

# **Anti-Money Laundering and Counter-Terrorist Financing Policy for ARABIAN FUEL ALLIANCE a Global Oil & Petroleum Products Trading Firm**

## **1. Introduction**

It is the policy of **ARABIAN FUEL ALLIANCE DMCC (Dubai, UAE)** to prohibit and actively prevent money laundering (ML), terrorist financing (TF), and any activity that facilitates illegal financial transactions. This policy ensures compliance with applicable international and national regulations, including but not limited to:

- **The UK Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs 2017)**
- **The Proceeds of Crime Act 2002 (POCA)**
- **The Terrorism Act 2000**
- **The Criminal Finances Act 2017**
- **EU Directive (EU) 2015/849 (4AMLD, as amended by 5AMLD)**
- **Office of Foreign Assets Control (OFAC) Sanctions (U.S.)**
- **UN Security Council Resolutions on Financial Sanctions**

Money laundering involves disguising the origins of illicit funds to make them appear legitimate. Terrorist financing may involve legally obtained funds used to support unlawful activities. **ARABIAN FUEL ALLIANCE DMCC** implements stringent controls to mitigate these risks in oil and petroleum product trading.

## **2. Risk-Based Approach**

**ARABIAN FUEL ALLIANCE DMCC** adopts a risk-based approach (RBA) to AML/CFT compliance, assessing risks related to:

- **Customers** (e.g., high-risk jurisdictions, politically exposed persons (PEPs))
- **Products & Services** (e.g., bulk oil shipments, trade finance transactions)
- **Geographies** (e.g., sanctioned countries, high-risk third countries)
- **Delivery Channels** (e.g., complex payment structures, intermediaries)

### 3. AML Compliance Officer (MLRO) Responsibilities

The **Money Laundering Reporting Officer (MLRO)** oversees:

- AML/CFT policy implementation
- Customer Due Diligence (CDD) and Enhanced Due Diligence (EDD) enforcement
- Sanctions screening and compliance
- Staff training and awareness programs
- Suspicious Activity Reporting (SAR) to relevant authorities
- Internal audits and policy reviews

### 4. Customer Due Diligence (CDD) & Know Your Customer (KYC)

#### 4.1 Identification & Verification

Before establishing a business relationship, **[Company Name]** collects and verifies:

##### **For Natural Persons:**

- Full legal name, date of birth, nationality
- Residential address (verified via utility bill, bank statement)
- Passport/national ID copy
- Source of funds & wealth

##### **For Legal Entities:**

- Certificate of incorporation & business registration
- Memorandum & Articles of Association
- Ultimate Beneficial Ownership (UBO) structure (25%+ ownership threshold)
- Board of Directors & authorized signatories
- Proof of business activity (e.g., trade licenses, contracts)

#### 4.2 Beneficial Ownership Identification

- **For corporations:** Identify individuals owning >25% of shares/voting rights.
- **For trusts/foundations:** Identify settlors, trustees, beneficiaries.
- **For PEPs:** Enhanced scrutiny required (see Section 6).

#### 4.3 Ongoing Monitoring

- Regular transaction reviews based on risk level (low/medium/high).
- Updates to customer profiles as needed (e.g., ownership changes).

### 5. Enhanced Due Diligence (EDD) for High-Risk Scenarios

EDD applies to:

- **Politically Exposed Persons (PEPs)** and their associates
- **High-risk jurisdictions** (e.g., FATF blacklisted countries)
- **Complex transactions** (e.g., unusual payment routes, shell companies)
- **Sanctioned entities** (e.g., OFAC, EU, UN-listed parties)

## **EDD Measures Include:**

- **Additional documentation** (e.g., audited financials, trade contracts)
- **Senior management approval** for onboarding
- **Enhanced transaction monitoring**
- **Source of funds verification** (e.g., bank statements, invoices)

## **6. Politically Exposed Persons (PEPs) & Sanctions Compliance**

### **6.1 PEP Screening**

**Definition:** Individuals with prominent public functions (e.g., heads of state, military leaders).

**Requirements:**

- Senior management approval for PEP relationships
- Ongoing monitoring for 12+ months after PEP status ends

### **6.2 Sanctions & Embargoes**

- **Prohibitions:** No dealings with OFAC, EU, UN-sanctioned entities.
- **Screening Tools:** Real-time checks using **Dow Jones, Refinitiv World-Check, or equivalent**.
- **Reporting Obligations:** Immediate freezing of assets and reporting to OFSI/NCA if a match is found.

## **7. Suspicious Activity Reporting (SAR)**

### **7.1 Internal Reporting**

Employees must report suspicious activity to the **MLRO** immediately using a standardized SAR form.

### **7.2 External Reporting**

- **UK:** Reports filed with the **National Crime Agency (NCA)** via the SAR Online system.
- **U.S.:** Reports filed with **FinCEN (if applicable)**.

### **7.3 Red Flags in Oil Trading**

- **Unusual payment methods** (e.g., third-party payments, cash transactions)
- **Over/under-invoicing** in trade documents
- **Use of shell companies** with no clear business purpose
- **Ship-to-ship transfers** in high-risk waters

## **8. Record Keeping**

- **Retention Period:** 5 years post-business relationship termination.
- **Documents Stored:**

- KYC/CDD records
- Transaction logs & contracts
- SARs & internal investigation reports

## 9. Staff Training

- **Annual AML/CFT training** for all employees.
- **Specialized training** for compliance & trading teams.

## 10. Policy Review & Updates

- **Annual review** by the MLRO and senior management.
  - **Ad-hoc updates** in response to regulatory changes.
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Approved by:  
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