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**Ministry of Industry, Commerce and Tourism**

**Decision No. (103) of 2021 regarding the Procedures for Prohibiting and Combating Money Laundering, Terrorism Financing and Illegal Cross-border Transfer of Funds across Borders for Licensees to sell and Commerce Gold and Jewellery, Auditing Accounts, Freezing Rules, Lifting the Freeze and Prohibiting the Dealing of Persons or Entities on the terrorism Lists**

Minister of Industry, Commerce and Tourism:

Having reviewed Legislative Decree No. (4) of 2001 regarding the Prohibition and Combating of Money Laundering and Terrorism Financing, as amended;

Commercial Companies Law promulgated by Legislative Decree No. (21) of 2001, as amended;

Central Bank of Bahrain and the Financial Institutions Law promulgated by Law No. (64) of 2006, as amended;

Legislative Decree No. (27) of 2015 regarding the Commercial Register, as amended by Legislative Decree No. (52) of 2018;

Law No.(7) of 2017 regarding Ratifying the Arab Convention on Combating Money Laundering and Terrorism Finance;

Electronic Communications and Transactions Law promulgated by the Legislative Decree No. (54) of 2018;

Legislative Decree No. (15) of 2021 regarding the External Auditors;

Decree No. (50) of 2020 on Establishing and Forming the Committee for Combating Extremism and Terrorism Financing and Money Laundering;

Decision No. (7) of 2001 on the Obligations of the Institutions with Respect to the Prohibition and Combating of Money Laundering;

Decision No. (18) of 2002 regarding Determining the Competences of the Implementing Unit in the Field of Application of the Provisions of the Law for Prohibiting and Combating Money Laundering, amended by Decision No. (9) of 2007;

Decision No. (173) of 2017 regarding the Obligations related to the Procedures for Prohibiting and Combating Money Laundering and Terrorism Financing in the Works of Persons Registered in the

Commercial Register and the Auditors Register in the Kingdom of Bahrain, amended by Decision No. (108) of 2018;

Decision No. (12) of 2021 regarding the National Terrorism Lists and the Implementation of the Security Council Decisions of the United Nations issued under Chapter Seven of the United Nations Charter regarding the Prevention and Suppression of Terrorism and its Financing, and the Prevention, Suppression and Stopping of the Spread and Financing of Weapons of Mass Destruction;

And Decision No. (73) of 2021 on Forming a Committee for Establishing Policies for the Prohibition and Combating of Money Laundering and Terrorism Financing, as amended by Decision No. (83) of 2021;

After coordinating with the Enforcement Unit;

And upon the submission of the Under-secretary of the Ministry,

**Hereby Decides:**

## **Article (1)**

### **Definitions**

Without prejudice to the definitions provided for in the Legislative Decree No. (4) of 2001 regarding Prohibiting and Combating Money Laundering and Terrorism Financing, the following words and expressions shall have the meanings assigned to them below, unless the context requires otherwise:

**Law:** Legislative Decree No. (4) of 2001 regarding Prohibiting and Combating Money Laundering and Terrorism Financing.

**Ministry:** The Ministry concerned with trade affairs.

**Licensee:** Every natural or legal person registered in the Commercial Register or the Audits Registry and subject to the provisions of this Decision in accordance with the text of the Article (2) thereof.

**client:** Any natural or legal person dealing or wishing to deal with the Licensee of the Decision.

**Compliance Officer:** The person appointed by the licensee, to monitor the extent to which he complies with the requirements of the relevant laws and decisions.

**Deputy Compliance Officer:** The person appointed by the licensee to act as the Compliance Officer to perform his work in the event of his absence.

**Compliance Staff:** The person appointed in each of the branches of the licensee- if any - whose tasks are to communicate with the compliance officer to carry out the internal reporting procedures for any suspicious or unusual transactions or attempt to deal with the ones that occurred in the branch in which he works.

**National lists of terrorism:** Lists in which persons or entities specified in a decision by the Council of Ministers are included.

**Sanctions List:** A list containing people and entities under sanctions specified according to decisions of the relevant authority in the UN Security Council, all their identification information and the reasons for which they were included in the List.

**Freezing:** Prohibition of all kinds of disposal of any movable or immovable property owned or controlled by persons or entities whose names are included in the National Terrorism Lists or the Penalties List, whether carried out thereby or for their interest in any way.

**Committee:** The Committee for Combating Extremism and Terrorism Financing and Money Laundering established in accordance with the Decree No. (50) of 2020.

**Attempt to deal:** Start or seek to establish any separate business relationship or transaction associated with the work of the subject matter regardless of its nature and amount, including examining the goods, conducting negotiations on a separate business relationship or transaction or obtaining quotations, and all that would contribute to a separate business relationship or transaction.

**Business Relationship:** Continuous arrangements between two or more parties, under which one party facilitates the execution of regular or frequent transactions for the benefit of the other party or in which the value of the transactions is unknown at the time of the contracting, which requires verification.

**Separate process:** Any transaction outside the scope of a business relationship.

**Suspicious or unusual transactions:** Any separate business relationship or transaction related to the work of those licensees and which are through the contractual means outside the banking systems, which are suspected to be directly or indirectly related to the crimes provided for in Article (2-1) of article (2) of the Law, or transactions that are in nature contrary to the client's activity.

**Politically Exposed Persons:** Persons assigned to them or assigned prominent public functions in state authorities, such as senior government officials, judicial officials, public prosecution members, members of the legislative authorities of both councils and officials of the political associations. This definition does not apply to individuals holding medium or lower positions than the categories mentioned.

**Enforcement Unit:** Department of Financial Investigation in the Ministry of Interior.

**Competent Unit of the Ministry:** The Unit provided for in Article (12) of this Decision.

**High-risk Countries:** Countries ranked among High-risk Countries at the international level according to the list issued by the Financial Action Task Force (FATF).

## **Article (2)**

### **Scope of Application**

The provisions of this Decision, apply to acts relating to the obligations on the prohibitions and combating of money laundering, terrorism financing, illegal cross-border transfers of funds, freezing rules and lifting the freezing rules and prohibiting the dealings of persons or entities listed on the national sanctions list or lists of terrorism, in the work of those authorized to engage in the following activities:

- 1- Selling and trading in gold and jewellery.
- 2- Audit.

It also applies to the branches, subsidiaries and companies majorly owned by them, whether operating within or outside the Kingdom of Bahrain, in accordance with the risk based approach adopted by the Ministry.

## **Article (3)**

### **Obligations of the licensee**

The licensee shall comply with the following:

- 1- Apply all the procedures and controls stipulated in the Law, and those established by the Ministry to ensure that no separate business

relationship or transaction associated with the work of the licensee and which he does for his clients is exploited for the purposes of money laundering, terrorism financing or the illegal transfer of funds across the borders.

2- Comply with all the instructions, circulars, regulations and evidence issued by the competent unit of the Ministry.

3- Warn his employees not to violate the obligations relating to measures to ban and combat money laundering, terrorism financing and the illegal transfer of funds across the borders.

4- Pay Special attention to all types of work relationships and separate processes associated with his work that are suspicious, and background and purposes of such relationships and processes need to be examined.

5- Oblig his affiliated or owned branches operating abroad to implement the measures of preventing money laundering and terrorism financing in accordance with the FATF recommendations, and guide them to apply the provisions of this Decision to the extent allowed by the laws and regulations applicable in these countries where such branches operate, especially if the branches are in high-risk States or if they are in countries that do not or inadequately abide by the Decision. He is obligated to inform the enforcement unit and the competent unit of the Ministry in the event that the laws of the states in which these branches operate prevent the application of the provisions of this Decision.

6- Implement all the recommendations issued by the Financial Action Task Force (FATF).



7- Establish adequate controls and procedures for the immediate implementation of the Security Council decisions concerning the persons and entities on the national sanctions and terrorism lists.

8- Develop and apply systems and procedures in accordance with the risk assessment approach, apply the results of the risks report at the national level and reverse its results to the processes and the internal risk-based procedures and update those procedures whenever the National Risk Assessment Report is updated.

9- Develop internal control systems to obtain the due diligence information towards the client from reliable and up-to-date sources.

10- Not receive cash amounts exceeding BD 3,000 or its equivalent in the other currencies to practice the activity of gold and jewellery sales.

11- Hand over the periodic and regular reports whenever requested to do so about all suspicious and unusual transactions or to attempt to deal with them, in accordance with the model prepared by the Ministry.

12- Appoint a person to be a general officer at the management level for all related to the application of the provisions of this Decision and the circulars or instructions issued by the Ministry under it, so that the level of appointment is not less than the owner, one of the partners or one of the senior officials of the administration - as the case may be, provided that the competent unit of the ministry agrees to this appointment.

13- Develop the internal procedures to enable the compliance officer or his deputy, as the case may be, to apply his obligations stipulated in this resolution.

14- Submit the audited financial reports annually to the competent unit of the Ministry no later than six months after the end of the fiscal year.

15- Provide any documents, information or reports specified by the competent unit of the Ministry, whether specific or periodic reports, and delivered electronically according to the required content.

16- Identify and assess the risks of money laundering and terrorism financing that may arise in relation to the development of the professional practices, including the new means of service delivery and those arising from the use of modern or under development techniques, conduct a risk assessment before launching or using practices or techniques, take appropriate measures to manage and reduce those risks, retain the results of that assessment for five years and make that information available to the Ministry's competent unit upon request.

#### **Article (4)**

##### **Additional Obligations to Auditors**

in addition to the obligations stipulated in Article (3) of this Decision, Auditors registered with the Ministry shall during their course of auditing their clients' accounts verify the followings:

- 1- The existence of internal control systems and procedures with the client to monitor and report the suspicious or unusual transactions or attempt to deal with them.
- 2- The adequacy of the internal regulations and procedures to verify the identity of the client's customers.
- 3- There are no suspicious or unusual transactions or attempt to deal with them with their clients, and if they are exposed to suspicious or unusual transactions or an attempt to deal with them, the auditors shall send a report to the enforcement unit and the competent unit of the Ministry.

If the client is among the institutions provided for by law, the auditors, in addition to the first Paragraph of this Article, shall verify the following:

1- The client reports or attempts to deal with all the suspicious or unusual transactions to the enforcement unit and the competent unit of the Ministry.

2- The client or his compliance officer shall not violate any of their obligations provided for in the decisions governing their work or any decisions promulgated by the law.

3- Ensure that there is no relationship of any kind, nature or value with the client with any of the persons or entities on the national sanctions list and terrorism lists, and if the auditors reveal the existence of suspicious or unusual transactions or attempt to deal with them, they shall report them to the enforcement unit and the competent unit of the Ministry.

Auditors shall prove this in the professional opinion about their financial statements or solvency letters, for all their clients except those licensed by the Central Bank of Bahrain.

## **Article (5)**

### **Regular and enhanced due diligence towards the clients**

With the exception of the transactions made through the banking system, the licensee shall apply the normal and enhanced due diligence procedures to the clients as follows:

#### **First: clients Identity:**

a- Prior to any separate business relationship or transaction associated with its work, the licensee is obliged to verify the identity of the client, as well as to follow reasonable and sufficient procedures to verify the source of the funds by any possible means of proof.

b- The licensee shall establish the appropriate procedures that require any client wishing to establish a separate working or transaction relationship with him to prove his identity, and provide sufficient evidence to do so.

c- When licensee merge with each other, the merged licensee is not required to establish the identity of clients of the licensee to the merged decision in accordance with the provisions of this Decision, if:

1- The merged licensee had applied the procedures for keeping the documents and records provided for in Article (6) of this Decision.

2- The thorough investigations did not result in any doubts about the conformity of the procedures of the licensee of the integrated decision to the requirements of the law.

**Second: Regular due diligence towards the Client:**

A- The licensee shall apply the normal due diligence procedures in each separate transaction associated with its actions submitted to the client, in addition to the general obligations provided for in Article (3) of this Decision, in the following cases:

1- If the client is a natural person and not a politically exposed person.

2- If the client is a wholly state-owned trading company, or a financial institution licensed by the Central Bank of Bahrain.

3- In the event that the client is not on the sanctions list or on the national terrorism lists.

4- If the client is a politically exposed public figure, and the actions of the licensee required of him are focused on matters that do not include the transfer or handling of funds.

5- If the actions of the licensee required of the client do not fall within the scope to deal with suspicious or unusual transactions or the attempt to deal with them, are not linked to a high-risk State, and do not fall within the scope of a Business Relationship.

B- The licensee in applying the normal due diligence procedures shall obligate the clients to attach with their requests in any separate transaction associated with his work to the documents indicating the following statements:

1- Data of the Client if he is a natural person, which shall be:

- a) Name.
- b) A copy of the identity card or passport.
- c) The start date, type, amount, currency and details of the separate process. In addition to the data mentioned in the client's data if he is a natural person, when dealing with politically exposed public figures shall take reasonable procedures to verify the legitimacy of the source of their funds by the available means.

2- Data of the Client if he is a legal person, which shall be:

- a) Commercial name.
- b) A copy of the registration or license certificate, as the case may be.
- c) The deal person data on behalf of the client with a copy of the ID card or passport, and proof of his representation of the client.
- d) The start date, type, amount, currency and details of the separate process.

C- The licensee is obliged to take new copies of the documents referred to as soon as any modification is made upon any new transaction or the completion of an existing transaction, and the electronic methods and

means can be adopted to receive the identities with applying all the recommendations of the Financial Action Task Force (FATF) on the digital identity, and informing the Enforcement unit of any questionable data.

**Third: Conditions requiring the application of the enhancing due diligence procedures:**

In any of the following circumstances, the licensee is required to apply the enhanced due diligence procedures and more effective measures towards the clients in each of the actions of the licensee submitted to the client:

- 1- If the client is a politically exposed person.
- 2- In the event that the client is on the sanctions list or the national terrorism lists.
- 3- If the works submitted to the client falls within the scope of a business relationship.
- 4- If the actions of the licensee submitted to the client are linked to or conducted in a high-risk State, or if the source or fate of the funds from those States.
- 5- In general, if the licensee of the decision finds that the separate transaction requested by the client or if it is found by assessing the levels of risk through which it unfolds, that it carries high risks or high probability of the crime of money laundering, financing terrorism or the illegal transfer of funds across the borders, even if none of the clauses from (1) to (5) of (Third) of this article have been verified.

**Fourth: Implementing the Procedures of the Enhanced Due Diligence Rules:**

In addition to the regular due diligence procedures stipulated in (Second) of this Article, the licensee shall upon the verification of any of the cases specified in (Third) of this Article, apply the following enhancing due diligence procedures towards the Client, provided that the Compliance Officer or his Deputy -as the case may be- shall be immediately notified upon the start of their application:

1- Obtaining more information to determine the identity of the Client, and may rely on the electronic methods and means adopted to receive the identities with the application of all the recommendations issued by the Financial Action Task Force (FATF) on digital identity and inform the Enforcement unit and notify the competent unit of the Ministry of any questionable data.

2- Checking the appropriateness of the separate business relationship or transaction associated with the work of the licensee to the nature of the client's activity.

3- Verifying by the available means the source of the funds and the purpose of the separate business relationship or transaction associated with the actions of the licensee submitted to the client, in particular the Politically Exposed Persons.

4- Requesting clarification of the complex or unusual processes and their purpose when this is unclear.

5- Any other or more effective measures commensurate with the nature of the separate working or practical relationship associated with the actions of the licensee.

**Fifth: Exchange of due diligence information towards the clients:**

Due diligence information may be exchanged with the clients at the business group level provided the confidentiality is adhered to, and the

licensee shall notify the competent unit of the Ministry of any exchange of information.

## **Article (6)**

### **Procedures of Maintaining the Documents and Records**

a- The licensee is obliged to establish a special electronic information register in which all information and documents relating to the identity, representatives and beneficiaries of the transaction are recorded, accounting and other records related to the details of the operations, including the type, date, value, currency and details of the operation, payment data and identity data. Any changes made to the status of the clients shall be regularly included in these records. The licensee needs to have a system and procedures to ensure that these records are updated. Data and documents shall be sufficient to identify the transaction — whether it's a single or a set of processes — from preliminary documents to the completion of the process. The licensee shall also retain the results of suspicious or unusual transactions or the attempt to, and make client due diligence information, findings and operational records available to the enforcement unit and the competent unit of the Ministry in accordance with the procedures.

b- It is prohibited to execute any records related to a separate Business Relationship or transaction associated with the actions of the licensee that were under investigation by the competent authorities without the consultation with the Enforcement unit and the competent unit of the Ministry.

c. Taking into account the provision of the previous paragraph, the licensee shall retain the information and documents on the identity, representatives and their business for five years from the end of the separate business relationship or transaction associated with the work of



the licensee. Obtain a record of the suspicious or unusual transactions or attempts to deal with them that have been monitored and reported, provided that this register shall include, in particular, the type of transaction, reporting date, Client's data, and the transaction amount.

## **Article (7)**

### **Requirements for the Compliance Officer, his Deputy and the Compliance Employee**

The compliance officer and his deputy shall meet the following requirements:

- 1- Shall be of Bahraini nationality.
- 2- Shall be fluent in both Arabic and English in reading, speaking and writing.
- 3- Shall have a university qualification of at least a bachelor's degree in accounting, financial management or their equivalent.
- 4- Shall have the certificate of an anti-money laundering specialist approved by an accredited body of the competent unit of the Ministry.
- 5- Shall pass all courses specified by the competent unit of the Ministry.
- 6- The designated compliance officer in the audit sector shall have at least three years of practical audit experience.
- 7- The deputy compliance officer appointed in the audit sector shall have at least one year of practical audit experience.

The Compliance officer provided for in Paragraphs (b) and (c) of (First) and Paragraph (c) of (Second) of Article (8) of this Decision, and the compliance officer for workers in the gold and jewellery sales and Commerce sector, shall meet the following requirements:

- 1- Shall be fluent in one of the languages, either Arabic or English in reading, speaking and writing.
- 2- Shall pass the qualifying course specified by the competent unit of the Ministry.

## **Article (8)**

### **Appointment of the Compliance Officer, Deputy and Compliance Employee**

#### **First: Appointment of the Compliance Officer, his Deputy and the Compliance Employee in the Gold and Jewellery Sales and Commerce Sector:**

a- Licensees who engage in the sale and trade of gold and jewellery in the form of commercial companies shall appoint those they deem appropriate of their competent employees as a compliance officer and deputy - after obtaining the approval of the competent unit of the Ministry - to monitor the compliance of the licensee with the requirements of this decision, as follows:

- 1- He shall ensure that the compliance officer and his deputy have the independence and authority to access the clients information and all available data concerning them and to do whatever is necessary to implement the provisions of this decision.
- 2- He shall ensure that the position of the compliance officer or deputy is in all cases is not free for any reason and taking into consideration the organization of the leaves and the like is taken into account between the compliance officer and his deputy in a manner that does not disturb or affect the performance of their duties, and the competent unit of the Ministry shall be notified immediately when the position is clear and take the necessary measures to appoint a new person.

3- In the case licensee has multiple branches, one of his employees in each of those branches shall be identified as a compliance employee, in order to carry out the internal reporting procedures of that branch to the compliance officer or his deputy, as the case may be, about the suspicious or unusual transactions that occurred in that branch, with notifying the competent unit of the Ministry of the data of these employees in each branch.

b- Each licensee in the sale and Commerce of gold and jewellery who take the form of an individual institution shall appoint whoever he deems appropriate of his employees as a compliance officer - after obtaining the approval of the competent unit of the Ministry - to monitor the compliance of the licensee with the requirements of this decision, as follows:

1- To ensure that the compliance officer has the independence and authority to access client information and all available data concerning them and to do whatever is necessary to implement the provisions of this decision.

2- In the event of multiple branches licensee, one of his employees in each of those branches shall be identified as an compliance officer, to carry out the internal reporting procedures of that branch to the compliance officer responsible for the obligation or attempt to deal with suspicious or unusual transactions that occurred in that branch, with the competent unit of the Ministry notified of the data of these workers in each branch.

3- Ensure that the position of compliance officer or compliance officer is not always empty for any reason, and shall notify the competent unit of the Ministry when the position is not immediately vacant and take action to appoint a new person.

c- An exception to the provisions of the previous two paragraphs, in the event that the licensee is licensed to engage in the sale and Commerce of gold and jewellery in the form of a company owned by one person or an individual institution, and exercises all the functions of the company or institution himself, then he is the compliance officer.

**Second: Appointment of the Compliance Officer, his Deputy and the Compliance Employee in the Audit Sector:**

a- Each licensee to engage in the audit activity shall appoint whom he deems appropriate from his employees as a compliance officer and his deputy - after obtaining the approval of the competent unit of the Ministry - to monitor the compliance of the licensee with the requirements of this Decision, as follows:

1- To ensure that the compliance officer and his deputy have the independence and authority to access the clients information and all available data concerning them and to do whatever is necessary to implement the provisions of this decision.

2- To ensure that the position is not free of the compliance officer or his deputy in all cases and for any reason and to take into account the organization of the leaves and the like between the compliance officer and his deputy in a manner that does not disturb or affect the performance of their duties, and shall directly notify the competent unit of the Ministry when the position is free and take the necessary procedures to appoint a new person.

b- The whole team working on auditing the client's accounts in all the contracts shall serve as compliance employees of the licensee, and they shall carry out the client's internal reporting procedures to the compliance officer or his deputy, as case may be, about the suspicious or unusual transactions or attempt to deal with them.

c- An exception to the provisions of the previous two paragraphs, in the event that the licensee is authorized to engage in the auditing activity in the form of an individual institution, and exercises all the functions of the institution himself, then he is the compliance officer.

## **Article (9)**

### **Annual Obligations of the Compliance Officer towards the Licensee**

The compliance officer towards the licensee is obliged annually to:

- 1- Develop a guide to internal policies and procedures and ensure the appropriateness of the internal controls, regulations and procedures in place with the licensee to achieve the requirements and provisions of this decision, and update the internal policies and procedures periodically and whenever requested by the competent unit of the Ministry.
- 2- Ensure that the employees of the licensees receive the appropriate training to perform their tasks in accordance with the provisions of this Decision.
- 3- Monitor the compliance of the employees referred to in the previous clause with the application of the internal controls, systems and procedures related to combating money laundering and terrorism financing.
- 4- Monitor the extent to which the licensee is committed to developing systems and procedures to ensure that the records are updated, and the extent to which these systems and procedures are applied on a regular basis.
- 5- Ensure that the licensee has set the disciplinary regulations and procedures that ensure that his employees are obliged to implement the provisions of this Decision and abide by all the provisions)instructions.

6- Verify the adequacy of the due diligence systems and procedures towards the clients , and the reasonableness and reliability of the clients information collected to establish any separate business relationship or transaction associated with the work of the licensee, including attempting to deal with it.

7- In the course of verifying the above provisions, the compliance officer shall inform the competent unit of the Ministry in the event that he finds that the licensee has breached any of his obligations, and the compliance officer shall submit an annual report to the competent unit of the Ministry containing the results of his verification of the clauses referred to.

8- In the event that the licensee introduces any new products or services, the same rules of verifying the identity of clients contained in article (5) of this decision shall be made when dealing with such products or services, examining their risks in terms of money laundering and terrorism financing, documenting the results of the risk study in writing, making these documents and information available to the competent unit of the Ministry upon request and retaining such documents for five years.

## **Article (10)**

### **Report of suspicious, unusual transactions and attempt to deal with them**

A- The compliance officer shall inform the enforcement unit and the competent unit of the Ministry of the suspicious or unusual transactions or attempt to deal with them immediately during the first working day at most of his knowledge.

B- The compliance officer shall prepare a report - in accordance with the model approved by the Ministry - on the suspicious or unusual

transactions or attempt to deal with them in terms of the information, data and records of clients, and the report shall include a full description of the transaction, its type, value, currency, date of conduct, names of the parties involved, the reasons for considering the transaction suspicious or unusual or attempting to deal with it, and all additional data and information that may be requested by the competent unit of the Ministry.

C- If the compliance officer is informed of doubts of a suspicious or unusual transaction or attempt to deal with it, he shall verify this from the client's data, records and information. Therefore, if he finds that the transaction is normal and unquestionable, he should write down the reasons for this, in which case he is not obligated to prepare the report referred to in the previous paragraph.

D- If the compliance officer subsequently shows the inaccuracy of the identity investigations, he shall inform the competent unit of the Ministry, and take the necessary measures to comply with the identification requirements.

E- The compliance officer shall keep a record of the suspicious or unusual transactions or attempt to deal with, provided that this record contains sufficient details — including the type, amount, reporting date, and client's data — that allow forming a clear picture of these transactions and the details of all actions taken.

F- The reports referred to in paragraph (b) of this article are received electronically with the identity documents of the parties involved in the transaction and any related documents to the competent unit of the Ministry, and these reports are kept for at least five years from the end of any of these transactions.

G- The licensee is prohibited from disclosing to the client of sending a suspicious report or any relevant information to the competent unit of the Ministry.

## **Article (11)**

### **Obligations relating to persons or entities on terrorism lists**

#### **First: freezing and lifting freezing obligations:**

The licensee is obliged to freeze any funds or transactions they have that are relevant or beneficial to any persons or entities on the national sanctions list or lists of terrorism, and a special record of these procedures shall be kept, and the Committee, the Enforcement unit and the competent unit of the Ministry shall be informed of the following details:

1- Document all the measures and transactions taken when identifying the funds or any separate business relationship or transaction associated with the business of the licensee, which need to be frozen or lifted, and are directly or indirectly relevant or beneficial to the persons or entities on the national sanctions list or lists of terrorism.

2- A detailed disclosure containing all that has been frozen, indicating its nature, value and type and whether the frozen funds need to be managed or of a special nature as soon as the freeze is in place.

3- A detailed disclosure containing all the unfrozen, with a statement of its nature, original value, type, interest, profits or the like, and whether the money raised from the freeze needs to be managed or of a special nature.

The licensee shall comply with any instructions requested by the competent unit of the Ministry and are linked to freezing and lifting the freezing.



**Second: obligation to report:**

As the case may be, the compliance officer or his deputy shall immediately inform the Committee, the Enforcement unit and the competent unit of the Ministry without delay within a maximum of (24) hours of the publication of the national sanctions list or lists of terrorism, any separate business relationship or operation of any kind, nature or value with any of the persons or entities on those lists, and the reporting is on the e-mail([unscr@moic.gov.bh](mailto:unscr@moic.gov.bh)), and it shall be accompanied by all the details provided in (first) of this Article, in the absence of any separate business relationship or transaction , shall be answered.

He shall also report any separate business relationship or transaction or attempt to deal directly or indirectly relevant to any persons or entities on the national sanctions list or terrorism lists, following the same procedures.

**Article (12)****Competent Unit of the Ministry**

A- The department concerned with combating money laundering and terrorism financing in the Ministry is the competent unit of the Ministry, with the following competences:

- 1- Granting prior authorization for the appointment of the compliance officer, his deputy and the compliance employee.
- 2- Receiving reports of suspicious, unusual transactions or attempt to deal with , and any communications, reports, statements or information in accordance with the provisions of this decision.
- 3- Over-sighting and supervising the licensee in all tasks and fields related to combating money laundering and terrorism financing.

4- The electronic records referred to in article (6) of this decision, as well as the financial audit reports approved at the end of each calendar year, are received from those licensees and audited. It may request the papers and documents it needs to verify the validity and integrity of those records and financial reports.

B- The competent unit of the Ministry may object to the appointment of any person as a Compliance officer, his deputy or compliance employee whenever it has suspicions related to the person to be appointed, and may remove the name of any of them from its records and request the appointment of another person in the event that none of them fulfils any of their obligations stipulated in this Decision, without prejudice to referring any of them to the competent authority in the event of a criminal suspicion against him.

### **Article (13)**

#### **Exemption from Liability**

Taking into account the provisions of article (5) of the Law, the licensee, the compliance officer, his deputy and the compliance employee shall not be held criminally, civilly, administratively or disciplinary liable because of the performance of their obligations under the provisions of this decision.

### **Article (14)**

#### **Administrative sanctions and penalties**

Without prejudice to the criminal penalties provided for in paragraphs (3-6) of article (3) of the Law, anyone who violates the provisions of this Decision shall be punished with the administrative fines provided for in article (2) bis.

### **Article (15)**

## **Reconciling the Situations**

All licensees shall reconcile their status in accordance with the provisions of this Decision within a period not exceeding six months from its date of enforcement.

## **Article (16)**

### **Cancellation**

Decision No. (173) of 2017 on obligations related to the prohibitions and combating money laundering and terrorism financing in the business of the persons registered with the Commercial Register and the Register of Auditors of the Kingdom of Bahrain shall be repealed.

## **Article (17)**

### **Coming Into Force**

The Undersecretary of ministry shall implement the provisions of this decision and it shall come into force from the day following its publication in the Official Gazette.

## **Minister of Industry, Commerce and Tourism**

### **Zayed bin Rashid Al Zayani**

Issued on: 8 Rabi' Al-Awwal 1443 A.H.

Corresponding to: 14 October 2021