.31. regular conducting, by the customer, of financial transactions with no clear economic sense, related to receipt of funds from more than one counterparty and subsequent

- transfer, in particular, combined with purchase or conversion of foreign currency, of such funds in full or overwhelming (more than 80 percent) volume;
- 60.32. regular receipt by a natural person of money transfer without opening a bank account, from one or more natural persons from the same region of a foreign country, to the total amount exceeding 500 base values;
 - 60.33. one-off or repeated (within the period under review) transfer (receipt), by the Bank customer, of funds in the amount exceeding 2000 base values under the agreements providing for rendering marketing, consulting, accounting, advisory, managerial or research services;
 - 60.34. international transfer of funds in the amount exceeding 5000 base values in favour of a nonresident which/who is not an initial party to the foreign trade contract, without documentary evidence of the fact of assuming obligations by such nonresident through signing a respecting contract of assignment, debt transfer agreement or a similar agreement;
 - 60.35. international transfer of funds in the amount exceeding 5000 base values under a loan agreement, in the event that a nonresident which/who is not a party to such loan agreement acts as an actual payee (recipient) or payments are made from/to the nonresident's account opened in the country other than the country of incorporation thereof. Such criteria shall not be applied to interbank transactions and also in cases when a nonresident and the Bank whereto/wherefrom such funds are transferred, are the residents of the countries which are the members of the European Union and/or European Free Trade Association and have common borders with each other;
 - 60.36. conducting by a customer, including a non-resident carrying out activities without being registered in the tax authority of the Republic of Belarus, of more than one financial transactions, when each of them is not suspicious if taken separately, but based on the aggregation of attributes such financial transactions raise suspicion of being conducted for the purpose of evasion of taxes, duties (fees), rate cutting by means of doubtful declaring of imported goods, laundering of proceeds of crime, financing of terrorism or financing weapons of mass destruction proliferation;
 - 60.37. unusual behaviour of the customer during signing the written agreement for conduct of financial transactions, in particular when opening an account, or when conducting a financial transaction in his own name and for own benefit, which behaviour gives grounds to suppose that he acts for benefit of a third party (nervousness, lack of confidence, aggression, presence of persons directing the actions of the customer or customer's seeking advice of third parties concerning minor issues by telephone);
 - 60.38. one-off or repeated (within the period under review) conducting, by the customer, of financial transactions in the total amount equal to or exceeding 1000 base values, related to acquisition, use or repayment of e-money, if information on such customer available to the Bank does not make it possible to identify the source of origin of funds;
 - 60.39. regular conducting, by the customer, of financial transactions on accounts access to which is ensured by the bank card, when each of them is not suspicious if taken separately, but based on the aggregation of attributes such financial transactions raise suspicion of being conducted for the purpose of receiving economically unjustified income or under-reporting of interest paid by the customer, and are conditioned by certain properties of the product and/or specificities of the legislation;
 - 60.40. conducting, by the Bank customer, of a financial transaction involving transfer of funds, when the Bank has the information on involvement of the bank, non-resident bank including, with which the account of the recipient of such funds is opened, or involvement of the recipient in any illegal financial transactions or application sanction against them for conduct of such transactions;

- 60.41. conducting, by the organization or individual entrepreneur, of current (settlement) account transactions via remote banking systems, when suspicion arises that such systems are used by any third party but not by the customer (representative of the customer);
- 60.42. Excluded (Resolution of the Board No. 62 dated February 15, 2018)
- 60.43. acquisition of foreign currency in the amount exceeding 1,000 base values by a minor or a person under age, and by a natural person who has reached retirement age, when it is highly likely that such persons are unable to derive income adequate for such transactions;
- 60.44. repeated (within the period under review) adding funds to natural persons' e-wallets by any third parties;
- 60.44¹. conduct, by an organization, of financial transaction(s) in the total amount equal to or exceeding 2000 base values within the period under review, namely cash withdrawal or transfer of dividends to accounts of natural persons or making payments associated with gratuitous alienation (withdrawal) of funds of the organization, provided that the total amount of such financial transactions makes a considerable part of the organization's debit turnovers of within the period under review;
- 60.44². conduct by a customer of financial transaction(s) in case the bank has suspensions that they are conducted for the purpose of terrorism financing on the basis of the criteria determined by the Financial Monitoring Department of the State Control Committee of the Republic of Belarus in the recommendations for the persons carrying out financial transactions on the reveal of financial transactions related to terrorism financing;
- 60.44³. conduct by the customer of the financial transaction in the volume close to or exceeding 1,000 base units, related to the acquisition or alienation of digital signs (tokens) for Belarusian rubles, foreign exchange, electronic money, if it is not conditioned by the character of the customer's activity and/or the source of monetary funds is lacking;
- 60.44⁴. conduct by a customer of a financial transaction in the volume close to or exceeding 1,000 base units, related to the acquisition or alienation of digital signs (tokens) for Belarusian rubles, foreign exchange, electronic money from non-residents without participation of the resident of the Hi-Tech Park. Such transactions are revealed with the use of bank payment cards by means of the remote banking servicing systems, global computer network Internet and mobile communication at the stage of the follow-up control.
- 60.45. conducting a financial transaction which does not meet the identification criteria and financial transaction alerting attributes specified in Sub-clauses 60.1–60.44¹ of this Clause and/or internal control regulations of the Bank, which transaction arises Bank's suspicion of being conducted for the purpose of laundering of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation.
61. The Banks, excluding Development Bank of the Republic of Belarus JSC and nonbank financial institutions, shall incorporate all identification criteria and financial transaction alerting attributes specified in Clause 60 of this Instruction, into their internal control regulations.

Development Bank of the Republic of Belarus JSC and nonbank financial institutions shall choose, at their discretion, the identification criteria and financial transaction alerting attributes from among the criteria and attributes specified by Clause 60 of this Instruction in accordance with nature and volume of their banking transactions.

62. In their internal control regulations, the Banks may better specify and add the identification criteria and financial transaction alerting attributes specified by Clause 60 of this Instruction.
63. The National Bank of the Republic of Belarus shall be notified by the Bank of better specified and additional identification criteria and financial transaction alerting attributes set forth in their internal control regulations within five business days from approval of such internal control regulations (amendments and/addenda thereto).
64. To assign a suspicious financial transaction to financial transactions subject to special control, the Bank shall be guided by the following:
- identification criteria and financial transaction alerting attributes specified in the internal control regulations of the Bank;
 - information on the customer acquired during identification and verification;
 - information on the financial transaction required for seizure of the essence and details of the conducted financial transaction;
 - information on financial transactions conducted during the preceding period, with a view to confirming the grounds for assigning or non-assigning of the conducted financial transaction to financial transactions which are subject to special control;
 - information on business reputation of the customer's counterparty and nature of conducted financial transactions, received from the correspondent bank.
65. Should any suspicious financial transaction be detected, the Bank shall act in accordance with the following procedure:
- 65.1. the Bank employees shall prepare the message containing information on the financial transaction in accordance with the list contained in Annex 3 to this Instruction or on the special form to record financial transactions which are subject to special control, as approved by Resolution of the Council of Ministers of the Republic of Belarus No. 367 dated March 16, 2006 "On Approval of Special Forms to Record Financial Transactions Subject to Special Control and Instruction on Filling in, Transmitting, Registering, Reviewing and Filing Special Forms to Record Financial Transactions Subject to Special Control" (National Register of Legal Acts of the Republic of Belarus, 2006, No, 53, 5/22072);
 - 65.2. the message and all necessary documents relating to such financial transaction shall be submitted to the responsible official of the Bank;
 - 65.3. when necessary, the Bank shall request information, documents (copies thereof) and clarification of economic sense of the financial transaction from the customer;
 - 65.4. should there be (be no) grounded suspicions for assigning the customer's financial transaction to financial transactions subject to special control, the responsible official of the Bank shall make a final decision on considering the customer's financial transaction suspicious (not suspicious) and on submission (non-submission) of information thereon to the financial monitoring body;

Should such decision be made in relation to any customer's financial transaction which is one of the same-type financial transactions, the Bank shall:

be guided by the period under review fixed in the Bank's internal control regulations for the respective alerting attributes – if the financial transaction is considered suspicious for purposes of subsequent submission of special forms relating to such transactions. When necessary, the responsible official may make a decision on any other frequency of analysis

of the customer's same-type transactions depending on their amount, type, nature and frequency;

should the financial transaction be considered non-suspicious, the responsible official may make a decision on subsequent non-making of messages relating to such transactions if there are only minor subsequent variation of the amount, type, nature and frequency (subject to unavailability of conformity with other identification criteria and financial transaction alerting attributes).

A decision on considering the same-type transactions suspicious (non-suspicious) shall be made within nine business days immediately following the last day of the period under review.

66. Should a financial transaction be detected which meets the identification criteria and financial transaction alerting attributes specified in Sub-clauses 60.4–60.6, 60.9, 60.10, 60.14–60.16, 60.27, 60.30, 60.31, 60.36, 60.37, 60.39–60.43, 60.44¹, 60.44⁴ of Clause 60 of this Instruction or other criteria specified by the Bank, the Bank may decide to suspend and/or deny such financial transaction (except for crediting funds to the recipient's account), deny connection to the remote banking system, terminate or suspend the service via such system.

The National Bank of the Republic of Belarus shall be notified by the Bank of establishing, in their internal control regulations, of identification criteria and financial transaction alerting attributes which are not provided for by Part one of this Clause and may be the ground for denial of the customer's financial transaction in the manner and time established by Article 6 of the Law of the Republic of Belarus "On Actions to Prevent Legitimization of Proceeds of Crime, Financing of Terrorism and Financing Weapons of Mass Destruction Proliferation".

The Bank shall notify the customer of suspension of the financial transaction, denial of the same, denial of connection of the customer to the remote banking system, termination or suspension of servicing via such system, unilateral abandonment of performance under the written agreement for conduct of financial transactions, in accordance with the procedure established by the Bank's internal control regulations, in compliance with Part five of Article 6 in the Law of the Republic of Belarus "On Actions to Prevent Legitimization of Proceeds of Crime, Financing of Terrorism and Financing Weapons of Mass Destruction Proliferation".

67. A decision of the responsible official mentioned in Sub-clause 65.6 Clause 65 of this Instruction and justification thereof shall be documented in the form of the respective entry in the message. Should the form of the message match with the special form and shall responsible official of the Bank make a decision to consider the financial operation recorded therein suspicious, the entry in such message shall be not obligatory.
68. The message shall be stored in electronic form or on paper.

Messages in which relation a decision on non-submission of a special form is made, or messages about suspension of a financial transaction in which relation a decision on denial is not made shall be recorded in the message register which form shall be specified by the Bank at its discretion. Such message register may be maintained on paper and in electronic form.

ARTICLE 6
REQUIREMENTS FOR QUALIFICATION AND TRAINING
OF THE BANK EMPLOYEES

69. The following minimum qualification requirements to the Bank employees shall be contained in the internal control regulations of the Banks:
- 69.1. the responsible officials shall have a university-level degree in economy and/or jurisprudence and at least one-year experience of leading the Bank's units included in the organizational structure of the Bank's internal control system (banking units engaged in conduct of financial transactions by the Bank; legal department; internal control, internal audit, risk management, security services) or at least two-year professional experience in such units; or in the absence of such mentioned degree – at least two-year experience of leading the Bank's units included in the organizational structure of the Bank's internal control system; or in the absence of professional experience in banks – at least two-year professional experience in the field of preventing legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation;
- 69.2. the employees of the special division shall have a university-level degree and at least six-month professional experience in leading the Bank's units included in the organizational structure of the Bank's internal control system; or in the absence of the university degree – at least one-year experience in preventing legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation or at least one-year experience in the Bank unit included in the organizational structure of the Bank's internal control system.
70. The following minimum requirements to training the bank employees shall be contained in the internal control regulations of the Banks:
- 70.1. conduct of induction (primary) training and review of the regulatory legal acts of the Republic of Belarus, local regulatory legal acts of the Bank in the matter of preventing legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation – for the persons appointed the officials responsible for internal control, for the persons hired to a special division or to banking units engaged in conduct of financial transactions by the Bank or to the legal department or internal audit and security service, or for persons transferred to the mentioned units from other banking units, within ten business days;
- 70.2. training (scheduled briefing) of responsible officials of the Bank, employees of the special division, officials responsible for internal control, and employees of the banking units engaged in conduct of financial transactions, employees of the legal department or internal audit and security service shall be held at least once a year;
- 70.3. conduct of the off-schedule (ad hoc) training in preventing legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation shall be held under the following circumstances:
- change of the legislation in the field of preventing legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation; obtaining of information documents on this issue from government bodies;
- change of the Bank's internal control regulations;
- reassignment of the employee to the position of an official responsible for internal control implementation or to any other permanent employment in the banking unit engaged in conduct of financial transactions, or to the legal department or to internal audit and security service; getting back from long-term vacation, if such person's knowledge in the field of preventing legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation is insufficient to continue with his labour duties;

detection of violations and faults in the course of control activity on the issues of preventing legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation.

The facts of training and assessment of knowledge of the Bank employee on the issues of preventing legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation shall be registered in the special training log (which form and contents shall be established by the Bank at its discretion) and confirmed by the signature of such employee. The log may be maintained in electronic form, in which case the employee's signature is not required.

Assessment of knowledge of the Bank employees on the issues of preventing legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation shall be provided for by the responsible official of the Bank at least once a year; and initial assessment of employees' knowledge shall be arranged within a month from induction (primary) training.

ARTICLE 7

FREEZING OF FUNDS AND/OR BLOCKING OF FINANCIAL TRANSACTIONS OF PERSONS INVOLVED IN TERRORIST ACTIVITIES

71. The Banks shall freeze funds and/or block a financial transactions in cases specified by Part one Article 9¹ of the Law of the Republic of Belarus "On Actions to Prevent Legitimization of Proceeds of Crime, Financing of Terrorism and Financing Weapons of Mass Destruction Proliferation".

Adoption of measures for freezing of funds and/or blocking of financial transactions shall ensure loss of use of such funds by persons included in the duly established list of organizations and natural persons involved in terrorist activities (hereinafter for the purposes of this Article – "the list") or by organizations which beneficiary owners are natural persons included in the list.

The Bank shall notify the customer on the ban on disposal, use of funds resulting from entering thereof in the list or from entering, therein, of a natural person who is the organization's beneficiary owner, after receipt of the customer's written request.

When blocking the financial transaction or after receipt of the customer's written request, the Bank shall notify the customer on the ban on conduct of the financial transaction resulting from entering of the participant of such financial transaction, beneficiary of such financial transaction or a natural person who is the organization's beneficiary owner, in the list.

The Bank shall notify the financial monitoring body on freezing funds and/or blocking the financial transaction, by sending the special form.

72. The Bank shall use software enabling automatic servicing and blocking of any financial transaction prior to its conduct, as well as identification of customers which/whose funds shall be subject to freezing.
73. The following shall be specified by the Bank in its internal control regulations:

procedure of ongoing obtaining and update of the list through PLITO – the system of retrieval of information on terrorists and terrorist organizations made available on the interbank information server;

persons responsible for obtaining and update of the list;

procedure of depositing funds to which funds freezing and/or financial transaction blocking measures were applied;

procedure of funds unfreezing and/or release of blocked financial transaction, should the Bank obtain information on removal the organization, individual entrepreneur, natural person from the list, or should an appropriate decision on funds unfreezing and/or release of blocked financial transaction be made by the financial monitoring body when verification findings show noninvolvement of the customer in terrorist activities;

procedure of conduct of financial transactions essential for life-support of the natural person, individual entrepreneur whose funds have been frozen, by permit of the financial monitoring body.

74. Measures for freezing customers' funds kept on bank accounts and deposits, in e-wallets, safe deposit boxes, and other funds shall be applied by the Bank without delay but no later than one business day from receipt of the list in accordance with established procedure or from making amendments and additions to the list.

Funds received by the Bank customers to which/whom funds freezing measures have been applied by the Bank shall also be subject to freezing.

The Bank shall check their customers, at least once in three months, for availability of persons to which/whom funds freezing measures must be applied, and shall freeze such customers' funds without delay but no later than one business day from detection of such customers.

75. To identify a new customer when signing the written agreement for conduct of financial transactions, the Bank shall check if such customer, customer's beneficiary owners including, are contained in the list. Should they be contained in the list, the Bank shall deny signing the agreement with such customer.

To identify the customer conducting the one-off financial transaction, the Bank shall check if such customer, customer's beneficiary owners including, are contained in the list. Should such customer, customer's beneficiary owner be found in the list, the Bank shall block the financial operation.

Should the customer receive funds from the organization, individual entrepreneur, natural person included in the list, the Bank shall freeze such received funds and block debit transactions in the amount of received funds, from the date of crediting such funds to the customer's account.

Should funds be sent by the customer which/whose funds are frozen, or should funds be sent to the organization, individual entrepreneur, natural person which/who are included in the list, the Bank shall block such financial operation from the date when customer's payment instruction to transfer such funds is received by the Bank.

Financial transactions involving transfer of noncash funds from accounts opened with the banks of the Republic of Belarus (transmitters of funds) to accounts opened with the banks of the Republic of Belarus (recipients of funds) shall be blocked by the sending Banks.

Transactions in e-money shall be blocked in accordance with the procedure established for e-money transactions.

Procedure of blocking other funds shall be independently established by the Bank in its internal control regulations based on special aspects of conducted banking transactions in compliance with Article 9¹ of the Law of the Republic of Belarus “On Actions to Prevent Legitimization of Proceeds of Crime, Financing of Terrorism and Financing Weapons of Mass Destruction Proliferation”.

76. Funds to which freezing measures are applied by the Bank shall be posted to accounts, in e-wallets of the customers or on accounts, in e-wallets destined for provisional posting of funds.

Annex 1
to INSTRUCTION
on the Requirements to Internal Control Regulations in
Banks, Nonbank Financial Institutions, Development
Bank of the Republic of Belarus Joint Stock Company
in the field of Preventing Legitimization of Proceeds
of Crime, Financing of Terrorism and Financing
Weapons of Mass Destruction Proliferation

MATRIX

for assigning the final risk level to customer relations on the basis of a three-vector risk allocation model

Value of the vector			Final customer relation risk level
Risk by customer profile	Risk by geographic region	Risk by types of transactions	
low	low	low	low
low	low	medium	low
low	low	high	low
low	medium	low	low
low	medium	medium	low
low	medium	high	medium
low	high	low	low
low	high	medium	medium
low	high	high	medium
medium	low	low	low
medium	low	medium	medium
medium	low	high	medium
medium	medium	low	medium
medium	medium	medium	medium
medium	medium	high	medium
medium	high	low	medium
medium	high	medium	medium
medium	high	high	high
high	low	low	medium
high	low	medium	medium
high	low	high	high
high	medium	low	medium
high	medium	medium	high
high	medium	high	high
high	high	low	high
high	high	medium	high
high	high	high	high

Annex 2
to INSTRUCTION
on the Requirements to Internal Control Regulations in
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**LIST
of additional identification data**

1. For a natural person:

information on entry visa (for persons who are not the citizens of the Republic of Belarus if the international treaty does not provide for visa-free entry into the territory of the Republic of Belarus), including the period of validity of visa;

payer's identification number (on the grounds of a document evidencing of registration at the taxation body) (if any);

place of employment, position, office telephone number (if any);

contact (home, mobile) telephone number;

e-mail address (if any);

previous names (given at birth registration, marriage(s), etc.) (if any);

information on representatives, persons able directly and/or indirectly (through other persons) determine (influence on) decisions of the natural person, persons which/whose decisions are influenced by the natural person (if any).

2. For an individual entrepreneur:

information on entry visa (for persons who are not the citizens of the Republic of Belarus if the international treaty does not provide for visa-free entry into the territory of the Republic of Belarus), including the period of validity of visa;

contact (home, mobile) telephone number;

e-mail address (if any);

website URL (if any);

previous names (given at birth registration, marriage(s), etc.) (if any);

expected average monthly turnovers on account (total and cash turnover);

information on representatives, persons able directly and/or indirectly (through other persons) determine (influence on) decisions of the individual entrepreneur, persons which/whose decisions are influenced by the individual entrepreneur (if any).

3. For an organization:

contact telephone numbers, e-mail address (if any);

website URL (if any);

amount of the registered authorized capital;

quantity of employees;

information on accounts opened with other banks (if any);

information on regular counterparties (if any);

expected average monthly turnovers on account (total and cash turnover);

information on representatives;

history of the organization, market position (information on reorganizations, changes in the nature of activities);

information on whether the organization's leaders, chief accountant and/or other authorized officials who are entitled to act in the name of the organization are also the founders (members) of any other organizations with share in their authorized capital exceeding 25 percent or the owners of any other organizations (information in such organizations);

information on whether the organization's founders (members) whose share in the authorized capital exceeds 25 percent, owners and beneficiary owners are also the founders (members) of any other organizations with share in their authorized capital exceeding 25 percent, owners of leaders of such other organizations (information in such organizations);

information on branches, representative offices, subsidiaries (including those located abroad) (if any);

information on organizations able directly and/or indirectly (through other persons) determine (influence on) decisions of the present organization, as well as on organizations which decisions are influenced by the present organization.

4. For a correspondent bank:

organizational and legal form;

bank- and state identification codes (similar unique identification attribute);

number, date of issue of a special permit (license) for banking, issuing authority;

numbers of contact telephones, fax, e-mail address;

website URL (if any);

information on arrangements of the correspondent bank for preventing legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation;

information on whether any corrective measures were applied to the bank during the past three years by the state authority for violation of legislation in the field of preventing legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation (types of committed violations);

name and location of the supervisory authority in the country where the correspondent bank is located; frequency of inspections conducted by such authority;

history, business reputation, bank operation specialization, bank's rating assigned by international rating agencies, information on the covered market sector and competition, reorganization, change in the nature of activities;

information on whether the bank's founders, beneficiary owners are also the founders (members) of other banks (organizations) (information on such banks/ organizations);

information on availability and quantity of separate divisions;

information on subsidiary organizations;

name of the audit organization (auditor who is an individual entrepreneur) engaged in audit of reliability of financial statements of the bank, with indication of the date of the last audit, as well as information on ability of submitting of the audit opinion.

Annex 3
to INSTRUCTION
on the Requirements to Internal Control Regulations in
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**LIST
of data on a financial transaction to be included in the message**

1. Surname (first name, initials) of the customer.
2. Type of the financial transaction.
3. Surname (first name, initials) of the counterparty.
4. Amount of the financial transaction.
5. Grounds to assigning the financial transaction to suspicious one.
6. Signature, name, initials and position of the employee who has made the message.
7. Date of the message.
8. Resolution of the responsible official of the bank on considering (non-considering) of the financial transaction suspicious and justification of such decision.