

Fifth Annual Report
Kuwait Financial Intelligence Unit
2019/2020





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The Crown Prince Of The State Of Kuwait

Our Mission

To preserve the integrity of the banking and financial sector in the State of Kuwait and protect it from money laundering offence, predicate offenses and terrorism financing offence through complying with international standards and ensuring effective cooperation with competent authorities to achieve national and international peace and security.

Our Vision

To contribute to the protection of the national economy by developing and enhancing anti-money laundering and counter financing of terrorism regimes and protecting the State of Kuwait from illegal activities. This will contribute to transforming Kuwait into an international financial and business hub as per the direction of His Highness the Emir of Kuwait, may Allah protect him.

Definitions and Acronyms

Law (106/2013)	Law No. (106) of 2013 Regarding Anti-Money Laundering and Combating Terrorism Financing and its Amendments
The Executive Regulation	Ministerial Decision No. (37) of 2013 to issue the Executive Regulation of the Anti-Money Laundering and Combating Terrorism Financing Law (106) of 2013 and its Amendments
Decision (1532/2013)	Council of Ministers Decision No. (1532) of 2013 on the Kuwait Financial Intelligence Unit
KwFIU	The Kuwait Financial Intelligence Unit
National Committee	The National Committee for Combating Money Laundering and Terrorism Financing
FATF	Financial Action Task Force
MENAFATF	Middle East and North Africa Financial Action Task Force
Egmont Group	Egmont Group of Global Financial Intelligence Units
AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
STR	Suspicious Transaction Report
UNSCR	United Nation Security Council Resolution
DNFBPs	Designated Non-Financial Businesses and Professions
NRAWG	National Risk Assessment Working Group
NRA Report	National Risk Assessment Report for Risks of Money Laundering and Terrorism Financing
TWG	Technical Working Group
IMF	International Monetary Fund

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President's Statement



President's Statement

I am pleased to introduce the 5th Annual Report of the Kuwait Financial Intelligence Unit (KwFIU) covering the period from 01/04/2019 to 31/03/2020 as part of its fifth operational year and its regular local and international work.

The KwFIU continuously strives to complete the tasks entrusted to it under Law (106/2013) on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) and its executive by-laws and amendments thereto, within an integrated institutional framework, developed methods, and qualified and initiative human cadres. The KwFIU works through an integrated system that is specialized in providing the best analytical and operational methods to examine suspicious transactions and using all the possible methods to protect AML/CFT systems. This is done with an attempt to prevent potential risks of financial crimes. Such methods observe the international standards of AML/CFT.

The KwFIU gives great importance to the qualification of working human cadres, other competent authorities, and the concerned private sector institutions to ensure excellence, achieving the desired goals and results and following the best methods and practices to implement the works entrusted to it under the provisions of Law (106/2013).

The KwFIU seeks to promote and develop information systems to provide the best available analytical and operational methods and to examine suspicious transactions in an integrated manner. Moreover, it has adopted other systems that guarantee optimal communication of the unit with the reporting entities and other related competent entities to ensure the increasing the performance of the State of Kuwait's authorities in AML/CFT and the continued effectiveness.

The KwFIU also continuously exerts to put in place a number of tools aiming at ensuring cooperation and the exchange of information at all relevant levels which resulted in the KwFIU joining the Egmont Group in July 2017. This contributed to the strengthening of cooperation and information exchange systems and allowed for a higher level of expertise allowing the KwFIU to better keep abreast of the latest developments in the field. Simultaneously, the KwFIU is preparing for the upcoming mutual assessment process of the State of Kuwait (2022) which will be subject to FATF and MENAFATF to ensure Kuwait's commitment to the International Standards on AML/CFT (FATF Standards 2012) in addition to emphasizing the importance of concerted efforts among the authorities of the State as this cooperation and coordination will have positive long-term results.

Finally, the KwFIU looks forward to a promising future through supporting the efforts of its qualified and ambitious professionals to better serve our beloved country Kuwait, under the care of His Highness the Emir of Kuwait Sheikh Nawaf Al Ahmad Al Jaber Al Sabah, His Highness the Crown Prince Sheikh Meshal Al Ahmad Al Jaber Al Sabah and His Highness the Prime Minister Sheikh Sabah Al Khaled Al Hamad Al Sabah, may Allah protect them.

Glory be to our beloved country Kuwait.

Ghazi F. Alabduljalil

**Acting President of Kuwait Financial Intelligence Unit
and Acting Chairman of the National Committee**



Introduction





Introduction

The KwFIU drafted the 5th Annual Report covering its work from April 1st 2019 to March 31st 2020 in accordance with Article (7) of Decision (1532/2013).

The report includes information on the work and activities of the KwFIU during the above mentioned period whereby Section 1 goes over the establishment of the KwFIU, its organizational chart and main mandate. Section 2 tackles the tasks and functions of the KwFIU, in addition to any other tasks entrusted to the KwFIU. Section 3 covers the main achievements of the KwFIU during the said period and Section 4 explains cooperation and coordination mechanisms adopted by the KwFIU at the national, regional and international levels. Finally, Section 5 identifies future goals and ambitions of the KwFIU.



Section 1
An Overview of the KwFIU





Section 1: An Overview of the KwFIU

I. Establishment of the KwFIU

Article (16) of Law (106/2013) stipulated that “a unit called the “Kuwait Financial Intelligence Unit” shall be established. It shall be an independent legal person and serve as the agency responsible for receiving, requesting, analyzing, and disseminating information concerning suspected proceeds of crime or funds related, linked to or to be used for money laundering or terrorism financing according to the provisions of this Law”.

As part of Kuwait's efforts to implement international agreements and develop a legislative framework that goes in line with these international agreements and standards, Law (24) of 2016¹ was adopted by amending Article (16) of Law (106/2013). The second paragraph was amended to read as follows: “The Unit shall have a budget to be drafted by the President and included under a special section of the State budget. The budget and the final account shall be governed by the provisions of the State budget. The fiscal year of the KwFIU shall start on the first of April of every year and end on the 31st of March of the next fiscal year.” This amendment was adopted to stress the financial and administrative independence of the KwFIU.

Decision (1532/2013) was then issued and stipulated under Article (2) that “The Kuwait Financial Intelligence Unit shall be composed of a President, a vice-President, and an adequate number of employees and experts in different fields of competence from all levels and categories. The President and the vice-President are appointed by decree upon their nomination by the Minister of Finance and approval of the Council of Ministers for a mandate of four years renewable only once.”

II. Mandate of the KwFIU

In line with the mission that the KwFIU was established for and in order to fulfill its vision, Law (106/2013) defined its mandate as follows:

- Receiving STRs and information on suspected proceeds of crime or funds linked to, related, or to be used for money laundering or terrorism financing operations.
- Requesting any additional information it deems necessary to carry out its functions from financial institutions and DNFBPs. It may also obtain from competent authorities or public bodies any other information it deems necessary to carry out its functions and these bodies shall fulfill the KwFIU requests in that regard without delay.
- Conducting a financial analysis of the data and information obtained from reporting or other entities.
- Notifying the Public Prosecutor's Office, whenever the KwFIU has reasonable grounds to suspect that funds are proceeds of crime or related or linked to or to be used for money laundering or terrorism financing, in addition the KwFIU shall forward the relevant information to competent authorities.

¹ Law No. (24) of 2016 published in the Official Gazette, N° 1294 of year 62, dated June 26, 2016.

- Making information available, spontaneously or upon request, to any foreign authority upon reciprocity or mutual agreements signed on the basis of cooperation arrangements between the KwFIU and such foreign authority.

III. Organizational Chart of the KwFIU

The KwFIU is composed of a President, a vice-President and an adequate number of employees and experts in different fields of competence. The President manages the affairs of the KwFIU and is responsible for implementing and following-up on the decisions of the Executive Committee and for conducting the work of the KwFIU. The President is the legal representative of the KwFIU and shall take the decisions he deems necessary to achieve the objectives according to which it was established. The KwFIU is under the supervision of the Minister of Finance, and has financial and administrative independence and the full authority to take decisions concerning issues within the scope of its responsibilities and functions. Resolution No. (FI/1/2014) adopted the Organizational Chart of the KwFIU which has been updated on 12/3/2018 with the establishment of the Inspection & Audit Office. Chart No. (1) clarifies this Organizational Chart:

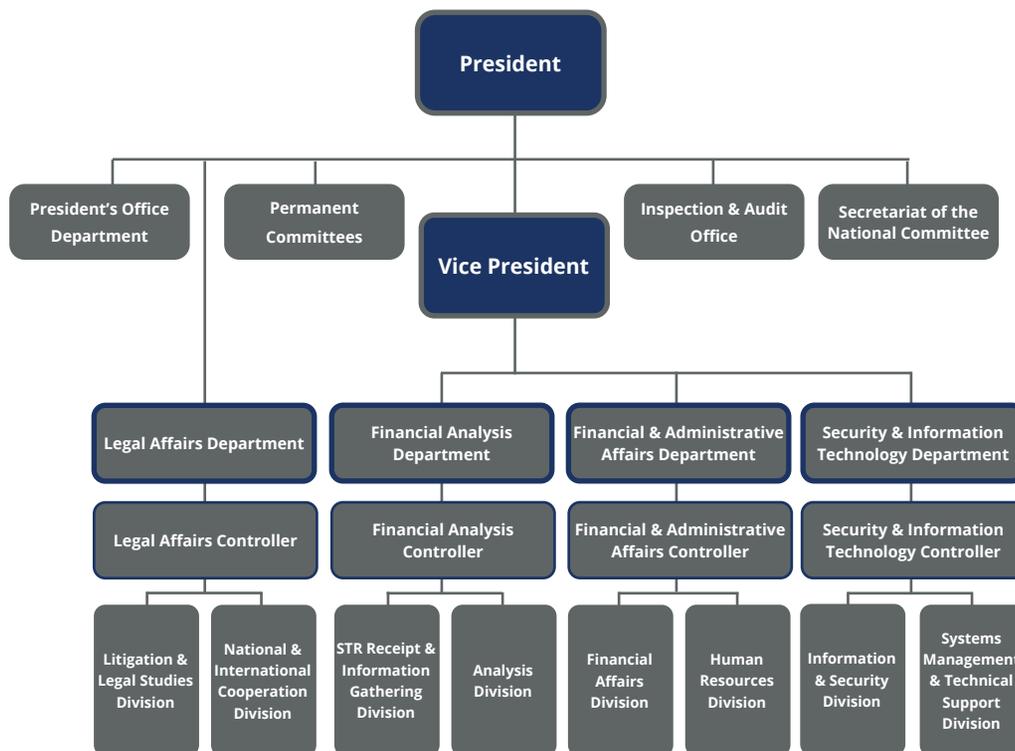


Chart No. (1) : Organizational Chart of the KwFIU

1. Permanent Committees

The Executive Committee is the main pillar in the work of permanent committees. Decision (1532/2013) defined the Executive Committee as a formed committee headed by the KwFIU's President and having as members the vice-President and the managers of the Financial Analysis, Legal Affairs, and Financial and Administrative Affairs Departments or their representatives in their absence. Chart No. (2) below clarifies the organization of the Executive Committee:

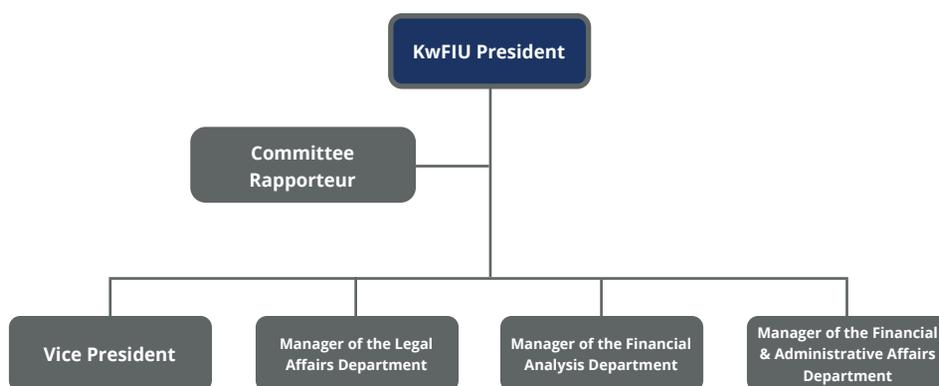


Chart No. (2) : Organizational Chart of the Executive Committee

The Executive Committee shall have the following mandate pursuant to Article (9) of Decision (1532/2013):

- Taking decisions related to the dissemination of information to the Public Prosecutor's Office and other competent authorities, whenever it has reasonable grounds to suspect that funds are proceeds of crime or related or linked to or to be used for money laundering or terrorism financing.
- Adopting instructions and guidelines to financial institutions and DNFBPs on the manner of reporting suspicious transactions and requests of information including reporting specifications, deadlines and procedures to be adopted in that regard.
- Conducting studies and adopting the necessary decisions to achieve the KwFIU's objectives.
- Identifying high-risk countries and recommending measures to be applied to such countries.
- Approving the notification of relevant supervisory authorities if a financial institution or DNFBPs or any of their employees fails to comply with the requirements set forth in the AML/CFT Law, its Executive Regulation and related ministerial resolutions and instructions.
- Examining requests for information filed by competent authorities. The Committee shall have the authority to take the suitable decision regarding these requests.

- Agreeing on exchanging information with counterpart Units and other competent foreign authorities pursuant to the provisions of international bilateral and multilateral agreements to which the State of Kuwait is a party, or pursuant to a reciprocity or mutual agreement on the basis of cooperation arrangements signed between the KwFIU and such authorities.
- Adopting an analytical report assessing the STRs received by the KwFIU every year in addition to trends and statistics in the field of money laundering and terrorism financing to be published annually.
- Adopting qualification and training programs for the KwFIU staff.
- Appointing the KwFIU auditor.
- Setting work procedures and systems for the KwFIU and its management, including the code of conduct and confidentiality procedures.
- Adopting the KwFIU organization chart and defining the powers of affiliated departments and divisions in addition to administrative and financial regulations.
- Adopting the draft annual budget of the KwFIU, supervising its implementation and adopting its draft closing accounts.

Administrative Resolution No. (FI/22/2015) also identified a working mechanism for the Executive Committee, and the Administrative Resolution (FI/23/2019) was recently passed amending the working mechanism of the Executive Committee issued by means of the Administrative Resolution No. (FI/22/2015), as the amendment of the last paragraph of Article (1) included replacing the previous text with the following: "The Executive Committee shall have a decision-maker from among the staff of the KwFIU and the Chairman shall select whoever replaces him in his absence." where the previous text stipulated that the decision-maker shall be from among the staff of the Financial Analysis Department or Legal Affairs Department.

The Administrative Resolution No. (FI/22/2015) has defined the working mechanism of the Executive Committee. The number of meetings of the Executive Committee during the period from 1/4/2019 to 31/3/2020 was seventeen meetings. The table below shows a comparative statement of the number of meetings of the Executive Committee in 2017/2018, 2018/2019 and 2019/2020:

Year	Number of Meetings of the Executive Committee
2017/2018	20
2018/2019	17
2019/2020	15

Chart No. (3) : Meetings of the Executive Committee in 2017/2018, 2018/2019, and 2019/2020

2. Secretariat of the National Committee

In line with Article (24) of Law (106/2013) on national cooperation and coordination in establishing and implementing AML/CFT policies, Article (19) of the Executive Regulation stipulated that a committee be formed. It shall be called the National Committee for Anti-Money Laundering and Terrorism Financing. Article (25) added that the KwFIU shall undertake the tasks of the National Committee.

The Secretariat of the National Committee is responsible for the following tasks:

1. Receiving and studying applications for membership in the National Committee, verifying compliance with all membership requirements and submitting a recommendation to the Chairman.
2. Organizing meetings of the National Committee and sending an invitation to convene a meeting at the request of the Chairman or half the members of the Committee at least.
3. Ensuring quorum is met to hold these meetings.
4. Preparing a draft agenda for the National Committee meetings as well as the necessary documents.
5. Preparing, recording and saving the minutes of National Committee meetings and reports submitted to/by it.
6. Drafting the National Committee annual report and submitting it for adoption.
7. Preparing estimates of the financial resources required to conduct the work of the National Committee on an annual basis.
8. Coordinating with all members of the National Committee to communicate with external entities such as the MENAFATF or the Gulf Cooperation Council Secretariat to respond to questionnaires and other requests.
9. Following-up on the latest regional and international AML/CFT developments and submitting them to the National Committee.
10. Proposing AML/CFT training programs.

3. Inspection and Audit Office

The Inspection and Audit Office of the KwFIU is competent in the following fields: financial and administrative review and auditing, follow-up on the implementation of the decisions of the Council of Ministers, Civil Service Board, Civil Service Commission, the Ministry of Finance and relevant entities. The office also drafts reports and memoranda to respond to the different supervisory authorities of the State and provide its opinion.

4. Legal Affairs Department

The Legal Affairs Department reports directly to the President of the KwFIU and is responsible for following up on disseminated information sent by the KwFIU and appearing before the Public Prosecution. The Legal Affairs Department is also in charge of all legal matters such as legal memorandum and representing the KwFIU before the Public Prosecution. It also reviews the reports of the Financial Analysis Department from a legal perspective in preparation for their submission to the Executive Committee. The department consists of a controller including the following two divisions:

- **The National and International Cooperation Division**

This division is responsible of sending and receiving international cooperation requests to and from counterpart FIUs to provide information, send and receive information – spontaneously or upon request – from relevant entities. The division also drafts, prepares and reviews arrangements, agreements and memorandum for cooperation with competent authorities in Kuwait and counterparts outside Kuwait in the framework of bilateral or multilateral agreements signed by the State of Kuwait.

- **The Litigation and Legal Studies Division**

This division is responsible of preparing legal formalities for cases filed by the KwFIU and against it and taking necessary decisions for the KwFIU to conduct its work while providing a legal opinion regarding administrative and technical activities as requested by the different departments of the KwFIU. This division also provides legal studies to allow the KwFIU to carry out its functions in line with the requirements of the law and provides necessary legal consultation to ensure the functioning of the KwFIU as required.

5. Financial Analysis Department

The Financial Analysis Department is specialized in following up, analyzing, examining, studying and expressing a technical opinion on STRs and information on suspected proceeds of crime or funds linked to, related, or to be used for money laundering or terrorism financing operations. The department also communicates with reporting entities to request additional information or data linked to examining STRs and prepares the technical studies that the KwFIU is required to prepare in order to identify risks of countries and geographical areas. It also prepares the patterns report of suspicious transactions. The department consists of the two following divisions:

- **The STR Receipt and Information Gathering Division**

This division is responsible of following up on STRs received from reporting entities and gathering information from competent authorities on parties mentioned in the STR. The division also provides databases for all received STRs and relevant parties including information linked to such parties obtained from law enforcement authorities, supervisory authorities, financial institutions and DNFBPs, the division also prepares various statistics.

- **The Analysis Division**

This division is responsible of analyzing received STRs and issuing a convenient recommendation based on the result of their examination to the Executive Committee. The division operates according to stable policies and procedures whose steps and order were defined in the "Financial Analysis Procedures Manual". The division also drafts STR forms and guidance on STRs and suspicion indicators.

6. Financial and Administrative Affairs Department

This department is responsible of establishing all policies, rules, regulations and procedures related to the KwFIU personnel, implementing recruitment procedures and handling financial matters such as drafting and implementing the KwFIU's budget. The department consists of a controller including the two following divisions:

- **The Human Resources Division**

It monitors the KwFIU's needs for personnel, and is in charge of the appointment and termination of employees. It also prepares reports in addition to the annual valuation of employees, and follows up on the administrative and financial work of the staff. Moreover, it determines training courses

for the KwFIU's personnel according to the needs of departments. It prepares an employee manual and updates it according to the KwFIU's latest administrative and technical developments. It lays the foundation for the preparation of a policy guide and updates it in light of the developments and amendments of the KwFIU's Senior Management. It also prepares, coordinates and follows up on events and conferences held within and outside of the KwFIU.

- **The Financial Affairs Division**

This division is responsible for all matters related to the financial resources of the KwFIU and all services enabling it to carry out its functions. It devises the necessary accounting and monitoring systems, including keeping records and documents, preparing financial statements and reports periodically, making the necessary adjustments, drafting the annual budget of the KwFIU, following up on its implementation, and taking the necessary financial measures related to that.

7. Security and Information Technology Department

The Security and Information Technology Department enhances the performance efficiency of the KwFIU by using information and communication technology and participating in adopting relevant IT projects. It is also in charge of information and data security and managing all IT and communication systems and networks of the KwFIU by providing a software which shields the KwFIU's files, devices, software and systems against hacking in line with the KwFIU's high privacy requirements. The department consists of a controller including the two following divisions:

- **The Systems Management and Technical Support Division**

This division provides state-of-the-art IT systems and financial intelligence software to the KwFIU to detect suspicious transaction patterns. It also provides databases and technical support of the KwFIU. The division also aspires to cover the correspondence, memo, and letters needs, while providing the connectivity with all government agencies through the (G2G) Government Correspondence System.

- **The Information and Security Division**

This division implements information security controls and policies based on the latest international standards. It also manages networks and operates protection devices and systems to preserve information secrecy and prevent any hacking attempts.



Section 2

Functions of the KwFIU





Section 2: Functions of the KwFIU

The main functions of the KwFIU are to receive STRs from reporting entities and save these information in its database, then analyzing these information and preparing reports. Information are then transmitted to the Prosecutor's Office and/or competent authorities. Therefore, they can be limited to four main functions: (1) Receiving Information (2) Requesting Information (3) Analyzing Information and (4) Reporting and Disseminating Information.

I. Receiving Information

The KwFIU receives information on suspected:

- Proceeds of crime,
- Funds linked, related to or that may be used for money laundering operations,
- Funds linked, related to or that may be used for terrorism financing operations.

Law (106/2013) identified reporting entities as financial institutions and DNFBPs.

All Financial institutions and DNFBPs shall report without delay any transaction or attempted transaction, regardless of the value thereof, if they suspect or have reasonable grounds to suspect that such transaction involves proceeds of crime or funds related or linked to or to be used for money laundering or terrorism financing.

Article (12) of Law (106/2013) Paragraph (2) exempts attorneys and other independent legal professionals and accountants from the requirement to report a transaction if the relevant information was obtained in circumstances where they are subject to professional secrecy.

The KwFIU has identified suspicion indicators that assist financial institutions and DNFBPs in monitoring suspicious transactions and published them on the KwFIU website, which were lastly updated on January 2019.

Moreover, Article (16) of the Executive Regulation stipulates that financial institutions and DNFBPs must, within no later than 2 working days, report to the KwFIU following the methods and forms set by the KwFIU. The KwFIU has established reporting forms for each type of reporting entities and published them on KwFIU's website. The STRs received during 2019/2020 have reached 1,059 STRs, while the KwFIU has received 2 from the Ministry of Commerce and Industry.

Chart No. (4) shows the number of STRs by reporting entities received in 2019/2020:

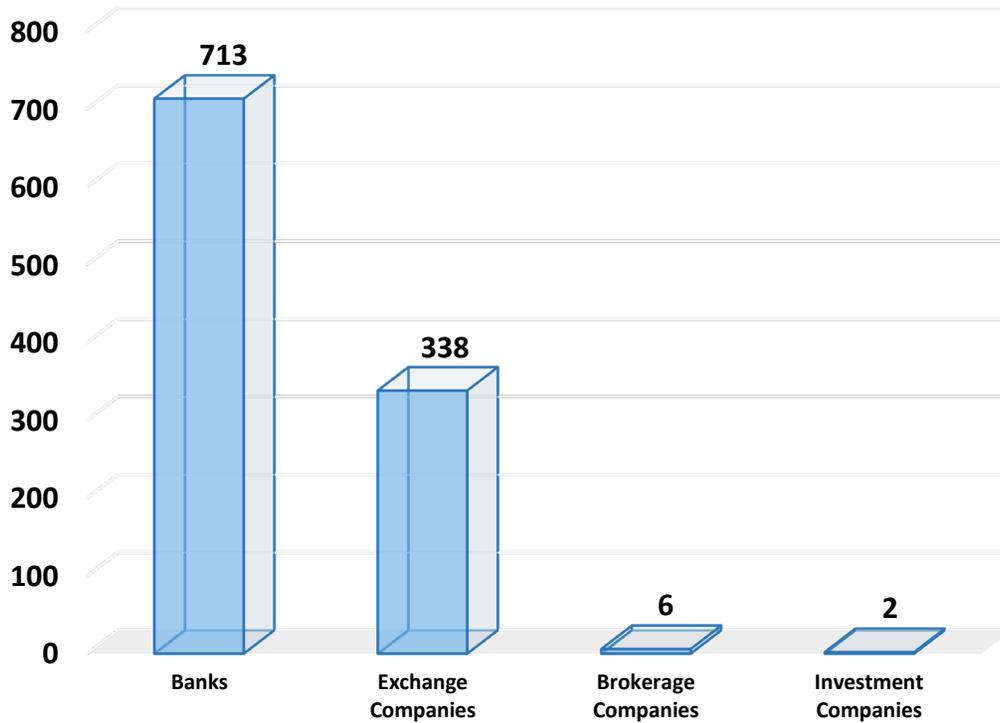


Chart No. (4) : Number of STRs by Reporting Entities Received in 2019/2020

Chart No. (5) shows the number of STRs received in 2017/2018, 2018/2019, and 2019/2020:

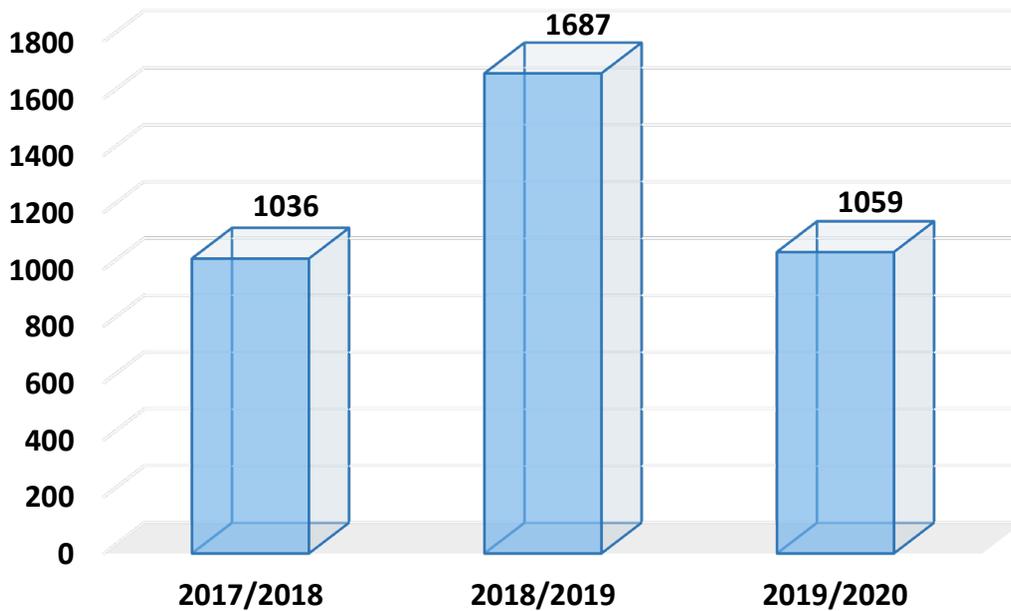


Chart No. (5) : Number of STRs Received in 2017/2018, 2018/2019, and 2019/2020

The chart illustrates an increase in the number of STRs received during the year 2019/2020, whereby the KwFIU received during that period STRs from banks, exchange companies, brokerage companies and investment companies. Although the number of STRs received by the KwFIU during the year 2019/2020 has decrease, there was noticeable increase in received STRs quality.

Chart No. (6) explains the Number of STRs Received for Each Sector Separately in 2017/2018, 2018/2019, and 2019/2020.

No	Sector	2017/2018	2018/2019	2019/2020
1	Banks	565	996	713
2	Exchange Companies	407	659	338
3	Brokerage Companies	6	8	6
4	Investment Companies	1	1	2
5	Dealers of Precious Metals & Stones	1	5	-
6	Real Estate Agents	56	18	-

Chart No. (6) : Number of STRs by Reporting Entities Received in 2017/2018, 2018/2019, and 2019/2020

II. Requesting Information

The KwFIU also has the right to obtain any information, data or documents it deems necessary to carry out its functions from competent authorities, reporting entities and counterpart units. The KwFIU has indeed requested information from competent authorities in 2019/2020 to enhance the information received from reporting entities and to be able to take a decision on whether the information received rises to the level of reasonable evidence for suspicion or not. The number of information requests sent to competent authorities in 2019/2020 reached 635. Chart No. (7) shows the number of information sent by the KwFIU to competent authorities in 2019/2020:

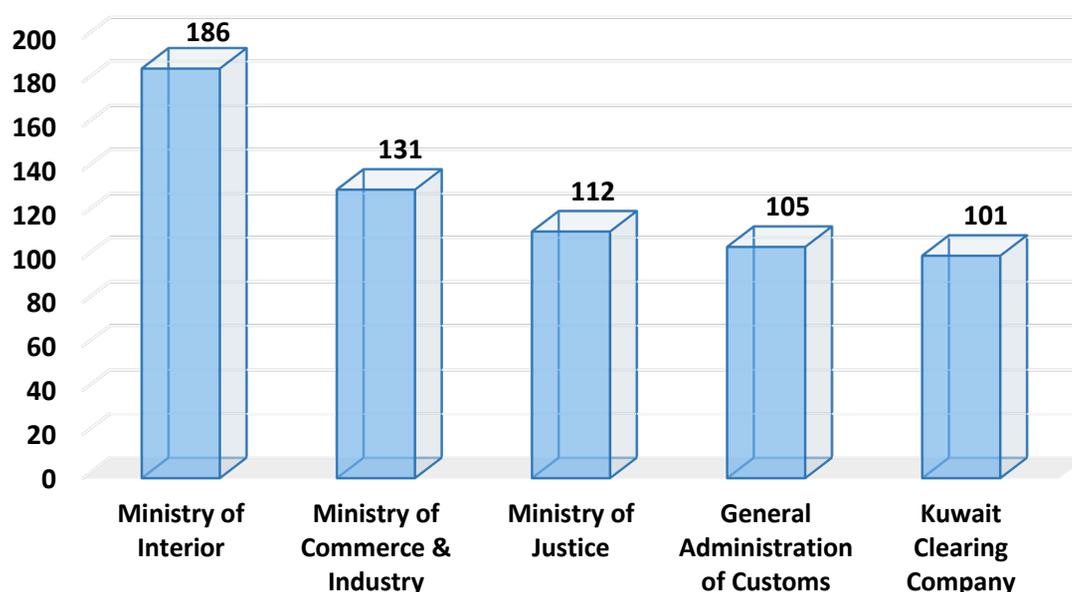


Chart No. (7) : Number of Information Requests Sent by the KwFIU to Competent Authorities in 2019/2020

III. Analyzing Information

The KwFIU examines and analyzes data and information included in: STRs received by the KwFIU from reporting entities, international cooperation requests, disseminations from counterpart units and information received from supervisory and competent authorities. The KwFIU then links them to information it already has, if any, through the database so the analyst can assess whether there are suspicion indicators or not, prepare the necessary report and submit the appropriate recommendation to the Executive Committee.

IV. Reporting and Disseminating Information

Article (19) of Law (106/2013) stipulates that whenever the KwFIU has reasonable grounds to suspect that funds are proceeds of crime or are related, linked to or to be used for AML/CFT purposes, it shall notify the Prosecutor's Office. The KwFIU also may disseminate relevant information to competent authorities.

As previously mentioned, the KwFIU has received 1,059 STRs in 2019/2020, which then been added to the STR database, classified, and been preliminary analyzed. As per reports to Public Prosecutor Office and disseminations to competent authorities, the total number reached 88 reports and disseminations as shown in Chart No. (8) and No. (9):

Fiscal Years	Total STRs		Reports & Disseminations
	Banks	Other Reporting Entities	
2017/2018	565	471	110
2018/2019	996	691	132
2019/2020	713	346	88

Chart No. (8) : Number of STRs, Reports to Public Prosecutor Office & Disseminations to Competent Authorities in Fiscal Year 2017/2018, 2018/2019, and 2019/2020

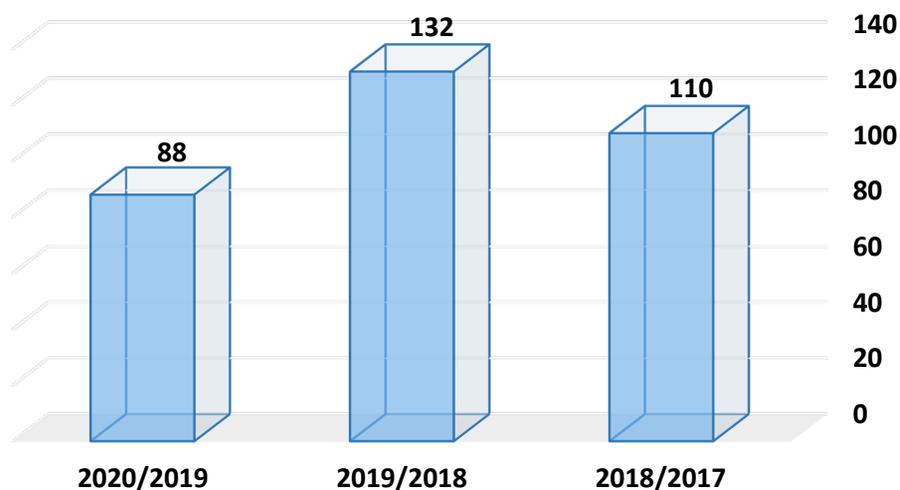


Chart No. (9) : Number of Reports to Public Prosecutor Office & Disseminations to Competent Authorities in Fiscal Years 2017/2018, 2018/2019, and 2019/2020

It is also noted that reports to Public Prosecutor Office and disseminations to competent authorities usually includes more than one suspicious case report, which usually includes more than one STR.

Section 3

Accomplishments of the KwFIU





Section 3: Accomplishments of the KwFIU

I. Electing the President of KwFIU as a regional representative of MENAFATF Group in Egmont Group

Mr. Ghazi F. Alabduljalil - the Acting President of the KwFIU and Acting Chairman of the National Committee has been elected as the regional representative of Middle East and North Africa countries in Egmont Group following the elections conducted during the 26th group meeting in the period 1-4/7/2019 in the Hague which resulted in electing the president unanimously with the consensus of all member states of the region.

II. Self Assessment of the AML/CFT System

In preparation for the Mutual Assessment of the AML/CFT system in cooperation with the IMF to that aims to evaluate the technical compliance according to the FATF recommendations and to assert the level of effectiveness AML/CFT systems. The KwFIU has coordinated with all the competent authorities represented by the National Committee concerned with the self-assessment where the required questionnaires were completed, and the experts of the IMF team were provided with the same. Eventually, the experts conducted a field visit to the State of Kuwait in October 2018 to discuss questionnaires for the technical compliance and effectiveness assessment to determine the authorities' compliance with international recommendations according to FATF and the effectiveness of the AML/CFT systems . A final meeting was held between the IMF experts team and members of the national committee to discuss the results of the field visit. The team of experts assured the importance of understanding the risks of AML/CFT which encounter the State of Kuwait. In additional, the team stressed the importance of concerted efforts between the competent authorities of the State due to the long terms positive results of this cooperation and coordination.

III. The Team Preparing for the Mutual Assessment Process of the AML/CFT System in the State of Kuwait

In line of preparing for the upcoming mutual assessment process which will be conducted in the State of Kuwait in 2022 by FATF and MENAFATF groups, the KwFIU has formed a work team to prepare for the mutual assessment process of the AML/CFT system in the State of Kuwait on 19/03/2019. The team will undertake presenting the extent of the unit's compliance with the standards of FATF group. In light of the same, the team will prepare and complete special questionnaires for the technical evaluation and activity evaluation of the KwFIU and preparation for the field visit by the international evaluators and competent experts in FATF and MENAFATF group. In 2019/2020 the team has held a number of meetings to discuss its works. In February 2020, the team has place the workplace of the KwFIU to prepare for the mutual assessment process for the State of Kuwait which was approved based on the results of evaluating the risks of AML/CFT on the national level of the State of Kuwait for 2018, and the results of the self- assessment of the AML/CFT system in the State of Kuwait.

IV. National Risk Assessment

A team was formed on 09/12/2019 to comprehensively update the results of the National Risk Assessment, which was previously prepared in 2018, headed by KwFIU with the participation of the entities represented in the National Committee, in preparation for the next mutual assessment process for the State of Kuwait; which would contribute to focusing and intensifying efforts within a systematic and deliberate framework. The team held its first meeting on 11/03/2020.

V. Developing the KwFIU STR Database

Electronic database has been previously created for receiving STRs and collecting data, in addition to linking data and information automatically upon entering all data included in the received STRs, as during the year 2019/2020, detailed data were added to facilitate the search process and link information, in addition to enabling the database to extract multiple information and statistics related to the STRs and information received and issued by KwFIU, in addition to any other data required in KwFIU's reports on the national risk assessment and strategic studies.

VI. Enhancing Cooperation Mechanism with the Competent Authorities

In light of KwFIU's continuous endeavor to enhance on-going cooperation and coordination with the competent authorities that undertake the activities of regulation, control and supervision of financial institutions and specific non-financial businesses and professions, subject to the provisions of Law No. (106/2013), KwFIU requests to update the data of compliance officials at the entities subject to its control, in line with the provisions of Article (10) of Law No. (106/2013). Furthermore, a letter was sent in March 2020 containing the remarks spotted by KuFIU through examining the suspicious transactions sent by entities subject to the Central Bank of Kuwait, with a view to improve the STRs quality in the future and overcoming the various deficiencies therein.

VII. Adopting an Automated Information Analysis System (goAML)

In light of KwFIU's continuous strive to enhance the work of the Financial Analysis Department and is concluding an agreement with the Enterprise Applications Center Vienna, United Nations Office of Information and Communication Technology (OICT) on the provision of information and communication technology services related to the installation and support of (goAML) system, which is an electronic system to help member states in combating financial crimes, including AML/CFT, with its database and risk analysis system. Hence, KwFIU held several meetings with some reporting entities (banks and exchange companies), which were selected to test the process of linking the system with them and transmit STRs electronically, in the process of the preparations necessary to implement the system.

VIII. Information Exchange Mechanism with Counterparts

KwFIU continues to introduce updates to the information exchange mechanism with peer units and to amend the forms used to request information or respond to received information requests. Further, KwFIU is in constant endeavor to enhance the quality of information exchanged with peer units to ensure optimal cooperation on the international scale and to achieve the desired objective in the field of combating money laundering and terrorist financing crimes.

IX. Developing the International Cooperation Mutual Database between the Department of Financial Analysis and the Department of Legal Affairs

Because the KwFIU is keen to develop its systems and facilitate the mutual work between the Department of Legal Affairs and the Department of Financial Analysis, The Department of Information Security and Technology developed the mutual database regarding the applications and referrals of international cooperation in coordination with the competent departments based on its desire to increase the quality of data and guarantee information security.

X. Control Systems for Network Performance Monitoring in the KwFIU

The KwFIU provided systems to control operation through which it will follow up the performance of the network, servers, and databases; immediately report the seizure of any of the services; sensor the signs of problems in an attempt to prevent them from happening to guarantee the continuous operation of the KwFIU's infrastructure.

XI. Developing Plans for the Operational Environment for Addressing Emergencies

The KwFIU has prepared a secondary operational environment ready to be used in the case of emergency. This environment constitutes of all the basic systems and data, and is ready for operation according to the international practices in restoring operation in the event of emergencies. The system provides continuous and automatic transfer of data to preserve them. The security procedures determined by the Egmont Group were adopted, and a team was formed to manage emergencies and risks for the restoration and continuity of work to implement and supervise the security procedures.

As for developing the infrastructure, the KwFIU has provided modern equipment for safe communication to enable communication between the employees inside and outside the work environment through Unified Communication, and provide the feature of Video Conferencing.

XII. Increasing the rate of Kuwaitization in the KwFIU

The KwFIU was keen to attract and resettle the national element in the KwFIU through advertisements of positions in the KwFIU for Kuwaitis to work at the various departments by means of the conditions included in the advertisement. This is with an attempt to Kuwaitize the KwFIU, establish national cadres and train them to replace non-Kuwaitis. The KwFIU, through its vision for Kuwaitization and resettlement of the national element, started to implement the alternation policy by means of the resolutions of the Civil Service Board by terminating the services of a number of expatriate employees who occupy various positions. The technical departments at KwFIU (the Department of Financial Analysis and the Department of Legal Affairs) were Kuwaitized by 100%.

XIII. Training Programs for KwFIU Staff

Ongoing training helps improve and build the capacities of employees. The KwFIU uses an in-house registration system for users from inside and outside the KwFIU. In fact, employees from the KwFIU took part in training programs and workshops as indicated in the table below:

Chart No. (10) : Training Courses for KwFIU Staff and Other Entities in 2019/2020

No	Name of the Program	Date	Organizers	Location
1	Workshop on Best Practices During Cyber Investigations	15/4/2019 – 17/4/2019	Follow-up and Training Office for Public Prosecution Development of the US DOJ, in cooperation with the Public Authority for Communications and Information Technology.	Kuwait
2	Special-Purpose Companies and Financial Instruments	21/4/2019 – 23/4/2019	Egmont Group	Riyadh – Kingdom of Saudi Arabia
3	Workshop on the Risks of Exploiting Non-Profit Organizations in Terrorist Financing Operations and Raising the Capabilities and Effectiveness of the Competent Authorities	8/7/2019 – 10/7/2019	MENAFATF	Doha – Qatar
4	Joint Workshop for Applications and Capacity Building in the Field of AML/CFT	30/7/2019 – 2/8/2019	MENAFATF	Cairo – Egypt
5	Cybersecurity Conference	24/8/2019 – 25/8/2019	Kuwait Oil Company	Kuwait
6	Joint Workshop to Prepare and Qualify the Residents for the Procedures of the Mutual Assessment Process	2/9/2019 – 6/9/2019	FATF	Bandung – Indonesia
7	Seminar on Women and Children in Conflict Zones	15/9/2019	Ministry of Foreign Affairs	Kuwait
8	Leadership Skill for Future Leaders	15/9/2019 – 16/9/2019	UN Institute for Training and Research	Kuwait
9	Organizational Structure and Job Description of the Competencies of the Financial Units in the Financial Sector	29/9/2019 – 30/9/2019	Ministry of Finance	Kuwait

No	Name of the Program	Date	Organizers	Location
10	Inventory Accounting in the Inventory Management System - GFMS System	6/10/2019	Ministry of Finance	Kuwait
11	The Course of Internal Procedures Evaluation Related to the Transactions in the Financial Department	6/10/2019 - 10/10/2019	Ministry of Finance	Kuwait
12	Inventory Affairs in the Inventory Management System - GFMS System	7/10/2019 - 10/10/2018	Ministry of Finance	Kuwait
13	Supervisors in the Purchases and Contracts System - GFMS System	13/10/2019 - 14/10/2019	Ministry of Finance	Kuwait
14	Money Laundering and Terrorism Financing Course: Current Trends and Effective Response of the Financial Sector	14/10/2019 - 16/10/2019	US Embassy	Kuwait
15	Response to Subjects Outside the Scope of Use in the Warehouse Management System - GFMS System	20/10/2019 - 21/10/2019	Ministry of Finance	Kuwait
16	Priorities of the Budget Project in the Ministry of Finance	24/10/2019	Ministry of Finance	Kuwait
17	Workshop on the Understanding and Application of FATF AML/CFT Recommendations	28/10/2019 - 1/11/2019	FATF	Busan - Republic of South Korea
18	Conference on the Prevention of Terrorist Financing	7/11/2019 - 8/11/2019	Australian Department of Home Affairs	Melbourne - Australia
19	Course of Violations Monitored by the Regulatory Authorities of Government Agencies	10/11/2019 - 12/11/2019	Ministry of Finance	Kuwait

No	Name of the Program	Date	Organizers	Location
20	National Summit on Combating Terrorism Financing and Sanctions	17/11/2019 – 18/11/2019	Egmont Group	Abu Dhabi – United Arab Emirates
21	Regional Workshop on Currencies and Virtual Assets	7/12/2019 – 9/12/2019	MENAFATF	Tunis – Republic of Tunisia
22	Public Tenders Law and its Executive Regulations	15/12/2019 – 19/12/2019	Kuwait Civil Service Commission	Kuwait
23	Seminar on Submitting Financial Disclosures	24/12/2019	Public Anti-Corruption Authority (Nazaha)	Kuwait
24	How Can We Improve the Role of Public Sector in Detecting and Reporting Corruption in the States of the Middle East, North Africa and the Gulf Cooperation Council?	6/1/2020 – 9/1/2020	Organization for Economic Cooperation and Development (OECD)	Kuwait
25	Joint Forum of Experts from the FATF Group and the Competent Authorities with the Private Sector on Currencies and Virtual Assets	9/1/2020 – 10/1/2020	FATF	Paris – France
26	Joint Workshops to Prepare and Qualify Residents for the Procedures of the Mutual Assessment Process	27/1/2020 – 31/1/2020	FATF	Port of Spain – Republic of Trinidad and Tobago
27	Second Kuwait Hackers Conference: Together We Build Kuwait Electronic Security	17/2/2020 – 19/2/2020	Central Agency for Information Technology in Cooperation with Kuwait Hackers	Kuwait
28	Training and Field Visit to Assess the Arab Republic of Egypt	25/2/2020 – 18/3/2020	MENAFATF	Cairo – Egypt

Section 4

National, Regional and International
Cooperation and Coordination





Section 4: National, Regional, and International Cooperation and Coordination

I. National Cooperation and Coordination

The KwFIU takes part in a number of local meetings related to drafting and implementing policies in the field of anti-money laundering and terrorist financing. In fact, the KwFIU is a member of relevant national committees, namely the National Committee for Anti-Money Laundering and Terrorism Financing and all working groups that fall under its umbrella. The KwFIU is also a member of the Special Committee for the Implementation of UN Security Council resolutions under Chapter (7) of the UN Charter related to terrorism and terrorism financing.

1. The National Committee

Under Article (24) of Law (106/2013) related to national cooperation and coordination in drafting and implementing policies and activities to combat money laundering and terrorism financing and the proliferation of weapons of mass destruction, Article (19)² of the Executive Regulation has stipulated that a committee be formed. It shall be called the National Committee for Anti-Money Laundering and Terrorism Financing with the membership of the following entities:

1. KwFIU
2. Central Bank of Kuwait
3. Ministry of Commerce and Industry
4. Capital Markets Authority
5. Public Prosecution
6. Ministry of Justice
7. Ministry of Finance
8. Ministry of Interior
9. Ministry of Foreign Affairs
10. Ministry of Social Affairs and Labor
11. Kuwait General Administration of Customs
12. Kuwait Public Anti-Corruption Authority

The National Committee is chaired by the President of the KwFIU in line with Article (21) of the Executive Regulation and as confirmed in Article (3) Paragraph (1) from the Ministerial Decision (55) of 2015 of the National Committee bylaw. Paragraph (2) also added that the representative of the KwFIU in the National Committee shall be appointed vice-Chairman to serve as Chairman in his absence. In line with Article (25) of the Executive Regulation, the KwFIU undertakes the tasks of the National Committee's Secretariat. The KwFIU has indeed participated in all the meetings held by the National Committee.

² This Article was amended by Ministerial Decision No (51) of 2016 published in the Official Gazette, N° 1295 of year 62, dated July 3rd, 2016 by adding Kuwait Public Anti-Corruption Authority to the entities represented by the National Committee.

The National Risk Assessment Working Group (NRAWG)

The national money laundering and terrorism financing assessment at the national level is a comprehensive exercise to identify, analyze and assess risks of money laundering and terrorism financing faced by the country in order to devise a risk-based work plan to guarantee the best use of resources to mitigate risks.

The National Committee has established a working group to prepare and carry out the National Risk Assessment and ensure it goes smoothly. Seeing that the KwFIU plays a strategic role in the national risk assessment process, it was decided upon the establishment of the NRAWG that it be headed by the KwFIU with the membership of the Ministry of Interior, the Central Bank of Kuwait, the Capital Markets Authority, the Ministry of Commerce and Industry, the General Administration of Customs, the Ministry of Foreign Affairs, the Ministry of Justice, and the Ministry of Social Affairs and Labor. The World Bank played the role of an advisor in the implementation of the NRA process. The team completed its work in April 2018, by placing a work plan based on the risks resulting from the process of evaluating the risks of money laundering and terrorism financing at the national level. This plan represents the opinions of several authorities of the national committee through its membership in the work national risk assessment team. In December 2019, a permanent team was formed to conduct a comprehensive update to evaluate the risks of money laundering and terrorism financing on the national level of the State of Kuwait in preparation for the upcoming mutual assessment process of the State of Kuwait.

The Technical Working Group (TWG)

The National Committee established the "Technical Working Group (TWG)" to carry out necessary technical studies or any other tasks entrusted thereto by the National Committee for the purpose of fulfilling its functions.

The TWG established in March 2016 with the following members:

1. Ministry of Interior
2. Central Bank of Kuwait
3. Capital Markets Authority
4. Ministry of Commerce and Industry

The TWG has the following tasks:

- Preparing necessary technical studies as referred by the National Committee and providing relevant technical recommendations regarding such studies.
- Suggesting any amendments to relevant laws in line with international standards.
- Suggesting mechanisms and standards to participate in training sessions and regional and international events related to AML/CFT.
- Following-up on the developments in international standards and studies prepared by the FATF and presenting recommendations in their regard.
- Supervising permanent working groups established by the National Committee and verifying that they are carrying out their functions.

- Working on finding effective mechanisms for local cooperation and coordination among competent authorities on establishing, developing and implementing AML/CFT policies and activities.

The TWG held a number of meetings to fulfill its mandate and discussed many proposals and topics, notably the following:

- Review of the Private Sector Publishing issued by FATF.
- The joint study issued by FATF Group and Egmont Group on the anonymity of the real beneficiary.
- Amendments to Recommendation 21 and Explanatory Note to Recommendation 18 of FATF recommendations.
- Organization of the dealing of virtual assets.
- Guidebook issued by FATF on “Implementing the Existing Approach to Risk in the Securities Sector”.
- Follow-up of completing the statistical data matrices by the members of the National Committee.
- The paper prepared by the FATF Group regarding the best practices related to verifying the actual beneficiary of legal entities.
- Briefing of the Resolution of the Security Council No. 2462.
- Reviewing the publication of “Financial Fraud through Exploiting the Workplace Email” issued by Egmont Group.

2. The Special Committee for the Implementation of UNSCRs Issued Under Chapter (7) of the UN Charter Related to Terrorism and Terrorism Financing

Within the scope of Article (25) of Law (106/2013) on the implementation of UNSCR issued under Chapter (7) of the UN Charter related to terrorism and terrorism financing and the proliferation of weapons of mass destruction, Ministerial Resolution (5) of 2014 was issued regarding the Executive Regulation for the implementation of UNSCRs issued under Chapter (7) of the UN Charter related to terrorism and terrorism financing. The Minister of Foreign Affairs also issued a ministerial decision to establish a Committee for the Implementation of UNSCRs issued under Chapter (7) of the UN Charter related to Terrorism and Terrorism Financing.

The KwFIU is a member to this Committee and carries out the tasks given to it within the framework of implementing the relevant UNSCRs while also partaking in the works of the Committee and fulfilling the competences it has been entrusted with.

3. Coordination with Reporting Entities and Competent Authorities

In an effort to strengthen the cooperation mechanism with the reporting entities and stemming

from KwFIU's belief in the importance of joint cooperation to achieve the desired objectives of its establishment, KwFIU has set up a mechanism to organize periodic meetings with the reporting entities in order to educate them about the role assigned thereto, as well as to emphasize the quality of STRs submitted by them to KwFIU and the need to integrate the data included in the STRs, so that KwFIU may undertake its role optimally. This is in addition to raising awareness of the reporting entities of the latest developments in the field of combating money laundering and terrorist financing.

KwFIU also maintains continuous coordination with the competent authorities, the most important of which are the supervisory authorities that undertake the work of regulation, control and supervision of financial institutions and specific non-financial businesses and professions subject to the provisions of Law No. (106/2013) on combating money laundering and terrorist financing, as amended. Additionally, KwFIU concluded memoranda of understanding with some competent authorities; Ministry of Interiors in May 2016, the General Administration of Customs in June 2016, the Ministry of Commerce and Industry in July 2016 and the Capital Markets Authority in March 2019.

II. Regional Cooperation and Coordination

In view of the importance of the principle of regional cooperation and coordination, the KwFIU ensures its attendance in all plenary meetings held by the MENAFATF, in coordination with the National Committee. It also participates in the FIU forum for member states to the MENAFATF.

1. MENAFATF

The KwFIU participated to MENAFATF plenary meetings presided by the Acting Chairman of the National Committee as shown below:

Meeting	Location	Meeting Date
29 th Plenary Meeting	Amman - Hashemite Kingdom of Jordan	23-25/4/2019
30 th Plenary Meeting	Cairo - Arab Republic of Egypt	26-28/11/2019

Chart No. (11) : MENAFATF Meetings Attended by KwFIU in 2019/2020

2. The FIUs Forum

The KwFIU has taken part in the meetings held by the FIUs forum as a member as per the following table:

Meeting	Location	Meeting Date
19 th FIUs Forum	Amman - Hashemite Kingdom of Jordan	20/4/2019
20 th FIUs Forum	Cairo - Arab Republic of Egypt	23/11/2019

Chart No. (12) : FIUs Forum Meetings Attended by KwFIU in 2019/2020

III. International Cooperation and Coordination

In view of the importance of coordination and cooperation in the work of the KwFIU, it endeavors to find proper communication channels with the international community by participating in the FATF meetings and other international events, as well as finding cooperation means with other counterparts.

1. FATF

The KwFIU participated in FATF Plenary Meetings presided over by the Acting Chairman of the National Committee as shown below:

Meeting	Location	Meeting Date
3 th FATF Plenary Year XXX	Orlando – USA	16-21/6/2019
1 st FATF Plenary Year XXXI	Paris – France	13-18/10/2019
2 nd FATF Plenary Year XXXI	Paris – France	16-21/2/2020

Chart No. (13) : FATF Plenary Meetings Attended by KwFIU in 2019/2020

2. Egmont Group

The KwFIU participated in Egmont Group plenary meetings presided over by the Acting Chairman of the National Committee as shown below:

Meeting	Location	Meeting Date
26 th Egmont Group Plenary Meeting	The Hague – Netherlands	1-5/7/2019
Egmont Group Meetings	Port Louis – Republic of Mauritius	27-30/1/2020

Chart No. (14) : Egmont Group Meetings Attended by KwFIU in 2019/2020

3. Cooperation with Counterparts

International cooperation is carried out by a mechanism of sharing information related to AML/CFT in terms of sending and receiving, spontaneous or upon request, information with counterparts in line with a series of established procedures and in accordance with the Egmont Group Principles adopted by the KwFIU.

The KwFIU seeks to promote the frameworks of cooperation and information exchange in the field of money laundering, original crimes and terrorism financing; the KwFIU has previously concluded

a number of understanding memorandums with the counterpart units. The KwFIU signed an MoU with the FIU in the Kingdom of Bahrain (Department of Financial Investigations) in April 2016. It has also signed an MoU with the FIU in the United Arab Emirates (Money Laundering and Suspicious Cases Unit) in May 2016, and an MoU with the FIU in Qatar (Financial Information Unit) on the sidelines of the 24th meeting of Egmont Group in July 2017. The KwFIU has also signed an MoU with the FIU in the Egyptian Arabic Republic (Unit of Combating Money Laundering and Terrorism Financing) on the sidelines of the 26th general meeting of MENAFATF Group held in the Kingdom of Bahrain in December 2017. Finally, an MoU has been signed with the FIU of in Ukraine (General Authority of Financial Control) in January 2019.

Section 5

The KwFIU Future Vision





Section 5: The KwFIU Future Vision

I. Preparing for the Upcoming Mutual Assessment Process in the State of Kuwait (2022)

The KwFIU seeks to use all the capabilities and direct resources to implement the work plan which it has adopted in February 2020 to the best, in coordination with the other competent authorities in preparation for the upcoming mutual assessment which will govern the State of Kuwait in 2022 by FATF and MENAFATF groups taking into consideration the results the risks of assessing money laundering and terrorism financing on the national level of the State of Kuwait and results of the self-assessment of the money laundering and terrorism financing combating systems of the State of Kuwait.

II. The Risk Based Action Plan

The basis of updating the process of AML/CFT risks on the national level of the State of Kuwait is the authorities implementation of the risk based work plan resulting from the previous risk assessment process. Based on the results, the team will repeat the assessment which is considered the first step of preparing for the upcoming mutual assessment of the State of Kuwait.

III. Signing MoUs with the Competent Authorities and Counterpart FIUs

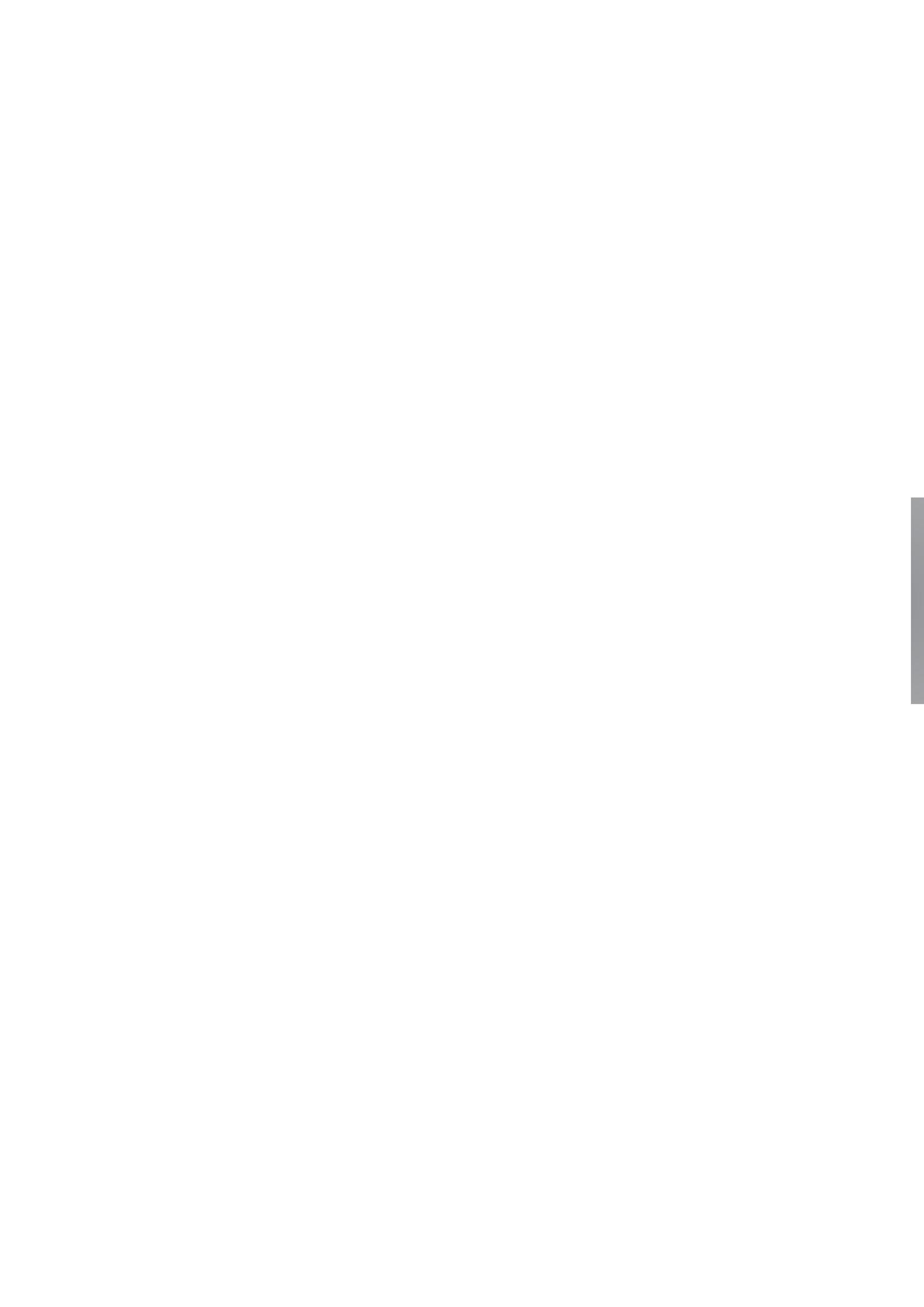
In light of its keenness to promote the continuous cooperation and exchange of information in the AML/CFT field, the KwFIU have signed several memorandums of understanding (MOUs) with local authorities and counterpart units during the previous years, it is also worth mentioning that the KwFIU is in the final stages of discussions with the Kuwait Anti Corruption Authority in preparation to sign an MOU between both parties.

IV. Continuing to Implement the Automated Information Analysis System (goAML)

In light of the preparations for the implementation of goAML system and the system's accommodation to the needs of the KwFIU, the preparations necessary for implementing the system will be continued. The KwFIU is willing to establish an electronic connection network for the unit to promote connection with the reporting authorities through which the data and notices are transmitted in a fast and safe manner.

V. Continuing to Develop the KwFIU STR Database

In light of the KwFIU's efforts to focus on developing its systems and activating the necessary measures for combating money laundering and terrorism financing crimes, the Information Technology and Security Department, in collaboration with the Financial Analysis Department, continues to introduce further developments to the database in order to ensure the confidentiality of information, and improve the quality of data and statistics accommodate with the statistics required within the framework of national assessment of risks and various strategic studies which are planned to be prepared in the future.



Annexes





Annex 1

Law No. (106) of 2013 Regarding Anti-Money
Laundering and Combating Terrorism Financing
and its Amendments





**Law No. (106) of 2013 Regarding
Anti-Money Laundering and Combating Terrorism Financing
and its Amendments**

- After reviewing the Constitution,
- Law No. 16 of 1960 Promulgating the Penal Code and laws amending it;
- Law No. 17 of 1960 Promulgating the Criminal Procedures Code and laws amending it;
- Law No. 24 of 1961 on Insurance Companies and Agents and laws amending it;
- Law No. 24 of 1962 on Public Benefit Clubs and Associations and laws amending it;
- Law No. 42 of 1964 on the Regulation of the Practice of Law before the Courts and laws amending it;
- Law No. 32 of 1968 on Money, the Central Bank of Kuwait, and Regulation of the Banking Profession and laws amending it;
- Law No. 20 of 1976 on Fraud in Commercial Transactions and laws amending it;
- Law No. 32 of 1980 on Protection of the Environment;
- The Civil Law issued by Decree Law No. 67 of 1980 and laws amending it ;
- Decree Law No. 68 of 1980 Promulgating the Commercial Code and laws amending it;
- Decree Law No. 5 of 1981 on the Practice of the Profession of Auditing;
- Law No. 74 of 1983 on the Combating of Narcotics and the Regulation of their Use and Trafficking and laws amending it;
- Law No. 35 of 1985 on Explosives;
- Decree Law No. 48 of 1987 on Combating Psychotropic Substances and the Regulation of their Use and Trafficking ;
- Decree Law No. 23 of 1990 on the Law on the Regulation of the Judiciary and laws amending it;
- Decree Law No. 31 of 1990 on the Regulation of Securities Trading and the Establishment of Investment Funds;
- Decree Law No. 13 of 1991 on Weapons and Ammunition;
- Law No. 1 of 1993 on the Protection of Public Funds and laws amending it;
- Law No. 64 of 1999 on the Protection of Intellectual Property Rights;
- Law No. 25 of 2000 adopting the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances ;
- Law No. 35 of 2002 on Combating Money-Laundering Operations;

- Law No. 10 of 2003 Promulgating the Unified Customs Law for the Cooperation Council for the States of the Arab Gulf;
- Law No. 5 of 2006 adopting the United Nations Convention against Transnational Organized Crime and the two Protocols Thereto;
- Law No. 47 of 2006 approving the United Nations Convention against Corruption;
- Law No. 7 of 2010 on the Establishment of the Securities Commission and the Regulation of Securities Activity;
- Decree Law No. 24 of 2012 setting up the Public Authority to Combat Corruption and the pertinent provisions for financial disclosure; and
- Decree Law No. 25 of 2012 on Commercial Companies,

The National Assembly has approved, ratified and passed the following Law:

Definitions (Article 1)

The following words and expressions shall have the following meaning in implementing the provisions of this Law:

Funds: any kind of assets or property, whether money, financial or commercial papers, whether immovable or movable properties, corporeal or incorporeal, or related rights thereto however acquired, and documents, legal instrument in any form, including electronic or digital form, or banking credit facilities, checks, payment orders, stocks, bonds, promissory notes, and letters of credit, whether inside or outside the State of Kuwait.

Person: natural or legal person.

Transaction: any purchase, sale, loan, mortgage, gift, financing, transfer, delivery, deposit, withdrawal, transfer through remittance, or any other disposition of funds in any currency, whether in cash or checks, payment orders, stocks, bonds or any other financial instruments, or the use of safe deposit boxes or other forms of safe deposit; or any other disposition of funds as specified in the Executive Regulation.

Financial institution: any person who conducts as a business one or more of the following activities or operations for or on behalf of a customer in the following manner:

- a. Acceptance of deposits and other repayable funds from the public, including private banking;
- b. Lending;
- c. Financial leasing;
- d. Money or value transfer services;
- e. Issuance and managing means of payment (e.g. credit and debit cards, traveler's checks, financial leasing, payment orders and bankers' drafts, electronic money);
- f. Financial guarantees and commitments;
- g. Trading in:
 1. Money market instruments including checks, bills, and certificates of deposit;

2. Foreign exchange;
 3. Exchange, interest rate and financial index instruments;
 4. Negotiable securities and financial derivatives;
 5. Commodity futures trading;
- h. Foreign exchange transactions;
 - i. Participation in securities issuing, and provision of financial services related to such issuing;
 - j. Individual and collective portfolio management;
 - k. Safekeeping and administration of cash or liquid securities on behalf of other persons;
 - l. Concluding life insurance contracts and other types of investment related insurance as a provider or a broker of the insurance contract;
 - m. Investing, administering or managing funds on behalf of other persons;
 - n. Any other activity or transaction specified by the Executive Regulation of this Law.

Designated non-financial businesses and professions:

- a. Real estate agents;
- b. Sole-proprietors and commercial companies dealing in gold, precious stones, and precious metals when engaging in any cash transaction as determined by the Executive Regulation of this Law;
- c. Lawyers, independent legal professionals and accountants, when they prepare, execute, or conduct transactions for customers in relation to any of the following activities:
 1. Purchase or sale of real estate.
 2. Management of a customer's funds, including securities, bank accounts, and other assets.
 3. Establishment, operation, or management of legal persons or legal arrangements and the organization of related subscriptions.
 4. Buying and selling of legal persons.
- d. Company and Trust Service Providers when they prepare for or carry out transactions for a customer concerning any of the following activities:
 1. Acting as a formation agent of legal persons.
 2. Acting as or arranging for another person to act as a director, secretary of a company, or partner in a partnership or in a similar position with respect to other legal persons.
 3. Providing a registered office, business address, or accommodation, correspondence or administrative address for a legal person or legal arrangement.
 4. Acting as or arranging for another person to act as trustee or an equivalent function for a trust fund or any other legal arrangement.
 5. Acting as, or arranging for another person to act as a nominee shareholder; or
- e. Any other activity or profession stipulated by the Executive Regulation of this Law.

Business relationship: any business, professional or commercial relationship connected with the professional activities of a financial institution or designated non-financial business and profession, and which is expected to have an element of duration.

Account: any facility or arrangement by which a financial institution accepts deposits of funds or monetary or negotiable instruments or permits withdrawals or transfers; pays the value of checks or payment orders drawn on a financial institution or another person; or collects checks and payment orders, bankers drafts, travelers checks, or electronic money on behalf of a person; or provides facilities or arrangements for the lease of safe deposit boxes or any other form of safe deposit.

Customer: any person that undertakes any of the following with a financial institution or a designated non-financial business and profession:

- a. Any person for whom a transaction, business relationship or account is arranged, opened or undertaken.
- b. Any signatory to a transaction, business relationship or account.
- c. Any person to whom an account, rights or obligations under a transaction have been assigned or transferred.
- d. Any person who is authorized to conduct a transaction, or to control a business relationship or an account.
- e. Any person who initiates any of the actions referred to above.

Beneficial owner: any natural person who ultimately owns or exercises direct or indirect control over a customer or the person on whose behalf a transaction is being conducted. It also includes those persons who ultimately exercise ultimate control over a legal person or legal arrangement.

The Unit: the Kuwait Financial Intelligence Unit.

Supervisory authority: The authority with responsibility to ensure compliance by a financial institution or designated non-financial business and profession with the requirements under this Law, including the Central Bank of Kuwait, the Capital Market Authority, the Ministry of Commerce and Industry, and any other person designated by the Executive Regulation of this Law.

Competent authority: All public authorities in Kuwait with designated responsibilities for combating money laundering or terrorism financing, including the Unit, supervisory authorities, the General Administration of Customs, and the Ministry of Interior.

Freezing: Temporary restraint of funds under the management of their holder and the prohibition of their transfer, conversion, disposition, movement or transportation based on a decision by the prosecutor's office or any of his attorney generals.

Seizing: detention and temporary restraint of funds by the prosecutor's office or any other legal person based on a decision by the prosecutor's office or any of his attorney generals.

Legal arrangements: express trusts or other similar arrangements.

Politically exposed person (PEP): any natural person who is or has been entrusted with a prominent public function in the State of Kuwait or a foreign country; or with a high-level management position in an international organization, including family members. The Executive Regulation shall define the persons covered by this definition without conflicting with this Law.

Money laundering: any of the acts described under Article (2) of this Law.

Terrorism Financing: any of the acts described under Article (3) of this Law.

Predicate offense: any act constituting a crime under the laws of the State of Kuwait, and any act committed outside the State of Kuwait if it constitutes a crime according to the laws of the country where it occurred and that would have constituted a crime in the State of Kuwait.

Proceeds of crime: funds derived or obtained directly or indirectly through the commission of a predicate offense, including other yields, interest, gains or profit from such funds whether it remained as is or it was converted wholly or partially into other funds.

Instrumentalities: all means of whatever kind that were used or that were intended to be used in any form, wholly or partially, to commit a money laundering, terrorism financing or predicate offense.

Terrorism act: Any act or initiation of an act, whether in the State of Kuwait or in any other place, as follows:

- a. An act intended to cause death or serious bodily injury to a civilian, or to any other person not taking part in the hostilities in a situation of armed conflict, when the purpose of such act, in its nature or context, is to intimidate a population, or to compel a Government or an international organization to do or to abstain from doing any act; or
- b. An act which constitutes an offense within the scope of the definitions set forth in any of the following international conventions or protocols:
 1. Convention for the Suppression of Unlawful Seizure of Aircraft, 1970 as implemented by Law No. 19 of 1979;
 2. Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, 1975 as implemented by Law No. 62 of 1979;
 3. Convention on the Prevention and Punishment of Crimes against Internationally Protected Persons, including Diplomatic Agents, 1973 as implemented by Law No. 72 of 1988;
 4. International Convention against the Taking of Hostages, 1971 as implemented by Law No. 73 of 1988;
 5. Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, supplementary to the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, 1988 as implemented by Law No. 71 of 1988 and Law No. 6 of 1994;
 6. Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation, 1988 as implemented by Law No. 15 of 2003;
 7. Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms located on the Continental Shelf, 1988 as implemented by Law No. 16 of 2003;
 8. Convention on the Physical Protection of Nuclear Material, 1980 as implemented by Law No. 12 of 2004;
 9. International Convention for the Suppression of Terrorist Bombings, 1997 as implemented by Law No. 27 of 2004; or
 10. Any other international convention or protocol concerning terrorism or terrorism financing that the State of Kuwait ratified and published as law in the Official Gazette.

Terrorist: any natural person, whether located inside or outside Kuwait, who:

- a. Commits a terrorist act, directly or indirectly, as per the provisions of this Law;
- b. Acts as an accomplice in a terrorist act;
- c. Organizes or directs others to commit a terrorist act;
- d. Contributes intentionally to the commission of a terrorist act by a person or a group of persons acting with a common purpose, with the aim of furthering the terrorist act or with the knowledge of the intent of the person or group of persons to commit the terrorist act.

Terrorist organization: any group of terrorists, whether located inside Kuwait or outside who commits any of the acts mentioned in the previous definition.

Bearer Negotiable Instrument (BNI): monetary instruments in bearer form such as: travelers checks; negotiable instruments including checks, promissory notes and money orders that are either in bearer form, endorsed without restriction, made out to a fictitious payee, or otherwise in such form that title thereto passes upon delivery; and incomplete instruments signed but with the payee's name omitted.

Wire transfer: A financial transaction carried out on behalf of an originator through a financial institution by electronic means with the view to making an amount of funds available to a beneficiary at another financial institution, irrespective of whether the originator and the beneficiary are the same person.

Shell Bank: a bank that is incorporated or licensed in a country or jurisdiction in which it has no physical presence and that is not affiliated with a regulated financial group subject to effective consolidated supervision.

CHAPTER 1

OFFENSES AND PREVENTIVE MEASURES

Section 1

Money Laundering and Terrorism Financing Offenses

(Article 2)

Any person who knows that funds are the proceeds of crime and who has done the following voluntarily shall be considered to have committed a money laundering offense:

- a. Converts or transfers or substitutes such funds with the purpose of disguising or concealing the illicit origin thereof, or helping a person involved in the commission of the predicate offense evade the legal consequences for his/her acts; or
- b. Disguises or conceals the true nature, source, location, disposition, movement or ownership of such funds, or rights pertaining thereto.
- c. Acquires, possesses or uses such funds.

A legal person shall be held liable for a money laundering offense if it were committed in its name or to its credit.

Punishment of the person for a predicate offense shall not preclude conviction of that same person for a money laundering offense.

When establishing that funds are proceeds of crime, a conviction for the commission of a predicate offense shall not be required.

(Article 3)

Any person who by any means, directly or indirectly, unlawfully and willfully, collects or provides funds, with the knowledge that they will be used or with the intent that they should be used, in full or in part, in order to carry out a terrorist act or for the benefit of a terrorist organization or of a terrorist shall be considered to have committed a terrorism financing offense.

Any of the acts mentioned in paragraph (1) shall be considered a terrorism financing offense even if the terrorist act does not occur, or if the funds are not actually used to commit or attempt to commit the act or if the funds are not linked to a specific terrorist act.

Section 2 – PREVENTIVE MEASURES

(Article 4)

Financial institutions and designated non-financial businesses and professions shall assess their money laundering and terrorism financing risks, including of new products or technologies. The risk assessment and any underlying information shall be documented in writing, be kept up-to-date and readily available for the supervisory authority to review at their request.

Financial institutions and designated non-financial businesses and professions shall conduct enhanced due diligence measures where the risk of money laundering or terrorism financing is identified as being higher. Financial institutions and designated non-financial businesses and professions may conduct simplified due diligence measures where the risk of money laundering or terrorism financing is identified as being lower.

Simplified due diligence measures may not be applied where there is a suspicion of money laundering or terrorism financing.

(Article 5)

Financial institutions shall not maintain or open an account of unknown identity or in fictitious names.

Financial institutions and designated non-financial business and professions shall carry out the following due diligence measures, taking into account the outcome of the risk assessment required to be carried out under Article (4):

- a. Identify and verify the identity of the customer and beneficial owner using reliable, independent source documents, data or information.
- b. Understand and, as appropriate, obtain information on the purpose and intended nature of the business relationship.
- c. Monitor the business relationship on an ongoing basis and examine any transactions carried out to ensure they are consistent with their knowledge of the customer, commercial activities and risk profile, and where required, the source of funds.
- d. Understanding the ownership and control structure of the customer.

Due diligence measures under paragraph (2) of this Article shall be carried out:

- a. Before or during the course of opening an account or establishing a business relationship with a customer;
- b. Before carrying out a transaction above the threshold set by the Executive Regulation of this Law for a customer with whom it is not in an established business relationship, whether conducted as a single transaction or several transactions that appear to be linked;
- c. Before carrying out a domestic or international wire transfer for a customer;
- d. Whenever there is a suspicion of money laundering or terrorism financing;
- e. Whenever doubts exist about the veracity or adequacy of previously obtained customer identification data.

The supervisory authority may prescribe the circumstances in which a financial institution or designated non-financial business and profession can delay the verification of the customer or beneficial owner identity until after the establishment of the business relationship or the carrying out of the transaction.

Where a financial institution or designated non-financial business and profession is unable to comply with obligations under paragraph (2) of this Article, it shall refrain from opening the account or commencing the business relationship or carrying out the transaction; or it shall terminate the business relationship. The financial institution or designated non-financial business and profession shall also consider filing a report to the Unit under the provisions of Article (12) of this Law.

Financial institutions and designated non-financial businesses and professions shall implement specific and adequate measures to address the risks of money laundering and terrorism financing in the event that they open an account or establish a business relationship or execute a transaction with a customer that is not physically present for the purpose of identification.

Financial institutions and designated non-financial businesses and professions shall establish appropriate risk-management systems to determine whether a customer or beneficial owner is a politically exposed person and if so, apply additional measures to those under paragraph (2) of this Article . The Executive Regulation will prescribe these measures.

Financial institutions and designated non-financial businesses and professions shall exercise enhanced due diligence for all complex, unusual large transactions and all unusual patterns of transactions for which there are no clear economic or visible lawful purposes or objectives, examine as far as reasonably possible the background and purpose of such transactions, document all information concerning the transactions and the identity of all parties participating in such transactions, and retain such records in accordance with Article (11) of this Law. The records shall be made available upon request by a competent authority or the Public Prosecutor's Office.

Financial institutions and designated non-financial businesses and professions shall apply enhanced due diligence measures to business relationships and transactions with persons or financial institutions from or in countries that were identified as high risk under Article (4).

Accounts and customers existing prior to the implementation of this Law shall be subject to due diligence measures under this Article at appropriate times and based on materiality and risk, or as prescribed by supervisory authorities.

Financial institutions and designated non-financial businesses and professions shall review existing records and documents on an ongoing basis to ensure that any information collected is kept up-to-date and relevant.

Financial institutions and designated non-financial businesses and profession may rely on third parties to perform some elements of the due diligence process as prescribed by Executive Regulation.

(Article 6)

Provisions of Articles (4), (5) and (11) of this Law apply to real estate agents and brokers when they are involved in transactions concerning the buying or selling of real estate.

(Article 7)

The Executive Regulation will prescribe the measures to be taken by financial institutions before entering into a cross-border correspondent banking or other similar relationship, in addition to applying ordinary due diligence measures as prescribed under Article (5).

(Article 8)

No shell bank may be licensed or operate in the State of Kuwait. Financial institutions shall not enter into or continue a correspondent or business relationship with a shell bank or a correspondent financial institution in a foreign country that allows its accounts to be used by a shell bank.

(Article 9)

Financial institutions that engage in wire transfers shall obtain information on the originator and recipient when carrying out such transactions and ensure that such information remains with the wire transfer or related message throughout the payment chain. A financial institution seeking to order a wire transfer that is unable to obtain such information shall not execute the transfer.

(Article 10)

Financial institutions and designated non-financial businesses and professions shall:

- a. Establish internal policies, procedures, systems, and controls, including appropriate compliance management arrangements, and adequate screening procedures to ensure high standards when hiring employees;
- b. Implement an ongoing training program to ensure that employees are kept informed of all the aspects of the anti-money laundering and combating terrorism financing requirements, new developments, money laundering and terrorism financing techniques, methods and trends, and concerning due diligence measures and suspicious transaction reporting;
- c. Establish an independent audit function to verify compliance with the internal policies, procedures, systems and controls and to ensure that such measures are effective and consistent with the provisions of this Law;
- d. Put in place mechanisms for the sharing with other members of the financial group of information obtained under Articles (4) and (5), and to protect the confidentiality and use of exchanged information; and
- e. Designate a compliance officer at the senior management level to be responsible for the implementation of the requirements of this Law.

As appropriate, the measures under this Article shall apply to all domestic and foreign branches and their subsidiaries.

(Article 11)

Financial institutions and designated non-financial businesses and professions shall maintain records of the following information and ensure that such records and underlying information are available to competent authorities:

- a. Copies of all records obtained through the due diligence process under Article (5), including documents evidencing the identities of customers and beneficial owners, account files and business correspondence, for at least five years after the business relationship has ended or a transaction under Article (5-3)(b) has been carried out;
- b. All records of transactions, both domestic and international, attempted or executed for at least five years following the attempt or execution of the transaction. Such records must be sufficiently detailed to permit the reconstruction of each individual transaction;
- c. Copies of transaction reports sent under Article (12) and related documents for at least five years after the date the report was made to the Unit; and
- d. The risk assessment under Article (4) and any underlying information for a period of five years from the date it was carried out or updated.

A competent authority may require in specific cases that records be maintained for longer than the periods prescribed under this Article.

Section 3**REPORTING OBLIGATIONS****(Article 12)**

Financial institutions and designated non-financial businesses and professions shall report to the Unit without delay any transaction or attempted transaction, regardless of the value thereof, if they suspect or have reasonable grounds to suspect that such transaction involves proceeds of crime or funds related or linked to or to be used for money laundering or terrorism financing. Attorneys and other independent legal professionals and accountants are not required to report a transaction under the previous Article if the relevant information was obtained in circumstances where they are subject to professional secrecy.

(Article 13)

Financial institutions and designated non-financial businesses and professions, their directors and employees are prohibited from disclosing to a customer or any other person the fact that a report under the previous Article or any information related to the Unit or to any money laundering or terrorism financing investigation. This shall not preclude disclosures or communications between and among directors and employees of the financial institution or designated non-financial business and profession, in addition to lawyers, competent authorities, and the public prosecution.

There shall be no penal, civil, disciplinary or administrative liability for a financial institution or a designated non-financial business and profession or its directors or employees for breach of any restriction on disclosure of information imposed by contract or law if it is established that a

report under Article (12) or any other information was provided to the Unit in good faith.

Financial institutions and designated non-financial businesses and professions are bound to provide information and documents to the relevant competent authorities upon request. Professional secrecy or privilege shall not constitute a ground not to comply with the obligations under this Law except in the case of lawyers, independent legal professionals and accountants according to the provisions of paragraph 2 of Article (12).

CHAPTER 2
COMPETENT AUTHORITIES
Section 1
Competence of Supervisory Authorities
(Article 14)

Supervisory authorities shall regulate, supervise and monitor compliance by financial institutions and designated non-financial businesses and professions with the requirements set forth in this Law, its Executive Regulation or any relevant Ministerial decisions or instructions and shall have the following powers and duties:

1. To collect information and other data from financial institutions and designated non-financial businesses and professions and to conduct on-site examinations. Supervisory authorities may delegate the powers under this paragraph to third parties;
2. To compel financial institutions or designated non-financial businesses and professions to provide any information and copies of documents and files however and wherever stored, including documents held outside their buildings.
3. To apply measures and impose sanctions against financial institutions and designated non-financial businesses and professions for non-compliance to the provisions of this Law and to report them to the Unit.
4. To issue ministerial decisions and instructions to assist financial institutions and designated non-financial businesses and professions in complying with their obligations;
5. To cooperate and share information with other competent authorities or any foreign authority concerned with combating money laundering or terrorism financing;
6. To verify that foreign branches and majority owned subsidiaries of financial institutions and designated non-financial businesses and professions adopt and enforce measures consistent with this Law to the extent permitted by the laws of the host country;
7. To promptly notify the Unit of transactions or facts that could be related to money laundering, terrorism financing or predicate offenses;
8. To establish and apply efficiency and adequacy processes, including standards relating to the experience and integrity of board members, executive or supervisory management members or directors of financial institutions;
9. To establish and apply standards for owning or controlling significant shares of financial institutions and designated non-financial businesses and professions, including the beneficial ownership or the direct or indirect participation in the management, administration or operation thereof;
10. To maintain statistics concerning measures adopted and sanctions imposed as prescribed by supervisory authorities; and
11. To determine the type and extent of measures to be taken by financial institutions and designated non-financial businesses and professions under Article (10), according to the risk of money laundering and terrorism financing and the size of the business.

(Article 15)

If a financial institution or designated non-financial business and profession or any of its directors, board members, executive or supervisory management members is found to have failed to comply with the provisions of this law, its Executive Regulation or any Ministerial decisions or instructions, the supervisory authority may impose one or more of the following measures or sanctions:

1. Issue written warnings;
2. Issue an order to comply with specific instructions;
3. Issue an order to provide regular reports on the measures taken to address the identified violation;
4. Impose a fine on the violating financial institution not to exceed Dinars 500,000 per violation;
5. Ban individuals from employment within the relevant sectors for a period to be determined by the supervisory authority;
6. Restrict the powers of directors, board members, executive or supervisory management members, and controlling owners, including appointing a temporary controller;
7. Dismiss or replace the directors, members of the Board of Directors or of executive or supervisory management;
8. Suspend, restrict or prohibit the continuation of the activity, business or profession;
9. Revoke the license;
10. Withdraw the license;

The Executive Regulation may provide for other measures.

Section 2**KUWAIT FINANCIAL INTELLIGENCE UNIT****(Article 16)³**

A Unit called the "Kuwait Financial Intelligence Unit" shall be established. It shall be an independent legal person and serve as the agency responsible for receiving, requesting, analyzing, and disseminating information concerning suspected proceeds of crime or funds related, linked to or to be used for money laundering or terrorism financing according to the provisions of this Law.

The Unit shall have a budget drafted by its Chairman, and shall be included under a special item of the State Public Budget. The Unit's budget and annual account shall be subject to public budget provisions. The financial year of the Unit shall begin on the 1st of April of each year and end on the 31st of March of the next financial year, with the exception of the first year that will begin with the entry into force of the present law and end on the 31st of March of the next financial year.

The Council of Ministers, based on the recommendation of the Minister of Finance, shall issue a Resolution forming the Unit and determining its affiliation, organization, and resources.

The staff of the Unit shall keep confidential any information obtained within the scope of their duties, even after cessation of those duties within the FIU. Such information may only be used for the purposes provided for under this Law.

³ This Article was amended by Law No. 24 of 2016 published in the Official Gazette, N° 1294 of year 62, dated June 26, 2016.

(Article 17)

The Unit shall identify high-risk countries and prescribe the measures to be applied in relation to such countries. Supervisory authorities shall ensure compliance by financial institutions or designated non-financial businesses and professions with the prescribed measures.

(Article 18)

In relation to any information it has received in accordance with its functions, the Unit is authorized to obtain from any person subject to the reporting obligation set forth under Article (12) any additional information it deems necessary to carry out its functions. The information requested shall be provided within the time limits specified by the Unit and in the form prescribed in the Executive Regulation of this Law.

The Unit may, in relation to any report or information it has received, obtain from competent authorities or other public bodies any information it deems necessary to carry out its functions.

(Article 19)

Whenever the Unit has reasonable grounds to suspect that funds are proceeds of crime or are related, linked to or to be used for money laundering or terrorism financing, it shall notify the public prosecutor's office and forward the relevant information to competent authorities.

The Unit shall notify the relevant supervisory authority if a financial institution or designated non-financial business and profession, or an employee thereof fails to comply with the requirements contained in this Law.

The Unit may, spontaneously or upon request, make its information available to any foreign authority upon reciprocity or mutual agreement on the basis of cooperation arrangements entered into between the Unit and such foreign authority.

Section 3**CROSS BORDER TRANSPORTATION OF CASH AND BEARER NEGOTIABLE INSTRUMENTS****(Article 20)**

Any person who enters or leaves the State of Kuwait in possession of currency or bearer negotiable instruments or arranges for the transportation of such items into or out of the State of Kuwait through a person, cargo, postal service or through any other means shall disclose the value of such currency or bearer negotiable instruments upon request to the General Administration of Customs. The Unit shall have access to such information upon request.

The General Administration of Customs may request information from couriers about the origin of such currency or bearer negotiable instruments and the intended use thereof. The General Administration of Customs may also seize or restrain some or all of the amount of currency or bearer negotiable instruments in the following two cases:

- a. If there are sufficient indications for a suspicion that such currency or bearer negotiable instruments are proceeds of crime or funds or instrumentalities related, linked to or to be used for money laundering or terrorism financing .
- b. If there has been a lack of disclosure, or provision of information when requested, or false disclosure or information.

The Minister of Finance shall issue an Executive Regulation on the rules and procedures related to the implementation of this Article.

**CHAPTER 3
MISCELLANEOUS
(Article 21)**

The Public Prosecutor's Office shall have exclusive authority to investigate, act upon and prosecute the offenses mentioned in this Law. The criminal court shall have the authority to examine such offenses.

(Article 22)

Without prejudice to the rights of third persons in good faith, the public prosecutor, or any public attorney whom he authorizes, may order the freezing or seizure of funds or instrumentalities mentioned in Paragraph 1 of Article (40) if there are reasonable grounds to believe they are related to a money laundering, terrorism financing or a predicate offense.

The Public Prosecutor's Office shall be responsible for the management and administration of such funds as it sees fit.

Any concerned party may file an appeal to the competent court within one month from the date on which the order was issued. The court must decide on the appeal promptly, either by rejecting it or by canceling or amending the order and establishing the necessary guarantees if necessary. An appeal may not be made again until three months from the date of the decision on the first complaint.

The public prosecutor, or any public attorney whom he authorizes, shall have the discretion to rescind or amend an order.

(Article 23)

The Public Prosecution Office shall exchange international cooperation requests with competent foreign authorities in criminal matters related to money laundering , predicate, or terrorism financing offenses with respect to assistance, letters rogatory, extradition of suspects and convicted persons, and requests to identify, trace, freeze seize or confiscate funds, all in accordance with the rules established under bilateral or multilateral agreements ratified by the State of Kuwait or in accordance with the principle of reciprocity.

(Article 24)

The Executive Regulation shall set the mechanisms for competent authorities to cooperate and coordinate at the national level concerning the development and implementation of policies and activities to combat money laundering, terrorism financing and the financing of proliferation of weapons of mass destruction.

(Article 25)

The Council of Ministers, based on a recommendation by the Minister of Foreign Affairs, shall issue the necessary decisions to implement United Nations Security Council Resolutions issued under Chapter VII of the United Nations Charter and related to terrorism, terrorism financing or proliferation of weapons of mass destruction.

(Article 26)

Any contract or act shall be null if all or any party thereto had knowledge or reason to believe that the objective of the contract or agreement was to prevent confiscation measures set forth in Article (40) of this Law, without prejudice to the rights of third persons in good faith.

CHAPTER 4 SANCTIONS (Article 27)

Without prejudice to any more severe sanctions stipulated in the penal code or any other law, the offenses mentioned in the articles of this Law shall have respective sanctions.

(Article 28)

Any person who commits a money laundering offense under Article (2) of this Law shall be punished by imprisonment for up to ten years and a fine of no less than half and up to the full value of the funds that were the objects of the offense if the offender knew that these funds and instrumentalities were the proceeds of crime.

In all cases, the funds and instrumentalities detained shall be confiscated.

(Article 29)

Any person who commits a terrorism financing offense under Article (3) of this Law shall be punished by imprisonment for up to fifteen years and a fine of no less than and up to twice the value of the funds that were the objects of the offense and by confiscation of seized funds and instrumentalities.

(Article 30)

The penalties stipulated in Articles (28) and (29) of this Law may be increased to imprisonment for up to twenty years and a fine of up to twice the amounts, if the following conditions are met:

- a. The offense was committed by an organized criminal or terrorist organization.
- b. The perpetrator of the offense exploited the authority or influence of his position.
- c. The offense was committed through public benefit clubs and associations and charitable organizations.
- d. The perpetrator repeated the commission of the offense.

(Article 31)

The Court can exempt the perpetrator of the offense of the penalties stipulated in Articles (28) and (29) if he/she provides the Police, Public Prosecution or competent court with information they would not have otherwise obtained so as to assist them in:

- a. Preventing the commission of money laundering or terrorism financing offenses;
- b. Helping authorities to arrest and prosecute other perpetrators of the offense;
- c. Obtaining evidence;
- d. Preventing or limiting the effects of the offense;
- e. Depriving organized criminal or terrorist organizations of funds over which the defendant has no right or control.

(Article 32)

Without prejudice to the penal liability of a natural person, any legal person that commits a money laundering or terrorism financing offense shall be punished by a fine of no less than 50,000 Dinars and no more than 1 million Dinars, or the equivalent of the full value of the funds that were the objects of the offense, whichever is greater.

A legal person may also be punished by permanently or temporarily, for no less than five years, prohibiting it from continuing to engage in certain commercial activities directly or indirectly, or by permanently or temporarily closing its offices that were used to commit the offense, or by liquidating its business, or by assigning a receiver to manage its funds. The final Court verdict shall be published in the official gazette.

(Article 33)

A financial institution or designated non-financial business and profession or any of its board members or executive or supervisory management members that deliberately or through gross negligence violates or fails to comply with the provisions of Articles (5), (9), (10), or (11) of this Law, shall be punished by a fine of no less than 5,000 Dinars and up to 500,000 Dinars per violation.

(Article 34)

Whoever deliberately or by gross negligence establishes or attempts to establish a shell bank in the State of Kuwait in violation of Article (8-1) or enters into a business relation with such bank in violation of Article (8-2) shall be punished by imprisonment for up to three years and a fine of no less than 5,000 Dinars and up to 500,000 Dinars, or by one of these two sanctions. In the case where the offender is a legal person, a fine of no less than 5,000 Dinars and up to 1 million Dinars shall be imposed.

(Article 35)

Shall be punished by imprisonment for up to three years and a fine of no less than 5,000 Dinars and up to 500,000 Dinars, or by one of these two penalties whoever deliberately or by gross negligence:

- a. Fails to make a report under Article (12) or presents false statements of facts or conceals facts which should be disclosed; or
- b. Discloses information to a third party in violation of Article (13-1); In the case where a legal person commits any of the offenses stated in (1) and (2), a fine of no less than 5,000 Dinars and up to 1 million Dinars shall be imposed.

(Article 36)

Whoever violates Article (16-3) shall be punished with imprisonment for up to three years and a fine of no less than 1,000 Dinars and up to 10,000 Dinars, or with one of these two sanctions and shall in all cases be dismissed.

(Article 37)

Whoever violates or fails to comply with Article (20), or makes a false disclosure of currency or bearer negotiable instruments, or conceals deliberately or by gross negligence facts which should be disclosed shall be punished with imprisonment for up to one year and a fine of no

less than half and no more than the full value of the funds that were the objects of the offense, or by one of these penalties. In the cases where the offender is a legal person, a fine of no less than the full value of the funds that were the objects of the offense is imposed and no more than twice that value.

(Article 38)

Without prejudice to the penalties stipulated in this Chapter, the Court may prohibit the perpetrator of any offense permanently or temporarily from engaging in or continuing to carry out any business or profession that provides an opportunity to commit such an offense.

(Article 39)

The imposition of any sanction under this Section shall not preclude the imposition on financial institutions or designated businesses and professions of supervisory penalties or measures under Article (15).

(Article 40)

Without prejudice to the provisions of Articles (28) and (29) and to the rights of third persons in good faith, the Court shall, in the event of a conviction for any of the other offenses mentioned in this Law, order the confiscation of the following funds and instrumentalities:

- a. Proceeds of crime, including funds intermingled with, derived from or exchanged for such proceeds;
- b. Income and other benefits obtained from proceeds of crime;
- c. Funds objects of the offense; or

The Court shall rule on the equivalent in value to funds and instrumentalities mentioned in subparagraphs (a), (b) and (c) that cannot be located or are no longer available for the purpose of confiscation.

Funds referred to in paragraph (1) may not be confiscated if their owner can establish good faith showing that funds were acquired by paying a fair price or in return for the provision of services corresponding to the value of such funds, or based on other legitimate grounds, and that he/she was unaware of their illicit origin.

Death of the perpetrator shall not impede confiscation of the funds and instrumentalities under the provision mentioned in paragraph (1) of this Article.

(Article 41)

Unless the law stipulates otherwise, funds that are confiscated shall accrue to the Public Treasury. These funds remain bearing any rights lawfully adjudicated in favor of third parties acting in good faith.

**CHAPTER 5
FINAL PROVISIONS**

(Article 42)

Lapse of time shall not cause the dismissal of the criminal case or the penalty related to crimes mentioned in this Law. The provisions of Articles (81) or (82) of the Penal Code may not be applied to such offenses.

(Article 43)

The Minister of Finance shall issue the Executive Regulation within six months following the publication of this Law.

(Article 44)

The above-mentioned Law No. 35 of 2002 shall be repealed and decisions currently in effect that do not conflict with the provisions of this Law shall remain in effect until the issuance of the Executive Regulation.

(Article 45)

The Prime Minister and Ministers shall, each within their purview, implement this Law, which shall enter into force upon its publication in the Official Gazette⁴.

Emir of Kuwait

Sabah Al Ahmad Al Jaber Al Sabah

Issued in Seif Palace on: 28th Jumada II 1434 H,

Corresponding to: 8th of May 2013

⁴ Published in the official gazette (Kuwait Today) in issue no. 1133 of the year 59 on 26th May 2013 and then republished in issue 1137 of the year 59 on 23rd June 2013 after typo corrections.

Annex 2

Ministerial Decision No. (37) of 2013 to Issue the
Executive Regulation of the Anti-Money Laundering
and Combating Terrorism Financing Law (106) of 2013
and its Amendments



**Ministerial Decision No. (37) of 2013 to Issue the
Executive Regulation of the Anti-Money Laundering
and Combating Terrorism Financing Law (106) of 2013
and its Amendments**

The Minister of Finance

- Upon reviewing Law No. (106) of 2013 on Anti-Money Laundering and Terrorism Financing,
- Upon reviewing international convention on anti-money laundering and terrorism financing,
- Upon submission of the Secretary of the Ministry of Finance,

Has resolved the following

Article 1

The definitions set out in Article (1) of the Anti-Money Laundering and Combating Terrorism Financing Law shall apply to this Executive Regulation. The following words and expressions shall have the following meaning:

1. **The Law:** the Anti-Money Laundering and Combating Terrorism Financing Law (106) of 2013.
2. **Correspondent banking:** means the provision of banking services by the “correspondent bank”) to the “respondent bank” (the last bank to execute the transaction).
3. **Enhanced due diligence measures:** shall include taking additional Customer Due Diligence measures when money laundering and terrorism financing risks are high, such as increasing the degree and nature of monitoring of the business relationship in order to determine whether transactions or activities appear unusual or suspicious; obtaining additional information on the customer; obtaining additional information on the intended nature of the business relationship; obtaining further information on the source of funds or the source of wealth of the customer; or any other measures specified by the supervisory authorities.
4. **Politically Exposed Person:** (a) any natural person, whether as customer or beneficial owner, who is or was entrusted with a prominent public function in the State of Kuwait or in a foreign country, such as Head of States or of governments, senior politicians, senior government , judicial or military officials, senior executives of state owned corporations, and important political party officials; (b) any person who is or has been entrusted with a prominent function in an international organization, such as directors, deputy directors and members of the board. This term also includes up to second degree family members and close associates.
5. **Supervisory Authorities:** means the following authorities in Kuwait:

Central Bank of Kuwait	For: Banks, Exchange Companies and Finance Companies.
Ministry of Commerce and Industry	For: Insurance Companies, Agents and Brokers, Exchange Organizations, Real Estate Agents, Dealers in Precious Metals and Stones, and Accountants.

Capital Markets Authority For: Investment Companies, Securities Brokerage Companies, Financial Brokerage Companies, Underwriters, Asset Managers, Mutual Funds, Custodian Companies.

Self-Regulatory Bodies: For: Lawyers.
Kuwait Association of Lawyers

6. **National Committee:** the committee established pursuant to the provisions of this Regulation to establish and develop national strategies and ensure the existence of effective AML/CFT coordination mechanisms at the local and international level.

Section I : Preventive Measures

Chapter 1 – Risk Identification and Assessment

Article 2

Financial institutions and designated non-financial businesses and professions shall have in place policies and procedures to ensure that they comply with the provisions of the Law, this Executive Regulation and relevant Ministerial Decisions and Instructions issued by supervisory authorities, including appropriate customer acceptance and risk management policies. These policies and procedures should be reviewed and endorsed periodically.

Article 3

Financial institutions and designated non-financial businesses and professions shall have in place risk assessment processes to identify, assess, monitor, manage and mitigate money laundering and terrorism financing risks which may arise in the course of their business activities and are mainly related to the following:

- (a) Customers;
- (b) Countries or geographic areas in which they operate or the place of origination or destination of transactions;
- (c) The nature of products and services offered; and
- (d) The delivery channels for products and services.

Article 4

The risk assessments undertaken by financial institutions and designated non-financial businesses and professions should be documented, kept up to date and be reviewed by financial institutions and designated non-financial businesses and professions periodically. The results of the assessment should be made available to the supervisory authority upon request.

Supervisory authorities may determine that documented risk assessments are not required to be completed by all financial institutions or designated non-financial businesses and professions, if the money laundering and terrorism financing risks inherent to a certain activity are clearly identified, understood and managed.

Article 5

Financial institutions and designated non-financial businesses and professions shall identify and verify the identity of the customer and beneficial owner through the following documents:

- (a) Civil card for citizens and residents;
- (b) Passport or travel document for persons not residing in the state of Kuwait;
- (c) Commercial license issued by the Ministry of Commerce and Industry for resident companies and establishments and, in the case of non-resident companies and establishments documents issued by competent authorities in the state in which they were incorporated or established;
- (d) Documents, papers, instruments, and court orders proving that a person has been appointed to represent the concerned person.

The supervisory authority may prescribe additional identification and verification requirements for customers to be applied by financial institutions and designated non-financial businesses and professions.

Article 6

For the purposes of Article (5) of the Law, the applicable threshold is 3,000 Kuwaiti Dinars or its equivalent in foreign currency.

Chapter 3 – Enhanced Customer Due Diligence Requirements for Certain Customers

Article 7

Financial institutions and designated non-financial businesses and professions shall establish appropriate risk-management systems to determine whether a customer or beneficial owner is a politically exposed person, and if so, apply additional Customer Due Diligence measures to those under Article (5) of the Law pursuant to the following:

- (a) For foreign politically exposed persons:
 - 1. Obtain approval from senior management before establishing or continuing a business relationship with such a person;
 - 2. Take all reasonable measures to identify the source of wealth and funds; and
 - 3. Apply enhanced ongoing monitoring of the business relationship.
- (b) For domestic Politically Exposed Person or a person who is or has been entrusted with a prominent function by an international organization:

The measures referred to under (a) above shall be applied wherever the financial institutions or designated non-financial businesses or professions determine the risk of money laundering or terrorism financing in relation to this person to be high.

Article 8

Supervisory authorities shall ensure that financial institutions and designated non-financial businesses and professions implement measures imposed by the Unit for high-risk countries. Such measures may include, but are not limited to the following:

- (a) Applying specific elements of enhanced due diligence such as obtaining additional information on the customer, purpose of transactions, nature of the business relationship and the source of funds or wealth of the customer;
- (b) Obtaining senior management approval to continue the relationship;
- (c) Increased monitoring of transactions;
- (d) Reviewing, amending or, if necessary, terminating correspondent banking relationships.

The Unit may also require supervisory authorities to take necessary actions including, but not limited to the following:

- (a) Imposing additional reports on financial institutions and designated non-financial businesses and professions;
- (b) Refusing the establishment of subsidiaries, branches or representative offices of financial institutions from the country identified by the Unit;
- (c) Prohibiting financial institutions and designated non-financial businesses and professions from establishing branches, representative offices or subsidiaries in the country identified by the Unit;
- (d) Requiring financial institutions and designated non-financial businesses and professions to limit business relationships or financial transactions with the country identified by the Unit or persons in that country;
- (e) Increasing supervisory examinations and external audit requirements for branches and subsidiaries of financial institutions and designated non-financial businesses and professions from the country identified by the Unit and operating in the state of Kuwait;
- (f) Requiring increased external audit requirements by financial institutions and designated non-financial businesses and professions of their branches and subsidiaries located in the country identified by the Unit.

Chapter 4 – Cross border correspondent banking or similar relationships

Article 9

Before entering into a cross-border correspondent banking relationship or other similar relationship, in addition to performing normal customer due diligence measures, financial institutions shall:

- (a) Gather sufficient information about the respondent institution
- (b) Understand the nature of the respondent's business.

- (c) Evaluate the reputation of the respondent institution and the quality of supervision to which it is subject, including whether it has been subject to a money laundering or terrorism financing investigation or regulatory action.
- (d) Evaluate the anti-money laundering and combating the financing of terrorism controls implemented by the respondent institution.
- (e) Obtain approval from senior management before establishing new correspondent relationships.
- (f) Clearly understand and document the respective anti-money laundering and combating the financing of terrorism responsibilities of each institution.

These requirements should also be applied to cross border correspondent banking and similar relationships established prior to the enactment of the Law and issuance of this Executive Regulation.

Chapter 5 – Requirements for Wire Transfers

Article 10

Financial institutions that engage in cross border wire transfers shall include accurate originator and beneficiary information on wire transfers and related messages and ensure that the information remains with the wire transfer or related messages throughout the payment chain. Information accompanying all wire transfers should always contain:

- (a) The full name of the originator;
- (b) The originator account number where such an account is used to process the transaction;
- (c) The originator's address and the customer's identification card number or their date and place of birth;
- (d) The name of the beneficiary and the beneficiary account number where such an account is used to process the transaction.

Financial institutions that engage in domestic wire transfers shall include originator information as required in items (a) to (c) above in the message related to the payment chain.

Financial institutions should monitor wire transfers for the purpose of detecting those which lack required originator and/or beneficiary information and take appropriate measures in that regard.

Chapter 6 – New Products, Business

Practices and Systems

Article 11

Financial institutions and designated non-financial businesses and professions should identify, assess and, take appropriate measures regarding money laundering or terrorism financing risks that may arise from the following processes:

- (a) The development of new products and business practices including mechanical means to provide new products and services; and
- (b) The use of new or advanced technologies for the provision of both new and existing products.

Chapter 7 – Internal Policies, Procedures, Systems and Controls

Article 12

Financial institutions and designated non-financial businesses and professions should implement internal policies, procedures, systems and controls to combat money laundering and terrorism financing which should be applicable to all domestic and foreign branches and subsidiaries of the group.

Financial institutions and designated non-financial businesses and professions should ensure that their foreign branches and subsidiaries apply requirements consistent with Article (10) of the Law to the extent that host country laws permit. If the host country Laws do not permit the full implementation of the requirements above, financial institutions and designated non-financial businesses and professions should implement appropriate additional measures to manage the money laundering and terrorism financing risks, and inform the supervisory authority. If the additional measures are not sufficient, supervisory authorities should consider taking additional supervisory actions including additional controls on financial institutions or designated non-financial businesses and professions or requiring them to cease operations in the host country, when appropriate.

Article 13

Financial institutions and designated non-financial businesses and professions should certify and keep record of all customer transactions in official records following a regular accounting system. All records and documents related to the transaction shall be kept and made available to the supervisory authorities, each within their own purview.

Article 14

Financial institutions and designated non-financial businesses and professions shall implement an ongoing employee training program to ensure they are kept informed of money laundering and terrorism financing requirements and of the latest developments and typologies in money laundering and terrorism financing.

Chapter 8 – Reliance on Third Parties

Article 15

Financial institutions and designated non-financial businesses and professions may rely on third parties to perform some elements of customer due diligence if the arrangement is approved by the supervisory authority and the following conditions are met:

- (a) They can immediately obtain all information as required under Article (5-2) of the Law;
- (b) They are satisfied that copies of identification data and other documents relating to customer due diligence measures will be made available from the third party upon request and without delay; and
- (c) They are satisfied that the third party is regulated, supervised or monitored for and has measures in place for compliance with the requirements set out in Articles (5) and (11) of the Law.

The ultimate responsibility for customer identification and verification shall remain with the financial institutions or designated non-financial businesses and professions that have obtained the approval of the supervisory authority to rely on the third party.

Chapter 9 – Reporting Obligations and Provision of Information

Article 16

After forming a suspicion or having reasonable grounds to suspect that any transaction or attempted transaction, regardless of its value, involves proceeds of crime or funds related or linked to or to be used for money laundering or terrorism financing, financial institutions and designated non-financial businesses and professions must, within no later than 2 working days, report it to the Kuwait Financial Intelligence Unit following the methods and forms set by the Unit.

Financial institutions and designated non-financial businesses and professions must also provide any relevant information or copies of documents or files, however stored, regarding any requests received from the Unit and within the time-frame prescribed by the Unit.

Chapter 10 – Rules and Procedures of Supervisory Authorities

Article 17

Supervisory authorities shall issue instructions and decisions related to requirements and controls to be observed in combating money laundering and terrorism financing for financial institutions and designated non-financial businesses and professions to implement them.

Article 18

Supervisory authorities shall conduct field checks to ensure compliance of financial institutions and designated non-financial businesses and professions with the implementation of the Anti-Money Laundering and Combating Terrorism Financing Law, its Executive Regulation and all decisions and instructions issued by relevant supervisory authorities in that purview.

Supervisory authorities may also rely on third parties in that regard, and request these financial institutions and designated non-financial businesses and professions to commission an auditor to present a report on compliance with these requirements.

Section II – National Cooperation

Article 19⁵

In line with national cooperation and coordination requirements concerning the development and implementation of policies and activities to combat money laundering, terrorism financing and the financing of proliferation of weapons of mass destruction, the National Committee on Anti Money Laundering and Combating the Financing of Terrorism shall be established, and shall comprise the following members:

1. Kuwait Financial Intelligence Unit
2. Central Bank of Kuwait
3. Ministry of Commerce and Industry
4. Capital Market Authority
5. Public Prosecution Office
6. Ministry of Justice

⁵ This Article was amended by Ministerial Decision No (51) of 2016 published in the Official Gazette, N° 1295 of year 62, dated July 3rd, 2016.

7. Ministry of Finance
8. Ministry of Interior
9. Ministry of Foreign Affairs
10. Ministry of Social Affairs and Labor
11. General Administration of Customs
12. Kuwait Anti-Corruption Authority

For the purpose of carrying out its functions, the Committee may appoint new members from any of the Kuwaiti public entities entrusted with combating money laundering, and the financing of terrorism and proliferation of weapons of mass destruction. The Committee may also seek the opinion of a knowledgeable or experienced party.

Article 20

The Committee shall have the following tasks:

1. Establishing, developing and following-up on the implementation of a national strategy to combat the offenses of money laundering, financing terrorism and proliferation of weapons of mass destruction.
2. Assessing the risks of money laundering and the financing of terrorism and proliferation of weapons of mass destruction at the national level.
3. Ensuring the presence of efficient mechanisms for local cooperation and coordination among competent authorities on the establishment, development and implementation of policies and activities for combating money laundering and the financing of terrorism and proliferation of weapons of mass destruction.
4. Following-up on international and regional developments including FATF standards and relevant international conventions and treaties in the field of money laundering and the financing of terrorism and proliferation of weapons of mass destruction. The Committee also drafts recommendations on developing general policies and best practices, and suggests appropriate amendments to applicable legislations.
5. Contributing with competent authorities in the development of a qualification and training program for personnel working in the field of combating the offenses of money laundering, and the financing of terrorism and proliferation of weapons of mass destruction.
6. Coordinating with relevant competent committees to develop general policies and compile statistics in the field of combating money laundering, predicate offenses, and the financing of terrorism and proliferation of weapons of mass destruction.

Article 21

The National Committee on Anti Money Laundering and Combating the Financing of Terrorism shall be chaired by the head of the Kuwaiti Financial Intelligence Unit who shall appoint a Vice-Chairman from members representing one of the parties included in the Committee to serve as chairman in his absence. Committee meetings are considered valid only if no less than 7 of the Committee members are in attendance, in addition to the presence of the Chairman or Vice-Chairman. Recommendations are adopted upon the votes of the majority of present members, and in case of a tie, the Chairman's vote shall prevail. The Committee may require the services of experts and technical professionals and invite those it sees competent in a given field to attend its meetings for consultation purposes without granting them the right to vote.

Article 22

The Chairman shall convene a Committee meeting, and the Committee shall meet at least twice a year. It shall present its decisions to the Minister of Finance for him to take the measures he sees fit, including referral to the Council of Ministers.

Article 23

The National Committee shall form a Technical Team from its members with the task of carrying out necessary technical studies or any other tasks entrusted thereto by the National Committee for the purpose of fulfilling its functions.

Official delegations representing the State of Kuwait in regional and international forums in that filed shall be composed of members of the Technical Team.

Article 24

The Minister of Finance shall adopt the methods of procedure and financial regulation of Committee based on the recommendation of the Chairman of the National Committee in that regard.

Article 25

Kuwait Financial Intelligence Unit shall undertake the tasks of the Secretariat of both the National Committee and the Technical Team.

Article 26

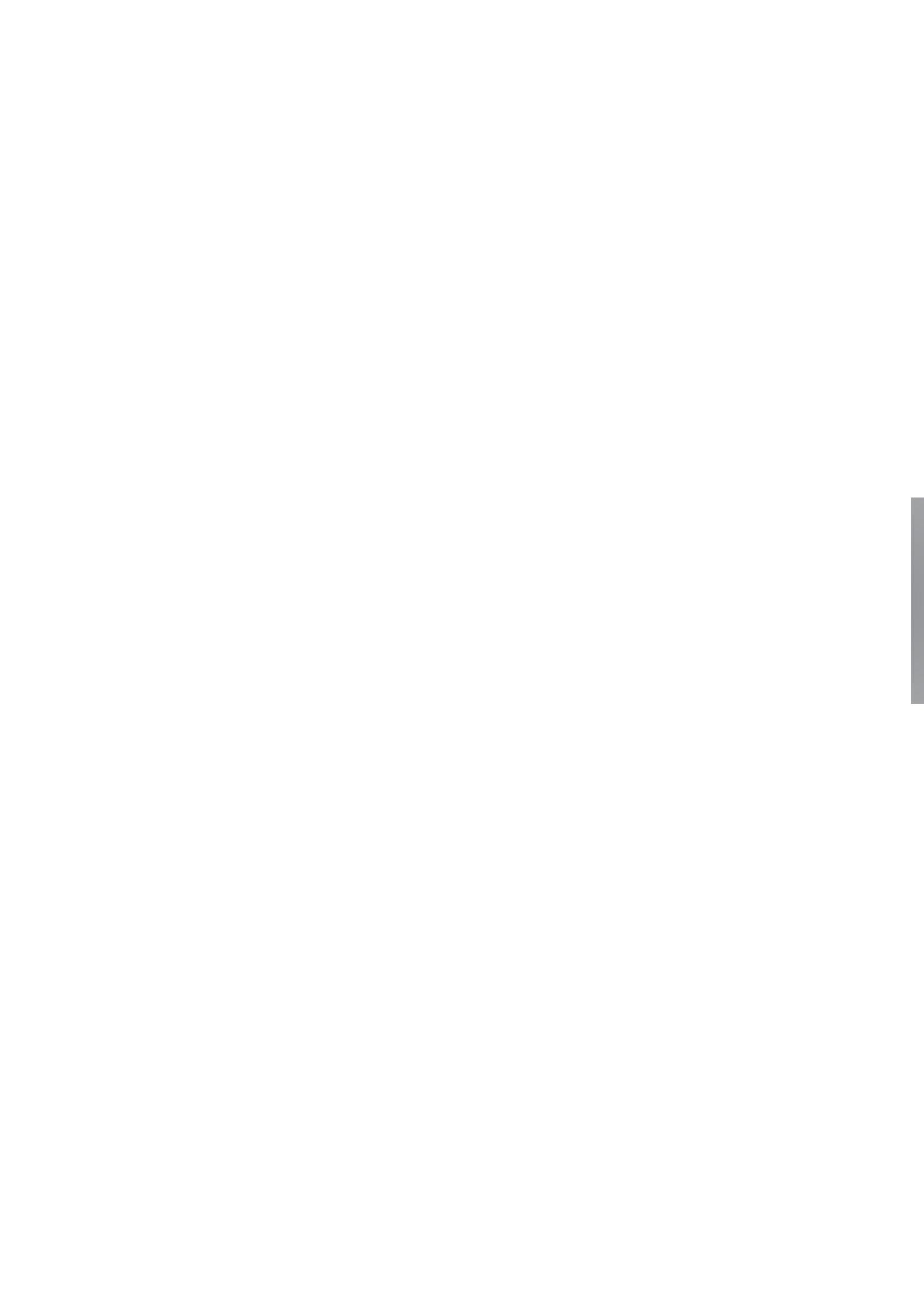
This decision shall be published in the Official Gazette and enters into force upon publication⁶.

**Deputy Prime Minister,
Minister of Finance and
Acting Minister of Oil
Mustafa Jassem Al-Shamali**

Issued on: 3rd of Shaa'ban 1434 H

Corresponds to: 12th of June 2013

⁶ Published in the official gazette (Kuwait Today) in issue no. 1137 of the year 59 on 23rd June 2013.



Annex 3

Council of Ministers Decision No. (1532) of 2013
Regarding Kuwait Financial Intelligence Unit





Council of Ministers Decision
No. (1532) of 2013
Regarding Kuwait Financial Intelligence Unit

The Council of Ministers:

- Upon reviewing the Constitution,
- Decree Law No. (31) of 1978 on Rules for Preparing Public Budgets, Monitoring their Execution and Final Accounts,
- Decree Law No. (15) of 1979 on Civil Service and its amending laws,
- Decree Law No. (116) of 1992 on Administrative Organization, Determination of Competences and Delegation thereof,
- Law No. (106) of 2013 on Anti-Money Laundering and Terrorism Financing,
- The Decree issued on 4/4/1979 on the Civil Service System and decrees amending it
- And upon recommendation of the Deputy Prime Minister and Minister of Finance

Has resolved

Article (1)

The following word and expression shall have the following meaning in implementing the provisions of this Resolution:

1. **The Unit:** The Kuwait Financial Intelligence Unit.
2. **The Executive Committee:** A formed committee headed by the Unit's president and having as members the vice president and the directors of the Financial Analysis, Legal Affairs, and Financial and Administrative Affairs Departments or their representatives in their absence.

Article (2)

The Kuwait Financial Intelligence Unit shall be composed of a president, his vice and an adequate number of employees and experts in the different fields of competence from all levels and categories.

The president and his vice are appointed by decree upon their nomination by the Minister of Finance and approval of the Council of Ministers for a mandate of four years renewable only once.

Article (3)

The following is required for the appointment of the Unit's president or his vice and for them to remain in both positions:

1. They should be Kuwaiti nationals.
2. They shall not have been sentenced for a felony or crime involving a breach of honor or public trust.
3. A final decree in bankruptcy shall not have been issued against them.

4. They should be of good reputation and honest conduct.
5. They should be experienced and specialized in fields relevant to the functions of the Unit especially in banking, financial or legal affairs.

Article (4)

The president manages the affairs of the Unit and is responsible for implementing and following-up on the decisions of the Executive Committee and for conducting the works of the Unit. He is the legal representative of the Unit and he shall take the decisions that he deems necessary to achieve the objectives according to which it was established. These decisions particularly include:

1. Forming working teams, permanent or temporary committees as needed by the Unit and determining their powers.
2. Resorting to experts, qualified and experienced persons from inside or outside the governmental system to carry out the Unit's functions.

Article (5)

The Unit shall have financial and administrative independence and have the full authority in making decisions upon issues within the scope of its responsibilities and functions.

The Unit shall be composed of adequate departments and divisions to be able to perform its tasks including the departments for financial analysis, legal affairs, financial and administrative affairs and information security and technology.

A decision shall be issued by the Unit's president to form and organize the departments and divisions of the Unit and to determine their numbers and the functions of each.

The nomination of the heads of the above-mentioned departments shall be - only for the first time - under the recommendation of the Unit's president in consultation with his vice. The Executive Committee shall be responsible for nominating their successors afterwards.

Article (6)

The Unit shall be composed of staff with adequate qualifications and especially with experience in the fields of finance, banking or law.

Article (7)

The Unit shall be under the oversight of the Minister of Finance, and shall present him with an annual report to be submitted to the Cabinet within four months of the end of each financial year. The report shall include information on its activities and work during the past year and shall also include the Unit's accounting information and the auditor's report.

Article (8)

The Unit receives and analyses notifications and information on suspected proceeds of crime or funds related or linked to or to be used for money laundering or terrorism financing.

The Unit may also request any additional information it deems necessary to carry out its functions from financial institutions and designated non-financial businesses and professions. It may also obtain from public administration bodies any other information it deems necessary to carry out its functions and these bodies shall fulfill the Unit's requests in that regard without delay.

Article (9)

The Executive Committee shall have the following tasks:

- a. Taking decisions related to the dissemination to the Public Prosecutor's Office and other competent authorities, whenever it has reasonable grounds to suspect that funds are proceeds of crime or related or linked to or to be used for money laundering or terrorism financing.
- b. Adopting instructions and guidelines to financial institutions and designated non-financial businesses and professions on the manner of reporting suspicious transaction and requests of information including reporting specifications, deadlines and procedures to be adopted in that regard.
- c. Adopting studies and issuing necessary decisions that assist in achieving the Unit's objectives.
- d. Identifying countries that it considers as high-risk and prescribing measures to be applied in relation to such countries.
- e. Approving the notification of relevant supervisory authorities if a financial institution or designated non-financial business or profession or any of their employees fails to comply with the requirements set forth in the AML/CFT Law, its Executive Regulation and related ministerial resolutions and instructions.
- f. Examining requests for information filed by competent authorities. The Committee shall have the authority to take the suitable decision regarding these requests.
- g. Agreeing on exchanging information with counterpart Units and other competent foreign authorities pursuant to the provisions of international bilateral and multilateral agreements to which the State of Kuwait is a party, or pursuant to a reciprocity or mutual agreement on the basis of cooperation arrangements entered into between the Unit and such authorities.
- h. Adopting an analytical report assessing the reports received by the Unit every year in addition to trends and statistics in the field of money laundering and terrorism financing to be published annually.
- i. Adopting qualification and training programs for the Unit's staff.
- j. Appointing the Unit's auditor.
- k. Setting work procedures and systems for the Unit and its management, including the code of conduct and confidentiality procedures.
- l. Adopting the Unit's organizational chart and defining the powers of affiliated departments and divisions in addition to administrative and financial regulations.
- m. Adopting the draft annual budget of the Unit, supervising its implementation and adopting its draft closing accounts.

Article (10)

Executive Committee meetings are considered valid if the majority of Committee members are present, in addition to the presence of the president or his vice. The Committee's decisions are taken by majority vote and in case of a tie, the president's vote shall prevail.

Article (11)

While exercising their functions in the Unit, the president, his vice and Unit staff shall refrain from:

1. Holding or exercising any other public job, even if indirectly, or any other paid or unpaid job or work.
2. Providing any services or consultation directly or indirectly, or be members of the Board of any party or company.
3. Contributing to the undertakings of the government or public institutions or bodies.
4. Purchasing or leasing public funds even if through public auction or selling, renting or bartering any of their funds to the State.

Article (12)

The Legal Affairs Department of the Unit shall originate all reports presented by the Unit and appear before the public prosecution.

Article (13)

The Unit shall establish and operate a database including all information related to suspicious transaction reports and other information relevant to the powers of the Unit. No party shall have access to the information available to the Unit except under the circumstances and cases stipulated in the AML/CFT Law, its Executive Regulation and the present resolution.

Article (14)

The Unit shall have its own financial resources to cover the expenses of its activities, they are formed of the following:

- The annual share allotted to the Unit from the State Budget.
- Other revenues as agreed upon by the Cabinet.
- The Unit shall manage its own funds pursuant to the provisions of the internal regulations.

Article (15)

The Unit shall ensure suitable bookkeeping and records showing all its operations and transactions. It shall also have its own auditor.

Article (16)

The Minister of Finance shall implement the present Resolution - and it shall enter into effect on the day it is issued - and to be published in the official gazette.⁷

Prime Minister

Jaber Mubarak Al-Hamad Al-Sabah

Issued on: 6th of Safar 1435 H

Corresponds to: 9th of December 2013

⁷ Published in the official gazette (Kuwait Today) in issue no. 1162 of the year 60 on 15th December 2013.

Annex 4

Statistics 2019/2020

For the Period 1/4/2019 - 31/3/2020



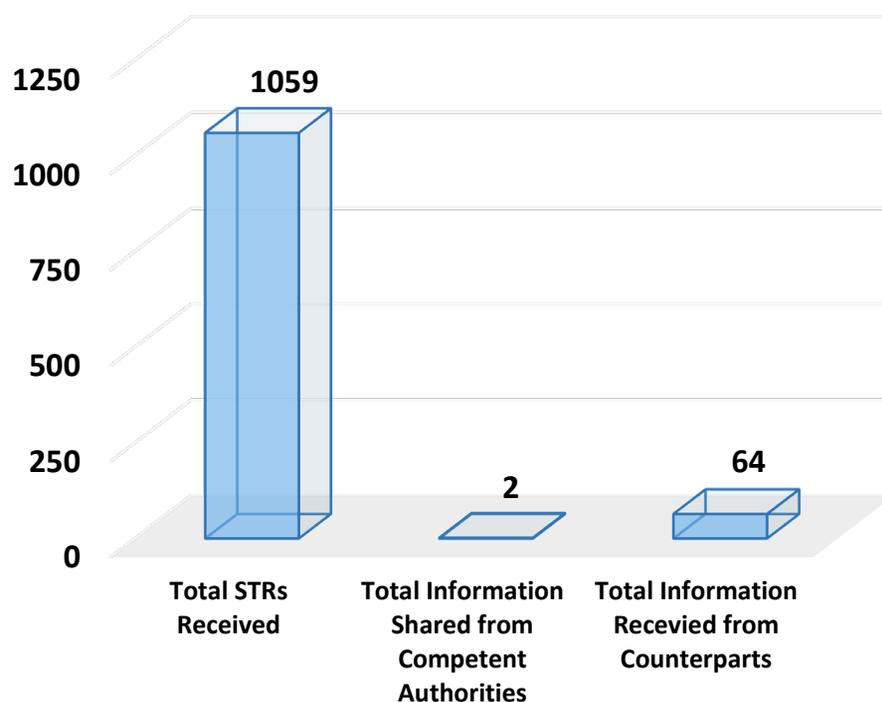


Statistics 2019/2020

Period from 1/4/2019 - 31/3/2020

1. STRs and Information Received

Description	No
Total Number of STRs Received.....	1059
Banks.....	713
Exchange Companies.....	338
Brokerage Companies.....	6
Finance & Investment Companies.....	1
Total Number of Information Received from Competent Authorities.....	2
Number of Information Received Referrals.....	2
Total Number of Information Received from Counterparts	64
Number of Information Received Upon Request.....	31
Number of Information Received Spontaneously.....	33
Total Number of STRs and Information Received.....	1125

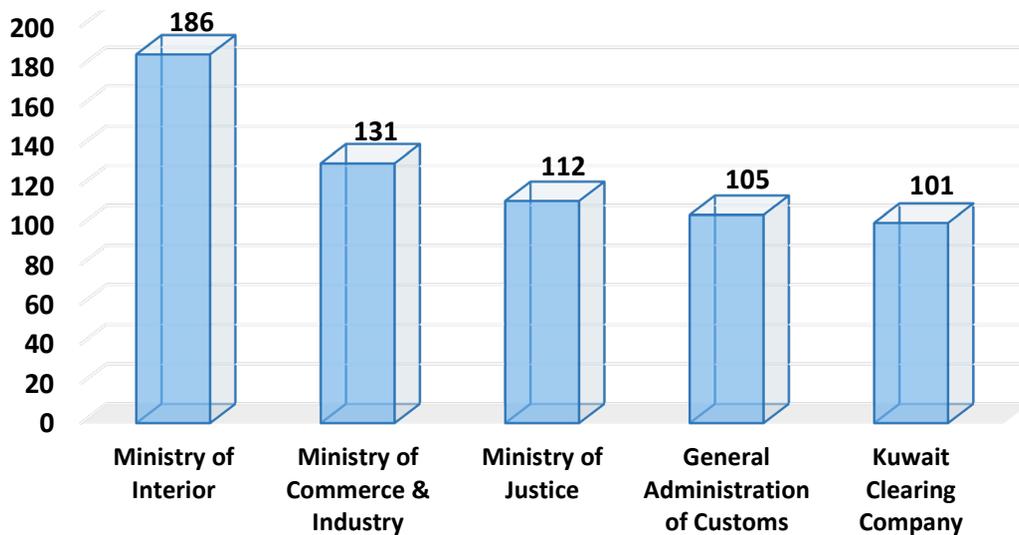


2. Financial Analysis and Local & International Exchange of Information

Description	No
Total Number of Cases Analyzed or Under Analysis.....	576

Total Number of Information Requests from Relevant Authorities.....635

Ministry of Interior.....	186
Ministry of Commerce & Industry.....	131
Ministry of Justice.....	112
General Administration of Customs.....	105
Kuwait Clearing Company.....	101

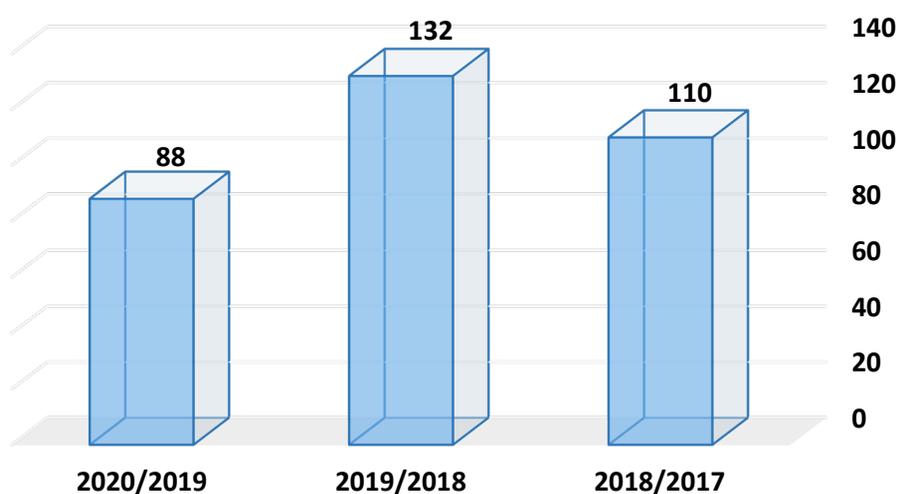


Total Number of Information Sent from KwFIU to Counterparts.....10

No of Information Sent Upon Request.....	7
No of Information Sent Spontaneously.....	3

3. Reporting & Dissemination⁸

Fiscal Year	No Reports & Dissemination
2017/2018.....	110
2018/2019.....	132
2019/2020.....	88



⁸ The cases mentioned may refer to one or more cases or STRs received by KwFIU as a result of direct or indirect relationships

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