

**Republic of Iraq
Central Bank of Iraq
Department of Foreign Investment and Transfers
Foreign Currency Sale Unit
No. 5/11/1083
Date: 19/2/2023**

To: All licensed banks,

Greetings,

Based on the Central Bank of Iraq Law No. (56) of 2004 (as amended), and for the purpose of fulfilling the CBI objectives through reinforcement of the role of the banking system and non-banking institutions in securing the foreign currency to the beneficiaries in a way that would lead to maintaining the stability of the exchange rate of that currency on the one hand, and meeting the requirements of applying the Anti-Money Laundering and Counter-Terrorist Financing Law No. (39) of 2015 on the other, and based on prerequisites of the best interest of business in line with the reform orientations for the banking sector in Iraq, something which would lead to improvement of the banking business according to the international best practices, the CBI has decided to adopt the attached "Foreign Transfer Regulations".

**(signed)
Ali Mohsen Ismail
CBI Acting Governor
Chairman of Board of Directors
19/2/2023**

Based on the Central Bank of Iraq Law No. (56) of 2004 (as amended) , and in line with the provisions of Article (28) of that law, which allows the Central Bank of Iraq to carry out simple unconditional buy and sell of foreign currency, with the aim of facilitating the financing procedures of international trade and fulfilling the goals of the Central Bank by strengthening the role of the banking system and non-banking financial institutions in securing the foreign currency to the beneficiaries, in a way that would lead to maintaining the stability of the exchange rates of that currency on the one hand, and simplifying the procedures for selling it, including oversight mechanisms and verification of daily sales operations on the other, with the necessity to commit to the requirements of the Anti-Money Laundering and Counter-Terrorist Financing Law No. (39) of 2015, it has been decided to adopt the following regulations:

Foreign Transfer Regulations for the year 2023

First: Entities that are allowed to be legally funded through the electronic platform

1. All types of companies that are registered with the Companies Registration Department of the Federal Ministry of Trade.
2. Projects registered with the General Directorate of Industrial Development of the Federal Ministry of Industry and Minerals.
3. Partnership companies that are duly established by the chambers of commerce (by virtue of an incorporation contract certified by a notary public) with an amount not exceeding (200,000) dollars (two hundred thousand dollars per month).
4. Branches of foreign companies registered with the Companies Registration Department of the Federal Ministry of Trade.
5. All kinds of investment projects that are licensed by investment commissions.
6. Agricultural and animal projects licensed by the veterinary departments or the agricultural investment departments of the Federal Ministry of Agriculture.
7. Scientific offices that are duly licensed by the Syndicate of Iraqi Pharmacists.
8. International factories distributors who are confirmed to be have been appointed by those factories for the purpose of operating in Iraq, and the agents whom the distributor certifies that they are appointed to work in the Iraqi market and are duly licensed to work in Iraq.
9. Agents of international companies, who are registered in accordance with the applicable Commercial Agency Law.
10. All types of companies, factories, laboratories, and projects that are licensed in the Kurdistan Region of Iraq, after submitting a proof of incorporation or a license from the relevant sectoral authorities, with legal translation into Arabic, and this shall cover a period that expires on 31/12/2023, provided that these entities shall register with the counterpart sectoral authorities in the federal government, as they shall not be allowed to subscribe to the electronic platform after the date mentioned above.

Second: Transactions that are permitted to be legally financed in foreign currency

1. Import of goods and commodities that are legally permitted to be imported.

2. Purchase and supply of legally permitted services, including shipping services.
3. Requests received by the Central Bank from governmental and public institutions and self-financed entities concerning needs for which there is no allocation in dollars within the federal general budget of the state, and that shall be confirmed by official documents that support these requests.
4. Augmenting the balances of the sub-accounts opened with JP Morgan Bank for banks and electronic payment companies that have major membership with international card companies (Visa, Master, and others).
5. Augmenting the balances of financial institutions that have major membership with international money transfer companies (Western Union, Money Gram and others) to settle their commitments with those companies after submitting the required statements.
6. Transfers made for legal transactions concerning the purchase of real estate property abroad, as follows:
 - First -The transfer must be for the account of the same customer in the foreign country in which the property will be purchased , or the account of real estate brokerage companies or law firms operating in those countries after verifying the customer's name in the contract signed with the operating brokerage firm/law firm in the country in which the property is going to be purchased.
 - Second -Submission of proof of permanent or temporary residence from the competent authorities in countries whose laws allow for that. This shall not be required in the countries whose laws do not allow residence before owning the property.
 - Third -The customer must submit to the bank a proof of the legitimacy of the sources of the funds that he or she wishes to transfer.
 - Fourth-That the customer must submit to the bank a proof that he or she has purchased the property in a foreign country within a maximum period of six months from the date of the transfer.
7. Medical treatment abroad. The transfer must be from the account of the customer or one of their relatives of the first or second degree to the account of the hospital abroad after presenting a medical report from that hospital.
8. Payment of tuition fees abroad, and the transfer must be from the account of the student or one of their relatives of the first or second degree to the account of the university in which he or she is studying or to the account of the student themselves in the country of study after submitting a proof of study registration certified by the Iraqi Cultural Attaché in the country of study.
9. Transfers related to foreign investments in Iraq, and that shall be as follows:
 - First -The capitals of investment projects that have been granted investment licenses under the Investment Law (13) of 2006 and its amendments (after proving earlier entry of those capitals from outside Iraq for this purpose), and the returns of investment projects after submitting audited financial statements proving the realization of profits and substantiating the settlement of the investor's

obligations with the Iraqi government and the rest of the relevant entities within Iraq.

Second -Transferring the proceeds of selling shares to an Iraqi citizen residing abroad or a foreigner (the original value plus its returns, if any) in the event of selling them, provided that certification of the fact is provided by the Iraq Stock Exchange.

10. Compensation decided or approved by Iraqi official bodies for foreigners, or for Iraqi citizens residing abroad.
11. Profits of shareholders of companies registered in Iraq after submitting duly audited financial statements in addition to submitting proof of the company's tax clearance and the minutes of the meeting of the general assembly approving the distributions or the board of directors, and that the transfer shall be made after proving that the applicant resides abroad and the transfer is for an account opened abroad in their name exclusively.
12. Amounts of financial proceeds (sale of real estate or other assets or their returns) to an Iraqi citizen residing abroad, provided that the transfer is from their account or their agent's account inside Iraq to their account or their company's account abroad exclusively.
13. Due payments related to banking and credit facilitations through which the customer has been associated with banks outside Iraq (the original commitments or interest due on them). This shall require that the bank keep a documented declaration from the customer that includes the following:
 - a) The loan contract signed between the customer and the bank that granted him or her credit banking facilitations outside Iraq, with details and the reasons for which the loan was granted.
 - b) Submission of evidence that the original banking and credit facilitations have entered Iraq through the banking system or by way of goods.

Third: Procedures for subscribing to the electronic platform

1. Applications by bank customers wishing to buy dollars for the purpose of financing their foreign imports shall be submitted through the platform, provided that they include the data concerning the transfer operation, including (data of the customer requesting the transfer, data of the final beneficiary, trade list data, data of the intermediary and correspondent bank), and the equivalent of that in Iraqi dinars shall be recorded on the bank's current accounts opened with the Central Bank/the type of account designated for subscription operations in the platform, provided that the bank is committed not to change the final beneficiary of the transfer process after subscribing to the platform.
2. A bank shall support the purchase request via the platform with the following attachments:
First - The commercial list (invoice) provided that it has an expiration date that does not exceed six months from the date of making the application on the platform, and

twelve months for the invoices covering the manufacture of machines and production lines, and that may be in the form of a preliminary, final, or deferred payment invoice, or a contract Purchase.

Second - An undertaking that is made in accordance with Form No. (1) shall be attached to each application and by which the bank undertakes to verify the integrity and legality of the sources of funds of its importing customers and compliance with the requirements of the Anti-Money Laundering and Terrorist Financing Law No. 39 of 2015. Otherwise, the bank shall bear all the legal consequences resulting from that. The undertaking is to be signed by each of the (managing director, regional director or their representative, Compliance officer, Anti-Money Laundering Officer, and Risk Management Officer)

Third - An undertaking that is made in accordance with Form No. (2) shall be attached to each transfer request (a documentary credit or external transfer) and in which it is to be stated that all operations of searching, investigating and verifying all parties related to the transfer process , including the final beneficiary, have been done on the local and international sanctions lists, especially the (OFAC) lists and those concerning the freezing of terrorist funds, when submitting a transfer request through the platform.

Fourth - A deposit entry made by means of the Real-Time Gross Settlement System (RTGS) in Iraqi dinars that is deposited in the account designated for subscription operations on the platform, provided that it shall be within a period of two working days preceding the date of executing the sale transaction or as decided by the Central Bank, indicating the date and type of engagement.

Fourth: Obligations of banks subscribing to the electronic platform

Banks must be committed to the following:

1. Apply the principle of “know your customer” in accordance with the due diligence procedures stipulated in the Anti-Money Laundering and Terrorist Financing Law No. 39 of 2015 and related compliance regulations.
2. Banks must keep statements about their accounts with correspondent banks, including details of the account movement, which disclose the uses of the amounts of money transferred by the Central Bank.
3. For the purposes of documentary credits and external transfers that are used to finance the import of legally permitted goods or services, banks must open a file that includes:
 - a) An item that confirms the purchase of the goods or the provision of the service (the commercial list that was presented on the platform), and this list shall be the only requirement when creating the transfer request on the platform.
 - b) A bill of lading (in the case of transfers for importing goods), provided that the name of the customer making the transfer is mentioned either in the box of (the party for which the goods are shipped) , (the party receiving the notification) or

(under a contract between the customs broker and the buyer), provided that the bill of lading is issued by the same country to which the transfer is made. If it is issued from a country other than the one to which the transfer is made, then it shall be a prerequisite to prove the relationship between the two parties (the recipient of the transfer and the policy issuer). The bill of lading is the only requirement for the post-audit of transfers.

- c) Evidence of receipt or provision of the service to the customer (in the case of transfers for the purposes of services). The proof document of service provision is the only requirement for the post-transfer audit.
- d) Documentary credit documents (in the case of credits for the import of goods) , and these documents are the only requirement for post-audit of transfers made by way of documentary credits.
- e) SWIFT messages for executing the transfer operation.
- f) Evidence that the bank has conducted the process of search, investigation, and verification on all parties related to the transfers, including the beneficiary, on local and international sanctions lists, especially (OFAC) lists and those of freezing terrorist funds, before executing the transfer operation, provided that the process of searching and investigating the names of the relevant parties be made in both English and Arabic languages.

Fifth: Final Provisions

1. The Central Bank guarantees that the data of customers subscribing to the electronic platform will not be shared with any party except by a final judicial decision, and it also guarantees that the data will not be shared retrospectively except under the same condition.
2. The Central Bank shall sell foreign currency according to the official rate declared by it, provided that the margin of dollar sale made by a bank to its customer does not exceed (10) Iraqi dinars (ten dinars) for each dollar.
3. Request for Foreign currency transfer shall be submitted on the electronic platform within a period of two working days preceding the date of execution of the transfer operation, or as decided by the Central Bank.
4. Any sale or purchase of foreign currency that does not comply with the regulations included in this document shall be excluded.
5. In the event that a bank is proven to have transferred to any person or entity that is subject to local or international sanctions, it will be permanently barred from taking part in the foreign currency sale window.
6. The submission by banks and non-banking financial institutions of data and documents related to the process of subscribing to the electronic platform to the Central Bank and the receipt by the Central Bank of those data and documents does not constitute an automatic acceptance of these documents and data or any certification of their validity, as these they

shall be subject to scrutiny in the manner, mechanism and time specified by the Central Bank.

7. The cases that are not included in the transactions that are considered legally permitted to be financed according to these regulations shall be studied by the relevant departments, and each case shall be presented to the management of the Central Bank to issue its decision on that regard.
8. These regulations shall enter into force as of the date of initiating the operation of the electronic platform for external transfers.
9. The instructions for buying and selling foreign currency of the year 2021 shall be revoked.

(signed)

Ali Mohsen Ismail

CBI Acting Governor

Chairman of Board of Directors

19/2/2023