



Special Investigation Commission
Lebanon's Financial Intelligence Unit

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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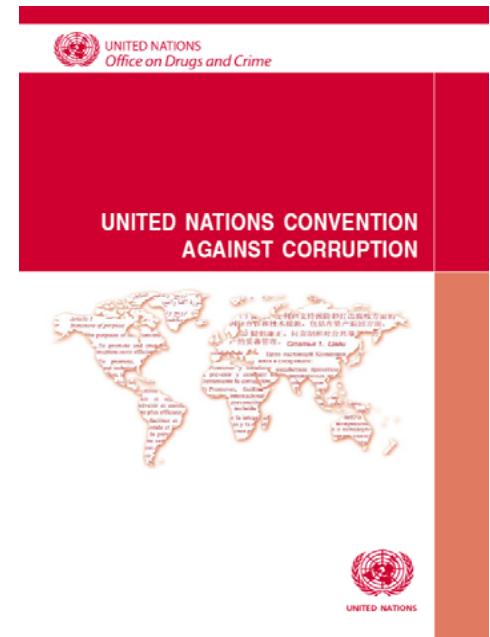
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UNCAC

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
- BDL Basic Regulation (Circular 83 dated 18 May 2001): The regulation on the control of Financial & Banking operations for fighting ML/TF
- 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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