Regulatory & Supervisory Role of the SIC in Implementing Relevant Provisions of Article 14 of UNCAC

Open-ended Intergovernmental Working Group on the Prevention of Corruption

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31 August – 2 September, 2015
UNCAC
Article 14

- The international community efforts in fighting corruption culminated in the adoption of the United Nations Convention Against Corruption “UNCAC” in 2003

- Article 14 of UNCAC sets out the necessary MEASURES TO PREVENT MONEY-LAUNDERING
Provisions of Article 14

Measures to be taken by each State Party to prevent ML:

A. Institute a comprehensive domestic regulatory and supervisory regime for banks and non bank financial institutions, that should emphasize appropriate AML procedures and controls

B. Consider the establishment of a Financial Intelligence Unit

C. Ensure effective cooperation among administrative, regulatory, law enforcement & other agencies at the national and international levels

D. Implement measures to detect the movement of cash & negotiable instruments

E. Institute measures on electronic transfer of funds
Legislative Measures Taken by Lebanon (A1)

The establishment of a comprehensive domestic regulatory & oversight regime to deter & detect Money Laundering

- Lebanese Law 318 dated 20 April 2001: Created the SIC (Lebanon’s FIU) & sets its supervisory role

- Lebanese Law 32 dated 16 October 2008: expands SIC competence to include corruption


- SIC Circulars
Legislative Measures Taken by Lebanon (A2)

Ensure that Banks, Financial Institutions and DNFBPs have in place effective AML procedures & controls

1. Checking the Identity of the Clients
   (Articles 4 & 5 of Law 318, Article 3 of Circular 83)

2. Verification of the Beneficial Owner/Owner of the records
   (Article 5 of Law 318, Article 4 of Circular 83)

3. Monitoring Transactions
   (Article 8 Circular 83)

4. Record Keeping
   (Articles 4 & 5 of Law 318)

5. Reporting Suspicious Transactions
   (Article 7 of Law 318, Article 5 of Circular 83)
Provisions of Article 14

Role of a Financial Intelligence Unit:

Serves as a national center for the **collection, analysis** and **dissemination** of information regarding potential money-laundering.
Measures/Steps Taken by Lebanon (B)

Law 318/2001 established the SIC as the Lebanese Financial Intelligence Unit:

The SIC:

- Undertakes all the requirements mentioned in Article 14 of UNCAC
- Has freezing and supervision powers
- Processes international & local requests in the same manner
Measures/Steps Taken by Lebanon (C)

Ensure effective cooperation of agencies involved in AML

**Article 9 of Law 318/2001**

Empowers the SIC to communicate with any *Lebanese or Foreign authority* in order to request information or take cognizance of the details of previous investigations that are linked or related to on-going investigations by the SIC.

**National Committee for coordinating AML policies**

Chaired by Banque Du Liban and includes representatives from several ministries and authorities including the GP, the SIC, the BCC, Ministries of: Justice, Finance, Interior & Economy and 3 other members. It undertakes improving coordination among the concerned national authorities.
Measures/Steps Taken by Lebanon (D)

Measures to detect the movement of cash and negotiable instruments

- The MOU concluded between the Lebanese Customs and the SIC calls upon:
  - Passengers to fill a declaration form when transporting cash across border.
  - The Lebanese Customs to provide the SIC with its findings along with supporting documents for further review and appropriate action(s).

- A draft law on cross-border transportation of funds is currently being reviewed by the relevant parliamentary committee.
Measures/Steps Taken by Lebanon (E1)

**Electronic Transfer of Funds**

BDL Regulations (Circular 69/2000 & 83/2001 (article 11)) require FIs to accurately include in the electronic transfer order & attached messages:

- The full information on the originator (full name, address & account number)
- The sources, destination & purpose of funds
- The identity of the beneficiary & the economic right owner, as the case may be

The said information should remain with the transfer throughout the payment chain.
Measures/Steps Taken by Lebanon (E2)

Electronic Transfer of Funds
Relationship between Banks, FIs & their correspondents

BDL Regulation (Circular No. 126)

Extended step taken whereby:

Lebanese banks & FIs are requested to deal with correspondent banks in conformity with the Laws, regulations, sanctions & restrictions adopted by their sovereign authorities or international organizations.
Thank you

Q&A

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