

**People's Democratic Republic of Algeria**

**Ministry of Finance**

**Financial Intelligence Processing Unit**

**Guidelines on the AML/CFT  
obligations for Precious Stones and  
Metals Dealers**

**July 2024**

## Guidelines AML/FT obligations of dealers in precious stones and metals

### **The Financial Intelligence Processing Unit, in coordination with the Directorate General of tax.**

- By law Law No. 05-01 of Dhu al-Hijjah 27, 1425, corresponding to February 6, 2005, relating to the prevention combating money laundering and terrorist financing, amended and supplemented,
- Pursuant to Executive Decree No. 22-36 dated 1st Jumada II 1443, corresponding to January 4, 2022, setting the missions, organization and functioning of the financial intelligence processing unit,

We issued guidelines which read as follows:

- ❖ The provisions of these Guidelines apply to dealers in precious stones and metals, , according to Law No. 05-01 of 27 Dhu al-Hijjah 1425 corresponding to February 6, 2005, relating to the prevention and combating of money laundering and terrorist financing, amended and supplemented, and the Executive Decree No. 22-36 of Jumada al-Thani 1, 1443, corresponding to January 4, 2022, setting the missions, organization, and functioning of the financial intelligence processing unit.
- ❖ The provisions of these guidelines apply on any legal or natural person exercising activities other than those exercised by financial institutions ,especially regulated liberal professions ,particularly dealers in precious stones and metals when carrying out transactions equal or above to Millions Algerian dinars or its equivalent in foreign currency

These guidelines are accompanied by a glossary outlining the terms to be used.

- ❖ Dealers in precious stones and metals, should be diligent, and must in this capacity put into effect a written program for the prevention, detection and combating of money laundering and financing of Terrorism, and take into account the risks associated with money laundering and financing of terrorism, which include in particular:

- Policies.
- procedures.
- Internal Control.

### **1.Risk-based approach**

- ❖ Dealers in precious stones and metals must:
- ❖ Dealers in precious stones and metals must apply due diligence measures, and in this capacity, they must implement a written plan for the prevention, detection and combating of money laundering and financing of terrorism, and to take into account the risks associated with money laundering and financing of terrorism, which include in particular:

- Policies.
- procedures.
- Internal Control.

### **1.Risk-based approach**

- ❖ Dealers in precious stones and metals must:
  - Conduct a risk assessment of money laundering and terrorist financing by identifying, evaluating and understanding those risks, in accordance with the nature and size of the institution, as well as the extent of its activities, provided that this assessment includes:
    - Include information or results of any risk assessment conducted by the State.
    - Identify, evaluate and understand customer's risks, countries or geographic regions, products, services, transactions, delivery channels or service delivery channels.
    - look in all relevant risks factors before defining the level of risks, and the level the appropriate type of measures that should be taken to mitigate those risks.
  - Updating assessment processes periodically and when needed.
  - Document and maintain your risk assessments and updates.
  - Establishing an appropriate mechanism to inform the Supervisory and Control Authority and the competent authorities of the results of the assessment processes spontaneously or upon request.
  - Disseminate and explain the results of the risk assessment to all employees.

- ❖ Risk analysis and assessment mentioned above, must be carried out regularly appropriately, and must be compatible with the nature and size of the company, as well as the scale of its activities. The same applies regarding the nature and specificity of customers.

Dealers in precious stones and metals must also prove to supervision and control authorities and other competent authorities, the measures taken to identify and evaluate the risks of money laundering and terrorist financing, allowing the assessment of the risk profile of the relationship with each customer, and identify changes in money laundering and terrorist financing risks, represented by new products and services provided by applying new technologies to their services, identifying the purpose and intended nature of the business relationship with each customer, and identifying any change related to the risks of money laundering and terrorist financing

- ❖ Dealers in precious stones and metals must identify and assess money laundering and terrorist financing risks associated with the development of new services, products and new professional practices, including new means of providing services, and those arising from the use of new technologies or under development in relation to both new and previously existing products., Also conduct a risk assessment before launching or using products, practices or technologies, by taking appropriate measures to manage and reduce those risks, in addition to specific risks related to business and transactions that do not requires the presence of the parties.
- ❖ Dealers in precious stones and metals must set policies, controls and procedures approved by senior management that enable it to address and reduce identified risks (According to its assessment or according to the national risk assessment), supervise and strengthen them if necessary, by taking into account enhanced risk management and mitigation measures when high risks are identified, and simplified risk management and mitigation measures when low risks are identified.

In this context, they must ensure continued commitment to these procedures and their regular update.

## **2.CDD measures**

- ❖ To avoid exposure to risks associated with customers, it is necessary for Dealers in precious stones and metals to set internal standards for identifying customers and constantly matching them with the risks mentioned above regarding the risk-based approach, as Dealers in precious stones and metals it must apply CDD measures and all transactions that may pose a risk, and monitor activities and operations that may be suspicious.

❖ “Know Your Customer” standards must take into account the basic elements of risk management and control procedures, Especially:

- New customer acceptance policy.
- Identifying customers, the real beneficiary and monitoring movements and operations.
- Continuous monitoring of all clients.

The actions referred to above must be approved by senior management.

On the other hand, Dealers in precious stones and metals must carry out an examination of the transactions throughout the duration of the business relationship, in order to ascertain their compatibility With the knowledge they have about their clients and Their activities And risks profiles of these clients, including the source of funds when required. In addition to making sure that documents Or information resulting While exercising CDD, remains updated and compatible, especially for high-risk customer categories.

As for existing customers, Dealers in precious stones and metals should apply CDD measures For important Risks that They represent it, and In a timely manner, taking into account the existence of previous customer due diligence measures, at the time of their implementation, and the importance of the information obtained.

Dealers in precious stones and metals must all apply due diligence measures, when They establish business relationships, or during Procedure of occasional transaction of more than 2 million Algerian dinars or its equivalent in legal currency, including in cases where the transaction is carried out in one or several transactions that appear to be linked., or have There is suspicion of money laundering or terrorist financing, regardless of the minimum level stipulated in the regulations And in case There is doubt among DNFBPs about the validity or suitability of previously obtained customer identification data.

❖ Dealers in precious stones and metals must take measures to identify customers, whether existing or occasional, Residents or non-residents depending on the nature of customers.

**1. If the customer is a natural person:**

2. Verifying the the natural person through documents (especially the original and valid documents with a picture) National ID card, driver’s license, passport for foreigners, and at a minim the client's name and his nationality, date and place of birth, and his permanent address, The identity card number or passport number of the foreign person, and the place and date of issuance, Parents' name, Marital status, and wife’s name.
3. Information about the customer's economic activity, It consists of: The nature of the client’s work or activity and his sources of income, Professional title, employer, and the value of income monthly.
4. Information related to residence address, personal actual or current residence.

5. Customer contact information, like Phone numbers, addresses, mail address if any.
6. Any other information the notary deemed it necessary to obtain according to the nature and degree of risk.

7. **If the customer is a natural person:**

- Verifying the identification the natural person through documents (especially the original and valid documents with a picture) National ID card, driver's license, passport for foreigners, and at a minim the client's name and his nationality, date and place of birth, and his permanent address, The identity card number or passport number of the foreign person, and the place and date of issuance, Parents' name, Marital status, and wife's name.
- Information about the customer's economic activity, It consists of: The nature of the client's work or activity and his sources of income, Professional title, employer, and the value of income monthly.
- Information related to residence address, personal actual or current residence.
- Customer contact information, like Phone numbers, addresses, mail address if any.
- Any other information the notary deemed it necessary to obtain according to the nature and degree of risk.

8. **If the customer is a legal person, including all types Non-profit organizations, Dealers in precious stones and metals must:**

- Understand the nature of the legal person and its activities, in addition to its ownership structure and control structure.
- Identify and verify the identity of the legal person by obtaining the information specifically requested via an original copy of its status and any document proving that it is registered or legally approved and that it exists officially, and Actual address at the time of its identification, by verifying the address by submitting an official residence document, in addition to the need to know all the powers that govern and bind the legal person, as well as the names of the relevant persons who hold management positions.
- Identify the beneficial owners of clients and take reasonable measures to verify the identity of these persons using relevant information or data obtained from a reliable source, so that they have assurance that they know who the beneficial owners are.
- For agents and intermediaries who work for others or act on behalf of the client, Dealers in precious stones and metals must, in addition to the documents stipulated above, verify the powers granted to them.

A copy of each document proving the identity, agency and address.

It is not possible in any case for Dealers in precious stones and metals to maintain, or deal with unidentified persons or persons with clearly fictitious or fictitious names.

❖ An exception to the provisions the two paragraphs above, when the risks of money laundering or terrorist financing appear low and it is necessary not to interrupt the normal practice of the activity, the identity of the customer and the beneficial owner must be verified before or during the establishment of a business relationship or the execution of transactions in the case of occasional customers, Dealers in precious stones and metals must complete practical verification after establishing the business relationship, provided that:

- That this happens as soon as reasonably possible.
- It must be necessary so as not to disrupt the normal workflow.
- Effectively manage money laundering and terrorist financing risks.

Dealers in precious stones and metals must approve appropriate risk management procedures regarding the circumstances in which the client can benefit from the business relationship before the verification process, and this process must include a set of actions; restrictions, or controls on the number, types, and/or the amount of transactions or operations that can be carried out, and monitoring large or complex transactions that exceed the expected determinants of this type of relationship.

It is prohibited to delay of the verification process when there are indicators of high risks, and When There is suspicion of money laundering or financing Terrorism, and when it comes to basic and representative customer identity information regarding identity card or passport information, or identity papers and documents related to the legal person.

❖ Dealers in precious stones and metals must take Reasonable actions according to the risks of Money laundering and financing Terrorism arising from the client and business relationship, to determine the beneficial owner in relation to the Natural person, and verify their identities through the following:

- Determine whether the client is acting for himself and for his own benefit, and if so, It requires his signature on a statement stating he is the beneficial owner of the business relationship.
- in case the client does not act on his own behalf and for his own benefit, Or when Dealers in precious stones and metals doubts the validity of a statement, the natural person or natural persons who actually and ultimately benefit or control the business relationship, or for whose benefit or on whose behalf the transaction is conducted, or who ultimately and effectively control the customer's accounts, must be identified, and the capacity in which the customer is acting on behalf of the beneficial owner must be determined..

Applying the procedures for identifying and verifying the identity of a natural person stipulated in these guidelines on the beneficial owner or beneficial owners identified under the provisions of the first part of this paragraph, in a sufficient manner that guarantees DNFBPs they were able to determine The beneficial owner.

The identity of the beneficial owners of clients who are legal persons must be verified, as stated already, identify the true beneficiaries of clients and take reasonable measures to verify the identity of these persons, and this using the following definition elements:

A-The identity of the natural person(s) who ultimately owns a share in the legal entity enabling it to exercise effective control.

B-After applying element (a), there is doubt as to whether the person(s) with a controlling interest is the beneficial owner(s), or when no natural person exercises control through participation, DNFBPs should verify the identity of natural persons, if any, and those who exercise, by any other means, actual control over the legal entity, including control over its directorate, administrative or supervisory body, or general assembly.

C- If no natural person is identified in relation to the implementation of points (a) or (b) above, the relevant natural person holding the position of lead director will be identified.

Dealers in precious stones and metals must verify the identity of the relevant natural person who holds the position of lead director.

❖ To make sure The validity and accuracy of the data held About Customers and its effectiveness, Dealers in stones and precious metals services must update it annually, depending on The following priorities:

- The importance of the risks represented by the client.
- When a large transaction is made that does not align with the customer's knowledge, business and risk profile.
- On the occasion of a fundamental change in customer authentication standards, as well as immediately in the two cases previously mentioned <sup>1</sup>.

However, if at some point the information available to them regarding a client is insufficient, they must take the necessary measures to obtain all useful information as soon as possible.

❖ Dealers in precious stones and metals can apply simplified due diligence measures in relation to some clients provided that lower risks are identified and assessed and that this assessment is consistent with

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<sup>1</sup>When there is suspicion of money laundering or terrorist financing, regardless of the minimum level stipulated in the regulations, and in the event that Dealers in precious stones and metals have doubts about the authenticity or suitability of previously obtained customer identification data.



national and sector risk assessments, and their own risk assessments of terrorism financing. Its measures should be proportional to the lowest risk factors, in which the simplified measures consist in particular of the following:

- Verifying the identity of the customer and the beneficial owner after establishing the business relationship.
- Reduce the frequency of updates to customer identification elements.
- Reducing the intensity of continuous due diligence and the depth of inspection of operations based on a reasonable limit.

In no case can it be applied CDD measures, when there is suspicion of money laundering or terrorist financing or in specific cases of higher risk.

- ❖ Dealers in precious stones and metals must have an appropriate risk management system in place to determine whether a potential customer, existing customer or beneficial owner is a politically exposed person as defined in Law No. 05-01 of Dhu al-Hijjah 27, 1425, corresponding to February 6, 2005, relating to prevention and combating money laundering and terrorism financing ,mentioned above, and take all reasonable measures to determine the source of funds and ensure enhanced and permanent monitoring of the business relationship.

They should also obtain a license from senior management before entering into a relationship with any new client (A politically exposed person) And the application of requirements to individuals of his family, and on people he is closely associated with. The ascendants, first-degree descendants and their spouses are considered family members of the above-mentioned persons. A person closely associated with the above-mentioned persons is any natural person known to have close business relationships with them.

### **3.Records keeping**

- ❖ Dealers in precious stones and metals must keep records and respond quickly to the requests of the competent authorities and put them at their disposal:
  - Documents obtained as part of customer due diligence procedures and Accounts registers and trade correspondences, in addition to the results of any analysis conducted during a period of at least five (5) years after the end of the business relationship or the date of the occasional transaction.
  - All documents related to the transaction that were conducted, during a period of at least five (5) years after the its implementation.

This documentation must be sufficient to allow the reconstruction of individual transactions, in order to provide evidence if necessary in the context of criminal prosecutions.

#### **4. Suspicious transaction report**

- ❖ Dealers in precious stones and metals are obligated to report suspicious transactions in the specified organizational form and must request an acknowledgement of receipt.

Dealers in precious stones and metals must postpone the implementation of any transaction involving funds that appear to be the result of a crime or a predicate offence, or suspected to be directed to money laundering and/or linked to terrorist financing and report it to the financial intelligence processing unit. Also, the report must be carried out, even if it is not possible to postpone the implementation of those transactions or after their completion.

Every item that would modify the assessment previously made must be reported, during notification of the suspicion and every information that leads to confirming or denying the suspicion without delay to the financial intelligence processing unit

Dealers in precious stones and metals must adhere to the precautionary measures stipulated in Article 18 of the Law No. 05-01 related to preventing and combating money laundering and terrorist financing, amended and supplemented, and its implementation must be ensured.

- ❖ STRs reporting are to be sent exclusively to financial intelligence processing unit. The reporting of the suspicion and its consequences, or the information to be sent to the unit, falls within the framework of professional confidentiality and cannot be viewed by the client or the beneficiary of the transactions.

Dealers in precious stones and metals are required to submit additional information related to suspected money laundering or terrorist financing upon request from the financial intelligence processing unit, within the required deadline.

Dealers in precious stones and metals are required to respond during the same period to any other request for information received from a unit, even without prior notice, regarding the customer(s) or relevant transactions

- ❖ If Dealers in precious stones and metals can not comply with obligations related to due diligence measures, it is necessary:
  - Not to establish business relationships or carry out operations.

- Termination of the business relationship for existing clients.
  - Consider sending STRs to the unit regarding the client's suspicious operations or activities.
- ❖ In case of suspicious transaction related to money laundering or terrorist financing, when there is reasonable grounds someone can inform the client while they continue to implement due diligence procedures, they must refrain from implementing this procedure and send a STR to THE financial intelligence processing unit

### **5.High risk countries:**

- ❖ Dealers in precious stones and metals apply enhanced due diligence procedures to business relationships and financial operations conducted with natural and legal persons, including financial institutions from countries it designated by the financial intelligence processing unit, whether based on what the FATF determines or what it sees fit independently:

A-Enhanced due diligence procedures stipulated in this instruction.

B-Any additional enhanced measures or procedures issued by the Unit

C-Any other enhanced measures which have a similar effect in mitigating risks.

Dealers in precious stones and metals must apply measures that are issued by the unit regarding procedures for high-risk countries.

### **6.Information and training/internal control**

❖ Dealers in precious stones and metals must develop and implement programs to prevent and combat money laundering and terrorist financing, taking into account the risks resulting from money laundering and terrorist financing, and include policies and internal control procedures as follows:

- Appoint at least a senior officer at the management level (The notary himself if he is a natural person), responsible for compliance in the field of prevention and combating money laundering and terrorist financing, responsible for ensuring compliance with oversight, policies and procedures in the field of prevention and combating money laundering and terrorist financing. This person is also the main correspondent for the financial intelligence processing unit and other competent authorities.
- Enabling the compliance officer to work independently, in a way that ensures the confidentiality of the information received or referred to him, and enabling him to view the records and data necessary for him to carry out the examination and review of the systems and procedures specified for combating money laundering and the financing of terrorism.
- An independent assessment function to test and evaluate the effectiveness of systems for combating money laundering and terrorist financing.

- Selection procedures that ensure that employees are appointed according to the required standards.
  - A constant staff training program in combating money laundering and terrorist financing field. The schedule and content of organized sessions should be adapted to the specific needs of the organization.
- ❖ The compliance officer shall do the following:
- Immediately inform the financial intelligence processing unit about operations suspected to include the crime of money laundering, terrorist financing, or any of the predicate crimes, whether these operations have been carried out or not, including: any transaction attempt.
  - Receive Notifications from any employee if the employee suspects that the operation to be carried out is a transaction suspected of being linked to money laundering, terrorist financing, or any of the predicate crimes.
  - Provide the financial intelligence processing unit with data related to operations suspected of being linked to money laundering, terrorist financing, or any of the predicate crimes, and any other information requested from it, and facilitating its access to relevant records and information.
  - Ensure compliance with the legal framework in combating money laundering and terrorist financing.
  - Training employees to enhance their abilities to detect money laundering operations, terrorist financing, or any predicate crimes.
  - Preparing policies to combat money laundering and terrorist financing, and developing internal procedures to comply with the provisions of the law and the instructions issued.
  - Keeping all internal documents and reports it receives and referred to the unit.
  - Preparing periodic reports on unusual operations or those suspected of being linked to money laundering, terrorist financing, or any of the predicate crimes.
  - Establishing the necessary systems for self-assessment of risks in light of the information and data available to designated non-financial businesses and professions, and reviewing them periodically.
  - Develop systems and procedures that ensure that internal audit bodies perform their role, which is to examine internal control and oversight systems to ensure their effectiveness in combating money laundering and terrorist financing, with the need to review them periodically to complete any deficiency in them or update and develop them to increase their efficiency and effectiveness.

Dealers in precious stones and metals must make sure to report these procedures to all Users and That it allows for every agent to report every suspicious transaction to an official Compliance regarding the preventing and combating money laundering and terrorist financing.

The program for preventing, detecting and combating money laundering and terrorism financing falls within the program of internal control system regarding Dealers in precious stones and metals

#### ❖ **7.Branches and subsidiaries**

Dealers in precious stones and metals that take the form of a group must establish, at a level the group, Anti-money laundering and terrorist financing programs that apply and are appropriate to all its branches and related subsidiaries it has. In addition to the measures stipulated previously these programs include also:

- Policies and procedures approved by senior management for exchanging information required for customer due diligence and managing money laundering and terrorist financing risks.
- Providing information related to customers and operations received from branches and subsidiaries, and compliance, auditing, anti-money laundering and terrorist financing functions at the group level. This information should include data and analysis of transactions or activities that appear unusual.

Likewise, when relevant and appropriate for risk management, Branches And Branches Affiliate should also receive the information from Conformity staff of the group.

- Guarantees regarding Confidentiality and Use of the information exchanged, With assurances of not disclosure
- ❖ When the host country does not allow the appropriate implementation of prevention and anti-money laundering and terrorist financing measures provided for in the law In addition to these guidelines, Dealers in precious stones and metals must ensure that its branches in which they have a major share, they apply appropriate additional measures in order to manage money laundering and terrorist financing risk

Dealers in precious stones and metals branches and subsidiaries established abroad can apply Measures to Combat money laundering and terrorism financing Terrorism in the country of origin when they consider it more restrictive.

#### **8.Implementation of Security Council resolutions**

- ❖ Dealers in precious stones and metals must implement immediately the resolutions issued by the sanctions committees of the UN Security Council resolutions taken under Chapter VII of the United Nations Charter, especially the freezing of assets, and prevent entry in business relationships or to carry out transactions accordingly, they must put in place the necessary electronic systems to ensure the implementation of the above-mentioned UN resolutions.

## 9.Suspicion indicators

### Transactions-related indicators:

- The amount of the transaction is not proportional to the activity of the client or beneficiary.
- Recurring transactions whose total during a specific period of time is not proportional to the activity of the client or beneficiary.
- Repetitive transactions from different parties that do not have a clear relationship,
- Transactions with high amounts on a regular basis from areas known for certain crimes, or from countries known to not have effective systems to combat money laundering and terrorist financing.
- Repeated transfers from parties with no clear relationship.
- Postal parcels received from countries that do not have effective systems to combat money laundering and terrorist financing
- Postal parcels heading to countries known for supporting terrorism.

### Indicators related to customer behaviour:

- Customers who fail to provide sufficient information or provide incorrect information.
- Customers who deal with post offices far from their state of residence or the state of their workplace.
- Customers whose transaction pattern changes suddenly.

Done in Algiers, on July 08, 2024



## **Terminology:**

The words and phrases contained in these instructions shall have the following meanings:

**Customer:** The natural or legal person or who deals with DNFBPs

Occasional customer: The customer who is not connected to the DNFBPs with an ongoing business relationship.

Business relationship: the relationship that arises between the customer and DNFBPs, related to any of the activities.

**Beneficial owner:** The natural person or persons who in the end

- 1- They hold or control the customer, the customer's agent, or the beneficiary of life insurance contracts.
- 2- The natural person for whom a transaction is conducted or for whom a business relationship is concluded.

It includes also people who, in the end, exercise actual control over the legal entity.

**Politically exposed person:** Every Algerian, foreigner, elected or appointed, who has exercised or is exercising in Algeria or abroad senior legislative, executive, administrative or judicial positions, as well as senior officials in political parties, as well as persons who exercise or have exercised important functions with or for an international organization.