

Central Bank of Oman



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## The Sultanate Issues a Detailed Amended Law to Combat Money Laundering and Financing of Terrorism (5/06/2016)

The Sultanate of Oman has recently issued a new detailed and amended law to combat money laundering and financing of terrorism. In a press release, the National Committee for Combating Money Laundering and Terrorism Financing said that this development comes in support of the ongoing national efforts to enhance the Sultanate's legislation in the fight against the cross-border crimes of the era namely money laundering and financing of terrorism. It also comes to address the observations contained in Oman's Mutual Joint Evaluation Report for 2010 which was conducted by the International Financial Action Task Force (FATF) and the Middle East and North Africa Financial Action Task Force (MENAFATF)). It was also necessary to strengthen the frameworks of regional and international cooperation and as a commitment to the requirements of international standards to combat money laundering and terrorist financing. This effort is exemplified in the international recommendations revised and approved in February 2013 issued by the International Financial Action Task Force to combat money laundering and financing of terrorism, and in compliance with the requirements of the international agreements and treaties related to the fight against money laundering and financing of terrorism ratified by the Sultanate.

In this regard, there was a strong need to review the Law of Anti-Money Laundering and Combating Financing of Terrorism (AM/CTF Law) issued vide Royal Decree No. (2010/79). Accordingly, the National Committee on Combating Money Laundering and Financing of Terrorism, therefore, decided to form a working group of experts and specialists which worked continuously and intensively on a comprehensive basis reviewing all provisions, regulations and decisions related to the previous law. It examined all laws, rulings, regulations, and circulars in force. Similarly, it studied all international treaties and agreements related to combating money laundering and financing of terrorism offenses and made a full and detailed study of the modified applicable international recommendations, methodology, standards and experiences of some countries. The Working Group also followed the best-published practices those established by the International Financial Action Task Force and its counterpart the Middle East and North Africa Financial Action Task Force and their legislative frameworks necessary to address the crimes of money laundering and terrorist financing.

The new legal amendments resulted in more extensive and comprehensive changes in a vast number of provisions and regulations of the previous law. The most notable changes included as per the new law related to the rules and regulations on the risk assessment and the preventive measures. They also included those which are related to the due diligence on customer identification, Know Your Customer and the real beneficiaries. Furthermore, the changes also included clauses related to the Politically Exposed Persons (PEPs) who represent risks, correspondent banking relationships, financial operations, sanctions on financial institutions and non-financial businesses, professions and financial institutions, as

well as due diligence, in particular with countries that do not adequately apply FATF standards. Additionally, the amended version reflected changes in relation to the aspects of customs declarations and international cooperation, and strengthening the sanctions imposed on violators and the definitions included in the law. Additionally, the new amended law also included changes pertaining to upgrading the level of the Financial Intelligence Unit as a "National Center for Financial Information" vested with a legal authority and financial and administrative independence. The amended law also included an integrated chapter on international cooperation in the field of legal and judicial assistance and extradition of criminals related to money laundering and terrorist financing crimes.

The new comprehensive and the amended Act will contribute in combatting money laundering and terrorist financing by addressing legislative shortcomings, supporting the national preventive measures and fighting against economic, financial, social and political risks that may result from money laundering and terrorist financing at the local and international levels. The amended law will also foster the role of the Sultanate at the regional and international levels and raise the quality of its implementation of the approved international recommendations and its level of international commitment to the highest international standards binding all countries within the framework of the fight against crimes of money laundering and terrorist financing. Accordingly, the next phase and upcoming phase and its requirements demand a lot of concerted efforts. All the competent authorities and agencies should tirelessly strive to implement the revised Law of Anti-Money Laundering and Combating Financing of Terrorism (AM/CTF Law). These efforts should be consistent with the exigencies of the next phase and the new developments to serve and enhance the protection of the security and financial and economic stability enjoyed by the Sultanate and its obligations to the international community.