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**Circular of the Moroccan Capital Market  
Authority no. 01/18 of 8<sup>th</sup> March 2018 on the due  
diligence obligations and internal monitoring  
incumbent on the bodies and persons subject to the  
control of the Moroccan capital market authority**

THE MOROCCAN CAPITAL MARKET AUTHORITY,

Having regard to law no. 43-12 on the Moroccan Capital Market Authority enacted by Dahir no. 1-13-21 of 1<sup>st</sup> Jumada I 1434 (13<sup>th</sup> March 2013) as amended, in particular articles 3, 4, 5 and 6 thereof;

Having regard to law no. 43-05 on countering money laundering enacted by Dahir no. 1-07-79 of 28<sup>th</sup> Rabii I 1428 (17<sup>th</sup> April 2007), as amended and completed,

HAS DECIDED

**Title I**

*Definitions*

Article one

For the purposes of this circular, the following definitions shall apply:

1) *Subject person:*

- brokerage firms;
- custodians;
- management companies and institutions of undertakings for collective investment in transferable securities, collective investment undertakings investing in capital and securitization collective investment funds;
- open-ended investment companies.

2) *Beneficial owner:*

Any individual who ultimately holds or exercises control over the client and/or any individual on whose behalf an operation is executed or an activity is carried out.

Where the client is a legal person incorporated as a company, the beneficial owner is defined as the individual who:

- holds, either directly or indirectly, more than 25% of the capital and/or voting rights of the company;
- or exercises, by any other means, effective control over the administrative, executive or management bodies of the company or over the general meetings of partners or shareholders.

For other entities, whether incorporated or not, the beneficial owner is defined as the individual:

- holding rights in respect of more than 25% of the property of the entity or legal person;
- entitled, by virtue of a legal act, to become the holder of rights representing more than 25% of the property of the entity or legal person.

3) *Business relationship:*

Is a professional or commercial relationship which, at the time of the establishment of the relationship between a subject person and a client, is intended to be of a long-term nature. The business relationship may be governed by a contract, under which several successive operations are carried out between the co-contracting parties or which creates continuing obligations with respect to them.

A business relationship is also established where, in the absence of such a contract, a client regularly receives the assistance of the subject person for the execution of several operations or an operation of a continuous nature.

4) *Occasional client:*

Any natural or legal person or any other entity whether incorporated or not, under Moroccan or foreign law, which:

- carries out a one-off operation with the subject person, whether it is carried out in a single operation or in several operations that appear to be linked to each other;
- does not regularly use the services offered by the subject person.

**Title II**

*The due diligence and internal monitoring  
mechanism*

Article 2

In accordance with the provisions of articles 3 to 8 and 12 of law no. 43-05 aforementioned, the subject person must set up a mechanism of due diligence and internal monitoring, detection, surveillance and management of risks relating to money laundering.

This mechanism aims to identify and measure the risks of money laundering and terrorist financing, and to control and monitor them.

The due diligence and internal monitoring mechanism must be part of the overall risk management mechanism of the subject person.

Article 3

In order to counter money laundering and terrorist financing, the due diligence and internal monitoring

mechanism shall include the policies and procedures governing:

- the rules for accepting the business relationship;
- identification and knowledge of the business relationship, occasional clients and beneficial owners;
- updates and retention of documents relating to the business relationship and the operations it carries out;
- the rules for screening clients, ordering parties and beneficial owners of operations, in relation to the lists of competent international bodies;
- follow-up and monitoring of operations;
- reporting suspicious operations to the financial intelligence unit;
- awareness-raising and training of the subject person's staff.

The above-mentioned mechanism must be adapted to the risk typology, the size of the subject person, and the nature, complexity and volume of its activities.

#### Article 4

The procedures referred to in article 3 above shall be set out in a procedures manual approved by the administrative body of the subject person and updated periodically in order to bring it into line with the legislative and regulatory texts in force and adapt it to the development of its activities.

#### Article 5

The subject person shall, at least once a year, carry out an analysis and assessment of the risks of money laundering and terrorist financing related to the categories of clients, countries or geographical areas, financial instruments, services, operations and marketing channels.

The assessment particularly takes into account, individually or in combination, the following variables:

- the purpose of the account or business relationship;
- the amount of assets or securities deposited or the volume of operations carried out;
- the regularity or duration of the business relationship.

The results of this assessment must be documented and brought to the attention of the subject person's administrative body.

The subject person shall apply appropriate due diligence measures to prevent and mitigate the risks involved, as determined by the assessment referred to in this article.

These measures include the implementation of a system of thresholds by financial instruments and services, by periods, by operations, by marketing channels and by geographical areas.

#### Article 6

The subject person must identify and assess the risks of money laundering and terrorist financing that may result from:

- the development of new financial instruments and business practices, including new marketing mechanisms;
- the use of new technologies in the exercise of its activities.

This risk assessment should take place before the adoption of new financial instruments, practices and technologies and should lead to the implementation of appropriate measures to manage and mitigate these risks.

#### Article 7

The subject person must have appropriate information systems enabling it to:

- process the clients' files referred to in articles 14 and 15 below and the identification data referred to in articles 12, 25 and 26 of this circular;
- have access to the position of all its clients' accounts and the operations carried out on these accounts, in the event that the subject person carries out the activity of account keeping;
- analyse trends in operations relating to each client, the ordering party or the beneficial owner;
- identify occasional clients whose number of operations or regularity of operations gives them the quality of business relationships;
- detect, in a timely manner, the unusual or complex operations referred to in article 32 below;
- check whether the clients, ordering parties and beneficial owners of the operations carried out or to be carried out appear on the lists of competent international bodies.

These information systems must enable compliance with the procedures for exchanging the information required by the competent authorities responsible for countering money laundering and terrorist financing.

#### Article 8

The subject person must designate a highly qualified officer responsible for the management and

control of the due diligence and internal monitoring mechanism. Its tasks are as follows:

- to centralize and study, within a reasonable period of time, the unusual or complex operations, which are referred to in article 32 below, detected by the information system;
- to provide enhanced monitoring of the accounts that record the operations considered unusual or suspicious as well as high-risk business relationships;
- to ensure permanent compliance with the rules relating to the due diligence obligation;
- to inform the administrative body of the subject person regularly of high-risk clients and to keep a record of the operations carried out by these clients;
- to communicate with the financial intelligence unit;

For the performance of its tasks, the subject person must make available to the officer above-mentioned sufficient human and material resources adapted to the risk typology, the size of the subject person, and the nature, complexity and volume of its activities.

The officer above-mentioned must have access at all times to the clients' identification data, and to the documents and other information necessary for the performance of their tasks.

#### Article 9

The subject person shall ensure that its managers and staff, either directly or indirectly concerned by the implementation of the provisions of this circular, receive a continuous training that is adequate and adapted to the nature of their tasks in terms of countering money laundering and terrorist financing.

It shall place at the disposal of its managers and staff all the constituent elements of the due diligence mechanism established.

It shall train its staff in techniques allowing the detection and prevention of suspicious operations.

The training programs set up shall be regularly evaluated.

#### Article 10

The subject person shall continuously sensitize its employees to the liability risks that the subject person could face if exploited for money laundering or terrorist financing purposes and shall organize, to that effect, an awareness-raising campaign, at least once a year.

#### Article 11

The subject person must carry out permanent controls and periodic assessments of the diligence mechanism in order to verify in particular:

- the adequacy of its anti-money laundering and terrorist financing policies and procedures and its information systems to the risks involved;
- the implementation of the said policies and procedures by its staff;
- the existence of high-level competence criteria when appointing the staff concerned with countering money laundering and terrorist financing;
- the effectiveness of the training provided to managers and to the staff concerned.

The results of these controls and the related action plans shall be communicated to the administrative bodies of the subject person.

#### Title III

##### *Identification and knowledge of business relationships, occasional clients and beneficial owners*

#### Article 12

The subject person is required to collect and verify the information elements enabling the identification of any person wishing to enter into contact with it, in particular in order to:

- open an account with a custodian or a brokerage firm;
- benefit from its services, even though on an occasional basis, including the opening of an online exchange account or subscription account with collective investment undertakings.

The subject person is required to verify the identity of the occasional client and the beneficial owner of the aforementioned operations.

The subject person shall verify the identity of the persons referred to in the first and second paragraphs above by means of documents, data or information from reliable and independent sources.

The provisions of this article shall also apply to existing clients.

#### Article 13

Prior to entering into a relationship with a potential client, the subject person must conduct interviews with it or, where applicable, with its representative with a view to:

- ensuring its identity and collecting all relevant information and documents relating to its activities and to the environment in which it operates, particularly if it is a legal person;
- understanding the purpose and nature of the proposed business relationship and obtaining, where applicable, the documents relating thereto.

The interviews above-mentioned are carried out using a questionnaire drawn up by the subject person.

In addition to the information above-mentioned, this questionnaire must, where the client requests the opening of an account, whatever its nature, make it possible to:

- determine the client's profile, motivations, financial capacities and source of funds where applicable;
- specify whether the said client has other accounts opened on the custodian's books and the reasons for requesting the opening of a new account and trace the history of existing accounts.

The duly completed questionnaire is recorded in the client files provided for in articles 14 and 15 below.

#### Article 14

Before entering into a business relationship or carrying out any operation, even if only on an occasional basis, with a potential client, the subject person shall draw up an information sheet in the name of the said client, who is a natural person, in the light of the statements contained in the official identity documents issued by an authorized Moroccan authority or a recognized foreign authority. This document must be valid and bear the client's photograph.

The following elements shall be included in this sheet:

- the first and last name(s) of the client or ordering party as well as their date of birth and, where applicable, the first and last names of their parents;
- the identity card number for nationals, its issue and expiry dates and its issuing authority;
- the registration card number for resident foreigners, its issue and expiry dates and its issuing authority;
- the passport number or the number of any other identity document in lieu thereof, for non-resident foreigners, its issue and expiry dates and its issuing authority;
- the exact address;
- the occupation;

- the registration number in the trade register for traders, the registration court as well as the business tax number;
- the company's common identifier number.

For auto-entrepreneurs, the number of the national register of auto-entrepreneurs provided for in article 5 of law no. 114 -13 on the status of auto-entrepreneurs;

- declarations on the origin of the funds;
- information on the purpose and nature of the business relationship.

The above identification information must also be obtained from persons that may be led to operate the client's account under a power of attorney.

Except for the identity documents referred to above, all documents written in a language other than Arabic, French, and English must be translated into one of the first two languages by a translator certified by the courts.

The information sheet, copies of the identity documents and any other documents produced, where applicable, must be kept in a file open in the client's name.

#### Article 15

Before entering into a business relationship or carrying out any operation, even if only on an occasional basis, with a potential client, the subject person shall draw up an information sheet in the name of the said client, which is a legal person, in which all or some of the following identification information must be recorded, depending on the legal nature of these persons:

- the corporate name;
- the legal form;
- the activities undertaken;
- the address of the registered office;
- the tax identification number;
- the registration number of the legal person in the trade register and, where applicable, of its agencies and branches as well as the registration court;
- the company's common identifier number;
- the identity of the persons serving in the administrative and executive bodies of the legal person as well as those mandated to operate the client account;
- information on the purpose and nature of the business relationship envisaged.

This sheet must be kept in the file open in the name of the legal person concerned with the additional documents, hereinafter specified, corresponding to its legal form,

Additional documents to be provided by commercial companies include in particular:

- the articles of association;
- legal publicity relating to the creation of the company and any amendments affecting its articles of association or an extract from the trade register less than 3 months old;
- the summary financial statements of the past financial year;
- the minutes of the deliberations of the general meetings having appointed the directors or members of the supervisory board or the managers.

In the case of companies in the process of being formed, the subject person must require the delivery of the negative certificate, the draft articles of association and all identification details of the founders and subscribers of the capital.

Additional documents to be produced by associations include:

- the articles of association;
- the final receipt delivered to the association by the competent local administrative authority or any other document proving the constitution of the said association in accordance with the legislation in force;
- the minutes of the general meeting concerning the election of the members of the bureau and the chairman and the distribution of tasks within the bureau;
- the act appointing the persons authorized to operate the account.

Additional documents to be provided by cooperatives include:

- the articles of association;
- the minutes of the general meeting appointing the members of the administrative and executive bodies;
- the act appointing the persons authorized to operate the account;
- a certified copy of the application form for registration in the register of cooperatives, signed and sealed by the competent court clerk, containing the number and place of registration of the cooperative or the decision authorizing the incorporation of the cooperative, as the case may be.

For other categories of legal entities, in particular economic interest groups and public interest groups, the subject person shall also require the specific additional identification elements as provided for by the legislation in force.

For other legal entities, including trusts or any equivalent legal entities, the subject person shall take note in particular of the elements of their constitution, the purposes pursued and the management and representation procedures of the legal person concerned, and shall verify them by means of any document likely to prove them, a copy of which it shall keep. It must also require the persons responsible for administering or managing the said entity as well as the beneficial owners to provide it with the identification elements of the persons having constituted it.

Additional documents to be produced by legal entities other than those mentioned above include:

- the instrument of incorporation;
- documents appointing the legal representatives of the legal person or determining the powers of their administrative or management bodies.

The subject person must collect the identification elements provided for in article 14 for beneficial owners and individuals authorized to operate the account of legal entities.

The aforementioned documents established abroad must, subject to the international conventions duly ratified and published in the "Official Gazette", be certified by the Moroccan consular services located in their country or by their country's consular representations in Morocco.

Documents written in a language other than Arabic, French and English must be translated into one of the first two languages by a translator approved by the courts.

In the event of doubt as to the identity of the individuals in the position of beneficial owner or if the identity of the latter cannot be established, the subject person shall be required to take all appropriate measures, in accordance with the legislation in force, to ascertain the identity of the individual holding the highest authority within the administrative or management bodies.

#### Article 16

In the event of recourse to a third party for the identification of the business relationship, occasional clients and beneficial owners, the subject person shall be required to ensure that the third party satisfies the following conditions:

- submission to the legislation and regulations on countering money laundering and terrorist financing and the provision of sufficient policies and procedures to this end;



- compliance with the due diligence obligations with regard to the aforementioned identification and retention of documents;
- immediate notice to the subject person of information concerning the identification of the business relationship envisaged, occasional clients and beneficial owners as well as the purpose and nature of the said relationship;
- immediate submission to the subject person, at their request, of the copy of the identification data and other relevant documents relating to the due diligence obligation.

The subject person must also take into account the information available in terms of the risk associated with the countries in which the third parties are established.

The aforementioned third party may not entrust another party with the tasks assigned to it by the subject person.

Where the third party responsible for identifying clients, the business relationship and the beneficial owners is part of the same group as the subject person, the latter shall ensure that the said group satisfies, in addition to the conditions laid down above, the following conditions:

- its submission to the provisions relating to the obligations of due diligence and internal monitoring provided for in this circular or to corresponding provisions at least;
- its submission to the control of the competent authority concerning the obligation of due diligence in terms of the risks of money laundering and terrorist financing.

The subject person shall be held solely responsible for compliance with the due diligence obligation referred to in this article.

#### Article 17

The subject person shall ensure that the documents, data, and information obtained in the course of carrying out the obligation of due diligence provided for in articles 12, 14 and 15 above are up to date.

They shall ensure that the documents, data, and information provided for in articles 14 and 15 above are regularly updated, taking into account the importance and sufficiency of the aforementioned elements with regard to the typology of the risks associated with business relationships. These elements shall be updated at a frequency determined according to the typology of the risks associated with business relationships and in the light of the results of the analysis and assessment of the risks provided for in article 5 above.

#### Article 18

Except in cases of suspected money laundering and terrorist financing, the subject person may apply simplified due diligence measures for the identification of clients to the following organizations:

- companies making public offerings;
- credit institutions and similar organizations;
- insurance and reinsurance enterprises;
- social security organizations;
- brokerage firms;
- securities custodians;
- management companies and institutions of undertakings for collective investment in transferable securities, collective investment undertakings investing in capital and securitization collective investment funds;
- undertakings for collective investment in transferable securities, collective investment undertakings investing in capital and securitization collective investment funds;
- public enterprises and institutions.

Subject to the provisions of article 30 of this circular, the simplified due diligence measures referred to in the first paragraph above include, particularly, the following:

- verification of the identity of the client and the beneficial owner after the establishment of the business relationship;
- reduction of the frequency of updates to client identification elements.

#### Article 19

Remote requests for the opening of accounts, in particular by electronic means, are subject to the same conditions provided for in articles 12 to 16 above.

In the case of a request to open an account with a custodian from abroad, the latter must comply with the following additional conditions:

- obtaining additional supporting documentation to confirm the client's identity;
- the requirement that the first operation credited to the new account should be carried out by the client from an account opened in their own name with another custodian located in a country observing the standards of the Financial Action Task Force;
- the application of enhanced due diligence measures on the account(s) of the client who does not come in person to the custodian concerned.

In the case of failure to submit the original documents referred to in articles 14 and 15 above to the

custodian, the copies of such documents must, subject to the international conventions duly ratified and published in the "Official Gazette", be certified as true copies by the competent authorities.

#### Article 20

The subject person must carry out a thorough examination of the documents referred to in articles 12, 14 and 15 above to ensure that they are apparently in order and, if applicable, reject them in the event of anomalies or discrepancies between the information contained therein. In the latter case, the client is asked to produce new supporting documents.

#### Article 21

The subject person must ensure by all means the exact address of the client. Failing this, they may refuse to enter into a relationship with the client and, if necessary, close the account.

#### Article 22

For the purposes of identifying the beneficial owners of a client that is a legal person, the subject person shall take all measures necessary to understand the ownership and control entity of the said legal person.

#### Article 23

The custodians, the brokerage firms for the online trading service and the management companies of Collective Investment Undertakings for the online subscription service cannot keep anonymous accounts or accounts under fictitious names.

#### Article 24

Where the subject persons, referred to in article 23 above, cannot comply with the obligations provided for in articles 12 to 15 above or where the identity of the persons concerned is incomplete or manifestly fictitious, the said subject persons shall:

- refrain from establishing the business relationship with the said persons and carrying out any operation for their benefit;
- terminate any established business relationship.

In these two cases, the subject persons must file, without delay, a report of suspicion to the financial intelligence unit.

#### Article 25

The information that must accompany cross-border electronic transfers of funds, issued or received, shall include at least:

- the first and last names or the corporate name of the ordering party and the beneficial owner;
- the account numbers of the ordering party and the beneficial owner as soon as such accounts are used to carry out the operation or, if applicable, a unique operation reference number in order to establish its traceability;
- the address of the ordering party, their client identification number or their date and place of birth;
- the purpose of the operation.

Such information must be integrated into the subject person's information system and must be easily exploitable.

#### Article 26

Domestic transfers of funds, as well as domestic or foreign securities transfer orders, issued and received, must include the same information as provided for in article 25 above, unless such information can be made available, by other means, to the subject person of the beneficiary, the competent authorities, the custodian or the ordering party subject to a foreign law, where applicable, at their request, within three working days following receipt of the request.

The subject person of the ordering party must at least enter in the transfer orders referred to in the first paragraph above, the account numbers of the ordering party or a unique operation reference number, provided that these account or reference numbers make it possible for the other required information to be found.

#### Article 27

The subject person of the beneficiary must put in place risk-based procedures to process transfers of funds received and securities transfer orders, not accompanied by the information provided for in article 25 above.

These procedures shall entail, in particular, the implementation of the following incremental measures:

- suspending the execution of the operation and requiring the subject person of the ordering party to provide the required information, within a reasonable time limit;
- rejection of the operation in the event of non-receipt of the required information within the prescribed time limits;
- termination of the business relationship with the relevant custodian in the event that the latter is unable to comply with the requirements laid down in article 25 above.

**Title IV***Monitoring and control of operations***Article 28**

The subject person shall classify its clients into categories according to the typology of the risks they represent, taking into account the results of the risk assessment provided for in article 5 above, the information contained in the questionnaire and the sheets provided for respectively in articles 13, 14 and 15 above.

**Article 29**

The following, among others, are considered high-risk clients:

- clients identified as such by the subject person on the basis of its risk-based approach referred to in article 5 above;
- persons, of Moroccan or foreign nationality, exercising or having performed senior political, military, judicial or administrative public functions in Morocco or abroad, or an important function within, or on behalf of, an international organization, and their close family members and persons closely related to them, whether of Moroccan or foreign nationality, as well as any company in which they hold a share of the capital;
- non-resident foreigners;
- non-profit organizations;
- companies whose capital is represented by bearer shares;
- companies whose ownership structure is excessively complex given the nature of the company's activities;
- legal entities including trusts or any equivalent legal entities;
- individuals and legal entities from countries for which the Financial Action Task Force (FATF) calls for enhanced due diligence measures.

Operations carried out by or for the benefit of persons resident in countries with a high risk of money laundering or terrorist financing, in particular operations classified as such by the competent international bodies, shall also be considered as high-risk operations.

**Article 30**

The subject person shall establish, for each category of clients, thresholds above which operations could be considered unusual.

**Article 31**

The subject person must ensure that the operations carried out by its clients are in perfect adequacy with its knowledge of these clients, their activities and the typology of the risks they represent.

**Article 32**

Unusual or complex operations include, in particular, operations that:

- do not appear to have any economic justification or apparent legal purpose;
- involve amounts that are disproportionate to the operations usually carried out by the client;
- are carried out under conditions of an unusual degree of complexity.

The essential element of complexity of the operation lies, in particular, in the mismatch between the operation in question and the client's professional or economic activity, or their assets, as well as in relation to the usual account activity.

The subject person is required to examine the unusual or complex operations referred to above. To this end, it shall inquire from the client about the context and purpose of these operations, the origin and destination of the funds as well as the identity of the beneficial owners.

**Article 33**

The subject person must pay particular attention to the financial operations carried out by professional intermediaries or by other categories of clients, in particular, real estate intermediaries, casinos, for their own account or on behalf of their clients, be it individuals or legal entities.

This due diligence must also be exercised with regard to new accounts opened in the name of newly incorporated associations and legal entities.

**Article 34**

The subject person must pay particular attention to:

- operations carried out by persons whose postal address is domiciled with a third party, a credit institution or similar body, the subject person or in a post office box, or by persons who frequently change their addresses;
- accounts of individuals managed by agents.

**Article 35**

The subject person must pay particular attention and establish policies and procedures dedicated to financial instruments, practices and technologies not involving a physical presence of the client or that may favour anonymity.



## Article 36

Any operation considered to be unusual, complex or suspicious must be brought to the attention of the person in charge referred to in article 8 above.

Where the subject person suspects an operation or a set of interrelated operations, and the performance of the due diligence obligations is likely to draw the clients' attention to its doubts with regard to the aforementioned operation(s), the said person may not perform the said obligations. In the latter case, it must file a report of suspicion to the Financial Intelligence Unit.

## Article 37

The subject person must apply the enhanced due diligence measures to high-risk clients and business relationships. These measures include the following:

- collecting additional information about the client;
- obtaining the authorization of the administrative body before entering into or continuing a business relationship and ensuring its enhanced and ongoing supervision;
- keeping the administrative bodies regularly informed with regard to the nature and volume of the operations carried out by these clients;
- increasing the number and frequency of controls and selecting transactions' patterns that require further examination;
- obtaining information on the reasons for the operations carried out or envisaged.

## Title V

*Cross-border relations*

## Article 38

The subject person establishing business relationships with custodians, brokerage firms, financial assets managing companies, or any other entity engaged in similar activities, that are subject to foreign law, must assess the money laundering and terrorist financing risks associated with their activities and apply appropriate due diligence measures to them.

## Article 39

In addition to the identification elements provided for in articles 14 and 15 above, custodians and brokerage firms must, before the opening of an account for the benefit of one of the persons or entities referred to in article 38 above:

- collect sufficient information on individuals and entities to understand precisely the nature of their activities and know their reputation and the quality of the control to which they are subject;
- evaluate the controls set up by these persons and entities to counter money laundering and terrorist financing;
- verify that the said persons and entities are subject to anti-money laundering and terrorist financing legislation at least equivalent to the one applicable in Morocco;
- ensure that their due diligence mechanism is regularly monitored by the supervisory authority to which they belong.

The collection of information shall be completed, where applicable, by holding meetings with the management and the officer in charge of the management and control of the due diligence mechanism of the said persons and entities, their supervisory and control authority including the financial intelligence unit and the competent public bodies.

The subject person must refuse to establish or maintain a business relationship with the fictitious persons or entities that are incorporated or established in a State or territory where they do not have a physical existence and which do not belong to a group of companies subject to the control of the control or supervisory authority.

Physical existence refers to the existence of a body with decision-making power within persons or entities constituted or established in a State or territory.

## Article 40

The decision to accept or continue a business relationship with the persons and entities referred to in article 38 above must be approved by the administrative body of the subject person.

## Article 41

Where a custodian or a brokerage firm has opened, on its books, for the benefit of the persons or entities referred to in article 38 above, proprietary or global accounts, referred to as omnibus accounts, reserved for the clients of these persons and entities, they must exercise enhanced supervision of the operation of these accounts that is adapted to the typology of the risks related.

The custodian and the brokerage firm must ensure that the aforementioned persons and entities:

- have taken adequate diligence measures with regard to their clients;

- shall be able to provide them, at their request, with relevant information on due diligence measures with regard to these clients.

## **Title VI**

### *Document retention*

#### **Article 42**

The subject person must maintain for ten years all the documents relating to operations carried out by business relationships, occasional clients, beneficial owners as well as the persons and entities referred to in article 38 above, from the date of execution of the said operations.

The subject person must also keep, for the same period, all documents obtained as part of the due diligence measures relating to business relationships, occasional clients, beneficial owners and the aforementioned persons and entities from the date of closure of their accounts or termination of the relationship with them.

#### **Article 43**

The results of the analyses and verifications conducted on the operations carried out and the documents related thereto shall be kept for ten years from the date of their issue.

#### **Article 44**

The organization of document retention must, in particular, make it possible to reconstruct all transactions and communicate within the required time limits the information requested by any competent authority.

## **Title VII**

### *Group due diligence measures*

#### **Article 45**

The subject person shall ensure that the obligations defined by the aforementioned law no. 43-05 or at least the corresponding obligations are applied, in accordance with the implementing procedures laid down in this circular, by their branches or subsidiaries whose registered office is located abroad, unless the legislation of the country where the branch or subsidiary is located prevents them, in which case they shall inform the financial intelligence unit and the Moroccan Capital Market Authority.

#### **Article 46**

The subject person shall draw up the consolidated mapping of money laundering and terrorist financing risks at group level.

#### **Article 47**

The subject person shall appoint an officer responsible for countering money-laundering and terrorist financing for the entire group, whose task shall be to define and coordinate a single strategy in this regard and to assess its implementation in Morocco and abroad.

#### **Article 48**

The policies and procedures referred to in article 3 above shall be uniformly applied to the whole group.

In the event of a difference between the minimum legal or regulatory obligations required in the countries of origin and the host country, the subject person located in the host country must apply the most stringent rules.

#### **Article 49**

Subject to the legislative provisions relating to professional secrecy and the protection of personal data, the subject person shall be required to implement the following policies and procedures at group level:

- the exchange of information required as part of the client due diligence mechanism and the management of money laundering and terrorist financing risks in accordance with a program established for this purpose;
- the provision, within a reasonable period, by branches and/or subsidiaries, of the information relating to the clients, accounts and operations to the officers responsible for managing and monitoring the due diligence mechanism, where such information is necessary for the due diligence obligation.

#### **Article 50**

The subject person must collect, in due time, from their branches and/or subsidiaries, information relating to common clients, including related or affiliated parties, in particular, those who present a high risk.

#### **Article 51**

The subject person whose branches and/or subsidiaries are located in offshore financial centres or in countries that do not apply or insufficiently apply the recommendations of the Financial Action Task Force must ensure that these entities have a due diligence mechanism equivalent to the one provided for in this circular, to the extent that the regulations of the offshore centre or the host country so allow. When these regulations provide otherwise, the subject person concerned shall inform the Financial Intelligence Unit and the Moroccan Capital Market Authority.

## Article 52

The subject person, having branches and/or subsidiaries abroad, must coordinate the supervision of cross-border business relationships within the group and ensure that adequate mechanisms for the exchange of information are in place within the group.

The subject person must also ensure that risk assessments carried out by group entities comply with the group-wide assessment policy.

**Title VIII***Submission of reports to the Moroccan Capital**Market Authority*

## Article 53

The subject person shall submit to the Moroccan Capital Market Authority a report containing the results of the analysis and assessment of the risks of money laundering and terrorist financing referred to in article 5 above no later than three months after the end of the financial year for which the assessment is being made.

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