



**TÜRKİYE KALKINMA VE YATIRIM BANKASI  
ANONİM ŞİRKETİ (DEVELOPMENT AND  
INVESTMENT BANK OF TURKEY)**

**REGULATION ON THE PREVENTION OF  
LAUNDERING PROCEEDS OF CRIME AND FINANCING  
OF TERRORISM**

**RESTRICTED**

**OCTOBER 2020**

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## **1. PURPOSE**

In line with the additional social responsibility and leadership of being a Public Bank, we prepared this Regulation to:

- Ensure that our Bank's policies, procedures and control methods are in line with national and international regulations and generally accepted banking principles
- Maintain our safe banking activities and protect our reputation and customer quality
- Prevent laundering of crime revenues and financing of terrorism
- Make sure that our Bank and personnel are aware of their legal and administrative obligations
- Ensure the required compliance and collaboration in correspondent relations within the scope of the international integration vision

with the ultimate goal of regulating the procedures and principles regarding monitoring, control, internal audit and training activities on the fight against the laundering of crime revenues and financing of terrorism.

## **2. SCOPE**

This Regulation includes the Bank's following activities related to the prevention of laundering of crime revenues and financing of terrorism:

- Monitoring and Control
- Internal Audit
- Training

This Regulation applies to all units within the General Directorate. In addition, our Bank ensures that its financial affiliates also comply with this Regulation.

## **3. DEFINITIONS**

The following terms in this Regulation shall have the following meanings:

a) Ministry: The Ministry of Treasury and Finance

b) Bank: Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi

c) Director: Director of the Financial Crimes Investigation Board

ç) Electronic transfer: Transaction of transferring certain amounts of funds and securities from a financial institution on behalf of the sender to a receiver at another financial institution via electronic means

d) Financial institution: Banks, institutions with the authority to issue debit cards or credit cards other than banks, institutes vested with the powers stated in the foreign exchange law, lenders included in the legislation on lending money, financing and factoring companies, capital market intermediaries and portfolio management companies, investment fund managers, investment partnerships, insurance, reinsurance and pension companies, financial leasing companies, institutions providing exchange and custodian services in line with the capital market law, and the General Directorate of Postal Services limited to the banking activities

e) FATF: Financial Action Task Force - the organization which was established under OECD in 1989 by G-7 countries to take measures in order to improve national legal systems, harmonize legislations, empower the role of the financial system and ensure constant cooperation among

member states with the aim to prevent laundering of crime revenues and financing of terrorism (Turkey became a member in 1991. Recommendations released by the organization are binding for the member states.)

f) Law: Law on the Prevention of Laundering of Crime Revenues dated 11/10/2006 and no. 5549

g) MASAK: Financial Crimes Investigation Board

ğ) Risky Zone: Zones that do not have adequate regulations regarding the prevention of laundering and financing of terrorism, that do not cooperate in the fight against these crimes or that are deemed to be risky by competent international institutions

h) Suspicious Transaction: Any transaction that includes an information, doubt or any other questionable matter that indicate the existence of goods, subject to a procedure performed or tried to be performed before or through the Bank, which might have been obtained illegally or used for illegal purposes including those for terrorist actions or by terrorist organizations, terrorists or the parties that finance terrorism, or which might be related or connected to such acts

ı) Shell Bank: Banks that do not have a physical service office in any country, that do not employ any full-time personnel and that are not subject to the supervision and permission of an official authority in terms of banking transactions and records

i) Compliance Officer: An officer who is authorized by the obligators and vested with the required powers in order to ensure compliance with the Law and legislation implemented based on the Law

#### **4. REFERENCES**

The provisions and practices in this document were prepared by considering the following:

- Law on the Prevention of Laundering of Crime Revenues No. 5549 published in Official Gazette dated 18.10.2006 and no. 26323;
- Regulation on the Measures to Prevent Laundering of Crime Revenues and Financing of Terrorism published in Official Gazette dated 09.01.2008 and no. 26751 and as amended with Official Gazette dated 02.01.2010 and no. 27450;
- General Communiqué on the Notification of Suspicious Transactions for Financing of Terrorism published in Official Gazette dated 07.11.2007 and no. 26693;
- MASAK General Communiqué No. 5 on Simplified Precautions published in Official Gazette dated 09.04.2008 and no. 26842;
- MASAK General Communiqué No. 6 on Notifications of Suspicious Transactions published in Official Gazette dated 27.09.2008 and no. 27010;
- MASAK General Communiqué No. 7 on Identification and Confirmation of Address published in Official Gazette dated 02.12.2008 and no. 27072;
- MASAK General Communiqué No. 8 on Identification and Confirmation of Address of Customers with Constant Business Relationships published in Official Gazette dated 26.05.2009 and no. 27239;
- MASAK General Communiqué No. 9 on the amendment of simplified measures that should be complied with under the 'Know Your Customer' principle published in Official Gazette dated 02.01.2010 and no. 27450;
- Law on the Prevention of Financing of Terrorism dated 07.02.2013 and no. 6415.

In this regard, we also took into consideration the recommendations, principles, standards and guides of institutions such as, nationally, the Banks Association of Turkey and, internationally, the United Nations, FATF, European Parliament and European Union Council, that comply with the national regulations. In addition, in identifying high risk customers, transactions and services, we benefited from the Implementation Guideline for the Turkish Banking System on the Importance of the Fight Against the Laundering of Crime Revenues and Financing of Terrorism published by the Banks Association of Turkey.

## **5. KNOW YOUR CUSTOMER**

In line with the ‘Know Your Customer’ principle, it is our Bank’s ground rule to identify policies, principles and practices in conformity with the legal legislation and ensure full compliance to them. The objective is to ensure transparency in all customer transactions and information and establish and maintain a relationship based on mutual trust.

### **5.1. CUSTOMER ACCEPTANCE – GENERAL PRINCIPLES**

The principle of ‘Know Your Customer’ is ensured by obtaining adequate information on the following:

- Establishment and confirmation of information and documents determined/requested by legal regulations on identification;
- Consistency of documents and information;
- Purpose of preferring our Bank and opening accounts with us;
- Customer’s profession and their main field of activity generating income;
- Workplace or place of operations.

In addition, utmost care and attention is paid to

- Reviewing our Bank’s internal policies, procedural account opening transactions and rules, customer identification information, reporting, monitoring and auditing activities on a regular basis by considering that inadequate internal procedures and audits may result in not fully fulfilling liabilities in this regard;
- Acting with the maximum awareness when reviewing those potential real and legal entity customers who raise suspicions with regards to whether their wealth and funds are obtained through legal methods;
- Not accepting those individuals and entities that refrain from giving customer identification information and filling out related forms as part of the requirement that customer relations should be based on mutual exchange of information, trust and transparency or that act unwillingly in such procedures or that provide misleading information or information that cannot be confirmed;
- Avoiding those who attempt to open accounts with an anonymous name or a nickname for third persons, different than the owner;
- Not confirming account opening requests by third persons with a power of attorney for one or more persons (except for accounts opened for minors) unless it is documented that they are expressly and legally authorized by the customer;
- Constantly monitoring whether the accounts opened are used by the person for whom the account is actually opened or their legal representatives;
- Looking for the condition that powers of attorney and general instructions are notarized;
- Checking the age limit for minors in account opening procedures;

- Refraining from entering into customer or business relations with those individuals and entities about whom there is any information or documents indicating that their financial assets are not earned through legal means or if there are doubts as to whether they are earned legally;
- Except for very well-known and identified customers, not offering risky and irrevocable banking services such as collection of personal checks in foreign currency or issuing letters of guarantee.

## **5.2. CUSTOMER ACCEPTANCE AND RESPONSIBILITIES**

Duties, authorities and responsibilities within the Bank are expressly defined for determining identification of customers during new customer acceptance (account opening and similar transactions in which customer relationship is continuous), registration of declared addresses, obtaining additional introductory information and documents under the legal legislation and/or our Bank's internal practices, verification of such information, and maintaining records in physical and/or electronic medium.

### **5.3. RULES REGARDING IDENTIFICATION**

- Identification is carried out in line with documents and responsibilities indicated in laws and the internal legislation of the Bank.
- Legal entity, structure, name/title and address of the customer are verified by the information obtained from public records and received from the customer.
- The authority of the person claiming to be acting on behalf of a customer is confirmed and they are identified.
- Records and documents regarding customer information are maintained in both physical and electronic environments and are kept open to the access of authorities.

## **5.4. INDIVIDUALS AND ENTITIES THAT SHOULD NOT BE ACCEPTED AS CUSTOMERS**

It is essential that processes are performed in line with the Banks Association of Turkey's Implementation Guideline for the Turkish Banking System on the Importance of the Fight Against the Laundering of Crime Revenues and Financing of Terrorism and the decisions to be made on the subject by the Bank's Board of Directors.

### **5.4.1. Individuals Whose Real Identities and Address Cannot be Determined**

Those individuals and entities wishing to open accounts under a different name than their real name; refraining from giving customer identification information and filling out related forms; acting unwillingly in such procedures; providing misleading information or information that cannot be confirmed, are not accepted as customers.

### **5.4.2. Individuals and Entities Included in the Black Lists Published by Official Authorities on Laundering of Crime Revenues and Financing of Terrorism**

- Individuals and entities whose names are on the lists published/to be published by national and international official or legal institutions in charge of prevention of laundering of crime revenues and financing of terrorism, are not accepted as customers.

- Customer relations with individuals or entities for which such negativities are detected later on will be terminated and their transactions will not be intermediated. Suspicious Transaction Notifications will be delivered to MASAK related to these individuals and entities.

In addition, procedures under Articles 12 and 13 of Law on the Prevention of Financing of Terrorism No. 6415 (Article 12 - Execution of decisions on freezing assets and Article 13 - Management of frozen assets) will be carried out for any current customer for whom an Asset Freeze Decision has been taken.

#### **5.4.3.Shell Banks**

Banks that do not have a physical office in any country, that do not employ any full-time personnel, that are not subject to the supervision and permission of an official authority in terms of banking transactions and records and that are not an entity of a reputable bank that is subject to acceptable regulations and audit procedures in terms of banking transactions and the prevention of laundering of crime revenues, are called Shell Banks and they are not accepted as customers. Their transactions will not be directly or indirectly intermediated.

### **5.5. REAL AND LEGAL ENTITIES REQUIRING ADDITIONAL ATTENTION BEFORE BEING ACCEPTED AS CUSTOMERS**

The risk of the Bank being used for laundering of crime revenues is much higher in transactions related to certain geographical zones, customers active in certain fields of business, and in certain banking transactions. The Bank establishes written principles guaranteeing that the principle of ‘Know Your Customer’ is adequately implemented for such transactions and customers, and it more frequently reports and closely monitors such transactions.

For such persons, it is essential that processes are performed in line with the Banks Association of Turkey’s Implementation Guideline for the Turkish Banking System on the Importance of the Fight Against the Laundering of Crime Revenues and Financing of Terrorism and the decisions to be made on the subject by the Bank’s Board of Directors.

## **6. SUSPICIOUS TRANSACTIONS**

### **6.1. DEFINITION OF SUSPICIOUS TRANSACTIONS**

Suspicious transactions are in question where there is an information, doubt or any other questionable matter that indicate the existence of funds and other assets representable by funds, subject to procedures performed or tried to be performed before or through the obligators, which might have been obtained through illegal means. The liability to notify suspicious transactions includes the Development and Investment Bank of Turkey’s branches, liaison offices and similar entities in Turkey. If there is any information, doubt or another reasonable cause to suspect that funds and other assets representable by funds may have been obtained through illegal means or are related to some sort of crime, such related transactions are deemed to be suspicious transactions.

## **6.2. TYPES OF SUSPICIOUS TRANSACTIONS**

In notification procedures, the “Types of Suspicious Transactions” under the Banking Guide on the Notification of Suspicious Transactions published by MASAK are followed.

## **6.3. DETECTION AND NOTIFICATION OF SUSPICIOUS TRANSACTIONS**

While the banking staff performs their duties, they are obliged to pay utmost attention to transactions that:

- Do not have an apparent legal and economic purpose;
- Are not related and proportional to the customer’s income and business;
- Are attempted to be performed by customers who refrain from providing or are reluctant to provide documents and information under the liabilities stipulated in laws;
- Give the idea that the customer wants to avoid reporting and record keeping procedures;
- Include misleading information and information that cannot be verified;
- Are related to loan requests without any economic purpose and of which the purpose is not declared;
- Include large-scaled and extraordinary transfers to risky geographical zones and countries.

If such transactions are encountered, information and documents of such transactions should be reported to the Compliance Officer according to the internal procedures of our Bank.

## **6.4. NOTIFYING OFFICIAL AUTHORITIES OF SUSPICIOUS TRANSACTIONS**

Suspicious transactions are notified to MASAK in accordance with the applicable legislation and the Bank’s Suspicious Transaction Notification Procedure.

## **6.5. SECRECY AND CONFIDENTIALITY**

Except for authorities to which providing information is legally allowed, information regarding suspicious transactions is not provided to related parties and third persons.

## **7. MONITORING AND CONTROL ACTIVITIES**

Following the confirmation that individuals and entities are included in the banned lists, the related units inform the Internal Control and Compliance Unit.

- Customers and transactions included in the high risk group;
- Complex and extraordinarily large-scaled transactions;
- Consistency of the transaction conducted by the customer to their business, risk profile and fund resources;
- Accounts that have been idle for a while but were suddenly used for a large-scaled lump sum transaction;



- Services that can become susceptible to exploitation due to newly offered products and technological advances;

are all included within the scope of monitoring activities, and required inspections are carried out by sampling in line with the relevant control procedures. If such transactions and customers are suspected, required notifications are delivered to MASAK by the Compliance Officer.

Risk management, control and monitoring activities carried out within the scope of defining, rating and updating risky customers, countries, transactions and services are performed by the Internal Control and Compliance Unit reporting to the Compliance Officer. The updates to the scope and details of risk management, control and monitoring activities aim to ensure compliance with the developments in customer profile, products, services, legislation and the sector's structure. Risk priority is determined for risky customers, countries, transactions and services included in the risk categories according to the scoring established in line with the risk assessment system. Activities deemed to be acceptable according to the risk assessment are not reviewed. However, if there is an actual risk in terms of laundering of crime revenues and financing of terrorism, the transaction is deemed to be highly risky regardless of any risk assessment threshold or exception.

## **8. TRAINING ACTIVITIES**

The objective of the training policy covering the bank staff is to enhance and expand the corporate culture and awareness with regard to the risks related to laundering and financing of terrorism, as well as the Bank's related legal liabilities, policies, procedures and practices, and to provide the latest relevant information to the staff.

The training activities of the Bank for the prevention of laundering of crime revenues and financing of terrorism are designed and implemented pursuant to the applicable legislation and the provisions of this policy and to include the entire bank staff.

Training courses are offered under the leadership and coordination of the Compliance Officer together with the Human Resources System and Strategies Unit on both the liabilities and the practices by benefiting from the Turkish legislation, and the standards, recommendations and notifications published by international organizations and institutions, as well as various scientific studies to ensure the staff is knowledgeable about the related issues. Training courses are carried out face-to-face or electronically.

Special attention is given to the selection of the trainers to provide face-to-face training, and their respective training is also carefully arranged.

Information and statistics required by the legislation are regularly maintained related to the training activities conducted, and are notified to MASAK by the Compliance Officer according to the time frames and procedures specified.

## **9. AUDIT ACTIVITIES**

Efficiency and adequacy of compliance activities performed by the Bank are audited by the Supervisory Board unit for providing assurance to the Board of Directors.

Efficiency and adequacy of the Bank's regulations, code of practice, procedures, risk management, monitoring, control and training activities; and compliance of the Bank's activities with the applicable legislation, policies and procedures; as well as deficiencies, errors and abuses detected in line with the legislation and opinions and suggestions to prevent their re-occurrence are reported to the Board of Directors as part of the audit.

Information and statistics required by the legislation are regularly maintained related to the audit and internal control activities conducted, and are notified to MASAK by the Compliance Officer according to the time frames and procedures specified.

## **10. OBLIGATION TO SUBMIT INFORMATION AND DOCUMENTS**

Requests by MASAK and Audit Officers specified in the applicable legislation regarding full and accurate submission of any information, documents and any related records kept in any kind of medium, and all information and passwords for access to these records or for rendering these readable, are carried out with utmost care and attention through reporting activities under constant provision of information.

## **11. RECORD KEEPING**

Under the provisions of Law on the Prevention of Laundering of Crime Revenues No. 5549 in effect, and the Regulation and Communiqué regarding the implementation of this law, the Bank ensures that all documents in all kinds of media regarding the liabilities and transactions under the said Law are kept for eight years as of their issuance date, while books and records are kept for the same period of time as of their latest date of record, and identification documents are kept again for the same period of time as of their latest date of transaction, and the Bank submits them to the authorities upon request.

Notifications of suspicious transactions and their annexes are included within the scope of the obligation to keep and submit.

## **12. REPLYING TO INFORMATION REQUESTS OF CORRESPONDENT BANKS AND OTHER INSTITUTIONS**

The Compliance Officer is responsible for replying to information requests of correspondent banks and other institutions with a business relationship with the Bank regarding our Bank's practices about the prevention of laundering of crime revenues and financing of terrorism; evaluating those forms in the nature of declarations; and approving compliance thereof.

In order to prevent any kind of setbacks in the communication and any deficiency in the records, such applications should be met by notifying the unit related with the request and the results should be followed by the related unit.

### **13. MISCELLANEOUS AND FINAL PROVISIONS**

#### **13.1. ANNULLED REGULATION**

The approval of this Regulation annuls the Bank Policy on the Fight Against the Laundering of Crime Revenues and Financing of Terrorism and the Regulation on Rules to Apply in the Fight Against the Laundering of Crime Revenues and Financing of Terrorism which were put into effect with the Board decree dated 02.04.2019 and no. 2019-06-06/059.

#### **13.2. ENFORCEMENT**

This Regulation comes into force with the approval of the Board of Directors.

#### **13.3. IMPLEMENTATION**

The provisions of this Regulation are executed by the Board of Directors.

#### **DOCUMENT HISTORY**

<b>Revision Date</b>	<b>Revision Subject</b>	<b>Revision No.</b>	<b>Revised by</b>	<b>Revision Approved by</b>
23.10.2020	Preparation of the document	R-00	First publication	Board of Directors