

FATF



MENA FATF  
مينا فاتف  
GAFIMOAN

# Anti-money laundering and counter-terrorist financing measures

## Qatar

### Mutual Evaluation Report

May 2023





The Financial Action Task Force (FATF) is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction. The FATF Recommendations are recognised as the global anti-money laundering (AML) and counter-terrorist financing (CTF) standard.

For more information about the FATF, please visit the website: [www.fatf-gafi.org](http://www.fatf-gafi.org).

This document and/or any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

**This assessment was adopted by the FATF at its February 2023 Plenary meeting.**

Citing reference:

FATF (2023), *Anti-money laundering and counter-terrorist financing measures – Qatar*, Fourth Round Mutual Evaluation Report, FATF, Paris  
<https://www.fatf-gafi.org/content/fatf-gafi/en/publications/Mutualevaluations/MER-Qatar-2023.html>

©2023 FATF/OECD -. All rights reserved.

No reproduction or translation of this publication may be made without prior written permission. Applications for such permission, for all or part of this publication, should be made to the FATF Secretariat, 2 rue André Pascal 75775 Paris Cedex 16, France (fax: +33 1 44 30 61 37 or e-mail: [contact@fatf-gafi.org](mailto:contact@fatf-gafi.org)).

Photo Credit – Cover © Getty Images

## Table of Contents

<b>Executive Summary</b> .....	<b>3</b>
Key Findings.....	3
Risks and General Situation .....	6
Overall Level of Compliance and Effectiveness .....	6
Priority Actions.....	12
Effectiveness & Technical Compliance Ratings .....	14
<b>MUTUAL EVALUATION REPORT</b> .....	<b>15</b>
Preface .....	15
<b>Chapter 1. ML/TF RISKS AND CONTEXT</b> .....	<b>17</b>
ML/TF Risks and Scoping of Higher Risk Issues.....	18
Materiality.....	21
Structural Elements .....	22
Background and Other Contextual Factors.....	22
<b>Chapter 2. NATIONAL AML/CFT POLICIES AND COORDINATION</b> .....	<b>33</b>
Key Findings and Recommended Actions.....	33
Immediate Outcome 1 (Risk, Policy and Coordination) .....	35
<b>Chapter 3. LEGAL SYSTEM AND OPERATIONAL ISSUES</b> .....	<b>45</b>
Key Findings and Recommended Actions.....	45
Immediate Outcome 6 (Financial Intelligence ML/TF) .....	48
Immediate Outcome 7 (ML investigation and prosecution).....	66
Immediate Outcome 8 (Confiscation).....	81
<b>Chapter 4. TERRORIST FINANCING AND FINANCING OF PROLIFERATION</b> .....	<b>97</b>
Key Findings and Recommended Actions.....	97
Immediate Outcome 9 (TF investigation and prosecution).....	101
Immediate Outcome 10 (TF preventive measures and financial sanctions) .....	112
Immediate Outcome 11 (PF financial sanctions) .....	123
<b>Chapter 5. PREVENTIVE MEASURES</b> .....	<b>129</b>
Key Findings and Recommended Actions.....	129
Immediate Outcome 4 (Preventive Measures).....	130
<b>Chapter 6. SUPERVISION</b> .....	<b>147</b>
Key Findings and Recommended Actions.....	147
Immediate Outcome 3 (Supervision).....	149
<b>Chapter 7. LEGAL PERSONS AND ARRANGEMENTS</b> .....	<b>169</b>
Key Findings and Recommended Actions.....	169
Immediate Outcome 5 (Legal Persons and Arrangements).....	170
<b>Chapter 8. INTERNATIONAL COOPERATION</b> .....	<b>183</b>
Key Findings and Recommended Actions.....	183
Immediate Outcome 2 (International Cooperation) .....	184

<b>TECHNICAL COMPLIANCE</b> .....	<b>201</b>
Recommendation 1 – Assessing risks and applying a risk-based approach .....	201
Recommendation 2 - National cooperation and co-ordination .....	204
Recommendation 3 - Money laundering offence.....	205
Recommendation 4 - Confiscation and provisional measures .....	206
Recommendation 5 - Terrorist financing offence .....	208
Recommendation 6 - Targeted financial sanctions related to terrorism and terrorist financing .....	210
Recommendation 7 – Targeted financial sanctions related to proliferation .....	213
Recommendation 8 – Non-profit organisations.....	216
Recommendation 9 – Financial institution secrecy laws.....	219
Recommendation 10 – Customer due diligence.....	219
Recommendation 11 – Record-keeping .....	223
Recommendation 12 – Politically exposed persons.....	223
Recommendation 13 – Correspondent banking .....	224
Recommendation 14 – Money or value transfer services .....	225
Recommendation 15 – New technologies.....	226
Recommendation 16 – Wire transfers .....	228
Recommendation 17 – Reliance on third parties .....	230
Recommendation 18 – Internal controls and foreign branches and subsidiaries.....	231
Recommendation 19 – Higher-risk countries.....	232
Recommendation 20 – Reporting of suspicious transaction.....	233
Recommendation 21 – Tipping-off and confidentiality.....	233
Recommendation 22 – DNFBPs: Customer due diligence .....	233
Recommendation 23 – DNFBPs: Other measures.....	234
Recommendation 24 – Transparency and beneficial ownership of legal persons.....	235
Recommendation 25 – Transparency and beneficial ownership of legal arrangements .....	240
Recommendation 26 – Regulation and supervision of financial institutions.....	245
Recommendation 27 – Powers of supervisors .....	246
Recommendation 28 – Regulation and supervision of DNFBPs.....	246
Recommendation 29 - Financial intelligence units .....	247
Recommendation 30 – Responsibilities of law enforcement and investigative authorities.....	250
Recommendation 31 - Powers of law enforcement and investigative authorities .....	251
Recommendation 32 – Cash couriers .....	253
Recommendation 33 – Statistics.....	255
Recommendation 34 – Guidance and feedback .....	255
Recommendation 35 – Sanctions .....	256
Recommendation 36 – International instruments .....	257
Recommendation 37 – Mutual legal assistance .....	257
Recommendation 38 – Mutual legal assistance: freezing and confiscation.....	259
Recommendation 39 – Extradition .....	259
Recommendation 40 – Other forms of international co-operation.....	260
<b>Technical Compliance – Key Deficiencies</b> .....	<b>266</b>
<b>Glossary of Acronyms</b> .....	<b>268</b>

1. This report summarises the anti-money laundering and counter-terrorist financing (AML/CFT) measures in place in Qatar as at the date of the on-site visit from 19 June to 7 July 2022. It analyses the level of compliance with the FATF 40 Recommendations and the level of effectiveness of Qatar's AML/CFT system and provides recommendations on how the system could be strengthened.

### Key Findings

- a) Qatar has a good overall understanding of its money laundering and terrorism (ML/TF) risks at a national level. Qatar's national risk assessment (NRA) assesses the major proceeds-generating crimes and ML/TF channels using a well-established methodology. Understanding of certain threats is still developing, with a need to deepen Qatar's understanding of more complex forms of ML/TF. Financial institutions (FIs), designated non-financial businesses and professions (DNFBPs) and non-profit organisations (NPOs) demonstrate strong awareness of the main results of the NRA. Qatar's national AML/CFT policies and activities largely address its major ML/TF risks identified in its NRA. Qatar has implemented an ambitious series of reforms across its legal framework, law enforcement and supervisory approach. Nonetheless, further work is necessary to ensure that law enforcement and supervisors are implementing these reforms, particularly in relation to Qatar's judicial system. Qatari authorities have strong interagency coordination on ML/TF and proliferation financing (PF) through formal and informal means.
- b) Qatar's authorities use financial intelligence in their pursuit of ML, and the Qatar Financial Intelligence Unit (QFIU) is well-equipped to provide analysis and intelligence products to relevant authorities. However, Qatar's sophisticated analysis capabilities are not used to their fullest extent as authorities identify too few cases of ML using financial intelligence, preferring instead to pursue predicate offences. In relation to TF, financial intelligence is not used in an adequate manner and there are no cases of TF identification using financial intelligence.
- c) Qatar is conducting an increasing number of ML investigations and prosecutions, although the total number of ML cases prosecuted remains low overall and somewhat in-line with risks. Authorities are investigating a



range of ML offences; however, case studies suggest that authorities can continue improving their investigations to identify the role Qatar may play in broader, complex or professional ML schemes and networks. Nevertheless, authorities are well-equipped and aware of the current ML risks and are continually improving their abilities to pursue ML.

- d) Qatar is effectively confiscating large sums, including proceeds and instrumentalities of crime, and property of equivalent value. Qatar has a national strategy to confiscate all proceeds of crime and assets are identified and recovered for its higher-risk offences. Qatar has made some requests to identify and seize proceeds of crime moved abroad but has not yet repatriated such proceeds. Qatar has implemented a new declaration system at the border for currency, precious metals and stones and BNIs. However, cases of seizures at the border are infrequent and sanctions are not effective nor dissuasive.
- e) There are major inconsistencies between the type and extent of TF activity prosecuted and convicted and Qatar's TF risk profile. Qatar has secured only a small number of TF convictions and prosecutions. These convictions do not target the type of TF activity and potential channels identified as higher risk by Qatar. Prosecutorial authorities face challenges when attempting to effectively prosecute and achieve convictions on TF. This has led to many TF cases being acquitted or overturned on appeal. When Qatar identifies and investigates TF activities, cases typically relate to the exploitation of fairly unsophisticated channels. In general, authorities have investigated and identified TF activity in a singular dimension of unlicensed financial services. These results raise concerns, given the range of inherent threats and vulnerabilities identified by Qatar.
- f) Qatar demonstrated a robust framework to implement TFS related to TF United Nations Security Council Resolutions (UNSCRs) without delay and a capacity to deprive assets and instrumentalities of terrorists, terrorist organizations and terrorist financiers through different criminal and administrative processes. All natural and legal persons are required to immediately implement the relevant UNSCRs related to TFS within 24 hours. Qatar has frozen a significant volume of assets and other funds pursuant to its TF TFS program (QAR 4.26 billion (USD 1.17 billion)). A high proportion (QAR 3.66 billion (USD one billion)) is related to those designated domestically through UNSCR 1373. Qatar has implemented measures to address the risks of abuse of NPOs for TF purposes. The Regulatory Authority for Charitable Activities (RACA) provides substantial guidance on risks and has also tailored its supervisory approach to assist NPOs in developing a culture of compliance for AML/CFT. However, it is unclear if RACA implements a proportionate regulatory burden on the NPO sector.
- g) Qatar's framework allows for the effective implementation of TFS related to PF UNSCRs without delay. Designations by the UNSC immediately trigger the obligation for all natural and legal persons to freeze the funds of the person or entity designated without delay. However, Qatar has not frozen

any funds or assets in Qatar and has not yet proposed a listing to the UN under UNSCRs related to PF. In addition, there was no evidence of enforcement actions related to PF TFS. Qatar does not have any notable links to the Democratic People's Republic of Korea (DPRK) but maintains a trade relationship with Iran. This relationship increases Qatar's exposure to PF, particularly with shortcomings on the access to accurate and up-to-date beneficial ownership (BO) information and DNFBBPs unequal awareness of PF obligations. This may hinder authorities' ability to identify funds related to designated persons.

- h) Qatar's framework for preventive measures is robust and mostly complies with the FATF Standards. Preventive measures are applicable to all FIs, and DNFBBPs, while virtual asset service providers (VASPs) are prohibited in Qatar. Overall, larger FIs and DNFBBPs have a generally good understanding of ML/TF risks and implementation of their obligations. Smaller FIs and DNFBBPs, particularly DNFBBPs in the State, are still in the process of developing their understanding of ML/TF risks and implementation of their AML/CFT obligations. While the reporting of STRs has been increasing in recent years, reporting by some sectors remains low in light of the risks.
- i) The Qatar Central Bank (QCB) applies a risk-based approach in its AML/CFT supervision of the financial sector, implementing updated risk-based supervision procedures in 2021. QCB reviews significant offsite information that informs onsite inspections and uses other supervisory tools to address risk. The Qatar Financial Centre Regulatory Authority (QFCRA) and the Qatar Financial Markets Authority (QFMA) also demonstrate a well-established capacity to conduct risk-based AML/CFT supervision. Supervision of DNFBBPs by the Ministry of Commerce and Industry (MOCI) and the Ministry of Justice (MOJ) is improving, but it is still not sufficiently developed. MOCI and MOJ have risk rated their supervised DNFBBPs and started inspection of some sectors in mid-2020. However, COVID-19 restrictions affected the full implementation of the risk-based supervisory plans.
- j) Qatar recently enacted new regulations and procedures to secure that competent authorities, legal persons and arrangements, FIs and DNFBBPs, gather and maintain accurate basic and BO information. Qatar has also implemented measures that discourage the creation of shell companies and the abuse of nominee directors and shareholders. Although Qatari authorities and the Qatar Financial Centre Authority (QFCA) are implementing a multi-pronged approach to secure the collection of BO information, there are still not sufficient controls to secure that the information collected remains accurate and up-to-date after the establishment of the legal persons and arrangements. In addition, law enforcement authorities (LEAs) can obtain basic and BO information, but LEAs do not have direct access to all registries and information which can lead to delays
- k) The authorities prioritise international co-operation but further progress is necessary to improve Qatar's overall system for mutual legal assistance (MLA) and extradition. Qatar can and does respond to international co-operation requests for mutual legal assistance, but some partners report

challenges in providing timely or effective co-operation. Qatar is seeking MLA and extradition, but its requests are not targeted and the response rates are low. In addition, Qatar does not sufficiently seek (or receive) MLA for TF. Nevertheless, Qatar demonstrates that it co-operates informally with counterparts to a strong degree (particularly for financial intelligence), and authorities receive and send information on cases.

### Risks and General Situation

2. Qatar is a small country but is among the wealthiest nations in the world. In addition to the State of Qatar, Qatar hosts an onshore financial centre (the Qatar Financial Centre (QFC)). Qatar is generally perceived as a safe and law-abiding country, with low domestic crime risks. Although not a major financial centre, Qatar is positioning itself as a regional financial centre of growing importance. It is not a major source country for proceeds of crime or a major centre for laundering the proceeds of crimes committed in other countries. Nevertheless, it is exposed to a range of ML risks. While Qatar has a very limited threat from domestic acts of terrorism, the country faces a distinct risk from TF related to terrorist acts and terrorist groups operating outside of the country.

3. Qatar produced an NRA on ML/TF at the end of 2019 based on a process that started in 2015. The NRA assessed that Qatar has an overall residual ML risk of medium-high. Qatar's primary domestic ML risks emanate from smuggling crimes, fraud, drug crimes and corruption. The NRA identifies banks, exchange houses, dealers in precious metals or stones (DPMSs) and trust and company service providers (TCSPs) as the highest risk sectors for ML. The abuse of cash and bearer negotiable instruments (BNIs) and cash-intensive businesses is also identified as a high ML risk, as is the provision of financial services without a license.

4. Regarding TF, the NRA characterises the residual TF risk as medium-high. Foreign terrorist organizations have targeted both Qatari citizens and foreign residents in Qatar to raise funds for their overseas operations. The NRA considers that the abuse of charities and NPOs, exchange houses, cross-border transfer services, and the transfer of funds through banks, cash, BNIs and precious metals or stones as all to be medium-high risk channels for TF in Qatar. It has also considered the presence of designated terrorists, terrorist financiers and controversial groups in Qatar as a serious source of TF threat.

### Overall Level of Compliance and Effectiveness



5. Qatar has implemented an AML/CFT system that is effective in some respects. Strong results are being achieved in relation to Qatar's understanding of its risks, supervision of FIs and DNFBPs, the confiscation of proceeds of crime and the implementation of TFS related to TF. Major improvements are needed in relation to international cooperation, implementation of preventive measures by FIs and DNFBPs, measures to improve the transparency of legal persons and arrangements, its use of financial intelligence, the investigation and prosecution of ML activity and TFS related to PF. Fundamental improvements are needed in relation to Qatar's investigation and prosecution of TF activity.

6. In terms of Qatar's technical compliance with the FATF Standards, Qatar has fundamentally overhauled its AML/CFT regime since its last evaluation. Qatar introduced a new AML/CFT law in 2019 and has introduced a range of other reforms to improve Qatar's institutional and legislative framework and ensure adequate skills and resourcing of competent authorities. Accordingly, Qatar has a very strong level of compliance with the FATF Standards, with only minor improvements needed in relation to risk understanding, implementation of TFS and NPO preventive measures, VAs and VASPs, wire transfers, transparency for legal persons and arrangements and cross-border movements of cash and BNIs.

### ***Assessment of risk, coordination and policy setting (Chapter 2; 10.1, R.1, 2, 33 & 34)***

7. Qatar has a good overall understanding of its major ML/TF risks at a national level. The NRA assesses the major proceeds-generating crimes and ML/TF channels using a well-established methodology. However, there is scope for moderate improvements in Qatar's understanding of certain threats, such as in relation to ML associated with human trafficking, and certain sectors such as DPMSs, as well as the various ways NPOs can be abused, outside of fundraising by individuals falsely claiming NPO affiliation. Nevertheless, Qatari authorities demonstrate an awareness of the changing risk landscape since the NRA was completed.

8. Qatar's national AML/CFT policies and activities largely address its identified ML/TF risks. Qatar has implemented an ambitious series of reforms across its legal framework, law enforcement and supervisory approach. Further work is necessary to ensure that the actions of law enforcement, supervisors and judicial system are implementing these reforms and delivering the expected outcomes.

9. Qatari authorities have strong interagency coordination on ML/TF/PF through formal and informal means, with policy and operational cooperation happening frequently and smoothly. FIs, DNFBPs and NPOs demonstrate strong awareness of the main results of the NRA.

### ***Financial intelligence, ML investigations, prosecutions and confiscation (Chapter 3; 10.6, 7, 8; R.1, 3, 4, 29-32)***

10. Qatar's LEAs have devoted a significant amount of resource and effort to using financial intelligence for ML and predicate offences and cases numbers suggest that these efforts are beginning to show results. Cooperation among relevant agencies for the exchange of financial intelligence and information is strong, and there are no notable barriers to cooperation. Based on examples provided and discussions with relevant authorities, it is apparent that the QFIU has robust intelligence-gathering capabilities. Broadly, the QFIU helps to shape the outcome of investigations thanks to

its ability to conduct useful analysis using its suite of tools and access to a wide range of systems.

11. The QFIU supports operational authorities involved in ML investigations and the information and analysis performed by the QFIU is often intended to meet the requests of LEAs (e.g., identifying accounts or tracing assets). However, Qatar's LEAs could use the QFIU's financial intelligence and analysis capabilities more often to identify ML and predicate offences that are not already known to authorities.

12. In respect to TF, Qatar is not using financial intelligence in a material way to develop TF cases. Authorities receive financial intelligence from a wide range of sources, including QFIU reports for suspicions of TF. However, this analysis is used only to some extent to develop evidence and trace assets. This is a notable gap in Qatar's AML/CFT framework.

13. Qatar is working to improve the quality of STRs and engages with relevant FIs, DNFBPs and supervisors regularly. The QFIU also produces useful and detailed quality strategic analysis, which it distributes to a wide range of cooperating agencies.

14. LEAs are well resourced and equipped with adequate systems, training, and technologies to tackle ML. Qatar has achieved 20 in-person convictions and 9 absentia convictions of ML in the past 6 years. This figure is somewhat low in comparison to total convictions of predicate offences (with over 8 000 for select predicates in the same time-frame). Nevertheless, investigators and prosecutors are continuously increasing their ML investigation and prosecution figures, underlining the growing extent to which Qatar uses (and intends to use) financial investigation as a tool to disrupt criminal activity and deprive criminals of illicit proceeds.

15. Qatar pursues ML investigations somewhat in line with risk. However, a significant portion of these investigations of suspected ML do not end up charged in court as ML (with prosecutors opting to pursue the predicate offence instead). This suggests that some further development is needed to bring ML cases to fruition. Qatar has a high conviction rate, and sanctions as applied for ML appear effective, dissuasive, and proportionate. However, 38% of all sentenced persons are convicted in absentia and it is not clear whether these sanctions are effective and dissuasive. Authorities are investigating a range of ML offences; however case studies suggest that authorities can continue improving their investigations (including by engaging with international counterparts) to improve their ability to identify the role that Qatar may play in broader, complex or professional ML schemes and networks.

16. Qatar seizes and confiscates proceeds and instrumentalities of crime and property of equivalent value robustly, with important amounts of assets seized and subsequently confiscated. The range of underlying predicate offences for which Qatar is confiscating and seizing funds is broadly in line with the risks.

17. Following recent efforts to bolster its capacities, Qatar has made some requests to identify and seize proceeds of crime moved abroad. However, Qatar has not yet repatriated such proceeds. Nevertheless, Qatar has developed an effective asset management system, managed by the PPO, which prevents dissipation and has substantial authority to manage and dispose of assets.

18. Qatar prioritises confiscation as part of a national strategy on asset recovery. However, Qatar can improve how it monitors the outcomes of its assets recovery efforts, to ensure that it meets its policy objectives.

19. At the border, the General Authority of Customs (GAC) moved to a new declaration system in 2019 and declarations and seizures of cross-border funds are increasing. Continued progress is needed to improve the number of seizures, and sanctions for undeclared currency and BNIs are neither effective nor dissuasive.

***Terrorist and proliferation financing (Chapter 4; IO.9, 10, 11; R. 1, 4, 5–8, 30, 31 & 39.)***

20. Qatar has investigated and prosecuted a limited number of TF cases in relation to the identified level of risk and most of them were connected to attempted cross-border movement of funds through informal channels or fundraising through misrepresentation of being a NPO to raise funds. In the last five years, authorities have not sufficiently advanced TF investigations or prosecutions related to the abuse of licensed NPOs for TF or to individuals' donations for non-charitable purposes. This indicates that Qatar is not adequately investigating and prosecuting TF cases in accordance with the existent level of risks. There have been only a limited number of convictions (3) in 2016-2018 and none since then.

21. Qatar did not demonstrate that it had initiated or critically advanced TF cases from financial intelligence reports from the QFIU or input from agencies such as GAC or RACA, despite the fact that the abuse of banks, NPOs, the smuggling of cash, BNIs and precious metals presenting the highest level of TF risk within Qatar. Prosecutorial authorities face challenges when attempting to effectively prosecute and achieve convictions on TF. These challenges include limitations on the presentation of sufficient and conclusive evidence in accordance with the standards required in court, the difficulty to convert intelligence into formal evidence, barriers posed by the lack of effective international cooperation with certain jurisdictions and the challenges in relation to the understanding by courts of TF.

22. Given the risks identified by Qatar and its geographical location, the efforts undertaken by the authorities in TF investigations, prosecutions and convictions need fundamental improvement.

23. Qatar's legislative framework ensures that all natural and legal persons are legally required to implement TFS immediately upon designation by the UN Security Council or by Qatar's National Counter Terrorism Committee (NCTC). Qatar has a mostly effective system of communication of new designation through its RSS feed and NCTC website. Relevant implementing entities are aware of the NCTC list and most, with the exception of some DNFBPs, subscribe to the free list.

24. Qatar has listed a number of global terrorist organizations and persons on the NCTC internal list. Qatar has communicated the importance of TFS to most supervised entities but could conduct further outreach to the DNFBP sector to enhance TFS implementation. Qatar has effectively frozen assets of designated persons located in Qatar and has processes in place to freeze assets in the future, if needed.

25. Qatar has applied strong measures to ensure NPOs are not abused for TF. Qatari authorities have applied some important measures across the whole NPO sector but have also focused other stringent measures on more at-risk NPOs. However, it is unclear if RACA is balancing the need to apply enhanced supervision to the subset of most at-risk NPOs while implementing a proportionate regulatory burden on the rest of NPO sector.

26. Qatari authorities and supervised entities broadly take action to implement TFS immediately upon designation by the UNSC or the NCTC. Most reporting entities exhibit understanding of TFS, with the exception of some DNFBPs in the State.

27. Qatar has not frozen any funds within its jurisdiction for PF, has not yet proposed a listing to the UN under UNSCRs related to PF and has not implemented enforcement actions related to PF TFS, which may be inconsistent with Qatar's PF exposure from Iran. Qatari authorities work to identify funds or other assets of persons or entities designated for PF and ensure such funds are not used for PF. However, gaps in supervision, shortcomings on the access to accurate and up-to-date BO information, and its system for monitoring trade-finance flows with Iran may hinder authorities' ability to identify funds tied to designated persons and entities.

### *Preventive measures (Chapter 5; IO.4; R.9–23)*

28. Qatar's framework for preventive measures is robust and mostly complies with the FATF Standards. Preventive measures are applicable to all FIs, and DNFBPs, while VASPs are prohibited in Qatar. Overall, larger FIs and DNFBPs have a generally good understanding of ML/TF risks and AML/CFT obligations. Smaller FIs and DNFBPs, particularly DNFBPs in the State, are still in the process of developing their understanding of ML/TF risks and AML/CFT obligations.

29. Banks and large FIs in both the State and the QFC implement policies and controls commensurate with the ML/TF risks identified in risk assessments (including NRAs and sectoral risk assessments (SRAs)). These FIs have invested resources to develop mitigating measures to identify areas of higher risk. Most large FIs and DNFBPs in the QFC have a relatively strong implementation of the requirements of customer due diligence, record-keeping, and enhanced due diligence measures, while smaller FIs and DNFBPs in the State remain at an early stage of implementation. FIs have generally appropriate internal controls and group-wide programs. DNFBPs in the QFC have more experience in implementing internal controls.

30. While the reporting of STRs has been increasing in recent years, reporting by some FIs and DNFBPs remains relatively low in light of the risks. The 2019 NRA recognized that the quality of STRs was generally low. The QFIU and AML/CFT supervisors have made substantive efforts to improve the quality of reporting, with the QFIU manually reviewing each STR and conducting thematic reviews. QFCRA-regulated entities and DNFBPs still submit STRs manually and some DNFBPs in the State also appear unclear as to whom they need to report an STR.

### *Supervision (Chapter 6; IO.3; R.14, R.26–28, 34, 35)*

31. All AML/CFT supervisors have a fair overall understanding of Qatar's ML/TF risk but the understanding differs among supervisors related to their sectors' risks. MOCI does not have a sufficient level of understanding of ML/TF risk when considering the DPMS sector and individual institutional level of risks. In addition, there is a room for enhancing the understanding of other supervisory authorities of FIs and DNFBPs.

32. Qatar has implemented a risk-based approach to AML/CFT supervision and ML/TF risk assessments. QCB, QFCRA and QFMA demonstrated the implementation of a risk-based approach for the AML/CFT supervision of the financial sector. MOCI

and MOJ have taken positive steps to conduct AML/CFT supervision of DNFBPs on a risk-basis. The process is at an early stage and although it is improving, it is still not sufficiently developed.

33. Supervision and monitoring to address and mitigate ML/TF risks in the financial sector and DNFBPs have led to the implementation of remedial actions. MOCI and MOJ applied a gradual approach to enforcement and sanctions and no financial sanctions have been paid so far, so it remains too early to assess if the sanctions are proportionate, effective, and dissuasive. The supervisors have consistently provided guidance and other information on AML/CFT obligations, but MOCI's and MOJ's efforts, although commendable, need to be enhanced.

### *Transparency and beneficial ownership (Chapter 7; IO.5; R.24, 25)*

34. There is publicly available information on the creation and types of legal persons and arrangements. Qatar authorities have developed a sufficient understanding of ML/TF risks posed by legal persons and arrangements created in Qatar. However, it is unclear if Qatar sufficiently considered the ML risks posed by the legal persons in the NPO sector.

35. Qatar has implemented several measures to mitigate ML/TF risks, including establishing a central registry for basic and BO information of all registered legal persons and arrangements (the Unified Economic Register (UER)). Qatar has made positive and sustained progress in collecting BO. Qatar has completed over 80% of the UER and will finalize the collection in a short period. However, there are insufficient measures to ensure accurate and up-to-date BO information (particularly from MOCI). In addition, there could be unmitigated risks associated with the use of nominee directors and shareholders within MOCI as the declaration requirements have been put in place recently in 2022.

36. LEAs can obtain basic and BO information; however, LEAs do not have direct access to all registries and information which can lead to delays. It is unclear if the available information is accurate and up-to-date, particularly due to the limitations of relevant authorities in verifying BO information.

37. The QFCA has applied proportionate and dissuasive sanctions for breaching information requirements and publicly published them. MOCI has also applied sanctions related to the absence of basic information from onsite visits. However, MOCI, which holds 90% of legal persons registered, has only restricted the renewal of the license for the companies which failed to submit BO information as their licenses expired, which does not seem fully effective or dissuasive. Furthermore, it is unclear if the rest of the registering authorities have imposed proportionate, dissuasive and effective sanctions to other legal persons and arrangements.

### *International cooperation (Chapter 8; IO.2; R.36–40)*

38. Qatar responds to incoming requests for MLA and extradition and uses a prioritisation system to keep track of incoming requests. However, there are reported issues with regards to requests in certain high-profile cases involving TF and corruption, involving key strategic partners. Nevertheless, Qatar has demonstrated it is responding to requests.

39. Qatar is not receiving international cooperation in response to its MLA requests in an effective manner, which poses an important challenge to authorities' ability to address ML, TF and predicate offences. Qatar requests a wide range of



formal international co-operation in relation to ML and predicate offences but response rates are low. On extradition, LEAs send out many requests, regardless of how many prior refusals there have already been. As a result, a considerable number of requests are refused or do not receive a response. For TF, LEAs do not pursue MLA in relation to such cases, relying instead on intelligence co-operation with counterparts. This is a gap, as prosecuting authorities often lack sufficient evidence to move forward with prosecutions of TF.

40. Competent authorities appear responsive in regard to informal cooperation. The Ministry of Interior (MOI) and GAC have well-established histories of exchanges through several platforms, but requests (particularly from MOI) are infrequent. The State Security Bureau (SSB) relies heavily on informal cooperation to meet its operational objectives. QFIU conducts regular exchanges with counterparts to trace assets, develop its analysis and share information with counterparts. Exchanges of supervisory information appear adequate and relevant supervisors are responsive to incoming requests.

### Priority Actions

- a) Qatar should enhance its ability to detect with greater precision all stages of TF (i.e., raising, moving, using), as well as a wider variety of channels (e.g., banks, exchange houses, NPOs, etc.) and the methods utilised by individuals and entities on behalf of terrorist organisations, to ensure that all types and complexities of TF cases can be identified and pursued.
- b) Qatar should focus in enhancing its intelligence, investigative, and prosecutorial efforts to align these with the country's TF profile, based on identified TF risks related to the abuse of licensed NPOs or individual donations for non-charitable purposes. In addition, Qatar should further target and prioritize investigations and prosecutions on TF designated individuals or entities located in Qatar and/or who hold assets or funds in the jurisdiction.
- c) Qatar should enhance the use of financial intelligence, notably the use of QFIU analytical products (such as spontaneous disseminations) to identify more cases of suspected TF to ensure that financial intelligence plays a more prominent role in the identification of TF. Authorities should use financial intelligence to develop evidence, trace assets and identify suspected cases of TF.
- d) Qatar should continue to focus on achieving more ML prosecutions and convictions, and in a risk-focused manner. This should consist of conducting more outreach with international partners and deepening the complexity of investigations with transnational components to identify Qatar's possible role in complex, professional ML schemes. Qatar should also strengthen the capacities of prosecutors by ensuring continuous training and resourcing of ML and follow-the-money based expertise.
- e) The Public Prosecution Office (PPO) should improve Qatar's use of international co-operation for ML, TF and predicate offences by using the

existing PPO case management system to triage outgoing requests for MLA and extradition and developing a pragmatic approach to focus requests that Qatar sends in order to improve response rates. PPO should use informal cooperation to obtain insights about the likelihood of refusals or barriers to formal cooperation.

- f) Qatar should improve the quality of basic and BO information available from different sources of information to ensure that it is accurate and up-to-date by creating controls and measures to verify information within each registry and the existent information held by FIs, DNFBBs and legal persons and arrangements.
- g) NAMLC should continue to develop its understanding of Qatar's ML/TF risks, including new and emerging risks, by completing its planned update to the 2019 NRA. In particular, the updated NRA should deepen the analysis in relation to more complex forms of ML/TF activity, particularly in areas where Qatar has had limited statistics or where Qatar has not historically pursued investigations and include ML/TF risk rankings for all FI/DNFBB sectors in Qatar and all relevant threats and channels.
- h) MOCI and MOJ should ensure the full implementation of a risk-based approach. In addition, MOJ should ensure the alignment of their supervisory actions with the supervisory plans and MOCI and MOJ should apply a stronger enforcement and implementation approach to incentivise the compliance of obligations by their supervised entities. QCB, MOCI and MOJ should focus on ensuring adequate and sufficient resources and expertise. In particular, QCB should focus on resourcing for new technologies due to the rapid technological changes and developments.
- i) Qatar should continue to pursue confiscations as a matter of course in its criminal justice framework. Qatar should also consider developing more specific policy objectives in relation to recovery strategy, including asset seizure and confiscation targets and periodic reporting on priorities for predicate and ML offences.
- j) MOCI and MOJ should continue their outreach to improve understanding of DNFBB sectors of their AML/CFT obligations. This should include MOCI and MOJ continuing their supervisory activities to improve compliance of DNFBBs with their AML/CFT obligations. Qatar should continue its work to improve the quantity and quality of STRs, particularly by DNFBBs in the State. In particular, QFIU should ensure that all FIs and DNFBBs can report STRs electronically.
- k) Qatar should continue building awareness amongst DNFBBs on PF-related TFS to ensure that sanctions obligations are understood and implemented. In addition, Qatar should strengthen its capacity to identify and target funds and other assets of designated persons and entities considering its exposure to PF and sanctions evasion.

## Effectiveness & Technical Compliance Ratings

**Table 1. Effectiveness Ratings**

<b>IO.1</b> - Risk, policy and co-ordination	<b>IO.2</b> International co-operation	<b>IO.3</b> - Supervision	<b>IO.4</b> - Preventive measures	<b>IO.5</b> - Legal persons and arrangements	<b>IO.6</b> - Financial intelligence
<b>Substantial</b>	<b>Moderate</b>	<b>Substantial</b>	<b>Moderate</b>	<b>Moderate</b>	<b>Moderate</b>
<b>IO.7</b> - ML investigation & prosecution	<b>IO.8</b> - Confiscation	<b>IO.9</b> - TF investigation & prosecution	<b>IO.10</b> - TF preventive measures & financial sanctions	<b>IO.11</b> - PF financial sanctions	
<b>Moderate</b>	<b>Substantial</b>	<b>Low</b>	<b>Substantial</b>	<b>Moderate</b>	

Note: Effectiveness ratings can be either a High- HE, Substantial- SE, Moderate- ME, or Low – LE, level of effectiveness.

**Table 2. Technical Compliance Ratings**

<b>R.1</b> - assessing risk & applying risk-based approach	<b>R.2</b> - national co-operation and co-ordination	<b>R.3</b> - money laundering offence	<b>R.4</b> - confiscation & provisional measures	<b>R.5</b> - terrorist financing offence	<b>R.6</b> - targeted financial sanctions – terrorism & terrorist financing
<b>LC</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>LC</b>
<b>R.7</b> - targeted financial sanctions - proliferation	<b>R.8</b> - non-profit organisations	<b>R.9</b> – financial institution secrecy laws	<b>R.10</b> – Customer due diligence	<b>R.11</b> – Record keeping	<b>R.12</b> – Politically exposed persons
<b>LC</b>	<b>LC</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>
<b>R.13</b> – Correspondent banking	<b>R.14</b> – Money or value transfer services	<b>R.15</b> –New technologies	<b>R.16</b> –Wire transfers	<b>R.17</b> – Reliance on third parties	<b>R.18</b> – Internal controls and foreign branches and subsidiaries
<b>C</b>	<b>C</b>	<b>LC</b>	<b>LC</b>	<b>C</b>	<b>C</b>
<b>R.19</b> – Higher-risk countries	<b>R.20</b> – Reporting of suspicious transactions	<b>R.21</b> – Tipping-off and confidentiality	<b>R.22</b> - DNFBPs: Customer due diligence	<b>R.23</b> – DNFBPs: Other measures	<b>R.24</b> – Transparency & BO of legal persons
<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>LC</b>
<b>R.25</b> - Transparency & BO of legal arrangements	<b>R.26</b> – Regulation and supervision of financial institutions	<b>R.27</b> – Powers of supervision	<b>R.28</b> – Regulation and supervision of DNFBPs	<b>R.29</b> – Financial intelligence units	<b>R.30</b> – Responsibilities of law enforcement and investigative authorities
<b>LC</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>
<b>R.31</b> – Powers of law enforcement and investigative authorities	<b>R.32</b> – Cash couriers	<b>R.33</b> – Statistics	<b>R.34</b> – Guidance and feedback	<b>R.35</b> – Sanctions	<b>R.36</b> – International instruments
<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>
<b>R.37</b> – Mutual legal assistance	<b>R.38</b> – Mutual legal assistance: freezing and confiscation	<b>R.39</b> – Extradition	<b>R.40</b> – Other forms of international co-operation		
<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>		

Note: Technical compliance ratings can be either a C – compliant, LC – largely compliant, PC – partially compliant or NC – non compliant.

# MUTUAL EVALUATION REPORT

## Preface

This report summarises the anti-money laundering and counter-terrorist financing (AML/CFT) measures in place as at the date of the on-site visit. It analyses the level of compliance with the FATF 40 Recommendations and the level of effectiveness of the AML/CFT system and recommends how the system could be strengthened.

This evaluation was based on the 2012 FATF Recommendations and was prepared using the 2013 Methodology. The evaluation was based on information provided by the country, and information obtained by the evaluation team during its on-site visit to the country from 19 June to 7 July 2022.

The evaluation was conducted by an assessment team consisting of:

- Ms. Kathleen Bouzis, Senior Policy Advisor, U.S. Department of the Treasury, United States of America (risk and targeted financial sanctions expert)
- Ms. Nishi Chaudhary, Deputy Director, Directorate of Enforcement, India (law enforcement expert)
- Ms. Maryam Essa, Assigned Secretary of the National Committee for AML & CFT, Kuwait Financial Intelligence Unit, Kuwait (policy expert)
- Mr. Themistoklis Kossidas, Auditor, Hellenic Capital Markets Commission, Greece (financial expert)
- Ms. Huda Mehdi Mohammad, Senior Bank Examiner, Central Bank of Oman, Oman (financial expert)

with the support from the FATF Secretariat of (Mr. Ken Menz, Mr. Ignacio Hagelstrom and Mr. Michael Morantz) and the MENAFATF Secretariat (Mr. Mohammad Abu Rahma). The report was reviewed by Ms. Alison Kelly (His Majesty's Treasury, United Kingdom), Mr. Hashimoto Kodai (Ministry of Foreign Affairs, Japan) and Ms. Marcella Pizzuti (Bank of Italy).

Qatar previously underwent a FATF Mutual Evaluation in 2008, conducted according to the 2004 FATF Methodology. The 2008 evaluation has been published and is available at [www.fatf-gafi.org/content/fatf-gafi/en/publications/Mutualevaluations/Mutualevaluationofqatar.html](http://www.fatf-gafi.org/content/fatf-gafi/en/publications/Mutualevaluations/Mutualevaluationofqatar.html).

That Mutual Evaluation concluded that the country was compliant with 2 Recommendations; largely compliant with 10; partially compliant with 22; and non-compliant with 15. Qatar was rated compliant or largely compliant with 12 of the 16 Core and Key Recommendations.

Qatar exited follow-up on 28 April 2012 on the basis of achieving a level of compliance equivalent to a largely compliant in all Core and Key Recommendations, with the exception of R.23 (due to further work needed regarding the supervision and monitoring of insurance companies).





## Chapter 1. ML/TF RISKS AND CONTEXT

41. Qatar is a small country, located in the Northward Peninsula of the Arabian Gulf. Qatar is among the wealthiest nations in the world, with a per capita GDP of QAR 223 045 (USD 61 259) in 2021. Qatar is a relatively small country in surface and population: its land area covers 11 521 square kilometres and there are approximately 2.9 million inhabitants. The majority of its population is foreign nationals. In 2018, 15%, or 324 000 of its population were Qatari nationals, with the remaining 85% being foreign workers<sup>1</sup>. Qatar's population by gender is 74% male, with this disparity attributed to the foreign labour sector being dominated by construction utilising a male dominated labour force.

42. Modern Qatar was established through independence from Great Britain, which was declared on 3 September 1971. Today, Qatar is a monarchy, and His Highness Sheikh Tamim Bin Hamad Al-Thani is the current Emir of the State of Qatar. He is also the Commander-in-Chief of the armed forces and represents the country internally, externally and in all international relations. The executive power in the State of Qatar consists of the Council of Ministers, ministries, governmental authorities, institutions as well as a number of other government organs. The Prime Minister presides over the sessions of the Council of Ministers, manages its deliberations, and supervises the coordination of work among various ministries in order to achieve unity and synergy among government organs. Under the constitution, the Council of Ministers assists the Emir in carrying out his executive power. The constitution grants the advisory council (Shura) legislative authority.

43. The State of Qatar is a member of the Gulf Cooperation Council (GCC), a political and economic alliance of six Gulf countries with likeminded economic, cultural and religious profiles. The GCC also includes Bahrain, Kuwait, the United Arab Emirates (UAE), Oman, and Saudi Arabia. Qatar is also a member of the League of Arab States, the United Nations (UN), the Organization of the Islamic Conference (OIC), the Non-Aligned Movement, and the World Trade Organization (WTO), among other regional and international organizations. The country has signed defense pacts with the United States (US), the United Kingdom (UK), and France and hosts the U.S. Central Command (CENTCOM) Forward Headquarters. Qatar is home to the satellite television station, Al-Jazeera.

44. Qatar shares one land border with Saudi Arabia, and maritime borders with Bahrain, the UAE and Iran. In 2017, a diplomatic crisis between Qatar and Saudi Arabia, UAE, Bahrain and Egypt occurred leading to a trade land, air and maritime embargo on Qatar from these several neighbouring GCC countries and Egypt. In January 2021, the diplomatic crisis was officially resolved and economic and diplomatic ties resumed.

---

<sup>1</sup> The majority of Qatar's foreign inhabitants are from India (22%), followed by Bangladesh (12%) and Nepal (12%), Egypt (9%), Philippines (7%), Pakistan (5%) and Sri Lanka (4%).

## ML/TF Risks and Scoping of Higher Risk Issues

1

### Overview of ML/TF Risks

45. While Qatar has a low domestic crime rate, Qatar faces particular ML/TF risks due to its geographical position and its financial and trade links. In particular, Qatar has particular vulnerabilities relating to its predominantly cash-based economy, the high level of foreign workers and remittances, Qatar's wealth and growing status as a regional financial and trade sector and a major participant in the gold trade.

46. Qatar faces both internal and external ML threats. Qatar's primary internal ML threats emanate from smuggling crimes<sup>2</sup>, electronic crimes and fraud, drug trafficking, corruption, and to a lesser extent, counterfeiting and public morality crimes<sup>3</sup>. Smuggling represents the largest proceeds generating offence domestically, and include cash, gold alcohol and tobacco smuggling. Check and wire fraud are also among the larger domestic proceeds-generating offences. Human trafficking from forced labour and sexual exploitation are also likely prevalent predicate offences in Qatar, given the extensive economic reliance on foreign labour, including for domestic labour.

47. Qatar is also exposed to cross-border illicit flows due to the widespread use of and reliance on cash, which is placed into financial institutions (FIs) and transacted through exchange houses<sup>4</sup>. Qatar experiences physical cross-border smuggling of cash and the abuse of cash intensive businesses. The large proportion of foreign workers and widespread use of remittance and payment systems, as well as its major trade-focus likely compounds many of these risks. ML risks to financial institutions primarily affect banks and exchange houses, followed by the insurance sector, finance companies and the securities sector. For designated non-financial businesses and professions (DNFBPs), dealers in precious metals and stones (DMPS) have the highest risk, followed by trust and company service providers (TCSPs), lawyers, auditor and real estate agents. Conversely, virtual assets service providers (VASPs) and casinos are prohibited from operating in Qatar.

48. While Qatar has a very limited threat from domestic acts of terrorism, the country faces a distinct risk from TF related to terrorist activity and terrorist groups operating outside of the country. Terrorist organisations that are known to have attempted to raise funds in Qatar include Al-Qa'ida and its regional affiliates, the

---

<sup>2</sup> Qatar's NRA notes that smuggling crimes involve primarily otherwise licit goods such as cash, gold, alcohol, and tobacco. Smuggling of illicit goods such as narcotics and counterfeiting are considered in their own categories (drug crimes and counterfeiting, respectively).

<sup>3</sup> Public morality crimes include incitement to immoral acts, debauchery, fornication, pimping, prostitution and committing indecent acts.

<sup>4</sup> The use of cash in Qatar remains relatively high, based on the fact the annual growth in currency issued by QCB generally exceeded real GDP growth rates through 2016—the most recent year for which data was available. Many of Qatar's expatriate workers come from countries where rates of financial inclusion and access to banking are low. Some of these individuals withdraw funds in cash so that they can use exchange houses to send money back to their home countries, preferring to use exchange houses because they are less expensive, faster, and more readily accessible for recipients in the destination country.

Taliban<sup>5</sup> and; the Islamic State of Iraq and the Levant (ISIL). Qatar has also considered the presence of designated terrorists, terrorist financiers and controversial groups in Qatar as a serious source of TF threat. Qatar is not a known recruitment country for foreign terrorist fighters, although there have been 10-15 cases of foreign terrorist fighters (FTFs) from Qatar going to conflict zones.

49. Both Qatari citizens and expatriate workers have been solicited for TF fundraising activities. Vulnerabilities stem from the sizeable expatriate population and their economic linkages to numerous countries in which terrorist groups operate. Qatar's wealth also increases its attractiveness to terrorist financiers. Qatar's wealth, its location close to conflict -zones in which terrorist groups are active, and its relative stability also make it an attractive country for TF activities.

50. Qatar's TF vulnerabilities include the abuse of legitimate registered non-profit organisations (NPOs) for use in TF schemes, as well as the creation of fraudulent NPOs to collect donations for TF (including through social media). Qatar's cash-based unlicensed exchange houses and cross-border transfer services are used for the purposes of raising and transferring funds for TF. These value-transfer mechanisms also include hawala-like and trade-based transfers.

51. Channels at risk for TF transfers include cash, bearer negotiable instruments (BNIs), and precious metals and stones due to extensive reliance on cash or similar fungible higher-value instruments in conflict-zones. The formal banking system is also a high-risk channel for TF given its growing size and its use by higher-risk entities such as exchange houses, NPOs and DPMS to conduct cross-border transfers.

52. With respect to proliferation financing (PF), Qatar has indirect and very limited commercial links to DPRK, but direct and indirect links to Iran. The latter exposure is largely due to a trade and transportation link with Iran, particularly during the diplomatic crisis in Qatar (see para. 44), and the legal trade networks used for the exchange of legitimate goods with Iran are vulnerable to abuse. Qatari FIs, and particularly TSCPs are vulnerable to PF due to the potential for use of front of shell companies to access the growing Qatari finance and trade hub.

### *Country's Risk Assessment & Scoping of Higher Risk Issues*

53. Qatar assesses its ML/TF risks through its NRA process. The National Anti-Money Laundering and Terrorism Financing Committee (NAMLC) leads the NRA process, which includes the risk assessment of ML/TF, as well as PF. The current NRA process was initiated in 2015 and includes leadership from the Qatar Central Bank (QCB) and steering group membership of QFIU, the MOI and representatives of the Qatar Financial Centre (QFC). The NRA process also involved the participation of 20 other relevant government administrative authorities and ministries. The NRA was formally adopted in December 2019, and identifies vulnerabilities, threats, consequences or harms from potential threats as well as the risk. The NRA assesses both its overall ML and TF risks to be medium-high and PF as medium risk. The NRA process contributed a series of recommendations, which help to constitute Qatar's National Strategy and Action Plan for Combatting ML, TF and PF. This national

---

<sup>5</sup> Since 2013, Qatar has hosted Taliban leaders to facilitate ongoing Afghan peace negotiations. In April 2019, the UN temporarily suspended sanctions against these individuals to facilitate their travel for ongoing negotiations.

strategy provides six high level strategic objectives, each with related goals and agency action plans.

54. In deciding what issues to prioritise for increased focus, the assessors reviewed material provided by Qatar on their national ML/TF risks (as outlined above) and information from reliable third-party sources (e.g., reports from international organisations). The assessors focused on the following priority issues, which are also identified as issues in Qatar's NRA to differing extents.

- a) **Qatar's risk of TF and its approach to CFT.** While Qatar has taken a number of measures to address and prevent TF risks (including legislative reforms in 2019), Qatar's NRA recognises that some entities and individuals within Qatar may serve as a source of fundraising, movement and placement of funds for terrorist groups including through the abuse of NPOs, exchange houses and other informal and unsupervised remittance mechanisms. The assessment team focused on Qatar's risk understanding, the measures in-place to address the risks, including in relating to NPOs and cash, and Qatar's effectiveness in investigating, prosecuting and sanctioning TF.
- b) **Implementation of targeted financial sanctions (TFS).** Given its status as a growing regional financial centre, the relative ease of company formation, its geographic location and its close economic ties with Iran, Qatar is exposed to potential PF activities. Foreign state actors who may attempt to exploit Qatari banks, companies, or transportation infrastructure to finance or procure goods for PF pose the primary threats identified by Qatar. As such, the assessment team gave special attention to the effectiveness of the measures put in place by Qatar to prevent this and to the private sector's implementation of TFS-related requirements.
- c) **Qatar as a growing financial centre and mitigation of risks posed by foreign predicates.** Qatar's status as a regional financial centre is growing, both through the QFC and the global presence of QCB-licensed banks. This increases the risk of criminal proceeds laundered through Qatar. This increasing exposure was considered when assessing Qatar's overall level of compliance with FATF Standards and effectiveness, focusing on how Qatar understands and addresses this risk, including by what means and to what extent it uses international co-operation in the investigation and prosecution of ML/TF and related predicate offences.
- d) **Use of cash and precious metals and stones.** Cash and cash deposits are identified by Qatar as a serious TF and ML risk. This includes its use in cash intensive businesses such as exchanges houses and retail banking, as well as risks emanating from cash and other cash-like items such as precious metals and precious stones (particularly gold), smuggled through its borders. The assessment team focused on measures put in place by Qatar to continue preventing the illicit use of cash, cash smuggling and ML/TF activity related to cash and precious metals and stones, including through DPMSs.
- e) **ML related to corruption.** Qatar ranks in the world top third according to the World Bank Worldwide Governance Indicators, covering 213 countries and territories.<sup>6</sup> However, Qatar's wealth and recent bids for, and investments in,

<sup>6</sup> <https://info.worldbank.org/governance/wgi/>

large infrastructure projects, such as the 2022 World Cup, and procurement involving Qatari firms and public officials expose the country to corruption (and particularly grand corruption) risks. This led to a focus on Qatar's efforts to tackle ML derived from both domestic and foreign corruption crimes, as well as international cooperation in respect to ML cases involving foreign corrupt practises.

- f) **ML related to human trafficking, forced labour and labour exploitation.** The estimated migrant labour force of Qatar is 2.1 million, which represents over 85% of the total population. The majority of Qatar's migrant workforce are from developing countries with many individuals vulnerable to exploitation by human traffickers. Despite on-going reforms to labour laws, there is a risk of ongoing exploitation of victims to generate illicit proceeds from forced labour and sexual exploitation. The team explored how Qatar is beginning to develop financial investigations to pursue ML and confiscate assets derived from human trafficking and other similar types of offences.
- g) **FIs' and DNFBNPs' implementation of AML/CFT obligations and supervision.** Qatar updated its AML/CFT Law and Regulations in September 2019 and in December 2021. The team therefore focused on the extent to which FIs and DNFBNPs are effectively implementing the preventive measures contained in the updated requirements, notably with regard to updated CDD, BO, EDD and PEP requirements, and the adequacy of supervision by Qatar's five AML/CFT supervisors.
- h) **VASPs.** Qatar has prohibited VASPs from operating in Qatar. To understand this prohibition, the team explored the extent to which Qatar is effectively implementing this prohibition in practice and is identifying potential illicit VASPs operating in Qatar.

55. The main area identified as not applicable in Qatar's context and not warranting focus during the course of the assessment are **casinos**. Gambling is illegal and Qatar does not allow casinos (including online casinos or gambling sites) to operate.

## Materiality

56. Qatar is a comparatively small country, with a land area comprising 11 521 square kilometres. Qatar's capital, Doha is the administrative, economic, financial and cultural centre of the country. Qatar has a GDP of QAR 654 billion (USD 180 billion) in 2021, translating into a per capita GDP of QAR 223 045 (USD 61 259), making Qatar the world's 20th wealthiest country, per capita<sup>7</sup>. Qatar is a regional finance and trade hub. In 2021, Qatar received USD 12.2 billion in net portfolio investment.<sup>8</sup> Qatar's total trade with the world in 2021 was about USD 115 billion<sup>9</sup>.

57. The natural gas and oil sector dominates the economy and accounts for 47% of GDP. Qatar currently has the third largest proved reserves of natural gas, accounting for 12% of the global reserves. Proved oil reserves account for 25 billion barrels. In 2020, construction accounted for 12% of total GDP, manufacturing 8% and

<sup>7</sup> See: <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD>

<sup>8</sup> Portfolio Investment, net (BoP, current US\$) - Qatar | Data (worldbank.org)

<sup>9</sup> UN Comtrade: International Trade Statistics



financial services at 9%.<sup>10</sup> From 2013 to 2018, financial services grew from by 49%, and today account for USD 15.9 billion. Qatar's banking sector has two jurisdictions, the State regime which consists of total banking assets of USD 496 billion and the QFC, which had USD 23.4 billion in assets as of June 2022. The QFC is a growing onshore financial centre whose banking sector has increased 60% in the past five years.<sup>11</sup> Although not a major financial centre, Qatar is positioning itself as a regional financial centre of growing importance.

58. Qatar is a large source of remittances. In 2020, outflows of remittances accounted for 7.4% of GDP (approximately USD 10.7 billion). Qatar is the 12<sup>th</sup> highest ranking country (overall) for remittance flows and the fourth highest ranking country (per capita) for remittance outflows<sup>12</sup>, reflecting the large proportion (85%) of foreign workers in the territory.

59. In Qatar, there are two main taxes: income tax and excise tax. Income tax is levied on incomes derived from sources in the State realized by natural persons and legal persons residing in the State. They are required to pay income tax of 10% (35% for petrochemicals). However, some incomes realized by natural persons are exempted (such as salaries, wages, allowances, gross income from inheritance). In addition to customs duties, an excise tax is levied on the import of specific products from outside the GCC region, such as tobacco products

### Structural Elements

60. Qatar has all of the key structural elements required for an effective AML/CFT system including political and institutional stability, the rule of law, a professional and independent prosecution and judiciary and a high-level political commitment to AML/CFT.

### Background and Other Contextual Factors

61. Qatar introduced its current AML/CFT Law in 2019, with the adoption of Law No. 20 of 2019 *on Combatting Money Laundering and Terrorism Financing*, replacing the Law No. 4 of 2010 *on Combating Money Laundering and Terrorism Financing*. The AML/CFT Law is accompanied by Implementing Regulations No. 41 of 2019 (the AML/CFT IR), as well as several amendments.<sup>13</sup>

62. Concerning governance, Qatar ranks in the world top third according to the World Bank Worldwide Governance Indicators, covering 213 countries and territories. These indicators measure six dimensions of governance: voice and accountability, political stability, and absence of violence, government effectiveness,

<sup>10</sup> [Qatar in Figures 36 2021 EN.pdf \(psa.gov.qa\)](#).

<sup>11</sup> Source: 2021 Financial Stability Review

<sup>12</sup> See: World Bank Migration and Remittances data: <https://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data>

<sup>13</sup> Including Decree Law 19 of 2021 amending AML/CFT Law; Decision No. 14 of 2021 Amending some provisions of the AML/CFT Implementing Regulations No.41 of 2019; Law No. 8 of 2021 Amending some provisions of the Commercial Companies Law No. 11 of 2015 (Art. 3,4, 18 bis, 159, 324); the Decision of the Minister of Commerce and Industry No.2 of 2022 on the Implementation of the AML/CFT Requirements related to Commercial Companies and; Law No. 9 of 2021 on Endowment (Waqf) and Law No. (1) of 2020 on the Unified Economic Register and its Implementing Regulations.

regulatory quality, rule of law, and control of corruption. Qatar ranks highly on all indicators, except the ‘voice and accountability’ indicator.<sup>14</sup> However, Qatar’s wealth and recent bids for, and investments in, large infrastructure projects and procurement involving Qatari firms and public officials expose the country to corruption (and particularly grand corruption) risks. In addition, a review of the implementation of the United Nations Convention against Corruption of Qatar (published in November 2015) flagged areas of improvement with regard to embezzlement, abuse of functions and illicit enrichment, as well as bribery and trading of influence.

### *AML/CFT strategy*

63. Qatar has a National Strategy for AML/CFT in place for 2020-2025. The Strategy sets out six high-level strategic objectives to improve the country’s response and effectiveness in different areas of AML/CFT policies and operations. The action plan is set by the NAMLC and is an output of Qatar’s 2016-2019 NRA process. The strategic objectives focus on several areas of Qatar’s AML/CFT framework of operations and policies, such as robust investigations, effective supervision, strengthening BO and transparency and improving AML/CFT statistics. The six objectives have several corresponding goals and areas of focus and identify the lead agencies as well as supporting agencies for each goal. 20 relevant agencies in Qatar’s AML/CFT regime then have individual action plans with specific time-limited goals. Prior to this, Qatar had a 2010-2015 National AML/CFT Strategy. Between 2015-2020, Qatar’s national strategy was based on agency action plans, which were developed in 2016 and updated in 2018.

### *Legal & institutional framework*

64. Qatar is a monarchy. The Emir is the Head of State (executive powers) and as such the Emir is also the Commander-in-Chief of the armed forces and represents the country internally, externally and in all international relations. The Emir is assisted by a Council of Ministers as prescribed in the Constitution. The executive power in the State of Qatar consists of the Council of Ministers, ministries, governmental authorities, institutions as well as a number of other government organs. The Prime Minister presides over the sessions of the Council of Ministers, manages its deliberations, and supervises the coordination of work among various ministries.

65. The judicial authority is vested in courts of law in accordance with the constitution. The Advisory (Shura) council is the legislative authority. The Shura Council is composed of 45 members, of which 15 are chosen by the Emir and 30 are elected. The Emir makes the final decision on whether or not to approve the laws.

66. Article 1 of the Qatar Constitution decrees that Shari’a law is the main source of legislation. Shari’a law gets its main principles from the Koran and it is a legal system instead of a prescribed set of laws. However, most criminal and commercial matters within the State are resolved within a civil law framework.

67. Qatar’s main AML/CFT legislation is the AML/CFT Law No. (20) of 2019. The AML/CFT Law criminalises ML/TF and sets out the main AML/CFT obligations for FIs

<sup>14</sup> <https://info.worldbank.org/governance/wgi/>.

and DNFBPs. AML/CFT obligations for FIs and DNFBPs are set out in more detail by the AML/CFT IR and AML/CFT Rules issued by the Qatari supervisory authorities.

68. Qatar's relevant criminal law framework is set out in two primary laws. Law No. (23) of 2004, the Criminal Procedure Code (CPC), sets out Qatari criminal procedure, the scope of searches, seizures and arrest powers for investigators and the jurisdiction, operation and procedure of the courts. Law No. (11) of 2004, Qatar's Penal Code, sets out criminal offences and accompanying penalties. Felonies are those crimes punishable by death, life imprisonment or terms of imprisonment exceeding three years. Misdemeanours are those offences punishable by fines exceeding QAR 1 000 (USD 275) and terms of imprisonment up to three years. Contraventions are those offences punishable by fines not exceeding QAR 1 000 (USD 275). The law also provides for ancillary or secondary penalties, such as asset confiscation and deportation.

69. In addition, Qatar's primary law on combatting terrorism (CT) is the CT Law No. (27) of 2019<sup>15</sup>. The CT Law is the primary law governing terrorism offences and provides for additional investigative powers for terrorism-related offences, allows for the use of special investigative techniques, permits the freezing and seizure of funds and assets, and provides the mechanism for the designation of persons or entities. The PPO Decisions No. (1) and (59) of 2020 set out further details for the operation of Qatar's TFS regime.

#### *AML/CFT Institutions*

70. Qatar's institutional framework for AML/CFT involves a range of authorities. There are two main coordinating bodies.

- a) Qatar's AML/CFT framework is overseen by the **National Anti-Money Laundering and Terrorism Financing Committee (NAMLC)**, which is the national AML/CFT co-ordination body for Qatar and facilitates the establishment of national AML/CFT policies. The NAMLC is responsible for assessing ML/TF/PF risk, including the NRA, as well as the national strategy for ML, TF and PF. The NAMLC is also responsible for ensuring interagency co-operation and coordination, information exchange and policymaking at a horizontal level. The Deputy Governor of the QCB chairs the NAMLC. Participants in NAMLC include representatives from participating authorities and ministries<sup>16</sup>. The NAMLC employs 34 persons on a full-time basis.
- b) The **National Counter Terrorism Committee (NCTC)** is a separate interagency body housed within the Ministry of Interior (MOI) that includes representatives from 5 authorities. The NCTC formulates Qatar's CT policy, ensures coordination within the government and meets Qatar's obligations to combat terrorism under international conventions. The NCTC also is

<sup>15</sup> These repeal Law No. 3 of 2004 and Decree No. 11 of 2017 on Combating Terrorism.

<sup>16</sup> The 15 NAMLC member authorities are: Ministry of Interior; Qatar Financial Information Unit; Ministry of Foreign Affairs; Ministry of Justice; Ministry of Commerce and Industry; General Tax Authority; State Security Bureau; Public Prosecution; Qatar Central Bank; General Authority of Customs; General Secretariat of the Council of Ministers; Qatar Financial Centre Regulatory Authority; Qatar Financial Markets Authority; Regulatory Authority for Charitable Activities and; State Audit Bureau.

responsible for the coordination of domestic sanctions and notifying parties of the implementation of sanctions issued pursuant to UNSCRs.

71. The **Qatar Financial Information Unit (QFIU)** is the national centre responsible for receiving and analysing suspicious transaction reports (STRs) from FIs and DNFBPs and other information related to ML/TF and associated predicate offences, and for disseminating the results of that analysis to competent authorities. The QFIU is an independent administrative FIU with its own legal personality and a budget affiliated to the State's public budget.

72. The **Ministry of Interior (MOI)**, which is the principle public security and law enforcement body of Qatar, which oversee policing, the collection of evidence and gathering of information in criminal inquiries, traffic control, issuance of passports, and border security. Major directorates include:

- a) The **Economic and Cyber Crimes Combating Department (ECCCD)** which collects evidence and gather information in support of ML and economic and cybercrime investigations. The ECCCD has a specialised section, the **Money Laundering and Financial Crimes Combatting Section (MLFCC)**, which is responsible for collecting evidence and gathering information in ML crimes. The MLFCC has specially trained staff, including forensic accountants.
- b) The **Criminal Investigation Directorate (CID)** and **Drug Enforcement Department (DED)** collects evidence and gather information into related predicate offences (e.g., drug-related offences). They typically refer suspicions of related ML activity to the ECCCD.

73. Qatar's **State Security Bureau (SSB)** performs internal security investigations, which include matters related to terrorism, TF and high-level corruption.

74. The **General Authority of Customs (GAC)** is responsible for checking and clearing all travellers and goods that enter or leave the country. GAC enforces Qatar's cross-border cash and precious metal and stones reporting regime. GAC can also collect evidence and gather information in relation to ML/TF, but typically refers such action to MOI and SSB as appropriate.

75. The **Public Prosecutors Office (PPO)** undertakes a number of different roles.

- a) The PPO undertakes judicial investigations and prosecution of crimes in Qatar, including ML/TF cases referred by the LEAs (MOI, SSB, and GAC). The PPO has a specialised section called the **Economic Crimes and Money Laundering Prosecution (ECMLP)** to undertake this work.
- b) The PPO is also Qatar's lead agency for asset recovery, through its **Office for Seizure and Confiscation (OSC)**, which can seize and confiscate the proceeds and instrumentalities of crime in coordination with Qatar's LEAs.
- c) The PPO, through its **International Cooperation Prosecution Office (ICP)** is also Qatar's central authority for mutual legal assistance (MLA) and extradition.
- d) The PPO is also responsible for implementation of TFS, including issuing relevant implementation mechanisms and publishing and announcing such mechanisms.

76. There are **four major courts** in Qatar. These are the **Courts of First Instance, Appeal and Cassation**; the **Constitutional Court** and an **Administration Court**. The Court of Cassation is Qatar's highest court. All criminal and civil cases are tried in the Courts of First Instance, with right of appeal to the Court of Appeals and thence to the Court of Cassation. The **Supreme Judiciary Council (SJC)** supervises the functioning of the Courts. All judges in these courts have a three-year term and are recommended by the SJC or by decree of the Emir (or his representatives). The QFC is a separate legal jurisdiction for the purposes of civil law, however it refers all criminal matters to courts in the State of Qatar. Commercial matters within the QFC are generally resolved through the QFC Court or Tribunal, which adopts a common law-based system.

77. Qatar has five AML/CFT supervisors the Qatar Central Bank (QCB), Qatar Financial Market Authority (QFMA), Qatar Financial Centre Regulatory Authority (QFCRA), the Ministry of Justice (MOJ) and the Ministry of Commerce and Industry (MOCI). For FIs that have operations in both the QFC and Qatar, the Qatar Financial Stability and Risk Control Committee (FSRCC) oversees the co-ordination of all the FI supervisors.

78. The **Regulatory Authority for Charitable Affairs (RACA)** supervises all NPOs in Qatar for AML/CFT purposes. RACA is also the licensing authority for the charitable sector. Other types of NPOs (such as associations, charities, private foundations, private foundations of public interest, religious centres and clubs) are licensed by other registering authorities (the **Ministry for Social Development and Family (MSDF)**, **MOJ**, **Ministry of Sports and Youth (MSY)**, **Ministry of Culture (MOC)**, **Ministry of Endowments and Islamic Affairs (MEIA)** and the **Qatar Financial Centre Authority (QFCA)**).

79. A number of different authorities hold information on legal persons and arrangements. **MOCI** holds its register of legal persons (the commercial register) it creates and will also host a central register of basic and BO information for all legal persons and arrangements in Qatar (the Unified Economic Register (UER)). **RACA** has a register of all basic information relating to NPOs in Qatar. Basic and BO information on legal arrangements called awqaf is held by the MEIA. The **QFCA** holds information on legal persons and arrangements created in the QFC. In addition to the QFC, Qatar has two Free Zones. Information on legal persons created in these free zones are held by the **Qatar Free Zone Authority (QFZA)** and the **Qatar Science and Technology Park (QSTP)** respectively.

80. The **National Committee for the Prohibition of Weapons (NCPW)** provides advice to the relevant government entities regarding issues relating to weapons of mass destruction (WMDs), including implementing policies for end-user certificates for scheduled goods and monitoring controls on chemical substances controlled by international conventions.

### *Financial sector, DNFBPs and VASPs*

81. This section gives general information on the size and make-up of the FI, DNFBP and VASP sectors in Qatar. Not all of the sectors are of equal importance, given the specific risks and context of the Qatari system. The level and types of ML/TF risks affecting individual reporting entities vary greatly, as do the ML/TF risks facing particular sectors.



82. The assessors ranked the sectors based on their relative importance in Qatar's context given their respective materiality and level of ML/TF risks. The assessors used these rankings to inform their conclusions throughout this report, weighting positive and negative implementation issues more heavily for important sectors than for less important sectors. This approach applies throughout the report but is most evident in Chapter 6 on IO.3 and Chapter 5 on IO.4.

- a) The **banking** sector is weighted the most heavily as being the most important sector in Qatar, based on its materiality and risk. Qatar's banking system is well-connected to the global financial system and can act as a conduit for the proceeds of foreign predicate offences or a way through which other institutions access the global financial system. There are 16 commercial banks operating in Qatar and 13 in the QFC. Qatar's banking sector is broken into two jurisdictions, the state banking sector with USD 496 billion in assets, and the QFC with USD 17 billion in assets (December 2021). The banking sector represents the largest part of the financial sector.

83. DPMSs and exchange houses are weighted heavily based on their materiality and risk:

- a) **DPMS:** There are 455 dealers in precious metals and stones operating within Qatar (2021). Qatar is a major participant in the gold trade and the 2019 NRA considers the risk from DPMSs to be high. In addition, the materiality of this risk may increase, as Qatar recently announced its plans to authorise the trading of rough diamonds<sup>17</sup> as well as gold within the Qatar Free Zone.
- b) **MVTS and currency exchange businesses (i.e., exchange houses):** There are 20 exchange houses providing MVTS services in Qatar. The volume of transactions to countries of origin of foreign labour is dominated by India, Bangladesh and Nepal. The 2019 NRA considers this sector to be medium-high risk.

84. Securities intermediaries, insurance intermediaries, finance companies, lawyers, auditors and TCSPs are weighted as moderately important based on their materiality and risk:

- a) **Securities intermediaries:** The Qatar Stock Exchange is a relatively small capital market, and just 45 companies are listed on the Stock Exchange, worth USD 18.2 billion in value (2019). The 2019 NRA found that this sector was medium-low risk because the market is relatively illiquid, with 3 300 trades daily, and 97.8% of the investor population is located inside Qatar.
- b) **Insurance intermediaries:** The NRA found that Qatar's insurance sector is medium-low risk, because it is relatively small and there is only one licensed company issuing life insurance policies. Nevertheless, the QFCRA took enforcement action against an insurance intermediary in 2018 due to inadequate AML/CFT policies, procedures, systems and controls.
- c) **Finance companies:** Finance companies typically provide Sharia-compliant services to residents, including services such as loans and individual finance.

<sup>17</sup> Qatar noted that the trade in rough diamonds will be under the framework of Kimberly process, which imposes rules and standards to manage the trade of rough diamonds (import - export and transit).



There are three QCB-registered finance companies and the NRA considers that they have a medium risk.

- d) **Lawyers:** Qatar's NRA considers lawyers to be medium risk, with 200 lawyers practising in Qatar and 15 legal firms in the QFC (2021). Lawyers can undertake services relating to the creation, buying or selling of companies, but they are not authorized to manage customers' funds, securities or bank accounts in Qatar or operate or manage legal persons or arrangements. Some lawyers also undertake TCSP activities (such as acting as a formation agent). Qatar estimates 35 law firms undertake DNFBP activities.
  - e) **Auditors:**<sup>18</sup> At the end of 2020, there were 135 auditors present in Qatar and 9 in the QFC. The NRA found auditors to be a medium risk due to their materiality. Auditors may also undertake TCSP activities, with Qatar identifying 10 auditors undertaking TCSP activities.
  - f) **TCSPs:** In 2019, Qatar estimated that there were 8 749 TCSPs registered in Qatar. The TCSPs provide a number of services including company and trust formation and passive nominee shareholders and administration of trusts. The 2019 NRA found considered them to have a medium-high ML/TF risk due to the sector's vulnerability to abuse as gatekeepers to create legal persons and arrangements. Subsequent research by Qatar revealed that the number of TCSPs was much lower than originally considered (approximately 137 TCSPs). At the time of the onsite, NAMLC considered that the sectoral risk sector is likely lower than estimated in the NRA.
85. Real estate agents and VASPs are rated as being of relatively low importance.
- a) **Real estate agents:** NAMLC assesses the risk of ML through the real estate sector and abuse of real estate agents as medium-low. While luxury real-estate is a conduit for ML and sanctions evasion in the region, the structural elements in place limiting foreign ownership and requiring (non-GCC) ownership by natural persons in their own names, and limitations in size or properties to be owned by foreigners significantly restricts the risks of abuse for ML and sanctions evasion. Real estate agents also do not handle money in real estate transactions.
  - b) **VASPs:** Qatar currently prohibits VASPs from operating in the state or in the QFC. FIs in Qatar are prohibited from engaging in transactions involving virtual assets. The effectiveness of this prohibition is assessed in IO.3 in Chapter 6.
86. The following businesses are not in scope of Qatar's assessment.
- a) **Casinos:** Qatar assesses casinos and gambling to be low risk because these services (including online gambling) are prohibited within the territory (including the QFC).
  - b) **Notaries:** Notaries in Qatar are civil servants and not DNFBPs. Notaries certify all real estate transactions and the MOJ records real estate data at the transaction level.

---

<sup>18</sup> Auditors is the term Qatar uses to refer to accountants.

### *Preventive measures*

87. Qatar's preventive measures are set out in its 2019 AML/CFT Law, which is accompanied by the 2019 AML/CFT IR. The AML/CFT Law includes several amendments<sup>19</sup>. The preventive measures of the AML/CFT Law extend to all obliged entities (FIs and DNFBPs), and covers the requirements applicable to CDD, STRs AML/CFT programmes and wire transfers. Qatar has not exempted specific sectors or activities from the scope of its AML/CFT Law.

### *Legal persons and arrangements*

88. In Qatar, legal persons can be created by five different systems of registration. Most legal persons are created in the State of Qatar via MOCI. Legal persons can also be created in three special areas – the QFC, QFZ and the QSTP. In addition, NPOs are created as legal persons through their registration with their relevant competent authority for registration.

89. In the State of Qatar, under Article 4 of Law No. (11) of 2015, the Commercial Companies Law, there are seven basic commercial forms available in Qatar: partnership company, limited partnership company, particular partnership company, public shareholding company, private shareholding company, limited partnership company with shares and limited liability company. Limited liability companies are by far the most common legal persons in Qatar, which are formed by one or more persons but not exceeding 50 persons.

90. Legal persons registered by the QFZA are called registered companies and may be limited liability companies, partnerships or any other type of company or entity (Law No. (34) of 2005 on Free Zones, art.4).

91. Legal persons registered by the QSTP only include limited liability companies and branches of companies that have separate legal personality (Schedule A of the QSTP Free Zone Regulations).

92. Five types of NPOs that are legal persons can be formed (associations, charities, private foundations, private foundations of public interest, religious centres and clubs). The creation process and basic features of these NPOs are set out in Law No. (15) of 2014 Regulating Charitable Works, Law No. (21) of 2020 Regarding Private Associations and Institutions, Decree Law No. (21) of 2006 Regarding Private Institutions of Public Interest, Law No. (12) of 2011 Establishing and Organizing Religious Centers, Decree-Law No. (5) of 1984 Regulating Clubs and Law No. (1) of 2016 Concerning Sports Clubs.

93. Legal persons that can be established in the QFC with the QFCA include limited liability companies, companies limited by guarantee; branches of foreign companies, partnerships, limited liability partnerships, investment clubs, foundations; single family offices and special companies (Companies Regulations 2005; Partnership Regulations 2007; Limited Liability Partnerships Regulations 2005; Investment Clubs Regulations 2016; Foundation Regulations 2016; Single Family Office Regulations 2012; Special Company Regulations 2012).

---

<sup>19</sup> Including Decree Law 19 of 2021 amending AML/CFT Law; Decision of Council of Minister's No. 14 of 2021 Amending some provisions of the AML/CFT Implementing Regulations No.41 of 2019.

**Table 1.1. Legal entities in existence and legal arrangements created in Qatar**

Authority	Type of legal person/ Arrangement	Number
MOCI	Partnership Company	103
	Limited Partnership company	9
	Public shareholding company	75
	Private share holding company	136
	Limited partnership company with shares	0
	Limited liability company	34 520
	Limited liability company formed by one person	21 321
NPOs	Sport	75
	Social	49
	Cultural	40
	Vocational	39
	Educational	20
	Charitable and humanitarian	17
	Religious	33
	International	9
	Healthcare	4
	Enviromental	3
QFCA	Limited liability company (LLC)	846 (including 1 public LLC)
	Company limited by guarentee (LLC (G))	54
	Portected cell company	0
	Special purpose company	96
	Holding company	216
	Limited liability partnership (LLP)	12
	Foundation	3
	Investment club (LLC(IC))	6
	Single family office (SFO)	1
	Branches	166
QFZ	Trust	3
	Limited liability company (LLC)	222 (Qatari 27; Non-Qatari 167; Qatari and Non-Qatari (JV) 28)
QSTP	Branches	28 (Qatari 12; Non Qatari 16)
	LLC	64 (Qatari 20; Non-Qatari 25; Qatari and Non-Qatari JV 19)
Endowment	Branch entity	11 (Qatari 3; Non-Qatari 8)
	Charitable endowment	1 188
	Family endowment	116
	Joint Endowment (Charitable and Family)	81

94. A waqf is the only form of legal arrangement that can be created in the State. It is a sharia-compliant inalienable endowment. Law No. (9) of 2021 on Endowment (Awqaf) enables the creation of waqf. The awqaf (plural of waqf) is overseen and supervised by the General Department of Endowments (GDE) within the MEIA. A waqf may be created for the purpose of (1) a charitable endowment where the benefits are dedicated to a charitable cause, (2) a family endowment is that in which the endowment is for the endower or another person(s), (3) a joint endowment for both a charitable cause and a family and (4) a bequest of a charitable, family, or joint

endowment. Most awqaf are fully under the management of the GDE (79%), which superintends the endowed property and spends the proceeds of the endowment according to predefined terms established by the endower. Awqaf may, however, be privately managed. Privately managed awqaf must be approved by the MEIA. There are 1 385 awqaf in Qatar: 1 188 are charitable endowments, 116 are family endowments and 81 are joint endowments.

95. Common law trusts can also be created in the QFC via registration with the QFCA. In June 2022, there were three trusts registered in the QFC.

### *Supervisory arrangements*

96. There are five AML/CFT supervisors in Qatar.

- a) **QCB** supervises banks and non-bank FIs in the State of Qatar except for the securities sector. The QCB is responsible for the licensing and supervision of 87 state-based reporting entities.
- b) **QFMA** supervises the securities sector and capital markets activities in the State of Qatar (18 financial service providers).
- c) **QFCRA** supervises all FIs and DNFBPs in the QFC. This includes 61 FIs and 23 DNFBPs. DNFBP activities such as real estate (agents and brokers) and DPMSs are not authorised to operate in the QFC. While QFCRA supervises the FIs and DNFBPs in the QFC, the QFCA is the licensing body.
- d) **MOJ** is the supervisor for lawyers and real estate agents or brokers in the State of Qatar.
- e) **MOCI** is the AML/CFT supervisor for auditors, TCSPs and DPMSs in the State of Qatar. TCSP activities can also be undertaken by lawyers. In this case, there is joint supervision between MOCI and MOJ.

**Table 1.2. Qatar supervisors and their supervisory population**

Supervisor	Supervisory population	Supervisor	Supervisory population
QCB	FIs 16 Banks 20 Exchange houses 3 Finance companies 14 Insurance companies 30 Insurance brokers 2 Investment companies 1 Representative office 1 Consultancy company Total: 87	MOCI	DNFBPs 135 Auditors 137 TCSPs 455 DPMSs Total: 727
QFMA	FIs 1 Qatar Stock Exchange 1 Qatar Central Securities Depository 7 Brokers 3 Custodians 6 Advisors Total: 18	MOJ	DNFBPs 200 Lawyers 196 Real estate agents Total: 396
QFCRA	FIs 14 Advisors 12 Banks 12 Insurers 8 Insurance intermediaries 3 Representative offices 12 Investment managers Total: 61  DNFBPs 16 Legal Services 3 Accounting/audit and 2 professional services 3 TCSPs (2 suspended) Total: 31		

### *International cooperation*

97. Due to the structure and materiality of its economy, Qatar is exposed to transnational ML/TF and PF risks. Qatar is an important regional trade and finance centre, and it is an important source of remittances for its majority (85%) foreign-labour workforce. Qatar's high per-capita GDP, and the particularly high income of Qatari nationals also makes it an attractive target for foreign predicate offences or international fraud schemes aimed at Qatari nationals abroad.

98. The CPC (as amended by Law No.6 of 2020) establishes general framework for international judicial cooperation. The PPO is the central coordinating authority for formal MLA in judicial matters, including extradition.

99. Qatar also engages in various forms of informal international cooperation, including providing and seeking spontaneous information exchanges between relevant authorities. Competent authorities also participate in various international AML/CFT fora and networks.

## Chapter 2. NATIONAL AML/CFT POLICIES AND COORDINATION

### Key Findings and Recommended Actions

#### Key findings

- a) Overall, Qatar has a good overall understanding of its ML/TF risks at a national level. Its NRA provides a solid foundation for assessing ML/TF risks, using a well-established methodology, with wide participation by authorities and data from a wide range of sources. Qatar has a strong understanding of ML risks in relation to cash, major domestic proceeds-generating offences and major ML channels such as banking and exchange houses. Understanding in other areas is still developing, such as in relation to ML related to human trafficking and certain sectors (such as DPMSs). Regarding TF, Qatar has a fair overall understanding, with its understanding of certain TF risks not as developed. Qatar demonstrated an awareness of the changing risk landscape since the NRA was completed, with the NRA complemented by a number of other risk assessments including sectoral risk assessments (SRAs).
- b) Qatar's national AML/CFT policies and activities, including its National AML/CFT Strategy and Action Plan, largely address Qatar's identified ML/TF risks. The Strategy has led to a wide range of changes to enhance the Qatari system, including the development of a central register of basic and BO information (the UER) and new legislation to target cash use. It is unclear how CFT forms part of Qatar's broader CT strategies and investigations.
- c) The objectives and activities of LEAs and supervisors are generally in line with ML/TF risks and national AML/CFT policies, although LEAs are still developing their experience in certain circumstances (such as complex ML/TF cases). The Qatari judicial system also lags behind in adopting this strategic approach to address ML/TF.
- d) Qatari authorities have strong interagency coordination on ML/TF/PF through formal and informal means. NAMLC has political support and leads deep coordination between the supervisors, law enforcement and others through meetings and correspondence. The small size of Qatar means policy and operational cooperation happen frequently and smoothly.



- e) FIs, DNFBPs and NPOs demonstrate strong awareness of the main results of the NRA and used its findings to direct and inform their own risk assessment processes. It is not clear how often information on new risks is communicated outside of the NRA process.

## Recommended Actions

- a) NAMLC should continue to enhance Qatar's understanding of its major ML/TF risks, including new and emerging risks, by completing its planned update to the 2019 NRA. In particular, the updated NRA and authorities should:
  - a. further enhance the understanding of TF risk;
  - b. deepen the analysis in relation to more complex forms of ML/TF activity, particularly in areas where Qatar has had limited statistics or where Qatar has not historically pursued investigations;
  - c. ensure it incorporates AML/CFT statistics from the Qatar AML/CFT National Network Assessment and Statistics System (QANNASS);
  - d. include ML/TF risk rankings for all FI/DNFBP sectors in Qatar and all relevant threats and channels; and
  - e. consider publication of a public version of its NRA and other key risk assessments.
- b) NAMLC should ensure that all agency action plans relating to the National AML/CFT Strategy are completed and new action plans are developed as appropriate in response to Qatar's developing understanding of risk (including in response to the updated NRA). In particular:
  - a. the SJC should complete their steps in their action plan and further develop the judiciary's capacities and understanding of ML/TF cases;
  - b. MOCI should ensure the successful completion of the UER; and
  - c. NAMLC should ensure the effective implementation of the new law regulating cash use, including through industry guidance to understand and implement the law and mechanisms for supervisory authorities to ensure compliance.
- c) NAMLC and NCTC should ensure that Qatar's Counter Terrorism Strategy sufficiently integrates or considers Qatar's approach to CFT.

100. The relevant Immediate Outcome considered and assessed in this chapter is IO.1. The Recommendations relevant for the assessment of effectiveness under this section are R.1, 2, 33 and 34, and elements of R.15.

101. The assessment team's findings on IO.1 are based on its review of key documents, such as the NRA (both the full and summary versions), SRAs and other risk assessments; and key policy documents such as the National AML/CFT Strategy and Action Plan. The assessment team also met with Qatari government authorities, LEAs, the AML/CFT supervisors and select FIs, DNFBPs and NPOs.

### Immediate Outcome 1 (Risk, Policy and Coordination)

#### *Country's understanding of its ML/TF risks*

102. Overall, Qatar has a good overall understanding of its total ML/TF risks at a national level and is continuing to further enhance its understanding of specific ML/TF risks. Qatar demonstrates that it understands the major risks it faces, however there are moderate shortcomings in the assessment of certain risks where authorities' understanding is still developing.

103. While Qatar produces a range of risk assessment products, Qatar's identifies and assesses its ML/TF risks is primarily through its NRA process. The NRA is central to Qatar's understanding of ML/TF risks and authorities frequently referenced the findings of the NRA during the onsite. In addition to assessing Qatar's ML/TF risks, it also assesses its PF risks. All authorities agreed with the broad outcomes of the NRA and used the NRA to inform their understanding of risks. NAMLC started the NRA process in 2016 and formally adopted the NRA in December 2019. This is Qatar's second NRA, after conducting an NRA exercise in 2010 using the International Monetary Fund (IMF) Risk Assessment Methodology. The 2016 NRA built on this experience and took into consideration the revised 2012 FATF Standards. The 2019 NRA was led by the Project Working Group within the NAMLC, which held approximately over 150 meetings with public and private sector stakeholders to gather information, develop the methodology, and discuss interim results, as well as gathering information by questionnaires.

104. The methodology of the NRA is generally sound. It assesses risk as a function of threats, vulnerabilities and consequences. It used multiple methodological approaches to quantitatively and qualitatively describe the scale and nature of the ML/TF risks in Qatar and ranks the residual ML/TF risks that Qatar faces. Most of the analysis is based on a wide range of available information, including quantitative analysis of financial flows, case studies, available statistics from a range of agencies, pre-existing SRAs, and feedback from Qatari authorities, private sector representatives and international partners. However, as explained further below, there is a less developed assessment of some threats in the NRA where Qatar has limited statistics or where Qatar has not historically pursued investigations.

105. The full NRA is a classified document. NAMLC provided a copy of this document to senior representatives of all NAMLC members, who then decided the extent to which the full NRA was shared within their agency. In addition, NAMLC also prepared a summary document, which highlights the key findings of the NRA including the sectoral risk ratings.

106. The NRA is complemented by a number of other risk assessments, including SRAs and thematic reviews. Following the NRA, Qatar has undertaken risk assessments on issues, such as legal persons and arrangements in Qatar, virtual assets and VASPs and the impact of the Covid-19 pandemic. QFCRA, QFMA, MOCI, MOJ and RACA have all undertaken SRAs of their relevant FIs, DNFBPs and NPOs. QCB has undertaken a number of thematic reviews on issues such as cash and international remittance flows. These risk assessments deepen Qatar's understanding further than the analysis in the NRA and demonstrate Qatar's awareness of the changing risk landscape. In an effort to improve the availability of AML/CFT statistics for future NRA processes, in 2019 Qatar also established an AML/CFT statistics database (QANNASS).

107. At the time of the onsite, NAMLC was preparing to conduct an update to the 2019 NRA for completion in 2023. The new NAMLC-led NRA process will be a valuable opportunity for Qatar to consolidate the results of the new risk assessments, incorporate the developments in its risk understanding since the 2019 NRA and the statistics collected through QANNASS.

108. Overall, the NRA considered the residual ML risks as medium-high for Qatar. While recognising the low domestic crime rate in Qatar, the NRA recognises Qatar's particular vulnerabilities include its predominantly cash-based economy, the high level of foreign workers and remittances, Qatar's wealth and growing status as a regional financial and trade sector and a major participant in the gold trade. The NRA highlights smuggling as the most common proceeds-generating crime (medium-high threat), with electronic crimes and fraud, drug trafficking and corruption considered a medium threat. These threat ratings are based on the number of cases received by LEAs in the past 5 years, with the outcomes weighted for different factors (e.g., value of proceeds, nationalities of persons involved). LEAs (MOI and PPO) demonstrated a good understanding of the ML risks related to smuggling, electronic crimes and fraud and drug crime, and noted that they had integrated these high-risk factors into the targeting system for ML investigations and prosecutions. As Qatari LEAs develop more experience in investigating more complex forms of ML (see IO.7), this will enhance Qatar's understanding of the ML risks it faces.

109. There is a less developed assessment of some threats in the NRA where Qatar has limited statistics or where Qatar has not historically pursued investigations. For example, prior to 2019, Qatari LEAs did not systematically pursue human trafficking offences. The NRA notes Qatar did not have sufficient cases or statistics to assess the ML risks relating to human trafficking. In the absence of sufficient information, it finds ML related to human trafficking a high potential ML threat, based on the high dependency on foreign labour, particularly in large infrastructure projects, and the risk that minimum wage workers could be abused. NAMLC and PPO noted that they have undertaken action since the NRA to begin to develop their understanding of human trafficking and related ML and pursue cases.

110. Regarding ML related to corruption, the NRA considered Qatar a low-crime jurisdiction for corruption, but recognised Qatar's wealth and large-scale investment projects could expose Qatar to threats. The NRA considered corruption to be a medium threat, as cases mainly related to low level corruption. Since the NRA, Qatar has pursued some major cases of domestic grand corruption, with NAMLC and SSB noting that it considered that the threat of ML related to corruption had likely increased since the NRA.

111. Compared to its understanding of its domestic threats, Qatar's understanding of its external threats and ML-related to foreign-predicate offending continues to develop. As a low crime-jurisdiction, the NRA finds that many of the ML threats are external in nature. The NRA highlights wire transfers, foreign direct investment and private banking as channels that can be abused for ML related to foreign predicates, with foreign corruption and tax evasion identified as the most significant foreign proceed-generating crime. While the NRA does not provide a risk rating for external threats, NAMLC considered the ML threat to be between medium and high. NAMLC also demonstrated it had considered how its external threats were changing in response to major events, such as the diplomatic crisis on Qatar, the Covid-19 Pandemic, and the 2022 World Cup. Authorities also demonstrated how certain factors (e.g., limits on foreign ownership of property in Qatar) limit these ML risks in Qatar.

112. In terms of sectors, Qatar considers banks, exchange houses and DPMSs to be the highest risk sectors for ML. Regarding the financial sectors, the NRA found banks and exchange houses to have an inherent risk of medium-high, with the abuse of retail banking, trade-related products and services and private banking and wealth management. The NRA also considers cash and BNIs to be a high risk for ML in Qatar. At the onsite, the authorities demonstrated a strong understanding of the main ML risks related to cash, in light of its high use in Qatar.

113. In general, the financial supervisors (QCB, QFCRA and QFMA) demonstrated a fair overall understanding of the ML/TF risks for their sectors. The financial supervisors have all conducted SRAs either before or after the NRA, which demonstrate a more detailed understanding of the ML risks of their sectors (see IO.3). While QCB and QFCRA use a similar format to the NRA, QFMA's SRA focuses on vulnerabilities in the securities sector rather than the ML risks. There is scope for the authorities to further develop its understanding of the risks posed by the provision of financial services without a license, particularly informal MVTs services. While the NRA considers this to be a high-risk channel, authorities appeared to downplay this risk at the onsite.

114. Regarding DNFBPs, the NRA considers DPMSs as high risk, TCSPs as medium-high risk, with lawyers, auditors and real estate agents considered medium risk. For MOCI and MOJ, their risk understanding is gradually improving but still not sufficiently developed. QFCRA's understanding of the ML/TF risks of DNFBPs in the QFC is more robust. The NRA and subsequent SRAs by MOCI and MOJ demonstrate a developing understanding of the risks in these sectors. For example, through its 2022 SRA, MOCI has developed a much better understanding of the number of TCSPs in Qatar, reducing the number of potential TCSPs from over 8 700 to 137. Similarly, since the NRA occurred, NAMLC advised that there was growing consideration of how real estate could be used for ML/TF purposes following a significant case of grand corruption and case of TF in 2020-21. Regarding DPMSs, Qatar can develop a more detailed understanding of how these sectors can be exploited for ML/TF purposes. At the onsite, MOCI appeared to conflate the risk of gold smuggling with the risk of ML/TF activity through DPMSs.

115. Although the 2019 NRA did not assess the risks posed by virtual assets and VASPs, Qatar completed a specific risk assessment in 2022. NAMLC demonstrated a good understanding of the risks related to virtual assets and Qatar's prohibition.

Other supervisors, such as QCB also demonstrated their risk understanding about how these prohibited services may be abused for ML/TF.

2

116. Regarding legal persons and arrangements, Qatar demonstrated a sufficient understanding of ML/TF risks posed by legal persons and arrangements created in the State and in the QFC. While the NRA only provided a high-level summary, subsequent risk assessments and work by regulators have enhanced Qatar's understanding (see IO.5). Nonetheless, Qatar has not assessed the ML/TF risks related to awqaf and ML risks of legal persons that are NPOs the same extent, as these have not been subject to a specific risk assessment.

117. Regarding TF, Qatar has developed a fair overall understanding of TF risks. In the NRA, Qatar assesses that it has an overall residual medium-high risk rating, finding there are two serious sources of threats – domestic fundraising activities conducted by or on behalf of foreign terrorist organizations and the presence in Qatar of terrorist, terrorists' financiers, and controversial groups. The NRA notes that a variety of UN-designated terrorist organisations, including Al Qa'ida and regional affiliates, ISIL, and the Taliban have attempted to raise funds in Qatar. In terms of domestic fundraising, the most serious risks noted in the NRA is fundraising through the abuse of NPOs and the solicitation of individual donations not under the guise of charitable activity. The NRA finds that fundraising via kidnapping and through criminal activity is low risk.

118. Qatar identified abuse of NPOs working abroad and the creation of fraudulent NPOs to be the largest risk for TF. Authorities were reluctant to discuss high profile cases in which NPOs were abused for TF, but they acknowledged that the most critical source of vulnerability specific to the TF context is the supervision and operations of Qatar's NPOs. Qatar also demonstrated a robust understanding of the TF risks related to individuals fundraising through fraudulent claims of NPO affiliation and to a lesser extent, the risks of individuals sending money to high-risk conflict zones, where there is insufficient nuance between TF and money transfer through informal channels.

119. The NRA considers the TF risks relating to kidnapping for ransom, self-financing or FTFs from Qatar to be low risk, with only 10-15 FTFs from Qatar identified. While the NRA recognises the risks from self-financing and FTFs, it only includes limited analysis. The shortcomings in Qatar's approach to TF investigations and prosecutions may also impact Qatar's ability to understand its TF risks in sufficient detail (see IO.9).

120. In terms of channels for the movement of funds, the NRA identifies exchange houses, banking sector and cross-border movement of cash, BNIs and precious metals and stones as being the highest risk channels for TF (medium-high). The relevant authorities (e.g., SSB) showed a solid understanding of the main channels through which TF can occur in Qatar. There is scope to further enhance the understanding of TF risks, particularly in terms of the TF risk rating of the different FI/DNFBP sectors. Unlike ML, the NRA does not include sectoral risk ratings for TF for all sectors, except for banks and exchange houses. The SRAs also include comparatively less information on TF risks than ML.

### *National policies to address identified ML/TF risks*

121. Qatar's national AML/CFT policies and activities largely address Qatar's identified ML/TF risks. In the past five years, Qatar has introduced a wide range of changes to enhance its AML/CFT system, including its legal framework, law



enforcement and supervisory approach. While further work remains to be done, NAMLC has led a system-wide effort to substantively overhaul how Qatar approaches AML/CFT.

122. Following the completion of Qatar's first NRA process in 2010, Qatar's national policies were coordinated through Qatar's National AML/CFT Strategy 2010-2015. In 2016, Qatar began the process for undertaking its first full NRA. Following preliminary findings of the NRA in 2018, NAMLC developed tailored actions plans for each authority to address risks associated with the various sectors which they supervise. This led to a number of changes to Qatar's AML/CFT regime, including a reform of its AML/CFT legislative framework, through the introduction of the new AML/CFT Law and IR in 2019. Qatar also introduced a new supervisory framework for NPOs through expanding RACA's supervision scope, established a new declaration regime for cross-border movements of cash, BNIs and precious metals and stones and passed measures to reduce the economy's reliance on cash (e.g., by requiring that all salaries be paid by electronic transfer). In 2018, Qatar also established new specialised teams to enable it pursue ML/TF, including the ECMLP in the PPO and the ECCCD and MLFCC in the MOI and the specialist AML/CFT supervisory teams in MOCI and MOJ.

123. Following the conclusion of the NRA in 2019, the Council of Ministers adopted Qatar's National AML/CFT Strategy and Action Plan 2020-2025 based on the NRA's findings. It is through this framework that Qatar applies a risk-based approach to allocating resources and implementing measures to prevent or mitigate ML/TF. Qatar's National Strategy highlights six areas of strategic focus: 1) maintain strategic intelligence on global and domestic financial flows and mitigating associated risks; 2) combat illicit finance through robust investigations and prosecutions and confiscation of proceeds of crimes; 3) combat illicit finance through effective supervision and supervisory enforcement; 4) strengthen BO transparency; 5) enhance national-level statistics collection and analysis and 6) enhance capacity to combat illicit finance. Each of these strategic areas have specific actions for 20 major AML/CFT agencies in Qatar, each of which has its own action plan.

124. Of the action plans the assessment team reviewed, Qatari authorities demonstrated they had tasked each agency with relevant action items to implement the Strategy and combat ML/TF. The plans also demonstrate Qatar is taking steps to improve its efforts on topics like corruption. However, no action plans address how to improve risk understanding and efforts to combat ML tied to human trafficking or forced labour specifically. As most action plans conclude their tasks in December 2021, it is unclear if agencies have new directives for 2022 onward. Given many of these action plans were provided to the assessment team after the onsite, it is unclear if agencies are completing the tasks, in practice, to implement the action plans.

125. The Strategy appropriately addresses the risks identified in the NRA by focusing the Qatari authorities on the effective implementation of the series of legislative and policy reforms undertaken in 2018-2019 by building the understanding and capability of agencies to combat ML/TF. Two major structural reforms from the Strategy includes the development of the UER as a central register of basic and BO information and the introduction of a new law in June 2022 to further limit the use of cash in Qatar, by prohibiting the use of cash in transactions for certain high-value goods over QAR 50 000 (USD13 700) (e.g., real estate, precious metals and



stones, cars, boats, livestock and falcons). The UER was under development at the time of the onsite and the cash law was yet to be implemented in practice, so it is too early to assess the effectiveness of these measures.

126. To ensure that the Strategy is implemented, Qatar has a follow-up mechanism with monthly reports on progress in implementing the individual goals in the Action Plan. At the time of the onsite in June 2022, Qatar reported an overall implementation of the individual action plans of 71%. Most agencies have carried out the key activities prescribed in the action plans, which indicates that authorities are generally invested in the follow-up objectives of the National Strategy. However, the SJC had only completed 38% of its action plan as of June 2022, with no progress reported until after February 2022. This indicates substantive work remains to ensure that Qatar's judicial response to ML/TF is robust.

127. At the time of the onsite, Qatar has developed a new Counter-Terrorism Strategy, which includes elements relating to TF. Due to the newness of this Strategy, it is unclear how CFT forms part of Qatar's broader counter-terrorism strategies and investigations (see IO.9).

### *Exemptions, enhanced and simplified measures*

128. Qatar does not have any exemptions for FIs or DNFBPs in their application of AML/CFT measures. FIs and DNFBPs may apply simplified measures where lower risks have been identified based on Qatar's NRA and their own risk assessments (e.g., in relation to publicly listed companies or government entities). These simplified measures are consistent with the risks outlined in the NRA (see R.1).

129. Where higher ML/TF risks are identified, FIs and DNFBPs must perform enhanced due diligence (EDD). Specifically, FIs and DNFBPs must also undertake EDD for customers from countries that the NAMLC identifies as higher risk, PEPs and correspondent relationships. Qatar has also applied enhanced measures more broadly in its AML/CFT regime through its new law limiting the use of cash for certain high-value goods in June 2022.

### *Objectives and activities of competent authorities*

130. The objectives and activities of competent authorities are generally in line with the identified ML/TF risks and are consistent with national AML/CFT policies. Nearly all competent authorities demonstrated a strong understanding and agreement with the results outlined in the NRA. However, the moderate shortcomings in risk understanding as outlined above may impact the ability of competent authorities to combat ML/TF in Qatar.

131. QFIU, PPO, MOI, SSB, and GAC demonstrated a strong willingness to pursue ML/TF consistent with their respective remits. As guided by their respective action plans in Qatar's AML/CFT strategy, they have invested substantive resources into improving their capability to target ML/TF, including through the establishment of specific ML/TF units, investment in training for officers, the development of advanced IT systems and the introduction of sophisticated case prioritisation systems. However, Qatar's LEAs are still developing their experience, particularly for complex ML/TF cases (see IO.7 and IO.9). This is most apparent in the challenges Qatar faces in securing convictions for TF in the SJC, which indicates that the Qatari judicial system lags behind in adopting Qatar's strategic approach to address ML/TF. Other

agencies (e.g., GAC) have only recently established their specific ML teams, meaning that their actions are yet to translate into criminal cases.

132. In addition, the limitations in Qatar's understanding of ML related to certain risks impact the ability of LEAs' ability to address the ML risks. Qatar is developing its response to human trafficking, with the PPO establishing a human trafficking taskforce and improving training and formal education of officers. QCB also issued guidance to its sectors on risks associated with human trafficking. These efforts are ongoing and should assist LEAs in their ability to address related ML risks.

133. Supervisors' objectives and activities are also generally consistent with national AML/CFT policies and identified ML/TF risks. The five FI/DFNFBP supervisors (QCB, QFMA, QFCRA, MOCI, MOJ) and the NPO supervisor (RACA) all used the findings of the NRA to inform their approach to supervision and agreed with the sectors generally considered to be higher and lower risk. Within their sectors, some of the supervisors are still developing their understanding of how ML/TF risks can manifest in different types of FIs, DNFBBPs and NPOs under their supervision (see IO.3 and IO.10).

### *National coordination and cooperation*

134. Qatar has strong inter-agency coordination and cooperation on ML/TF/PF through formal and informal level. Authorities use a variety of mechanisms to cooperate, with strong bilateral relationships between all the major AML/CFT authorities in Qatar. Authorities emphasize the close nature in which they coordinate and credit the closeness of Qatari society and the size of the country for this collegial approach.

135. The main cooperation and coordination body is the NAMLC, which Qatar first established in 2004. NAMLC has strong political support, being chaired by the Deputy Governor of the QCB, and is well-resourced with 34 staff and its own dedicated premises. It leads deep coordination between the supervisors, LEAs and other key agencies through meetings and correspondence. It also leads AML/CFT policy development in Qatar (such as the National Strategy) and can act as an operational information-sharing mechanism. The NAMLC meets formally at least on a quarterly basis but can meet on an ad hoc basis. The NAMLC also is the lead body for cooperation on CPF issues. The NCPW separately leads coordination regarding issues relating to proliferation, but this mainly relates to policies for end-user certificates for scheduled goods and monitoring controls on chemical substances controlled by international conventions rather than CPF.

136. Cooperation also occurs through the NCTC, which is responsible for national CT policy and the implementation of Qatar's Counter Terrorism Strategy. The NCTC is chaired by the MOI and includes representatives from MOFA, PPO, QCB and SSB. NAMLC and NCTC coordinate with each other through the MOI representatives in NAMLC as well as through bilateral meetings.

137. In addition to NAMLC and NCTC, there are a range of other formal and informal channels for cooperation. This includes MoUs between LEAs, QFIU and the supervisors. The AML/CFT supervisors have also developed joint Supervisory Strategies to set common principles of AML/CFT supervision. There are also a range

of subject-specific working groups, such as in relation to the provision of financial services without a license.

2

138. In practice, the assessment team observed that there was a very high degree of formal and informal cooperation between the different competent authorities in Qatar. Authorities frequently noted that the small size of Qatar meant that there were strong working relations between all relevant stakeholders that enabled quick action to address ML/TF threats. For example, the PPO provided an example in which they were actively working to disrupt a terrorism case and were able to call the judiciary to obtain a warrant in the middle of the night. Similarly, RACA provided an example in which an NPO alerted them about a person frequently raising funds online pretending to be a part of the NPO. RACA alerted MOFA, which liaised with the jurisdiction in which the person was located, and local authorities (outside of Qatar) arrested this person.

### *Private sector's awareness of risks*

139. Qatari authorities have undertaken substantial outreach to ensure that FIs, DFNFBPs and NPOs are aware of the results of the NRA. NAMLC coordinated with supervisory authorities to share the key findings of the NRA to the entities under their supervision. Between September 2019 to January 2020, 239 employees of 124 FI, DNFBP and NPOs attended trainings on AML/CFT topics including a high-level introduction to the preliminary findings of Qatar's NRA. Supervisory authorities discussed the NRA results in several meetings and workshops with supervised entities and also presented the results of their SRAs. RACA also provided training and guidance to NPOs based on the findings of the NRA. It also produced several guidance documents based on the NRA findings and other relevant risk analysis, particularly focused on the risks associated with NPO activities in unstable or conflict areas. NAMLC also led a series of online conferences throughout 2020 on the outcomes of the NRA.

140. FIs, DNFBPs and NPOs demonstrate an overall strong awareness of the results of the NRA. All entities met with by the assessment team were aware of the NRA and used its findings to direct and inform their own risk assessment processes. The lack of sectoral risk ratings for TF in the NRA, however, may have led to a less nuanced understanding in TF risk as distinct from ML risk in the private sector (see IO.4).

141. Qatar has undertaken a number of different risk assessments between 2020 and 2022, but it is not clear whether any of the results of these risk assessments (apart from the SRAs) were shared with FIs and DNFBPs.

## Overall Conclusion on IO.1

Overall, Qatar has a good overall understanding of its major ML/TF risks at a national level. The NRA assesses the major proceeds-generating crimes and ML/TF channels using a well-established methodology. However, there is scope for moderate improvements in Qatar's understanding of more complex ML/TF activity, such as in relation to ML associated with human trafficking, and certain sectors such as DPMSs, as well as the various ways NPOs can be abused, outside of fundraising by individuals falsely claiming NPO affiliation.

Qatar's national AML/CFT policies and activities largely address its identified ML/TF risks. Qatar has implemented an ambitious series of reforms across its legal framework, law enforcement and supervisory approach. Further work is necessary to ensure that the actions of law enforcement, supervisors and judicial system are implementing these reforms and delivering the expected outcomes.

Qatari authorities have strong interagency policy coordination on ML/TF/PF through formal and informal means, with policy and operational cooperation happening frequently and smoothly. FIs, DNFBPs and NPOs demonstrate strong awareness of the main results of the NRA.

Qatar is rated as having a **substantial** level of effectiveness for IO.1.



### Key Findings and Recommended Actions

#### Key Findings

##### Immediate Outcome 6

- a) Authorities have access to a wide range of financial intelligence. Their analytical systems and facilities are of high quality to support their needs. In addition to STRs, the QFIU accesses several databases, including criminal, administrative, commercial and customer data in real-time via an automated platform. These information sources help the QFIU to produce analysis and support operational authorities through risk-based targeting of suspicious activities.
- b) In relation to ML investigations, Qatar’s LEAs could use the QFIU’s financial intelligence and analysis capabilities more often to identify ML and predicate offences that are not already known to authorities. In relation to TF, authorities receive financial intelligence from a wide range of sources, including QFIU reports for suspicions of TF. However, this analysis is used only to some extent to develop evidence and trace assets., which leads to a gap in TF investigations. Consequently, Qatar is not using financial intelligence in a material way to develop TF cases.
- c) QFIU has worked closely with supervisors to improve the quality of STRs, particularly with FIs. However, the limited number of STRs by DNFBCPs—including by higher risk sectors such as DPMSs—diminish the effectiveness of financial intelligence produced by the QFIU.
- d) The QFIU and LEAs co-operate closely and exchange information and feedback on a regular basis while ensuring the confidentiality of information exchanged. The QFIU also produces robust strategic analysis on trends and typologies, which generally meets the needs of competent authorities for ML investigations and prosecutions.

##### Immediate Outcome 7

- a) Qatar has a legal framework that provides it with an adequate basis to identify, investigate and prosecute ML activities. In recent years, Qatar has invested significantly into developing its legal and operational framework to address AML/CFT, which has led



to increases in investigations, prosecutions and convictions of ML. All three main agencies involved in developing and pursuing ML investigations – MOI, SSB and PPO – demonstrate a strong familiarity with Qatar’s national AML strategy. However, the total number of cases, notably convictions, remains insufficient compared to figures presented for major proceeds-generating predicate offences.

- b) Authorities are investigating a range of ML offences however, case studies suggest that authorities can continue to improve their ability to identify the role that Qatar may play in broader, complex or professional ML schemes and networks. Consequently, Qatar has identified few investigations into complex or transnational ML schemes involving higher risk areas such as laundering through FIs, cash, MVTs, or precious metals.
- c) ML activity in Qatar is being investigated and prosecuted in a manner somewhat consistent with threats and risks. This is largely because a number of cases in some higher-risk proceeds-generating offences do not make it to the trial stage for ML (and are charged as predicates instead or dismissed).
- d) Sanctions applied against persons in Qatar convicted of ML appear broadly proportionate, effective, and dissuasive. However, it does not appear that the sanctions applied against persons convicted of ML in absentia are effective and dissuasive.
- e) Qatar does not use alternative measures in a significant manner when they cannot obtain a conviction for ML.

### Immediate Outcome 8

- a) Authorities demonstrated that they pursue the seizure and confiscation of property as a priority in predicate offences, and confiscations account for an important part of their criminal justice system. Qatar has an effective asset management system managed by OSC within the PPO, which takes adequate measures to preserve assets and prevent depreciation.
- b) Overall, LEAs’ broad confiscation powers have enabled them to seize and confiscate large sums, including proceeds and instrumentalities of crime and property of equivalent value. However, Qatar can improve how it monitors these outcomes so that it meets its policy objectives for asset recovery.
- c) Seizures and confiscations are broadly in line with the major proceeds-generating offences identified in the NRA. However, Qatar has not conducted any asset recovery efforts or initiated sharing requests from proceeds from crime moved abroad. This is a notable gap given Qatar's considerable expatriate population and exposure to movement of criminal proceeds out of the country.
- d) Qatar has implemented a declaration system for currency,

precious metals and stones and BNIs if the value exceeds QAR 50 000 (USD 13 700). Confiscation is required in all cases of false declaration, but administrative penalties and return of undeclared funds are common (e.g., conciliatory settlements). Sanctions in this area do not appear to be effective or dissuasive.

## Recommended Actions

### Immediate Outcome 6

- a) For TF, SSB should prioritise and set internal objectives on improving capabilities and expertise in the use of financial intelligence and analysis to develop evidence and trace property to identify possible TF cases and generate investigations into TF.
- b) For ML, MOI should develop a series of policy objectives and a long-term plan focused on improving the use of QFIU information to trigger ML investigations. To this end, LEAs should provide additional feedback to QFIU on spontaneous disseminations to cater to their needs.
- c) QFIU should continue to develop their experience to improve their familiarity with their sophisticated analytical tools at their disposal to develop intelligence on potential ML cases.
- d) QFIU should continue its guidance and outreach activities to ensure that obliged entities' reporting, better reflects the country's risk profile, especially in the DPMSs sector. To this purpose, improvements should ensure that reporting entities have access to information on typologies and indicators.
- e) Qatar should increase awareness of TF risks among reporting entities to improve the reporting of high risk and suspicious activity possibly linked to TF, in order to support and identify potential TF investigations

### Immediate Outcome 7

- a) Qatar should continue to focus on achieving more ML prosecutions and convictions, and in a risk-focused manner. This should consist of conducting more outreach with international partners and deepening the complexity of investigations with transnational components to identify Qatar's possible role in complex, professional ML schemes. Qatar should also strengthen the capacities of prosecutors by ensuring continuous training and resourcing of ML and follow-the-money based expertise.
- b) Qatar's LEAs should continue to make use of their analytical systems, but also train staff to become specialized in investigating ML and proceeds-generating crimes, by developing training programs, and exchanging expertise with international partners.

- c) Qatar should review its approach to convictions in absentia to analyse the extent to which they achieve the intended goal of punishing offenders and dissuading ML. This could include a review of international co-operation requests (as noted in IO.2.). Qatar should also review whether LEAs could instead pursue joint investigations with relevant counterpart authorities, particularly in the cases involving suspects who are no longer in Qatar, or suspects that may be using Qatar as part of a broader professional ML scheme.

### Immediate Outcome 8

- a) Qatar should continue to pursue confiscations as a matter of course in its criminal justice framework. Qatar should also consider developing more specific policy objectives in relation to recovery strategy, including asset seizure and confiscation targets and periodic reporting on priorities for predicate and ML offences.
- b) Qatar should improve its collection of statistics on what are the proceeds of crime, instrumentalities and property of equivalent value during investigations and prosecutions.
- c) Qatar should prioritise asset recovery in cases of proceeds moving abroad. To do so, Qatar should complete its manual for asset recovery and repatriation from abroad (see IO.2). Qatar should deepen international coordination with relevant counterparts on asset tracing (including through asset recovery networks). QFIU should also seek to continue supporting international asset tracing by working through Egmont and bilaterally to exchange information when international asset tracing is pertinent to the case.
- d) GAC and MOI officers posted at the border should increase focus on identifying cross-border currency and precious metals and stones movements smuggled into and out of the country. GAC should deepen its cooperation with relevant international partners and organisations. LEAs (including GAC's new ML unit) should seek out and identify gold and cash smuggling networks and identify their modus operandi.

142. The relevant Immediate Outcomes considered and assessed in this chapter are IO.6-8. The Recommendations relevant for the assessment of effectiveness under this section are R.1, R. 3, R.4 and R.29-32 and elements of R.2, 8, 9, 15, 30, 31, 34, 37, 38, 39 and 40.

### Immediate Outcome 6 (Financial Intelligence ML/TF)

143. In Qatar, the QFIU is an administrative entity that provides relevant LEAs with analysis and information either spontaneously or upon request. Qatar's LEAs, which include the MOI, SSB, GAC and PPO, conduct investigations into ML and TF (and all other financial investigations). Investigations in Qatar are generally divided into two phases, (i) the inquiries and collection of evidence phase, followed by (ii) the judicial investigations phase. The first phase is generally carried out by the relevant LEAs:

ECCCD at the MOI for ML and other predicate offences<sup>20</sup>; the SSB for TF and other crimes that affect the security of the State (such as grand corruption); and the GAC when there are suspicions of smuggling, evasion of customs duties and ML<sup>21</sup>. The second phase is performed at the PPO. Financial investigations are initiated because of ongoing investigations into underlying predicate offences or can be opened in response to a QFIU dissemination.

144. In Qatar, the QFIU and several LEAs (i.e., PPO, MOI, SSB and GAC) can use financial intelligence and other information to support ML and TF investigations. For instance, as investigating authorities, the MOI and the SSB have access to a range of information and databases as well as intelligence to detect suspicious activities and transactions or to strengthen ongoing investigations. In the case of SSB, this also includes access to financial intelligence, as the SSB also receives all information held by QFIU that may relate to potential TF and grand corruption. As described below, the QFIU also uses a range of information and intelligence to develop reports and analysis for LEAs.

### *Use of financial intelligence and other information*

145. Financial intelligence and other relevant information are accessed and used to varying degrees among relevant LEAs to support investigations into ML/TF, and trace and seize assets. LEAs (MOI, SSB, GAC) obtain information from QFIU analysis (from requests for information and in financial intelligence products spontaneously disseminated from the QFIU). LEAs also have their own access to government databases and can conduct their own queries and analysis of relevant information to develop cases and identify potential cases of ML and TF and predicate offences. In practice, the MOI regularly exchanges information with the QFIU to obtain financial analysis when there is a suspicion of ML and for tracing assets related to the investigation. For ML investigations, MOI uses data components shared in QFIU disseminations and other financial intelligence from a number of sources (see below table) to develop evidence and trace criminal assets. In regard to the use of financial intelligence in TF investigations, case studies and data show that SSB receives and requests financial information and analysis from QFIU and from other sources (including cross-border currency reporting), but financial intelligence (while accessed) does not play a central role in TF investigations.

146. QFIU, MOI and SSB have access to a wide range of various financial intelligence and other relevant information from a series of databases. QFIU has direct access to credit risk management databases, Al Nadeeb Customs Clearance data, KYC data by FIs, the Qatar Commercial Registry Database, customer properties system, the vehicle registry, the CRS system, customer bank account databases, salaries, customs cross-border cash declarations exchange house customer data and World Check. QFIU also has indirect access to the Information and Statistics System (which includes criminal background information and digital ID information of legal persons and associated

<sup>20</sup> More specifically, ML cases are investigated by the MLFCC unit within the ECCCD.

<sup>21</sup> GAC has recently created an ML investigative unit, but at the time of the onsite, it was not yet operational. In the time being, GAC continued to refer all suspected ML cases and investigations to MOI. GAC has also been involved as part of the Joint Investigations Teams for ML cases since 2018. It has participated in cases related to smuggling of cash and gold and trade-based ML.

companies) and the MOIs Unified Security System (see IO.7). MOI and SSB also have access to various systems (see below).

**Table 3.1. List of databases to which QFIU, MOI and SSB have access**

Database	Owner	MOI	QFIU	SSB
Credit Risk Management Database	QCB	Indirect	Direct	Indirect
Information and Statistics System (ISS)	MOI	Direct	Indirect	Direct
Unified Security System	MOI	Direct	Indirect	Direct
Qatar Clearance Single Window (Al Nadeeb)	GAC	Direct	Direct	Direct
Know Your Customer "KYC"	QCB	Indirect	Direct	Indirect
Commercial Registry Database	MOCI	Direct	Direct	Direct
Customer Properties System	Qatar General Electricity and Water Corporation	Direct	Direct	Direct
Insurance system/vehicles	QCB	Direct	Direct	Direct
CRS system (includes 4 distinct databases)	QCB	Indirect	Direct	Indirect
Customer Account Database	QCB	Indirect	Direct	Indirect
WPS Salary	MADLSA and QCB	Indirect	Direct	Direct
Customer KYC Database	Qatari Banks and QCB	Indirect	Direct	Indirect
CustomsSmart Search Database	GAC	Indirect	Direct	Indirect
Exchange Companies Transactions Database	QCB	Indirect	Direct	Indirect
WorldCheck Database	World Check	Direct	Direct	Direct

*QFIU*

147. QFIU is an administrative FIU with no investigating authority. In investigations, QFIU's role is to support LEAs to develop evidence and trace criminal proceeds. Data on exchanges between the QFIU, MOI and SSB indicates that the QFIU is involved or consulted in all ML investigations and most of the TF investigations. This is done either through dissemination of financial analysis reports stemming from STRs made by FIs and DNFBPs and reports from other authorities; or when responding to requests from MOI and PPO and SSB in cases where the investigation is initiated by another source.

148. The QFIU is the national centre for analysing and disseminating financial intelligence and information to competent authorities. QFIU receives STRs from reporting entities, and the QFIU, in turn, analyses the STRs and information received, and disseminates, spontaneously or upon request, the results of its analysis to LEAs.

149. The MOI's ECCCD is the largest recipient of disseminations from the QFIU. From 2016 to 2021, the QFIU disseminated 1 590 reports to MOI for ML (see table below). SSB received 170 reports (in addition to 996 spontaneously shared financial intelligence reports related to STRs that were filed under possible TF).

**Table 3.2. Information disseminated by QFIU to ECCCD (MOI) and SSB (2016-2021)**

Year	2016	2017	2018	2019	2020	2021	Total
ECCCD (MOI)	120	314	504	114	363	175	1 590
SSB	7	3	4	25	83	48	170

Note: This table includes disseminations made by QFIU to MOI (ECCC and other departments) during 2016 and 2017. Starting from 2018, all dissemination were made to ECCCD only.

150. The QFIU also supports asset tracing and identification for ML and TF cases ahead of seizures and confiscations. The assessment team noted several cases where the QFIU was tasked with the identification of bank accounts, legal persons, properties, and goods (particularly high-value goods), which were at-times subsequently seized as part of the ongoing investigation. QFIU has also undertaken informal international cooperation to identify assets held abroad. As noted in Chapter 8, QFIU conducts international asset tracing through bilateral channels and through the Egmont Secure Web. QFIU demonstrated several instances where it has included internationally traced assets in its analysis that it has provided to relevant LEAs (see also below under IO.8 in this Chapter).

*MOI-ECCCD*

151. Within the MOI's General Directorate of Criminal Investigation, the ECCCD investigates most predicate offences, including those with a financial component. ECCCD is the largest consumer of QFIU reporting and authorised users in ECCCD have direct access to additional sources of financial information, such as Customs data (Al-Nadeeb), the Qatar commercial registry and vehicle registry databases, and other systems such as WorldCheck.

152. In addition, ECCCD's MLFCC also identifies predicate offences and ML by using its access to various databases combined with its targeting and prioritisation system (see below on the use of the USS). The ECCCD also solicits reports and information from the QFIU on a regular basis. The ECCCD solicited information in 314 cases.



**Table 3.3. Requests of information from MOI to QFIU**

Year	2016	2017	2018	2019	2020	2021	Total
MOI information requests sent to the QFIU	1	36	35	53	114	75	314

153. The ECCCD has the necessary skills and resources to utilise financial intelligence. Authorities in the MOI demonstrated instances where financial intelligence was gathered, analysed, and used for the identification of a range of unknown predicate and ML offences. Based on the case studies provided, financial intelligence is used to conduct investigations, detect networks and connections between individuals, identify legal persons and uncover property and other assets that may be subject to seizure and confiscation. However, as elaborated in 3.2.3 below, LEAs could use QFIU intelligence products, notably spontaneous disseminations, to develop evidence and trace proceeds to generate additional numbers of ML investigations. Box 3.1 shows how QFIU financial intelligence reports were used to identify suspected ML.

#### **Box 3.1. “Al Shaheen”: Example of QFIU involvement in ML investigation undertaken by MOI**

In 2019, QFIU received a STR from a lawyer about a local Company Y engaged in fictitious activities for ML purposes. QFIU initiated analysis, indicating that Company Y was engaged with foreign Company X, which ran large government infrastructure projects abroad (roads, bridges, stadiums, etc.). Financial analysis by the QFIU indicated that the company held various accounts opened within several banks within a year worth more than USD 100 million in Qatar. Funds were later transferred to foreign accounts in several jurisdictions.

Working with counterpart FIUs, beneficiaries were identified as also engaged in suspicious activities abroad in the several other countries. Field inspections carried out by the MOI’s MLFCC indicated that Company Y was in fact a shell company, used to legitimise financial transactions of Company X.

Additional analysis of the QFIU indicated that Company Y had also transferred to a third company, which was sending money to another set of companies and persons not originally indicated in the first STR, and further involving other companies registered in Qatar. This in turn yielded further suspicions that the companies were all involved in a number of transfers to over 55 countries, suggesting these companies were part of a broader ML layering scheme involving many transfers to numerous companies in other countries. QFIU analysis indicated that all the companies’ financial transactions were disproportionate with their stated purposes.

The case was referred from MOI to PPO for further judicial investigation.

154. Financial intelligence seems to be used to a lesser extent by other sections or divisions of the MOI (other than the ECCCD). As noted in IO7, with over 25 000 investigations into suspected major proceeds generating offences, and 2 170 reports of suspicions of ML referred to MOI from all sources (2016-2021) (see Table 3.12), it is less clear to what extent MOI (and other LEAs, such as PPO) use financial intelligence products and analysis and evidence as tools to conduct parallel financial investigations and identify predicate offences. To achieve this, ECCCD expertise in the use of financial intelligence and tracing of criminal proceeds could be expanded to other relevant MOI departments in charge of investigating other forms of criminality to identify associated predicate offences and conduct more parallel financial investigations.

#### *SSB*

155. The SSB is the authority charged with investigating TF and other crimes that affect the security of the state (such as grand corruption). SSB can access intelligence from seizure reports from GAC (via Al-Nadeeb) and referrals from MOI. SSB may request information from QFIU when investigating terrorism and TF offences. SSB also receives disseminations (automatically and spontaneously) from QFIU (see Table 3.8 below indicating a total of 170 disseminations from QFIU to SSB).

156. SSB uses financial information and analysis in various forms in TF cases it investigates. Cooperation with QFIU occurred in half of the 31 TF investigations (Table 4.6). Five cases involved financial information reports from QCB and one from RACA. However, discussions with relevant authorities and case studies indicate that SSB are not yet using financial intelligence to develop new evidence, trace property or generate TF investigations.<sup>22</sup>

157. Box 3.2 highlights one case where SSB has received a referral from financial analysis of QFIU on suspicion of TF activity (and followed up with the QFIU for additional information) but which was determined not to be in relation to TF.

---

<sup>22</sup> As noted in IO.9, TF cases are identified most often from foreign (or mixed foreign-domestic) intelligence sources that are not financial intelligence.

**Box 3.2. QFIU source of suspected TF activity**

In 2020, the SSB received a report from the QFIU on a suspicion raised by a FI associated with an attempted outgoing remittance, refused by the FI because it was intended to be sent to a high-risk jurisdiction. The suspicion also involved the sender of this remittance, who proclaimed that his sponsor requested him to conduct the outgoing remittance operation on his behalf. After analysing all information, the QFIU financial intelligence report indicated that the FI concluded that there was a significant similarity between the identity of the sponsor and that of a designated person on the Sanctions List.

The SSB initiated a preliminary investigation to conduct inquiries, including interrogation of both the sender and his sponsor; gathering of administrative, financial and security information on both of them, and subjecting them to physical surveillance and electronic (phone) surveillance for a certain period of time. These inquiries revealed that the sponsor is the sibling of a designated individual, but that he had only attempted to send financial assistance to his wife's family due to the difficult living conditions in the concerned country. The inquiry and evidence collection process also confirmed that the designated individual was not the beneficiary (whether directly or indirectly) of the attempted wire transfer. Accordingly, the SSB decided to close the case.

158. Information collected during the onsite (including the on-site visits of QFIU) suggests that Qatar has the framework, resources, and capacity to use and analyse financial intelligence and other relevant information to identify TF cases. However, use of financial intelligence and analysis has not yet assisted authorities in developing evidence and uncovering TF or terrorist financing networks (instead only leading to suspected cases such as the case noted above). While financial intelligence is not regularly used, financial analysis and information from QFIU (in the form of information such as bank accounts and transfer reports) support ongoing TF investigations.

159. Cooperation between the SSB and the QFIU is relatively new and exchanges between QFIU and SSB were extremely rare until 2020. Data provided by Qatar indicates that SSB has seen a sharp rise in the level of disseminations and financial intelligence exchanges with the QFIU since 2020, (see Table 3.4). This is in part due to a recent multilateral MOU that relevant LEAs signed in 2018, but also due to the rise in the number of persons designated on Qatar's Sanctions List. This increase in SSB requests to QFIU is an encouraging and welcoming sign of a shifting culture of cooperation and openness of SSB to using financial intelligence in its investigations into TF.

**Table 3.4. Exchange of information between the QFIU and the SSB, 2016-2021**

	2016	2017	2018	2019	2020	2021	Total
Request for information	0	2	7	6	38	21	74
QFIU responses	0	1	7	6	38	20	72

Note: These figures include exchanges that are completed for TF and for other cases (such as grand corruption).

### *PPO and Judicial Investigations*

160. PPO undertakes the second phase of investigations into ML and TF. This is the judicial investigation, which is undertaken by a public prosecutor. PPO obtains and accesses relevant financial intelligence from different competent authorities, particularly the QFIU (including via MOI and SSB). The PPO exercises a wide range of powers during judicial investigations (see R.30 and R.31 in TC Annex). Data and information reviewed indicates that financial intelligence is used in the judicial investigations into ML conducted by the PPO. From 2016 to 2021, the PPO's ECMLP received 167 referrals for potential ML offences.

161. As the table below indicates, the QFIU supported numerous suspected ML cases with financial intelligence (this was done either prior to referral through spontaneous dissemination to help identify the case, or later with information to the PPO in response to requests for information). No similar information was provided for TF investigations. It does not appear that any of the 10 TF judicial investigations (see Table 4.1 in IO.9) involved use of additional financial intelligence provided by QFIU to PPO<sup>23</sup>.

**Table 3.5. QFIU assistance for ML judicial investigations and type of information provided (2016-2021)**

Status	2016	2017	2018	2019	2020	2021	Total
Spontaneous disseminations	0	4	13	10	33	13	73
Requests for information	1	8	15	25	27	18	94
Total	1	12	28	35	60	31	167

162. QFIU contributions to investigations for ML have increased considerably from 35 in 2019 to 60 in 2020. QFIU's capacities to support LEAs have been reinforced due to recent significant investments in resources and IT systems that have allowed them to increase the number and quality of analysis, and to enhance their contribution to the investigations. During the onsite, all LEAs noted that the QFIUs analysis was of high quality.

<sup>23</sup> While it is unclear to what extent financial intelligence was used for PPO judicial investigations, it appears that the SSB has used analysis and information produced by the QFIU to support its investigations between 2015-2021. This includes cases that were then forwarded to the PPO. Nevertheless, it is unclear whether PPO relies on this information (or not) to pursue TF investigations.

**Box 3.3. Case Study: Use of financial intelligence in an ML investigation**

In 2016, the MOI's ECCCD, concluded that a suspect had carried out several fraud transactions through information obtained from confidential sources. ECCCD liaised with QFIU to obtain additional information:

In August 2016, the ECCCD notified the QFIU about the suspect. The QFIU provided ECCCD a detailed report about the financial transactions carried out by the suspect and the various accounts and the different countries involved. The QFIU also confirmed the receipt of some STRs related to the suspect. QFIU reporting also revealed that the suspect conducted financial transactions through two banks and 12 exchange houses in Qatar, received remittances and made transfers to different countries.

The QFIU report revealed that from 2016-2017, the suspect received 57 remittances totalling QAR 326 928 (USD 89 790) during the period through the suspect's bank account and exchange houses from different countries. The suspect sent 44 money transfers amounting to QAR 70 471 (USD 19 355) during the same period through different exchange houses to various beneficiaries in African countries.

The ECCCD prepared a detailed report containing lists of the hacked e-mail accounts, together with QFIU's report on the total amount of funds suspected to be related or proceeds of the unlawful activity, their transfer methods to foreign countries and beneficiaries.

The case was presented to the PPO and referred to the Court of First Instance, on charges related to committing ML of proceeds of electronic fraud and transferring them outside of Qatar. The PPO used the technical report disseminated by the MOI along with that of the QFIU in the trial. In 2018, the Court sentenced the defendant in absentia to seven years imprisonment and a fine of QAR one million (USD 274 631).

***STRs received and requested by competent authorities***

163. QFIU receives STRs, cross-border currency reports (declarations) and receives intelligence of other LEAs and international counterparts. STRs typically are filed in cases of suspicious transfers from or to persons, unexplained deposits and activity not commensurate with a persons' declared income.

164. The majority of STRs arrive from FIs. As Table 3.6 highlights, a considerable majority of STRs (90%) come from banks and exchange houses. Despite the efforts made by authorities (QFIU and MOCI) to enhance the level of reporting of STRs by DNFBPs, the number of STRs submitted from DNFBPs remains low, even though Qatar considers some DNFBP sectors as high risk (notably DPMSs).

**Table 3.6. Suspicious transaction reports received by QFIU by year and sector (2016-2021)**

Year	2016	2017	2018	2019	2020	2021	Total
<b>FIs</b>							
Banks	145	212	407	366	676	561	2 367
Exchange houses	650	539	423	451	932	673	3 668
Insurance companies	2	7	8	25	34	23	99
Investment companies	10	43	2	14	5	7	81
Finance companies	14	39	49	62	52	59	275
Securities brokers and custodians	18	20	14	10	36	77	175
<b>DNFBPs</b>							
Lawyers	1	-	3	15	3	4	26
Auditors	-	-	-	1	1	3	5
DPMSs	-	-	5	9	1	18	33
Real estate agents	1	-	2	4	-	3	10
TCSPs	-	-	-	-	-	-	0
<b>Others</b>							
NPOs	-	-	7	11	-	-	18
<b>Total</b>	<b>841</b>	<b>860</b>	<b>920</b>	<b>968</b>	<b>1 740</b>	<b>1 428</b>	<b>6 757</b>

165. As Table 3.6 shows, overall, STRs numbers roughly doubled over the period reviewed. Between 2016 and 2021, the number of STR filings increased by close to 100%. This change was mainly driven by banks, with other notable increases from finance companies, investment companies and insurance providers. Increases in reporting levels of FIs can be attributed to the authorities' recent efforts to increase reporting entities' understanding of risks, and the deployment of the new E-STR platform for reporting. 96% of all reports are now submitted electronically.

166. Of the statistics provided for STRs for 2016-2019, most did not specify the predicate offence (3 377), while the highest predicate offence was drugs (276), ML (167), inconsistency with source of funds (37), TF (30), cyber/electronic fraud (17), and fraud (14). For 2020 and 2021, Qatar changed how it categorises STRs, and reported a sharp increase in STRs for ML in 2020-2021, accounting for 1 686 STRs (or 55% of all STRs filed in 2020-2021). Similarly, TF STRs rose to 128 in 2020-2021, a six-fold increase from the previous time-period (2015-2019). From this information, it is not clear to what extent STR reporting is aligned with Qatar's risk profile. A detailed review of reporting of the various FIs and DNFBPs is set out in the analysis of IO.4.

**Table 3.7. STRs received, sent for analysis and concluded (2016-2021)**

	2016	2017	2018	2019	2020	2021
STRs received	841	860	920	968	1 740	1 428
Percentage of STRs received for analysis	100%	100%	59%	52%	48%	39%
Conclusion of analysis (completion rate)	100%	100%	100%	100%	100%	89%

Note: Conclusion of analysis (or completion rate) indicates the rate at which STR analysis is concluded, i.e., sent to competent authorities, sent back to reporting entities for more information or archived in QFIU database.

167. Once received by QFIU, STRs are screened, and several are selected for analysis. Since 2018, the QFIU adopted a risk-based system to determine



prioritisation of STRs, which has led to a decrease in the total number of STRs that have been reviewed for analysis (and an increase in the number of archived STRs). Of these STRs selected for analysis, QFIU analysts review and conclude close to 100%, and complete these after either returning to reporting FI or DNFBP for more information or processing the information and sending to LEAs or archiving. It appears that STRs are not disseminated prematurely, and they are stored adequately in systems that are searchable and enable reference to pre-existing reports and collation of multiple STRs to develop a suspicion and referral.

168. QFIU provides feedback directly to FIs and DNFBPs on the quality of STRs, and at times refers the STRs back to the FIs and DNFBPs with a request for information to improve the accuracy of the report. Often, these requests are completed directly through the automated CRS system. 4% of reports are not filed electronically, and some FIs and most DNFBPs do not have access to the electronic CRS system and submit reports manually. While only a fraction of the overall STRs, non-electronic reporting is an obstacle for Qatar to ensure quality and timely reporting and analysis among these entities, particularly as this is the case for higher-risk DNFBPs sectors that are not yet using these automated systems and are rarely filing STRs. QFIU has indicated that, in accordance with an action plan underway, all FIs and DNFBPs will deliver electronic reports by the second quarter of 2023.

169. Regarding the quality of reporting, the 2019 NRA recognised that the quality of STRs was generally low. Supervisors and QFIU continue to work on improving the quality of reporting. QFIU has worked with the supervisory authorities to improve the quality of STRs of FIs (notably banks and exchange houses), starting with a first thematic review in 2017 and a second one in 2021, which expanded to cover DNFBPs. During these reviews, QFIU recommendations are disseminated through a series of meetings with relevant private sector stakeholders and via the supervisors. From consultations with QFIU and data reviewed, the quality and completeness of STRs appears to have improved among FIs since 2017. Relevant authorities have noted a reduction in volume and an increase in quality with further detail on relevant transactions (i.e., reduce defensive or inappropriate reports)<sup>24</sup>. While it appears that more STRs now meet the minimum reporting requirements, the overall quality of the STRs is unclear to the assessment team.

170. GAC provides QFIU with reports regarding the declaration of cash, BNIs, gold, precious metals and stones through QFIU's direct access to the Al-Nadeeb database (see IO.8). This information is generally accurate and relevant, and has been used in several investigations (see, for example, Box 3.12 in IO.8) thus proving that these reports have been useful. However, the number of cross-border currency reports can be improved (see below). The QFIU can and has received reports from other LEAs such as PPO, SSB and MOI. The reports submitted relate to the various predicate offences, such as terrorism (and TF related cases), smuggling, provision of unlicensed financial services, cybercrimes, fraud and drug crimes.

---

<sup>24</sup> The 2021 review is expected for completion in mid-2022. At the time of the on-site, it was too early to come an assessment of the results of the results from this review. In 2018, QFIU also launched a forum for dialogue between the private and public sectors to provide feedback for FIs and DNFBPs and other relevant competent authorities. Meetings of the Forum began in 2018 and are held on a quarterly or semi-annual basis, to discuss the quality of reports and provide responses to any questions that might be raised by the FIs and DNFBPs.

***Operational needs supported by FIU analysis and dissemination***

171. The QFIU is well-equipped and has the necessary tools and resources to conduct analysis. It produces financial intelligence products, which are disseminated domestically and abroad, and the QFIU disseminates a significant number of reports based on STRs and other sources of financial intelligence. Statistics and case studies provided by Qatar indicate that QFIU regularly supports investigations into ML and TF, as it is often contacted to provide analysis and bolster investigations. The QFIU is also an important liaison for international cooperation, as QFIU frequently uses its international cooperation channels to support cases whenever it is required and requested. The operational analysis reports demonstrate financial flows, connections between natural and legal persons and includes description of possible typologies and emerging threats and trends.

172. Despite QFIU's active role in supporting investigations, the proportion of ML investigations and prosecutions triggered by QFIU disseminations can be improved (see Table 3.7 and discussion below). Regarding TF, the SSB has not initiated investigations based on QFIU referrals or disseminations of financial intelligence. This finding suggests that, overall, LEAs could make further use of financial analysis of the QFIU for detection of criminal activity (TF, ML and associated predicate offences) not yet known to the LEAs.

**Box 3.4. Financial intelligence case studies****Case Study 3.4.1: QFIU financial analysis supporting a TF investigation**

In October 2021, intelligence was made available to SSB about three persons who were trying to join ISIS/ISIL. An internal report was opened in SSB and in coordination with the PPO, the necessary warrants were given to conduct surveillance on the persons (field and technical). Surveillance indicated that another Qatari was involved.

In November 2021, parallel financial investigations were conducted, in collaboration with the QFIU, to find out about the financing aspects related to this case and the financial relationship between the persons involved.

QFIU provided SSB with a financial information that outlined all the transactions conducted by the persons involved. The analysis showed unusual patterns of transfers, including several activities commensurate with risk indicators of potential FTF self-financing activities. QFIU analysis also provided details on the location and nature of deposits, several of which were not consistent with the customer profile and had no clear commercial or economic purposes. The analysis also indicated connections between persons not related to each other and possibly involved in connection to countries facilitating human smuggling of fighters in connection to ISIS at the time. QFIU analysis concluded that there were suspicious transactions related to the persons involved (deposits and transfers).

In December 2021, the defendants were arrested. It was revealed upon interrogation that these they were attempting to join ISIS and that their

financing was provided by a third party. The case was referred to the PPO and then to court.<sup>25</sup>

**Case Study 3.4.2: QFIU spontaneous disseminations triggering an ML investigation and subsequent QFIU asset tracing**

In 2021, QFIU received an STR from a bank related to a Qatari PEP, on suspicions related to non-conformity of the bank account use with the customer profile of the person (multiple cash deposits). Using its databases, QFIU conducted an analysis that resulted in showing the modus operandi used by the suspect which included the use of additional accounts under the authority of the suspect, in the names of his minor children. These accounts were deposited with large amounts.

QFIU prepared a financial intelligence report about the financial transactions of the suspect, his bank accounts, moveable and immovable assets (including cars, vehicles). The report was sent to ECCCD based on corruption-related suspicions of a PEP public employee. As a result, ECCCD opened an investigation, which led to discovery of other parties, and new circumstances as well as the instrumentalities used in commission of potential offences. ECCCD requested the formation of a Joint Investigation Team, in accordance with the cooperation mechanism. QFIU was tasked to continue its financial investigations through international cooperation and asset tracing with two counterpart FIUs in neighbouring jurisdictions.

Due to the efforts of the Joint Investigation Teams, assets with a value of QAR 168 million (USD 46 million) related to the case were identified (including in foreign jurisdictions). The file was referred to the PPO for judicial investigations and MLA purposes.

*QFIU tools and approaches*

173. QFIU was established in 2004 and has sufficient resources and personnel to carry out its duties. In 2022, it had 56 employees including senior management. Of all employees, 28 (43%) are tasked with analysis within the Analysis and Dissemination Department, which appears to be an adequate number of analysts for the completion of its duties. At the time of the onsite, the QFIU was also increasing its staff numbers by seven analysts for its Dissemination Department. QFIU staff regularly attend training, capacity building workshops, and professional engagements. Personnel assigned to the Analysis and Dissemination Department receive periodic specialized training in financial analysis from counterpart FIUs and other subject-matter experts, QFIU has sufficient resources and expertise to carry out its analysis and operations.

174. The Analysis and Dissemination Department evaluates information from both tactical/operational and strategic perspectives. Operational analysis products are disseminated to law enforcement, regulators as well policy makers. Strategic

<sup>25</sup> In October 2022, the defendants were convicted on charges of joining a terrorist organization. The person who provided the financing was convicted with life imprisonment and a fine of QAR 5 million (USD 1.37 million).

intelligence analysis products support Qatar’s LEAs and enhances the effectiveness of the Qatari AML/CFT framework. These strategic analysis products align with risks and threats identified in Qatar’s NRA. Identification of these typologies by the QFIU increases the abilities of LEAs, regulators, and the reporting population to generate further intelligence that ultimately results in more prosecutions for ML/TF crimes.

175. In addition to its analytical reporting on case-by-case bases, the QFIU conducts strategic analysis reports, which are of high quality and accuracy to identify potential ML/TF patterns and trends, which help to further support efforts by FIs, DNFBPs supervisors, LEAs, and other relevant authorities. For example, QFIU conducted a strategic analysis report on QFIU activities from 2015-2019. The audience of the report were LEAs, PPO, supervisors, including RACA and as well as NAMLC. The report was used as part of the NRA process as an input to identify the patterns, trends and typologies impacting the NRA. Results of the analysis were communicated to the private sector through the QFIU Forum. QFIU also produced a strategic analysis of the physical cross-border transportation of cash and precious metals to study the extent of impact of the diplomatic crisis on Qatar (see para. 44) on the risk profile of Qatar by examining the volume of the proceeds of customs-related offences seized by the GAC and the volume of information received from GAC. As a result of this analysis, GAC adopted a customs declaration system instead of the former disclosure system, paying special attention to bulk cash operations through air cargo.

176. QFIU uses its access to a wide range of information to produce analysis and support risk-based targeting of suspicious activities (see Table 3.1 above). QFIU also has access to basic and BO information.<sup>26</sup> However, obstacles to maintaining up-to-date BO information and ability to verify the accuracy of that information impacts its capacity to use this information for intelligence purposes (see IO.5 in Chapter 7). QFIU has an automated system that extracts all information related to the STRs from the databases to help prioritize STRs. This analysis assists the QFIU in determining links between the suspect and other associated persons and suspects and their location. The system also enables QFIU to track transactions, trace criminal proceeds and help identify assets.

177. In 2018, the QFIU adopted a set of standard operating procedures to govern the receipt, analysis, prioritization, maintenance, and dissemination of STRs. These procedures include the classification of STRs according to risks, analysis of STRs, follow-up with FIs and DNFBPs (as needed) and dissemination. Box 3.5 shows the three-stage process that the QFIU undertakes to achieve these outputs.

---

<sup>26</sup> QFIU has access to MOCI company information database. Once the UER is activated (expected December 2022), it will have access to it as well (with all updates in real time).

### Box 3.5. QFIU phases and departments for examining and processing STRs

#### Phase 1: Quality Control and Classification Department

1. Applying the required confidentiality criteria (electronically and manually);
2. Verifying the completeness and quality of basic information;
3. Ensuring the financial data entry in the e-STR (for manual reports);
4. Sending initial acknowledgment of receipt and confirming the quality of the report;
5. Displaying STRs in the databases, conducting primary analysis, then categorizing STRs according to their priority;
6. Disseminating high, medium-high and medium risk STRs to the Analysis Department or to the Dissemination Department (if related to national or international requests for information);
7. Low risk STRs are filed after inserting the relevant data in the database and submitted then at a final stage to the ECCCD at the MOI for detecting any future hit with MOI's database.

#### Phase 2: Analysis Department

##### *Conducting financial analysis of all STRs;*

8. Submitting financial analysis reports, determining whether such reports should be disseminated, and identifying the relevant authority;
9. Preparing all the attachments related to the financial analysis reports and the analytical charts;
10. Drafting and disseminating analytical reports on the activities, trends and patterns, and providing relevant appropriate recommendations to domestic competent authorities;
11. Following-up activities related to strategic analysis.

#### Phase 3: Dissemination Department

1. Drafting reports to be disseminated to national and international authorities upon request;
2. Following-up reports disseminated to national supervisory authorities, LEAs, PPO and other authorities, and providing feedback, when necessary;
3. Following-up reports disseminated to foreign counterpart FIUs and providing feedbacks, when necessary.

178. Based on the on-site visit and case studies reviewed, the QFIU has invested in IT solutions and advanced tools that assist in sorting data to help produce

comprehensive and timely tactical analysis on suspicious activities that can be useful to identify potential cases of ML, TF and proceeds generating offence and initiate. This information is also proven to help in identifying and tracing assets, as well as analysing trends and typologies and detecting emerging risks.

179. The proportion of STRs analysed and subsequently disseminated is significant. From 2016-2021, QFIU received 6 757 STRs, out of which it disseminated a total of 3 034 STRs (45% of all reports). However, the percentage of reports disseminated appears to be in sharp decline over the 2020-2021 period, with just 14% of all reports disseminated in 2021 compared to over 80% dissemination rates in 2018 and 2019 (see Table 3.8). The decline of over 60% of disseminations over this period is attributed to the COVID-19 crisis, and in particular its related lockdowns, with led to the QFIU operating at 20% capacity.

**Table 3.8. Number of STRs received and disseminated or reported to investigators (2016-2021)**

Year	2016	2017	2018	2019	2020	2021	Total
Reports Received	841	860	920	968	1 740	1 428	6 757
Reports Rejected	125	61	75	21	67	86	435
Reports disseminated	316	439	754	853	469	203	3 034
Percentage disseminated	38%	51%	82%	88%	27%	14%	45%
Disseminated to MOI	120	314	504	114	363	175	1 590
Disseminated to SSB on TF	7	3	4	25	83	48	170

**Table 3.9. QFIU disseminations to ECCCD: Report types**

Report type	Number
Suspicious deposits in banks (customer profile; level of income, nature of activity or profession; reasons related to transactions: value of invoices, not contacting banks due to blocking transfers, insufficient reasons for transaction, etc.)	527
Sending suspicious transfers through exchange houses/ use of drugs/ smuggling/ not justifiable transactions/ commercial transactions)	450
Unlicensed money transfers and provision of financial services	305
Receiving unjustified transfers from abroad	86
Purchase and selling of currencies	36
Fraud	28
Forgery	14
Illegal gambling	14
Raising funds with no license	12
Corruption and embezzlement	10
Prostitutions	6
Tax evasion	4
International cooperation	4
Trafficking in visa	2
Virtual currencies	1
Total	1 499

180. QFIU disseminations have led to identification of several ML and associated predicate offence cases. Based on feedback received from relevant authorities, the



quality and sophistication of QFIU disseminations is high, and information sent is useful. However, spontaneous disseminations led to 73 (or 27%) of 274 MOI's ML investigations (permanent reports) and spontaneous disseminations accounted for just 5 (or 13%) of the 40 ML cases prosecuted by PPO<sup>27</sup>. This suggests that LEAs could use QFIU disseminations to a greater extent to generate more investigations.

181. QFIU disseminations have not led to TF investigations. As noted above, QFIU provides analysis in the form of financial intelligence and analysis to SSB to develop evidence and trace transactions in TF. However, spontaneous disseminations have thus far not led to the identification of TF cases, and it appears that nearly all TF cases are triggered by foreign sources of intelligence.

182. In order to meet their operational needs to a greater extent, LEAs could make improvements to the detection and investigation of ML in cases where the schemes are complex and possible criminal acts are committed abroad. To achieve this, the relevant authorities (e.g., MOI ECCCD) should engage closely with QFIU and develop their expertise on the use of QFIU financial intelligence products.

**Table 3.10. Investigations and prosecutions from QFIU spontaneous disseminations (2017-2021)**

Status	2017	2018	2019	2020	2021	Total
Disseminations sent to MOI for ML suspicions	278	504	114	363	175	1 434
Of which leading to PPO investigations	4	13	10	33	13	73
Of which referred to the court for ML	0	0	0	4	1	5
Of which referred to court for predicate offense	0	1	0	3	0	4
Under Investigation	1	1	2	7	7	18

### *Cooperation and exchange of information/financial intelligence*

183. There is close cooperation between relevant LEAs. QFIU and other agencies exchange and use financial intelligence reports on a regular basis. During the early inquiry phase, QFIU works closely with the MOI, SSB as well as the PPO as it pursues its cases. There is also ongoing feedback where the MOI and the PPO provide input to the QFIU on how to improve and enhance its intelligence and analysis to support investigations. QFIU and MOI coordination is also strengthened by seconded officers located in the QFIU. During the collection of information, the MOI may also consult specialized directorates within the ECCCD or in other areas (such as the CID) to exchange information and access relevant information for a suspected ML case.

184. Qatar has established a strong basis for national cooperation and for exchange of information between the QFIU and the LEAs (PPO, MOI, SSB, GAC). In 2018, an MOU for Operational Coordination Mechanism between the LEAs was created. This mechanism includes processes for exchanging information in normal and urgent cases. In addition, LEAs initiate, and relevant competent authorities may join or contribute to investigation teams on case-to-case bases when needed.

185. Based on case studies and evidence provided during the onsite, authorities meet on a case-by-case basis, or on more general bases to discuss operational issues.

<sup>27</sup> See IO.7 for data on investigations and prosecutions. During the onsite, LEAs noted that a significant number of QFIU referrals are archived by MOI. These can be used later once a criminal complaint is filed that leads to a retrieval of the report for investigation.

During the early inquiry phase, the MOI works closely with the QFIU as well as the PPO as it pursues its cases. The MOI may also consult specialized directorates within the ECCCD or in other areas (such as the CID) to exchange information. QFIU and MOI coordination is also strengthened by seconded officers located in the QFIU. Similarly, SSB works in close coordination with QFIU and the PPO.

186. As noted in R.29, and as confirmed during the onsite visit of the assessment team, QFIU has operational independence. There have been no reports or information indicating that the QFIU has been subject to undue influence. There have also been no indications of difficulties in the process of exchanging information between relevant LEAs. Due to the small size of Qatar and closeness of ties between agencies and officers of the MOI, PPO and QFIU, Qatar should continue to ensure that the QFIU maintains its operational independence.

#### *Confidentiality of information exchanged*

187. QFIU has access to adequate IT resources for analysis of financial intelligence and to protect confidentiality. Confidentiality of information is assured in the QFIU thanks to investments in IT and personnel security. QFIU receives the majority of STRs through its electronic system and the QFIU and other LEAs mainly exchange information through IT secured systems.

188. The QFIU has a Security Policy which addresses the physical security of QFIU's premises, in addition to the security of information available to QFIU during the course of its work. The Security Policy establishes three categories of protection for information: Classified; Restricted; and Unclassified, and establishes access criteria for the categories of information, indicating that information can only be released to an individual who has demonstrated both a "need-to-know" and a "right-to-know". It also establishes that all databases in the QFIU are secured and protected, and users can only access information on a "need-to-know" basis. They are monitored for use through auditing logs to ensure the authorised use of the information available to users. Computers connected to the internal network do not have internet access. Internet searches are conducted from separate PCs that are not connected to the internal network.

189. The QFIU is located in an independent section of a building equipped with CCTV cameras 24/7, and security. No one can enter QFIU's facilities except by prior authorisation and access pass. There are various levels of authorisation and access to different parts of the building, and all analysis offices and workrooms have a secure pass card, which is restricted to authorized employees.

## Overall conclusion on IO.6

Qatar's LEAs have devoted a significant amount of resource and effort to using financial intelligence for ML and predicate offences and cases numbers suggest that these efforts are beginning to show results. Cooperation among relevant agencies for the exchange of financial intelligence and information is strong, and there are no notable barriers to cooperation. Based on examples provided and discussions with relevant authorities, it is apparent that the QFIU has robust intelligence-gathering capabilities. Broadly, the QFIU helps to shape the outcome of investigations thanks to its ability to conduct useful analysis using its suite of tools and access to a wide range of systems.

Qatar's FIU supports operational authorities involved in ML investigations and the information and analysis performed by the FIU is often intended to meet the requests of LEAs (e.g., identifying accounts or tracing assets). However, Qatar's LEAs could use the FIU's financial intelligence and analysis capabilities more often to identify ML and predicate offences that are not already known to authorities.

In respect to TF, authorities do not use financial intelligence to develop evidence and trace assets in a manner that is central to detecting TF, or instrumental in proving the offence. Overall, Qatar also does not make sufficient use of financial intelligence such as QFIU analysis and disseminations to identify and investigate TF. This is a notable gap in Qatar's AML/CFT framework.

Qatar is working to improve the quality of STRs and engages with relevant FIs, DNFBPs and supervisors regularly. The QFIU also produces useful and detailed quality strategic analysis, which it distributes to a wide range of co-operating agencies.

Qatar is rated as having a **moderate** level of effectiveness for IO.6.

### Immediate Outcome 7 (ML investigation and prosecution)

190. Investigations in ML crimes in Qatar are pursued through two phases:

- **Phase one – Inquiries and gathering of evidence.** Inquiries are initiated by Judicial Commissioners in charge of identifying and searching criminals, seizing the proceeds and instrumentalities of crimes, and gathering evidence necessary for conducting judicial investigations and prosecutions. The written records of these activities and any seized items are sent to the PPO.
- **Phase two – Judicial investigation.** Judicial investigations are performed by the PPO. The purpose of the judicial investigation is to prepare the ML case file for trial when there are criminal grounds and sufficient evidence to believe that the offender committed the crime.

191. The MOI is the primary LEA with the responsibility for the preliminary identification and inquiries of suspected ML activity and associated predicate offences. MOI's MLFCC is the unit responsible for ML cases in Qatar. As noted in IO.6,

other LEAs, such as the GAC and SSB may also conduct inquiries into ML in relation to customs offences and grand corruption, respectively.

192. The authority responsible for judicial investigation and prosecution of ML offences in Qatar is the PPO. The ECMLP unit within the PPO is responsible for overseeing the ML investigations and prosecutions. In important cases authorities work in ad-hoc joint investigation teams.

### *ML identification and investigation*

193. Qatar has a comprehensive legal and institutional framework for identifying and investigating ML cases. Qatar's current AML/CFT Law entered into force in 2019, and provides Qatar and its LEAs with all of the necessary legal powers to investigate and prosecute ML. The ML offence is in line with the Vienna and Palermo Conventions (see R.3 in the TC Annex for more information). Suspicious ML activities are mainly identified through predicate offence investigations and QFIU analysis and disseminations (see Table 3.12 below).

194. Qatar is continually developing its capacity for investigating and prosecuting ML. Case examples suggest that Qatar is identifying more instances of ML, but these involve relatively un-sophisticated schemes.

195. The MOI's MLFCC registers and processes all potential instances of ML in the following order:

- **Internal Report:** At this initial stage, the MLFCC seeks to establish the facts of the potential case by collecting administrative, security and financial information and taking investigative steps through fieldwork. This is also when interaction with the QFIU and informal international co-operation would occur. At the end of this stage, the case is assessed to determine if the factors and indicators give rise to serious suspicions. If so, the case passes to the Investigation and Follow-up Section of MLFCC for a "permanent report"<sup>28</sup>.
- **Permanent Report:** At this stage the case is registered and assigned a report number. The Investigation and Follow-up Section investigators draft official records of all inquiries and prepare the case file to be referred to the PPO. The MLFCC designates the officer who conducted the inquiries and collection of evidence in the first stage to supervise and follow the drafting of the report and to transfer any further information or evidence identified later in the process to be added in the file.

196. MOI's investigations (permanent reports) and referrals of ML to PPO have grown steadily from 2016-2021, increasing over five-fold from an average of 13 in 2016-2017 to 75 investigations a year in 2020-2021. Referrals of ML investigations from MOI to PPO have also increased steadily over the past several years.

---

<sup>28</sup> If the factors and indicators for suspicion remain poor or insufficient, the file will be classified as of lesser priority but may be re-opened whenever additional information is available.

**Table 3.11. Investigations and convictions of ML in Qatar (2016-2021)**

	2016	2017	2018	2019	2020	2021	Total
Suspicious of ML reviewed by MOI	65	360	587	245	543	370	2 170
ML permanent reports by MOI	3	23	34	65	76	73	274
ML reports referred by MOI to PPO	1	12	25	34	49	23	144
Referral to Court by PPO for ML offence	-	7	7	7	15	4	40
ML Convictions	-	5	5	6	10	3	29

### *Identification of ML cases*

197. MLFCC investigators receive suspicions for ML from two major sources (i) financial intelligence (from analysed STRs, analysis reports from intelligence agencies, open source or foreign intelligence from QFIU); and (ii) through ongoing investigations of LEAs into suspected predicate offences, (including international cooperation referrals and parallel financial investigations) (see Table 3.12).

**Table 3.12. ML Suspicions received by MOI's MLFCC (2016-2021)**

Sources of suspected ML cases referred to MOI	2016	2017	2018	2019	2020	2021	Total
QFIU	50	278	504	114	363	175	1 484
MOI departments*	1	36	35	53	69	85	279
GAC	0	3	15	12	13	21	64
SSB	4	2	4	21	15	20	66
PPO	0	1	0	3	31	19	54
International cooperation	6	16	12	12	18	14	78
Reports and complaints	0	5	0	8	2	1	16
Intelligence and open-source information	3	17	16	15	25	25	101
Supervisory authorities	1	2	1	7	7	10	28
<b>Total</b>	<b>65</b>	<b>360</b>	<b>587</b>	<b>245</b>	<b>543</b>	<b>370</b>	<b>2 170</b>

198. Referrals to MOI's MLFCC have grown steadily over the period observed (2016 to 2021). Suspected ML cases from nearly all LEA sources (including other MOI departments) have increased considerably since 2016. This change reflects a broadening of Qatar's efforts to co-ordinate with relevant agencies and efforts to increase awareness of potential ML risks and activities. Competent authorities (MOI) are able to access and obtain relevant financial intelligence, such as bank account information, transactions, assets and company registration information with relative ease from QFIU and without apparent delays. In quantitative terms, the QFIU is the single largest source of potential ML cases submitted to MOI. However, (as noted in IO.6) despite the significant number of referrals from QFIU, ML investigations triggered by spontaneous disseminations still make up a relatively small share of Qatar's overall number of ML prosecutions, accounting for just 5 of 40 ML prosecutions (see Table 3.10 in IO.6 above).

199. In the last several years, Qatar has taken steps to prioritise identification and investigation of ML cases, for investigation, with weight given to elements such as the proceeds of crime generated, and the ML risks attributed to the underlying offence. The MLFCC uses a specialized targeting system, within their Unified Security System (USS), which can be used to cross-reference potential cases against operational priorities and risk-scenarios (including the estimated proceeds of crime), and assigns cases a risk-score, which assists officers in determining which cases to investigate and

forward along to the PPO. The MOI's *Guidance to the Operational Procedures Mechanisms within the MLFCC* provides the procedures for performing inquiries and gathering evidence in ML matters. Investigators also receive training on ML and the pursuit of proceeds of crime.

### Box 3.6. Examples of ML with different sources of identification:

#### Case 3.6.1: Identification of ML from QFIU STR

In 2017, the QFIU received an STR from a bank indicating that a person opened a bank account to deposit the salary from the company he worked at as a salesman. It was later revealed that the bank account received transfers from abroad, while no salary deposits were recorded. The QFIU sent this information to the MOI's ECCCD, which conducted further inquiries about the suspect and his financial transactions.

Further analysis conducted revealed that he received 109 transfers from abroad to his bank account totalling QAR 1.6 million (USD 439 436), which he then withdrew using the ATM and sent amounts to beneficiaries in other countries through remittance and exchange houses. In coordination with the QFIU, the ECCCD initiated inquiries into the incident about the suspect and the financial transactions conducted during the time he was residing in the State. The QFIU also indicated that information received from counterparts in several foreign countries revealed that STRs were filed against the suspect for fraud on social media sites or by hacking victims' email addresses.

MOI referred the case to the PPO, which initiated a judicial investigation of standalone ML, held witness hearings, and issued an order to arrest the suspect to be questioned on the facts. The case was then referred to court for trial. The suspect was convicted of standalone ML in absentia. The sentence included 7 years imprisonment and a fine of QAR one million (USD 274 648).

#### Case 3.7.2 Identification of ML from MOI's USS system

Following inquiries of fraud entered into MOI's USS system by the investigating officers, the ECCCD's electronic targeting system reviewed the elements of the case, which then assigned it a high-risk score, indicating a high probability of ML to authorities. The case in question involved criminal conspiracy, fraud and ML among four suspects. The ECCCD initiated parallel financial investigations and sought to identify and to trace and seize the proceeds of crime.

The suspects were posing as legal professionals and had defrauded victims of QAR 36 million (USD 9.9 million) from 12 individuals. The scheme involved fraudulent investment schemes, with fake financial statements (that were used to defraud the victims).

Investigations revealed that proceeds were disbursed to the suspects via coordinated lawsuits filed against each other in order to prove that the source of funds were from settled claims. Asset tracing in coordination



with the QFIU and foreign counterparts revealed that suspects purchased real estate in the name of children in Qatar and Oman. QFIU also revealed that the children's accounts were used to place the funds.

After gathering information into confirming the suspicion of ML, the ECCCD forwarded the case file to PPO to supplement the ongoing case into the predicate offence. The suspects were sentenced to 3 years imprisonment for fraud and 7 for ML, and fines of QAR 72 million (USD 19.8 million). The fourth suspect received a QAR eight million fine (USD 2.2 million) and was required to liquidate their company. A fifth suspect was acquitted.

200. Discussions with authorities and case studies reviewed indicate that Qatar makes use of interagency co-operation, as well as joint investigation teams. Due to the relatively small size of Qatar and the limited number of agencies involved in ML investigations, authorities can exchange information and expertise with relative ease. Inter-agency co-operation is further facilitated by the active use of embedded officers, for example, embedding an MOI officer within the QFIU. Qatari authorities have also undertaken numerous recent trainings and capacity-building efforts to improve targeting and awareness of potential ML and related predicate offences.

201. In addition to LEAs, the PPO may itself initiate ML investigations, either during an ongoing investigation into a predicate offence, or after a referral from a competent authority (such as a supervisor) or tip-off. Box 3.7 provides one such example where the PPO identified ML stemming from a corruption case.

### Box 3.7. Complaint to PPO for ML offence related to corruption

Following an internal financial audit, the public agency (X) identified that the suspect, who worked as an accountant at (X) from January 2012 until June 2015 deliberately misappropriated an amount exceeding QAR 8.65 million (USD 2.38 million), by forging the signature of the authorized signatory to sign cheques. He deposited 70 cheques in his personal bank account and cashed 4 cheques. He then took the remaining cheque record slips and hard disk containing information on customer accounts and exited Qatar. During the investigation into the misappropriation of public funds, the PPO requested the QFIU to track the proceeds of crime. The QFIU informed that the suspect deposited the entire misappropriated amount into his personal bank account and then withdrew the amount in batches and sent it through remittances at exchange houses to his personal accounts and the accounts of his family members in two other countries.

The PPO subsequently initiated investigations ordered arrests and submitted an MLA request to question the suspect and freeze the funds transferred from his bank account in Country A. The PPO did not receive any MLA response despite frequent reminders at different occasions. The suspect was sentenced in absentia for ML and misappropriation of public funds.

### *Investigations*

202. ML investigations are performed in MOI and PPO by specialized departments, the MLFCC and the ECMLP, respectively. Together, both departments have wide responsibilities and authorities to undertake ML investigations and prosecutions (see R.30 and R.31 in TC Annex).

203. MLFCC use the USS to manage and prioritise ML investigations (as discussed above). The system also helps MLFCC officers identify potential cases in which to conduct parallel financial investigations related to major proceeds-generating crimes through the targeting system. USS also helps to exchange data securely and confidentially and to manage files, record all ML related reports, data, and information. The USS is also used to electronically refer ML cases to the PPO and exchange feedback. PPO's ECMLP receives ML cases through the PPO case management system which is also used to track, monitor, and facilitate investigation and keep records and files.

204. The PPO ECMLP cooperates and closely coordinates with the MOI MLFCC for carrying out inquiries, evidence collection, and judicial investigation. The PPO provides MOI officers with all the legal authorizations necessary to conduct inquiries and may delegate authority to MOI officers to conduct aspects of the judicial investigation that require field activity. The PPO is informed of large and complex cases prior to initiation of the inquiry by the MLFCC and directs the MLFCC on the measures to be taken to complete the case.

205. Qatar provided several case studies to the assessors which involved parallel financial investigations and subsequent ML investigations. During ML investigations and parallel financial investigations, domestic cooperation between the LEAs and competent authorities (such as QFIU) is demonstrated to be strong. LEAs also form joint-investigative teams on an ad-hoc basis for certain cases.

### *Staffing and Training of the investigative authorities*

206. The specialised investigative and prosecution authorities have adequate financial human and technical resources to identify and investigate ML cases. Currently, the MLFCC counts 76 officers (ten administrative officers, six data and financial analysts and 60 investigators). The ECMLP has 18 officers (seven prosecutors, one translator and ten administrative officers). MLFCC and ECMLP each rely on comprehensive guidance, continual training and operational procedures, which assist investigators and prosecutors in carrying out their duties. These guidance documents and training modules ensure that agents are aware of the latest developments in the field and cover many important areas such as the prioritization process based on risks national and international cooperation and investigative procedures and techniques.

## ***Consistency of ML investigations and prosecutions with threats and risk profile, and national AML policies***

### *Number of ML investigations and prosecutions*

207. When looking at the total number of investigations, Qatar is pursuing investigations of ML increasingly in line with its overall ML risk profile. These increasing figures reflect a growing number of investigations led by MOI's MLFCC, which have increased steadily from 2016 to 2021, from on average 13 investigations

in 2016-2017 to 71 in 2019-2020. Prosecutions of ML appear to have grown at a slower pace, from an average of four in 2016-2017 to an average of 11 prosecutions in 2019-2020.

208. Growing investigations and referrals by MOI of ML cases to PPO reflect LEAs' growing understanding of Qatar's broader ML/TF risks, and demonstrate the implementation of Qatar's policy on prioritisation of ML. The relatively slower rate of growth of referral of ML investigations to court for prosecutions and convictions highlights the fact that initiating successful prosecutions (and avoiding unsuccessful referrals to court) requires significant time and resource.

**Table 3.13. ML Investigations forwarded from MOI to PPO (2016-2021)**

Year		2016	2017	2018	2019	2020	2021	Total
MOI	ML Permanent Reports registered at MOI	3	23	34	65	76	73*	274
	ML reports referred to the PPO	1	12	25	34	49	23	144
	Reports referred as predicate offense to the PPO	2	11	9	31	27	20	100
PPO	ML Referrals to PPO (144 MOI, 23 from other sources)	2	14	29	41	52	29	167
	Closed	-	4	13	14	14	3	48
	Referral to Court for Predicate offence only	-	3	5	8	10	5	31
	Referral to Court for ML offence*	-	7	7	7	15	4	40
	ML Convictions	-	5	5	6	10	3	29
	Of which ML convictions in absentia	-	3	1	1	3	1	9
	Acquittals	-	-	1	1	1	-	3

Note: 30 reports remain in the inquiries and gathering of evidence phase for 2021

209. Based on discussions with PPO, prosecutions of ML are considerably more time-consuming in comparison to certain predicate offences, and the PPO is continuing to develop expertise and familiarity among a growing body of prosecutors with ML cases. PPO are also still developing the capacity to prosecute a wide range of ML offences in court.

#### *Investigations and risk-profile*

210. As noted in the NRA, Qatar's primary domestic ML risks emanate from smuggling crimes, fraud, drug crimes and corruption. The NRA identifies banks, exchange houses, DPMSs and TCSPs as the highest risk sectors for ML. The abuse of cash and BNIs and cash-intensive businesses is also identified as a high ML risk, as is the provision of financial services without a license.

211. Overall, Qatar has a good overall understanding of its major ML risks at a national level; however, the moderate shortcomings identified under IO.1 impact the extent to which ML activity is being investigated and prosecuted consistently with Qatar's threat and risk profile and national AML/CFT policies (e.g., such as ML in relation to human trafficking) (see above chapter 2).

212. When comparing the number of investigations to the major risks identified in their NRA, Qatar's MOI investigates potential cases in line with its identified risk profile, with prioritisation of smuggling, fraud and electronic (cyber) crimes, trafficking in drugs and alcohol and corruption (see Table 3.14).

**Table 3.14. ML Investigations by predicate offence and number of trials for ML (2016-2021)**

Predicate Offence	2016	2017	2018	2019	2020	2021	Total	ML Trials (2016-2021)
Smuggling crimes	1	4	9	12	14	9	49	3
Fraud and electronic crimes	-	4	4	4	7	3	22	11
Illicit trafficking in drugs and alcohol	1	2	2	4	6	4	19	6
Corruption	-	2	3	3	8	7	23	10
Counterfeiting	-	-	-	5	-	-	5	2
Prostitution	-	-	3	-	1	-	4	1
Theft	-	-	1	-	-	-	1	0
Breach of trust	-	-	-	-	2	1	3	2
Gambling	-	-	-	-	3	3	6	0
Manipulating the issuance of entry permits to the State	-	-	-	-	2	-	2	0
Practicing of medical profession without a license	-	-	-	-	1	-	1	1
Extortion and threatening	-	-	-	-	-	1	1	0
ML (stand-alone)	-	2	5	6	7	1	21	4
<b>Total</b>	<b>2</b>	<b>14</b>	<b>27</b>	<b>34</b>	<b>51</b>	<b>29</b>	<b>157</b>	<b>40</b>

213. However, when considering the next stage of prosecutions (and convictions), these results are somewhat out of line with risks. Out of 49 investigations with smuggling as the underlying predicate offence (medium-high risk and Qatar's highest risk offence for ML), only 3 were referred to court for trial, and 2 led to a successful conviction (see Table 3.15 for convictions). Authorities noted that most suspected smuggling cases are related to non-declaration or false customs declaration, and then tried, in the absence of ML suspicions, as predicate offences or settled in a conciliation process. Nevertheless, these figures are out of line regarding the assessed ML risks in the NRA (see chapter 2). For ML medium-risk categories, prosecutions and convictions numbers are low, and only somewhat in-line with risks in comparison to the total amount of convictions. Of the 20 ML investigations into illicit trafficking in drugs and alcohol, only six were referred to court and two convictions obtained. On the other hand, fraud and electronic crimes convictions and convictions for corruption are high in comparison to the total number of investigations with 11 and eight convictions, respectively (see Table 3.15).

**Table 3.15. ML prosecutions and convictions (2016-2021)**

Predicate Offence	Number of ML investigations	Closed	Referred to court for predicate offence only	ML Trial*		
				Under process / consideration	Conviction	Acquittal
Smuggling	49	23	14		2	1
Fraud and electronic crimes	22	4	2		11	-
Illicit trafficking in drugs and alcohol	19	5	4	4	2	-
Corruption	23	-	4	2	8	-
Counterfeiting	5	1	2		2	-
Prostitution	4	3	-	-	-	1
Theft	1	1	-	-	-	-
Breach of trust	3	-	-	1	1	-

Predicate Offence	Number of ML investigations	Closed	Referred to court for predicate offence only	ML Trial*		
				Under process / consideration	Conviction	Acquittal
Gambling	6	1	4		-	-
Manipulating the issuance of entry permits to the state	2	1	-	-	-	-
Practicing of medical profession without a license	1	-	-	-	1	-
Extortion and threatening	1	-	-	-	-	-
ML (stand-alone)	21	9	1	1	2	1
<b>Total</b>	<b>157</b>	<b>48</b>	<b>31</b>	<b>8</b>	<b>29</b>	<b>3</b>

Note: During the onsite, 6 first instance convictions were issued on ML cases initiated in 2020 and 2021 related to corruption, fraud, electronic crimes and fraud and unlicensed exchange service.

214. While the number of cases is growing, the total number of prosecutions and convictions for ML in Qatar remains low overall when comparing this to other predicate offences. As Table 3.16 shows, there were on average 1 337 convictions for drug trafficking, electronic crimes and fraud, smuggling, and corruption from 2016-2021, compared to just five ML convictions a year on average<sup>29</sup>.

**Table 3.16. Total convictions of select predicate offences (2016-2021)**

Predicate Offence	2016	2017	2018	2019	2020	2021	Total	Avg
Drug trafficking	971	836	828	820	646	686	4 787	798
Fraud and electronic crimes	321	429	513	592	485	558	2 898	483
Smuggling	137	49	11	25	45	6	273	45
Corruption	9	10	12	13	14	8	66	11
<b>Total</b>	<b>1 438</b>	<b>1 324</b>	<b>1 364</b>	<b>1 450</b>	<b>1 190</b>	<b>1 258</b>	<b>8 024</b>	<b>1 337</b>
Total ML convictions	-	5	5	6	10	3	29	5
Of which in absentia	-	3	1	1	3	1	9	2

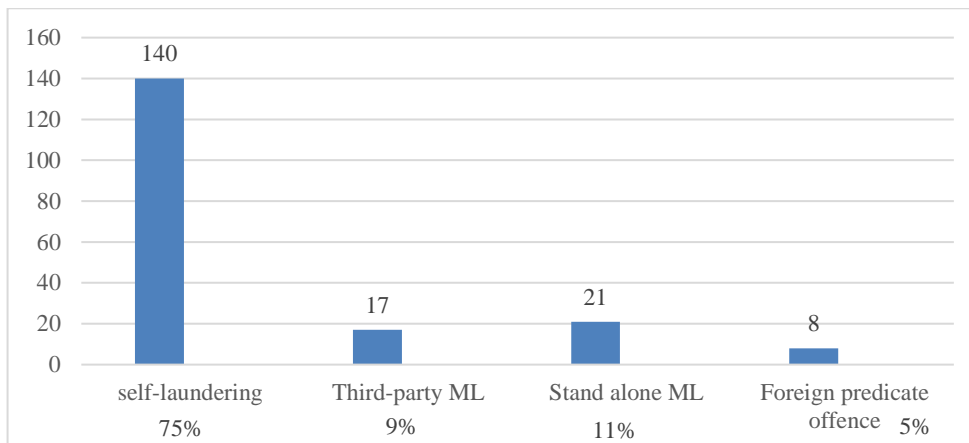
215. The PPO demonstrated a high rate of conviction, achieving convictions in over 90% (30/33) of cases (with eight remaining under process). Based on discussion with the PPO, prosecutors are increasingly well-trained and capable of prosecuting ML cases, and are continuing to develop and strengthen their experience regarding prosecuting ML. There do not appear to be any issues for achieving and obtaining an ML conviction for the several categories of ML identified in their risk profile if the investigation lasts until the trial stage.

### *Types of ML Cases Pursued*

216. Qatar pursues a range of ML cases including investigations for self-laundering (140), third-party ML (17), ML from foreign predicates (8) and standalone ML (21). However, the majority of ML investigations are in relation to self-laundering (see Figure 3.1).

<sup>29</sup> Average estimation for convictions excluded the year 2021, for which conviction figures do not reflect actual figures due to trials underway at the time of onsite.

Figure 3.1. ML investigations according to type (2016-2021)



217. Convictions in Qatar are largely for self-laundering (22 cases) and there are few cases of third-party ML (4), ML from foreign predicates (2) or stand-alone ML (2). Based on the case studies provided to the assessment team, in recent years, Qatar has pursued more ML investigations of increasing in complexity using the tools and training at their disposal to detect networks and draw linkages between actors. Conviction rates for cases are high, with around 90% conviction rates for ML cases that go to trial.

218. Qatar's efforts to pursue ML cases also include convictions for persons in absentia. 30% (9 of 29) of cases and 38% (22 of 58) of convicted persons are tried in absentia, all in connection to cases of self-laundering. Of the *in absentia* cases reviewed by the assessors, several of these involved the discovery of ML and schemes in Qatar, but the persons had left Qatar by the time of the inquiry and investigations (see, for example, Box 3.1). These convictions represent a widening of efforts of Qatar to use all means at their disposal to pursue ML. However, it is unclear to what extent the *in absentia* convictions alone (without successful detention, extradition or self-repatriation of the accused) can contribute to Qatar's overall aims of punishing and dissuading potential criminals from carrying out proceeds generating crimes and ML in Qatar<sup>30</sup>.

219. Convictions for ML have been increasing steadily over the years, with the rate of conviction peaking in the weeks leading up to the onsite, with six first instance convictions in the six-month period before the MER onsite visit<sup>31</sup> and another eight under process.

<sup>30</sup> Qatar noted that 20% of persons convicted in absentia for all predicate offences return to Qatar. However, the assessment team did not see and instances of return for ML absentia convictions through coercive or voluntary means over the period observed.

<sup>31</sup> These new convictions occurred from January 2022 to June 2022. These figures are included in the Table 3.16 and are listed in 2020-2021. This is because cases convicted in 2022 have been registered in past two years.



**Table 3.17. Types of ML cases investigated, prosecuted and convicted (2016-2021)**

Type of ML cases	Investigations	%	Prosecutions	%	Convictions	%
Self-laundering	123	75%	22	55%	21	72%
Third-party ML	17	9%	7	17.5%	4	14%
Standalone ML	21	11%	7	17.5%	2	7%
ML of foreign predicate offence	8	5%	4	10%	2	7%
<b>Total (in person and in absentia)</b>	<b>169*</b>	<b>100%</b>	<b>40</b>	<b>100%</b>	<b>29</b>	<b>100%</b>

Note: All third-party ML are also self-laundering cases.

220. As Table 3.17 indicates, 10% of cases are third-party ML. The relatively low number of third-party ML cases appears to reflect Qatar's risk-assessment as a country with relatively low domestic crime rate, and that Qatar may not be a notable destination for foreign proceeds. LEAs did not identify a significant number of cases involving professional enablers and identified few investigations into complex ML schemes involving laundering through FIs, cash, MVTs, or precious metals (all channels representing significant vulnerabilities for this particular risk). The LEAs also noted they did not have any cases for ML related to human trafficking networks but were beginning to develop this area of investigations.

221. However, some cases of third-party ML suggest more complex schemes at-play and relate to unknown sources of finances from abroad. Here, authorities may not be taking full advantage of opportunities to identify and prosecute third-party money launderers facilitating the movement of criminal assets through and out of Qatar. These cases as presented by Qatar (such as in Box 3.8) suggest that Qatar could improve its understanding and analysis of the underlying modus operandi of actors. This can be useful to improve understanding of where Qatar fits into broader schemes, including to what extent professional ML networks are using Qatar as a country for layering or placement of funds.<sup>32</sup> In order to better understand Qatar's possible role in complex professional ML networks (and sharpen risk-understanding), authorities could benefit from strengthening cooperation with foreign counterparts, including through the use of joint investigations into complex professional ML schemes.

222. Without improvements to Qatar's international co-operation framework to address low rates of extradition or MLA response rates (see discussion on IO.2 in Chapter 8), it is likely that Qatar will continue to face important challenges in its ability to deter and punish ML for a wide range of offences.

### Box 3.8. Ability of Qatari LEAs to pursue different types of ML

#### Case 3.8.1: Third-party ML

Following a report from an AML/CFT supervisor, PPO's ECMLP directed the MOI's MLFCC to investigate a company. The ECMLP also renewed an initial freezing order from the AML/CFT supervisor. The company was

<sup>32</sup> Several such cases also highlight that investigations and prosecutions occur after the persons have used Qatari companies and entities and have left the country.

transferring sums into and out of Qatar without providing clear evidence on the source of such funds, and without verifying the identities of its customers and beneficial owners involved in such transactions.

Investigations revealed that the suspects organized transactions and oversaw execution of transfers for the possible purpose of tax evasion by acting as the company managers. The QFIU was able to obtain information through international cooperation with its counterparts which indicated the use of fictitious contracts between the involved individuals and the beneficial owners in foreign countries. The case remains under investigation.

#### **Case 3.8.2: Standalone / Third-party ML**

QFIU received an STR from an exchange house involving a person receiving suspicious remittances from different individuals abroad in several countries (Philippines, Argentina, UK, USA, Indonesia, Costa-Rica, Brunei-Darussalam, Kuwait, Saudi Arabia and Bahrain), accepting 42 remittances worth approximately QAR 59 000 (USD 16 200) from 29 individuals. The suspect also conducted 68 remittances worth QAR 81 000 (USD 22 245) to 32 individuals in four countries, of which most were sent to Nigeria. No relationship between the beneficiaries was established and the QFIU determined that there was no apparent economic purpose for these transactions.

MOI initiated inquiries, and the evidence collected indicated that the suspect was a domestic worker with no ties to the originators or beneficiaries of the funds. The funds were allegedly received as debts to her husband and payments made for educational payments of family members.

The case was referred to PPO, which initiated an investigation, questioned the suspect and heard from witnesses on the circumstances of the individual. During prosecution, the suspect admitted to knowing that the proceeds were from electronic (cyber) fraud crimes. The suspect was convicted of ML, sentenced to 5 years with a fine of QAR 500 000 (USD 137 300) and was deported after completion of the sentence.

#### **Case 3.98.3: Self-laundering**

MOI's ECCCCD received a referral from QCB relating to unlicensed investment activities, which led to the identification, investigation and prosecution of persons committing financial investment fraud, in possession of proceeds of crime, assets such as property and luxury vehicles, cash, and other luxury goods.

PPO investigated persons and charged them with ML in relation to the self-laundered assets that were seized.

223. Qatar has prosecuted and convicted legal persons by way of fines and dissolution of the companies. These convictions have occurred in four instances, including two cases where the legal person was established for the purpose of laundering the funds. However, case studies show that the legal persons are generally closely attached to suspects who are being prosecuted and convicted of ML. Investigation, prosecution and convictions of legal persons do not appear to contribute to its ML framework in a material way or play a central role in Qatar's broader approach to AML/CFT.

#### *Effectiveness, proportionality, and dissuasiveness of sanctions*

224. The penalties and sanctions imposed by Qatar appear broadly effective, dissuasive, and proportionate. The average sentence in Qatar for ML is just over five years, with the highest at 10 years, which is broadly in line with penalties such as drug trafficking, but higher than other crimes such as cybercrimes (one year); fraud (one year); and higher than corruption (4.3 years). In addition, based on case studies reviewed and discussions with the authorities, Qatar also imposes a range of additional sanctions on ML offenders in addition to imprisonment, including fines, confiscation of funds (see IO.8), deportation and dismissal from position. Judicial fines for ML during this period averaged at QAR 2 million (USD 549 000), and the highest reached QAR 43 million (USD 11.8 million) (double the amount laundered) and the lowest at QAR 5 000 (USD 1 373). These are higher than the average amounts for other predicate offences reviewed.

**Table 3.18. Average length of imprisonment for ML convictions in Qatar compared to other predicates (2016-2021)**

	2016	2017	2018	2019	2020	2021	Average
Drug trafficking	4.1	4.3	6.8	6.2	4.8	4.3	5.1
Fraud	0.5	1.4	1.9	0.7	0.8	0.6	1
Cybercrimes	0.7	0.8	1.1	0.9	0.8	1.1	1
Corruption	3.3	7.9	4.5	2	3.9	4.5	4.3
ML	-	6.6	4.7	3.8	5.6	-	5.2

225. However, as noted above, Qatar's convictions of persons in absentia account for 38% of all persons (30% of all judgements handed down). In conjunction with Qatar's moderate capacities to achieve international cooperation (see Chapter 8), it is not clear to what extent Qatar's sentences handed down to persons not located in Qatar are effective or dissuasive. This issue underlines a unique challenge relating to Qatar's context, given that 90% of its population and workforce holds citizenship (and likely a range of other ties) of another country.

Table 3.19. Individual sentences imposed for ML offences (2016-2021)

Year	Suspects	Sentence Imposed
2016	0	
2017	1	7 years imprisonment, a fine of QAR 2 million, dismissal from position, confiscation of the funds seized and deportation after the execution of the sentence.
	1	7 years imprisonment, fine of QAR 1 million, confiscation of funds seized and deportation after execution of sentence.
	1	7 years imprisonment, fine of QAR. 2 million, dismissal from position, confiscation of funds seized and deportation after the execution of the sentence.
	1	7 years imprisonment, a fine of QAR 1 million, and deportation after the execution of the sentence.
	1	5 years imprisonment, a fine of QAR 300 000 and deportation after the execution of the sentence.
2018	1	3 years imprisonment, a fine of QAR 400 000 and deportation after the execution of the sentence.
	2	7 years imprisonment, a fine of QAR 1 500 000, dismissal from position, confiscation of the seized items, and deportation after the execution of the sentence.
		5 years imprisonment, a fine of QAR 1 million and deportation after the execution of the sentence.
	1	5 years imprisonment, a fine of QAR 500 000 and deportation after the execution of the sentence.
	2	2 x 5 years imprisonment, a fine of QAR 1 million and (for one) deportation after the execution of the sentence.
	1	Acquittal
1	3 years imprisonment, a fine of QAR 5 000 and deportation after the execution of the sentence.	
2019	1	3 years imprisonment, a fine of QAR 400 000 and deportation after the execution of the sentence.
	6	A company was fined with QAR 200 000.
		5 x 4 years imprisonment, a fine of QAR 100 000 and deportation after the execution of the sentence
	2	5 years imprisonment, a fine of QAR 1 million and deportation after the execution of the sentence.
		3 years imprisonment, a fine of QAR 500 000 and deportation after the execution of the sentence.
	2	2 x Acquittal
	3	A company was fined with QAR 400 000 and the seized funds were confiscated.
		2 x 3 years imprisonment, a fine of QAR 400 000 and confiscation of the funds seized and deportation after the execution of the sentence.
2	3 years imprisonment, a fine of QAR 2 million and confiscation of the seized items.	
	3 years imprisonment, fine of QAR 2 million, confiscation of seized items and deportation after execution of sentence.	
1	10 years imprisonment, QAR 2 million fine, funds confiscated, phones seized, deportation after sentence execution	
2020	2	2 x 1 year imprisonment, a fine of QAR 8 762 684 and QAR 2 million confiscation of the funds seized, deportation after the execution of the sentence.
	9	2 x 7 years imprisonment, a fine of QAR 5 million, dismissal from position, confiscation and restitution of seized items.
		4 years imprisonment, a fine of QAR 10 214 800, confiscation and restitution of the seized items.

Year	Suspects	Sentence Imposed
		4 years imprisonment, a fine of QAR 8 034 000, confiscation and restitution of the seized items, and after the execution of the sentence.
		3 years imprisonment, a fine of QAR 5 million, confiscation and restitution of the seized items.
		1 year imprisonment, a fine of QAR 5 million, confiscation and restitution of the seized items.
		4 years imprisonment, a fine of QAR 5 million and confiscation and restitution of the seized items.
		2x Acquittal
	7	6 x 7 years imprisonment, a fine of QAR 1 million and deportation after the execution of the sentence.
		Acquittal
	1	Acquittal
	1	5 years imprisonment, a fine of QAR 2 million, confiscation of the funds and items seized and deportation after the execution of the sentence.
	1	7 years imprisonment and a fine of QAR 1 million.
	1	7 years imprisonment, a fine twice the value of the money laundered amounting to QAR 43 261 936 deportation of the convicted after the execution of the sentence, and confiscation of his account balance at QNB.
	3	7 years imprisonment, a fine of QAR 2 million and deportation after the execution of the sentence.
		2 x 5 years imprisonment, a fine of QAR 1 million and deportation after the execution of the sentence.
		5 years imprisonment, a fine of QAR 1 million and deportation after the execution of the sentence.
	2	2x 3years imprisonment, a fine of QAR 3 000 000.
	1	1 year imprisonment and a fine of QAR 5 000 000.
	3	7 years imprisonment and a fine of QAR 5 000 000.
2 x Fine of QAR 5 000 000 and liquidation		
1	5 years imprisonment, a fine of QAR 1 000 000, and deportation after execution of the sentence	
2021	3	3 x 7 years imprisonment, a fine of QAR 5 000 000, confiscation and deportation after execution of the sentence
	1	7 years imprisonment, a fine of QAR 3 000 000, confiscation and deportation after execution of the sentence

### *Use of alternative measures*

226. Qatar noted and presented several instances that it has sought alternative measures, including some when an ML investigation was pursued but where it was not possible to secure an ML conviction, This includes one instance where Qatar brokered a settlement between the accused and the victim. However, it does not appear that Qatar uses alternative measures in a significant way to address its ML risks.

## Overall conclusion on IO.7

LEAs are well resourced and equipped with adequate systems, training, and technologies to tackle ML. Qatar has achieved 29 convictions of ML in the past 6 years. This figure is somewhat low in comparison to total convictions other predicate offences (with over 8 000 for select predicates in the same time frame). Nevertheless, investigators and prosecutors are continuously increasing their ML investigation and prosecution figures, underlining the growing extent to which Qatar uses (and intends to use) financial investigation as a tool to disrupt criminal activity and deprive criminals of illicit proceeds.

Qatar pursues ML investigations somewhat in line with risk. However, a significant portion of these investigations of suspected ML do not end up charged in court as ML (with prosecutors either deciding not to pursue the case or opting to prosecute the predicate offence instead). This suggests that some further development is needed to bring some ML cases to fruition. Qatar has a high conviction rate and sanctions as applied for ML appear effective, dissuasive, and proportionate. However, 38% of all sentenced persons are convicted in absentia and it is not clear whether these sanctions are effective and dissuasive.

Authorities are investigating a range of ML offences; however, case studies suggest that authorities can continue improving their investigations (including by engaging with international counterparts) to improve their ability to identify and understand the role that Qatar may play in broader, complex or professional ML schemes and networks.

Qatar is rated as having a **moderate** level of effectiveness for IO.7.

### Immediate Outcome 8 (Confiscation)

227. Investigations related to confiscations are conducted by the PPO. As investigating authorities, MOI, SSB and GAC have the power to take provisional measures (*ex parte*) during inquiry and gathering of evidence.<sup>33</sup> The QFIU may also assist in the process of tracing, identifying and analysing the assets and funds of suspects. When there is a suspicion of ML or proceeds-generating predicate offences, the QFIU may suspend operations for a period of up to two days and may also request PPO or QCB to freeze assets. The QFIU may also notify PPO to request freezing for a longer period.

228. The 2019 AML/CFT Law makes confiscation a mandatory penalty in the event of conviction for ML/TF and related predicate offences. The Law allows non-conviction-based confiscation; however, this is allowed only in certain circumstances, such as where the person is known to be deceased or is unknown.

<sup>33</sup> Where necessary, the GAC may also conduct seizures where it is appointed by PPO to act as a judicial commissioner. Generally, GAC officers are co-located with MOI investigating officers at all points of entry, who may conduct the freezing and seizing on their request.



*Confiscation of proceeds, instrumentalities, and property of equivalent value as a policy objective*

3

229. Qatar pursues the confiscation of instrumentalities, as well as any assets associated with the criminal offence, as a broad national priority. Combatting Illicit Finance through Robust Investigations and Prosecutions and Confiscation of Proceeds of Crimes is one of the six action items under Qatar’s National Strategy and Action Plan (see IO.1 in Chapter 2). Qatar’s Criminal Policy Instrument for Combating ML also sets confiscation among its primary objectives to ensure no benefit is attained from the proceeds of crime. However, Qatar does not have specific policy objectives (i.e., targets or internal reporting) on asset recovery.

230. The PPO’s Guidance on Criminal Proceedings in ML Offences and Guidance on the Office for Seizure and Confiscation provide the institutional framework for asset identification and recovery and outline the requirements for LEAs to freeze and seize assets during an investigation into predicate offences as well as ML/TF. PPO Guidance states that confiscation is the most important ancillary penalty that the court can impose, and the prosecutor must therefore request that the court order confiscation. The Guidance requires that if insufficient elements for issuing the confiscation order are found during the trial, a supplementary investigation must be carried out and the results added to the case file before the Court closes the case. If the court does not issue a confiscation order, the prosecutor is required to appeal the decision.

231. Qatar has ordered on average over 2 500 confiscation orders yearly (see below), which accounts for a significant majority of annual convictions of proceeds-generating offences (see IO.7 on total convictions of select predicates for reference). These figures reflect Qatar’s high-level policy that all relevant LEAs should prioritise confiscation at the operational level. Nonetheless, these figures should be taken in the context of the wealth of Qatar. As highlighted below, the results of confiscations are also significant, with confiscations of over QAR 1.18 billion (USD 324 million) from 2016-2021 (see Table 3.21), with over QAR 4.7 billion (USD 1.3 billion) seized and under ongoing investigations.

232. However, while the data on seizures suggests that confiscations amounts are pursued systematically, authorities could not point to a specific set of policy objectives in place that illustrated action points or targets in line with a broader asset recovery policy –particularly for ML offences.

233. Nevertheless, LEAs pursue identification and tracing of assets as a matter of course in investigations into all predicate offences. Furthermore, the OSC has held three training sessions in 2020 to improve freezing, seizing and confiscations in relation to ML.

234. During early phases of investigations and on-site inspections, judicial commissioners of the MOI, SSB and GAC gather evidence that enables the identifying, freezing, and seizing of funds. In relation to the investigating officers from MOI and SSB, during investigations, the authorities access several information sources that provide information on the suspects. This information often includes information on linked assets, such as residences, bank accounts, vehicles, companies, and other linked assets, which they can access directly and indirectly. When requested to support investigations, the QFIU uses a prioritisation system that identifies cases based on the collection and analysis of financial intelligence and refers this information to relevant LEAs. Internal procedures require that this information be forwarded along to the PPO for eventual use in the conviction and confiscation order.

235. Case studies and data indicate that the PPO prioritises the identification, freezing and seizing of assets that are the instrumentalities of crime and associated property, and relies on the Guidelines for the Criminal Proceedings for ML Crimes. The PPO supports this policy priority through the OSC, which supervises and manages funds that may be confiscated. As noted below, the OSC manages a range of assets, from cash to property.

236. The PPO's Guidance on Criminal Proceedings in ML Offences sets out that the pursuit of proceeds of crime must not cease because of their transfer outside of Qatar. However, Qatar's authorities do not have specific guidelines or objectives on asset recovery from abroad, and these are not yet pursued as a policy objective. This is a particularly significant risk given the elevated risk of asset transfers from domestic offences to foreign jurisdictions. At the time of the onsite, Qatar's authorities noted that they were developing PPO Guidance on international asset tracing, recovery, and repatriation for finalisation in 2022. This Guidance will be in support of the existing criminal procedures regime and has the potential to provide support and assist authorities in improving and addressing this gap.

### *Confiscation of proceeds from foreign and domestic predicates, and proceeds located abroad*

237. Qatar's LEAs have seized and confiscated substantial amounts of funds and assets of suspects and accused persons. The amounts represent a wide range of offences and a significant amount. These figures reflect the Qatari LEAs strong focus on identification, seizure and confiscation of assets connected to various predicate offences. However, the Qatari authorities did not provide detailed statistics distinguishing proceeds of crimes, instrumentalities or property of equivalent value from the broader confiscation figures. Qatar has made some requests to identify and seize proceeds of crime moved abroad. However, Qatar has not yet repatriated such proceeds.

238. Qatar has an effective asset management system. Asset recovery is managed by the OSC within the PPO. The OSC conducts several tasks, including:

- a) providing assistance and technical support to identify, trace and freeze or seize funds that may be subject to confiscation, in preparation for their confiscation;
- b) managing and disposing of seized, frozen or confiscated funds; and
- c) tracing and seizing or freezing funds that may be subject to confiscation in response to requests from foreign jurisdictions.

239. The OSC has also developed operational provisions and mechanisms for the management and disposal of seized or confiscated funds according to type to maintain their value. The OSC effectively manages and controls bank accounts, companies, real estate, vehicles, foreign currency, and other items, such as high-value license plates. The OSC regularly exercises its ability to dispose of seized or confiscated assets that are at risk of depreciation, and it does so on a regular basis. However, the considerable (and increasing) number, value, and complexity of assets in OSC possession is leading to new needs for developing skills in management and disposal of property (such as high-value goods, legal persons and commercial real estate).

240. The QFIU develops financial intelligence products that are requested and used by LEAs to identify assets and transactions held by suspects, and these are used for

freezing and seizing orders by the MOI and SSB (where relevant) during an investigation and referral to the PPO. Case studies also indicate that LEAs request QFIU to conduct international asset tracing, which it does through Egmont or via bilateral exchanges with counterparts (see, for example, case study in Box 3.9 below). However, despite QFIUs demonstrated capabilities in international asset tracing (through effective co-ordination with international counterparts), shortfalls in asset recovery prevent the action of returning assets held abroad in cases (see below on *confiscation related to foreign predicate offences and proceeds of crime moved to other countries*).

241. Investigating authorities such as the MOI also carry out their own identification and tracing of assets using investigative techniques and databases at their disposal, in addition to specialized tools to determine potential financial linkages. There do not appear to be any obstacles to identifying domestic bank accounts held by suspects and their associates in financial institutions. In cases where QFIU or investigating agencies suspect that funds held in accounts are proceeds of crime, authorities submit *ex parte* freezing orders directly to the QCB, which may order a freeze on transactions. Case studies reviewed indicate that there are no obstacles to QCB freezing in such instances, and follow-up and referrals to PPO occur.

**Table 3.20. Freezing requests/orders from QFIU to QCB (2018-2022)**

	2018	2019	2020	2021	2022	Total
QFIU Requests	12	2	3	0	14	31
Amount Frozen (QAR)	1 014 478	109 157	323 592	0	2 212 017	3 659 244

242. Requests for freezing assets are referred to PPO. In cases where the assets are identified during the inquiries and evidence gathering phases by LEAs (i.e., SSB, MOI, GAC and PPO), the assets are seized based on a decision or an order immediately issued *ex parte* (which authorities can also undertake in direct consultation with (or by) the PPO). Once the seizure is complete, the seized items are immediately reported to the PPO, which in turn hands the case over to OSC in the form of a report and a request to maintain the freezing action.

243. In total, during the period from 2016-2021, Qatar confiscated QAR 1.18 billion (USD 324 million), amounting to QAR 197 million on average per year (USD 54.1 million). In terms of the total amounts seized over the period 2016-2021, the amounts seized have increased, apart from the 2018-2019 period (likely due to the Covid-19 pandemic which affected authorities' ability to effectively carry out seizure and confiscations). Average seizure amounts in the past two years (2020-2021) appear over three-times greater than those in 2016-2017 period.

**Table 3.21. Total value of funds seized, returned and confiscated (QAR) (2016-2021)**

Year	2016	2017	2018	2019	2020	2021	Total
Seized	873 847 462	958 952 546	129 072 371	205 515 800	948 737 981	4 314 490 654	7 430 616 814
Confiscated*	505 518 365	165 872 692	44 269 958	40 619 381	152 582 368	267 778 763	1 176 641 527
Returned / Victim	92 827 162	159 500	947 799	1 698 065	20 851 521	397 016 858	513 500 905
Returned / Defendant**	58 851 207	703 604 289	466 827	720 831	10 425 760	195 545 616	969 614 530
Ongoing	216 650 728	89 316 065	83 387 787	162 477 523	764 878 332	3 454 149 416	4 770 859 851

Year	2016	2017	2018	2019	2020	2021	Total
<i>investigation (for given year as of 2022)</i>							

\*Total value of funds confiscated by judicial decision.

\*\*Where the case is closed, or the defendant is acquitted.

244. One seizure involving ongoing investigations into corruption of seven individuals accounts for most of the amounts seized in 2021 and the large increase in seizures recorded.<sup>34</sup> The case is still under investigation and final confiscation values are not yet available in this case. The high-level corruption case involved exceptionally high seized assets due to the high-net worth of the individuals. This case (and the TF TFS cases noted in IO.10) have helped to demonstrate that Qatar has the capacity to use seizure and asset management mechanisms in high-value cases.

245. In Qatar, amounts returned to the victim are significant, representing 7% of total amounts seized between 2016-2021. These can also include assets returned to the victim prior to the prosecution in cases where LEAs demonstrate the owners of the stolen assets without contest (e.g., stolen goods returned to the owner in a theft case). Amounts returned to defendant average at 13% of all seized amounts, but also include assets under seizure that were subsequently released because criminal action lacked merit.

246. Qatar’s provisional measures are followed by confiscation. There are over 2 500 confiscation cases per-year on average over the last six years (see Table 3.22). The number of confiscation orders has not changed considerably in the last several years despite a marked increase in the cases with provisional measures. Seizure and confiscation values are likely shaped by a smaller number of cases involving high-value assets. In 2021, for example, corruption cases accounted for just 0.05% of all cases (nine of 1 658) yet amounts confiscated in 2021 for corruption accounted for over 65% of all funds confiscated.

**Table 3.22. Statistics on criminal cases, judicial decisions on seizures (provisional measures) and confiscations (2016-2021)**

Year	2016	2017	2018	2019	2020	2021	Average
Total number of criminal cases	48 247	54 241	50 700	42 651	47 447	71 946	52 539
Number of cases issued with provisional measures	5 136	5 811	5 495	6 776	9 216	11 607	7 340
Number of confiscation orders	2 746	3 155	2 963	2 468	2 248	1 658	2 540

247. Overall, Qatar demonstrated that it effectively seizes and confiscates a range of assets. These range from cash, bank accounts, real estate, and high value goods (such as vehicles, yachts, special license plate numbers and valuable jewellery and watches). In the case of both seizures and confiscations, real estate represents the highest amount confiscated, followed by funds held in bank accounts (see Table 3.24).

<sup>34</sup> As noted in the section on IO.10), in total, Qatar also currently holds QAR 599 million (USD 170 million) in frozen assets under UNSCR 1267 measures and QAR 3.66 billion (USD one billion) frozen under UNSCR 1373 measures (see Case Study 4.2.2).

**Table 3.23. Types of assets seized (all crimes) (QAR) (2016-2021)**

Year	Cash money	Bank account	Real estate	High value goods	Stock	Total
2016	58 739 657	96,099 875	442 737 800	276 270 130	0	873 847 462
2017	206 437 341	500 000 000	62 893 647	189 621 558	0	958 952 546
2018	3 772 558	5 946 218	73 924 652	45 428 943	0	129 072 371
2019	2 553 301	3 293 673	109 882 695	89 786 131	0	205 515 800
2020	58 945 567	198 980 781	140 696 812	200 082 719	350 032 102	948 737 981
2021	44 515 573	636 462 366	3 266 828 951	287,869,010	78 814 754	4 314 490 654
<b>Total</b>	<b>374 963 997</b>	<b>1 440 782 913</b>	<b>4 096 964 557</b>	<b>1 089 058 491</b>	<b>428 846 856</b>	<b>7 430 616 814</b>

**Table 3.24. Types of assets confiscated (all crimes) (QAR) (2016-2021)**

Year	Cash money	Bank account	Real estate	High value goods	Stock	Total
2016	43 016 011	73 215 763	208 696 680	180 589 911	0	505 518 365
2017	18 763 017	21 000 000	62 893 647	63 216 028	0	165 872 692
2018	2 888 366	4 200 000	25 393 474	11 788 118	0	44 269 958
2019	2 510 963	3 293 673	31 057 181	3 757 564	0	40 619 381
2020	12 809 323	66 974 831	40 456 568	32 341 646	0	152 582 368
2021	20 331 967	124 407 401	91 638 520	31 400 875	0	267 778 763
<b>Year</b>	<b>100 319 647</b>	<b>293 091 668</b>	<b>460 136 070</b>	<b>323 094 142</b>	<b>0</b>	<b>1 176 641 527</b>

248. The figures represented in the tables above indicate that the value of Qatar's overall confiscations and recoveries are considerable. Nevertheless, the figures did not make clear what are the proceeds of crime, instrumentalities and property of equivalent value. For example, Qatar advised that prior to 2020 none of the real estate confiscated represented the laundered proceeds of crime.

*Confiscation related to foreign predicate offences and proceeds of crime moved to other countries*

249. Qatar faces a sizeable risk from proceeds of crime moved and dissipated to other countries. This is a particular risk for ML cases because proceeds may be laundered using schemes involving legal persons or individuals acquiring high-value assets such as real estate or holding accounts in foreign jurisdictions. Qatar's context also contributes to this risk, as 90% of its population has citizenship, and hence permanent ties to another jurisdiction. Case studies also indicate that Qatar may be used to launder proceeds from foreign predicate offences. The PPO's OSC is responsible for coordinating the response to international assistance requests on asset seizure and identification.

250. On foreign predicate offences, data was not available on the breakdown of seizures related to foreign or domestic predicate offences. However, case studies show Qatar has conducted several investigations and initiated seizures and

confiscations for goods suspected of being proceeds generated from foreign predicate offences.

### Box 3.9. Seizure of suspected funds from foreign predicate offences

#### Case study 3.10.1: Remittances from suspected proceeds of crime from abroad

Based on QFIU reporting on suspicious transfers, MOI's ECCCD opened an investigation into a company established in the QFC by a foreign national with accounts in a financial portfolio valued at EUR 3.5 million. Another suspect was involved in the transfer of funds worth USD six million into these accounts and the first suspect also made transfers totalling USD five million through the company accounts while he was outside Qatar. All these transfers were completed without a license to conduct investment activities in the QFC.

After completing investigations, MOI determined the suspects may be involved in foreign proceeds generating offences and froze the QAR 557 000 (USD 153 000) remaining in the accounts of the suspects.

The investigation is ongoing, and the Qatari authorities have issued several requests for legal assistance to authorities in the UK, France, UAE, Panama, Italy and the USA to determine the source of the funds.

#### Case study 3.10.2: Use of asset seizure and confiscation in a fraud case

Following an initiation of investigation by the MOI, the ECCCD identified bank accounts and properties of suspects in relation to QAR 32 million (USD .8 million) worth of stolen assets. Authorities identified three villas, (including one abroad in a neighbouring GCC country) totalling QAR 4.7 million (USD 1.3 million). QFIU assisted in identifying and tracing bank accounts, including recipient accounts of proceeds held by family members of the suspects. ECCCD requested to freeze accounts, which the PPO granted. Upon search of residences, the ECCCD seized 20 luxury vehicles, gold bars, luxury goods and various property deeds, for which the PPO issued a seizing order.

At this point, the investigation was referred to the PPO for prosecution, and the PPO assigned the management of these assets to the OSC. OSC took over the management of the real estate by receiving the rent of one of the properties and depositing it in a frozen account. OSC also carried out the renewal of insurance forms and certificates for seized vehicles. Jewellery, clothing and luxury items were kept in a secured armoury at PPO, where the goods were assessed for value, sold the cars at auction. Funds were placed into PPO accounts.

OSC also provided support and assistance to the competent prosecution, when writing the request for MLA for the purpose of seizing the real estate located in Oman. The court convicted four out of five suspects and confiscated the seized assets of three of the individuals. The PPO is waiting for the final judgement to request asset recovery.

See case study 3.7.2 for further information.



251. As Case Study 3.10.2 shows, Qatar has sent requests for asset tracing and seizure in relation to assets held abroad. Despite proven capabilities to trace assets held abroad (via QFIU), PPO have not demonstrated that they pursue or recover these assets moved abroad in a significant manner. In the past seven years (2015-2021), PPO has sought asset seizures abroad in 9 cases (involving requests to 18 countries, for which it has received 4 responses). Case studies show that the PPO only seizes assets held abroad in limited circumstances (i.e., deeds of foreign properties located in Qatar - see case example 3.10.2 above)).

252. There do not appear to be any efforts made to engage partners through asset recovery networks to which Qatar is party, such as the INTERPOL/Stolen Asset Recovery Global Focal Point Network on Asset Recovery. Qatar also has not requested asset sharing or restitution in relation to assets that may be of Qatari origin confiscated in other jurisdictions.

### *Confiscation of falsely or undeclared cross-border transaction of currency/BNI*

253. Qatar's system for monitoring and confiscating cross-border currency and BNIs plays an important role in the country's AML/CFT system, given that cash is widespread in Qatar's economy among both nationals and Qatar's large expatriate population. Every year, millions of people, and tens of billions of dollars' worth of goods move into and through of the country through Hamad International Airport, a major global air transport hub. Qatar is also located close to several high-risk and unstable jurisdictions in the Middle East, such as Yemen and Syria. Qatar also has trade links with Iran but does not have a formal bank settlement system for trade finance and personal remittances. Given this context, Qatar has an elevated risk environment for cash being falsely declared and moved into, through and out of the country.

254. GAC have a good knowledge of the principal risks from ML/TF. GAC is also generally knowledgeable of the risks from currency, precious metals and stones smuggling. However, despite recent increases, the number of seizures and amounts seized, and the penalties applied do not reflect the extent to which Qatar is at risk for smuggling of cross-border currency.

### *Customs controls*

255. Qatar has the necessary powers to seize falsely or non-declared cash. Passengers and persons shipping goods into Qatar are also required on the same basis to declare precious metals and stones. In the case of travellers, individuals are notified of this requirement to declare upon arrival and prior to departure from Qatar. The current threshold for declaring is set at QAR 50 000 (approximately USD 13 700). In 2019, GAC moved from a disclosure system (i.e., requirement to respond to customs request) towards a declaration system. The scope of criminalisation has also been broadened to include refusal to provide information to GAC. All these reports are placed into the GAC's single window Al-Nadeeb system, which also contains data on customs disclosures, import and export data, documents, invoices, transport bills and commercial or trading operations.

Table 3.25. Currency disclosures and declarations in Qatar (2017-2021)

	2017	2018	2019	2020	2021	Total
Arriving passengers	6	6	6	2	3	24 696 840
	31	45	79	00	13	
	2	7	2	4	0	
	35	06	37	85	19	
	4	0	7	4	5	
Arrivals declarations / disclosures	18	56	57	13	22	533
	4				3	
Value (QAR)	87	26	30	5	50	200 475 558
	76	14	94	28	33	
	7	3	6	3	3	
	41	80	84	90	58	
	8	6	6	5	3	
Departing passengers	6	6	6	2	2	24 720 445
	31	42	84	17	96	
	1	0	1	8	8	
	40	37	02	74	89	
	6	8	6	3	2	
Departure declarations / disclosures	1	98	93	27	80	4 392
	40	5	1	4	2	
Value (QAR)	67	36	27	73	18	1 574 868 150
	0	7	8	29	4	
	41	87	99	6	28	
	2	7	6	58	4	
	92	56	26	4	81	
	2	8	2		4	

256. GAC is well-resourced, with 2 495 employees for the approximately 50 million travellers departing from and arriving in Qatar in the last five years through Qatar's international airport. GAC relies on a targeting system to review and determine the risk-rating for passengers and goods entering and exiting the country. GAC also makes use of general detection technology systems (e.g., X-ray machines) for detecting undeclared goods. Front-line officers are trained in a range of detection methods and techniques, and they are provided with a guide on the detection of cross-border currency, BNIs and precious metals.

257. As Table 3.25 indicates, overall, the number of declarations made for Qatar appears low (particularly in regard to arrivals) for a major air travel hub and a cash-centric economy. However, improvements are underway, and the latest figures show an increase in 2021 of the number of declarations in comparison to previous years. Increased reporting levels may be due to the resumption of travel following the COVID-19 pandemic, but also due to the transition from the disclosure to the declaration system, which appears to be yielding higher reporting levels among passengers.

258. As Table 3.26 indicates the total amounts seized at the border, it appears that the change from a disclosure to a declaration system and the 2019 issuance of the NRA has helped the GAC to improve the general awareness of cross-border currency risks. This has led to increases in both declarations and in the seizure of non-declared

currency and BNIs. However, it is too early to tell due to the net reduction in travel during the COVID-19 pandemic in 2020 and 2021. Undeclared precious metals (mainly gold) represent a significant portion of seizures, accounting for 41% of seizures by number and 54% by value (QAR 16 972 270 (USD 4 661 398) compared to QAR 14 607 400 (USD 4 011 891) in currency from 2017-2021).

### Box 3.10. Case Study: Seizure of suspected proceeds of crime at airport

In 2017, upon inspection of baggage from passengers in transit hall, a passenger from Italy in transit via Qatar to Hong Kong was discovered with EUR 1.2 million (QAR 4.45 million). The suspect denied having knowledge of the contents of the bag. GAC seized the currency on suspicion that the goods related to proceeds of crime.

ECCCD initiated an investigation and reviewed the suspects devices to collect information on the source of the funds. Informal requests to Italian counterparts indicated that the person had not made a declaration at the departure point. The case was referred to PPO, who seized the EUR 1.2 million and opened an investigation. Formal requests for MLA were sent to counterparts in Italy to determine the origin and owners of the funds, but Qatar received no response.

The suspect was allowed to leave Qatar after a certain amount of time elapsed. The court convicted the suspect for ML and sentenced, in absentia, to five years imprisonment, a fine of 2 million Qatari Riyals, and the seized amount was confiscated.

259. Qatar has also carried out operations and specific actions to increase awareness and capacities of its customs officials on the risks and prevalence of cross-border cash smuggling (see Box 3.11 for further information).

**Box 3.11. GAC Operation “FALCON” – Physical transportation of cash in cargo**

In 2018-2019, GAC and other relevant agencies (e.g., MOI) conducted a monitoring operation (Operation “FALCON”) on the physical transportation of cash in cargo, to identify risks and familiarise officers with documentation and methods of cross-border bulk cash transport. While no seizures or confiscations of cash occurred, the operation assisted GAC in increasing their awareness and understanding of risks and identified important vulnerabilities of the bulk cash transport sector. Several vulnerabilities were subsequently addressed in QCB circulars to exchange houses and other FIs to report cash transfers as follows:

- QCB issued Circular No. 26 of 2020 to FIs on the necessity to obtain the approval of the QCB before carrying out each import or export, and filling out a form that includes the date of shipment, consignees, amounts, types of currencies, etc.
- GAC issued a circular not permitting the entry or export of currencies without obtaining prior permission from the QCB. (GAC reported that this has led to the full compliance by the FIs that import and export currencies with the standards and requirements).
- GAC created and amended risk criteria in the Al-Nadeeb customs targeting system.
- QFIU was linked to GAC’s Al-Nadeeb system with the cross-border money transfer system from passengers as well.

260. GAC averages 15 cases a year involving undeclared assets seized at the border (see Table 3.26). Each year, approximately QAR 1.25 million (USD 343 309) is confiscated and recovered from the QAR 5.57 million (USD 1.53 million) seized. These confiscations come from a combination of settlements from GAC and convictions in cases that are referred to PPO. It is notable that Qatar did not make any recoveries from convictions in 2018 and 2019.

**Table 3.26. Cases and sums seized and recovered at the border (2016-2021)**

	2016	2017	2018	2019	2020	2021	Yearly average
Cases	2	12	16	21	13	25	15
Seized (QAR)	1 841 060	4 012 816	9 013 128	11 333 306	2 007 008	5 213 411	5 570 121
Settlement amount (non-conviction)	340 212	574 059	1 151 114	1 149 998	59 342	307 465	597 031
Confiscated (conviction)	280 000	1 143 521	0	0	1 514 204	981 069	653 132
<b>Total recovered</b>	<b>620 212</b>	<b>1 717 580</b>	<b>1 151 114</b>	<b>1 149 998</b>	<b>1 573 546</b>	<b>1 288 534</b>	<b>1 250 164</b>

261. Overall, confiscation values and instances are low. Confiscation by GAC and PPO account for less than 1% of the known values declarations at the border (see Table 3.25).

#### *Sanctions*

262. Given the relatively few cases and the low figures (particularly criminal convictions tied to undeclared currency and BNIs), sanctions in this area do not appear to be effective or dissuasive.

**Table 3.27. Forms of penalties applied to false declarations/disclosures (2016-2021)**

	2016	2017	2018	2019	2020	2021	Total
Administrative penalty (conciliation)	1	10	7	9	3	12	42
Referral to PPO for confiscation	1	2	9	12	10	13	47
Convictions	1	2	0	0	9	7	19
In process (at time of onsite)	0	0	0	0	0	3	3

Note: 2016-2019 were a disclosure system and 2020-2021 after migration to declaration system.

**Box 3.12. Confiscation of non-disclosed cash at airport**

The suspect arrived in Hamad International Airport from his country of nationality. While passing through the inspection points, the suspect was asked by a customs officer to disclose any funds in his possession and claimed that he did not have any. Upon inspection of luggage, the customs officer discovered and seized an amount equivalent to the value of QAR 652 521 (USD 179 213), which was hidden in luggage.

The incident report was referred to the MLFCC at the MOI, which continued investigating the suspect, referred the report to the PPO and deposited the seized amount into PPO's account with an acknowledgment receipt added to the report file. Following completion of the investigation, the suspect was referred to the Misdemeanour Court. The court convicted the suspect of a customs non-disclosure offence and sentenced him to imprisonment for 3 months with suspension of execution, a fine of QAR 1 000 (USD 275) and confiscation of the seized items.

***Consistency of confiscation results with ML/TF risks and national AML/CFT policies and priorities***

263. Overall, the range of underlying predicate offences for which Qatar is confiscating and seizing funds is in line with the risks. Predicate offences accounting for the largest sums of provisional measures are drug crimes, thefts, electronic crimes and fraud, and smuggling (see Table 3.28). A significant number of offences are listed under "other", which indicate the number of offences with a low value of proceeds, and includes a wide range of lower proceeds-generating offences, including various non-predicate offences. Despite accounting for relatively few cases compared to other crimes, seizures, and confiscation in relation to corruption lead to substantial of seized amounts of funds and confiscation orders. As outlined in IO.1, these predicate offences account for the major proceeds-generating offences in Qatar.



**Table 3.28. Confiscation orders by amounts and by predicate offence (2018-2021)**

Offence	2018			2019			2020			2021		
	Seizures	Confiscations	Amounts confiscated (QAR)	Seizures	Confiscations	Amounts confiscated (QAR)	Seizures	Confiscations	Amounts confiscated (QAR)	Seizures	Confiscations	Amounts confiscated (QAR)
Smuggling	70	45	10 043 507	104	82	16 676 786	162	89	19 638 972	220	74	17 168 552
Electronic crimes and fraud	469	235	5 835 783	911	271	2 260 841	1 071	172	4 267 502	946	59	4 863 224
Drug crime	949	895	5 911 544	1 163	1 116	11 718 358	1 000	749	27 936 526	1 345	832	61 493 229
Corruption	27	11	2 037 037	24	13	6 000 000	29	15	86 840 742	38	9	176 122 163
Counterfeiting and piracy	30	21	2 978 300	35	14	1 252 050	25	7	2 440 320	27	1	209 887
Morality crimes	66	19	1 032 132	59	14	292 119	14	3	419 560	24	3	543 538
Theft	1 060	116	292 362	1 022	177	535 545	941	262	931 374	1 551	134	658 060
Breach of trust	104	22	1 029 640	97	9	463 543	185	21	512,805	129	12	520 134
ML	18	1	1 660 737	19	4	964 093	21	7	3 634 405	14	2	3 540 486
TF	8	2	182 363	3	0	0	1	0	-	1	0	-
Other	2 694	1 596	13 266 553	3 339	768	456 046	5 767	923	5 960 162	7 312	532	2 659 130
Total	5 495	2 693	44 269 958	6 776	2 468	40 619 381	9 216	2 248	152 582 368	11 607	1 658	267 778 403

264. Amounts confiscated in the past four years (2018-2021), appear largely in line with risk. As noted above, most proceeds seem to originate in corruption offences (60%)<sup>35</sup>. This is followed by drug crimes (21%), smuggling (14%) and electronic crimes and fraud (4%)<sup>36</sup>.

265. A small number of investigations into ML have also led to confiscation orders. For example, in 2020, seven ML investigations led to confiscations, amounting to QAR 3.63 million (USD 997 000) in assets recovered. In 2021, two cases resulted in confiscations totalling QAR 3.54 million (USD 972 000) (for TF-related confiscations, see Chapter 4).

<sup>35</sup> This figure is higher relative to other categories due largely to the significant amounts of assets seized and recovered with a relatively small number of cases.

<sup>36</sup> Crimes listed as “other” account for 5% of all assets confiscated in this period, but it is not known to what crimes these cases refer.

## Overall conclusion on IO.8

Qatar seizes and confiscates proceeds and instrumentalities of crime and property of equivalent value robustly, with important amounts of assets seized and subsequently confiscated. The range of underlying predicate offences for which Qatar is confiscating and seizing funds is broadly in line with the risks.

Following recent efforts to bolster its capacities, Qatar has made some requests to identify and seize proceeds of crime moved abroad. However, Qatar has not yet repatriated such proceeds. Nevertheless, Qatar has developed an effective asset management system, managed by the PPO, which prevents dissipation and has substantial authority to manage and dispose of assets.

Qatar prioritises confiscation as part of a national strategy on asset recovery. However, Qatar can improve how it monitors these outcomes, to ensure that it meets its policy objectives for asset recovery.

At the border, the GAC moved to a new declaration system in 2019 and declarations and seizures of cross-border funds are increasing. Continued progress is needed to improve the number of seizures, and sanctions for undeclared currency and BNIs are neither effective nor dissuasive.

Qatar is rated as having a **substantial** level of effectiveness for IO.8.



## Chapter 4. TERRORIST FINANCING AND FINANCING OF PROLIFERATION

### Key Findings and Recommended Actions

#### Key Findings

##### TF investigation and prosecution (Immediate Outcome 9)

- a) There are major inconsistencies between the type and extent of TF activity prosecuted and convicted with Qatar's TF risk profile. Qatar has secured only a small number of TF convictions and prosecutions, and these did not target the type of TF activity and potential channels identified as of higher risk by Qatar.
- b) When Qatar identifies and investigates TF activities, cases typically relate to the movement of funds through the exploitation of fairly unsophisticated channels by individuals that send cash or use settlement mechanisms with contacts abroad. These results raise concerns given the range of inherent TF threats and vulnerabilities identified by Qatar.
- c) Prosecutorial authorities face serious challenges to prosecute and achieve convictions on TF, which demonstrate a lack of capacity to achieve results in these types of cases. Prosecutors consistently face limitations on the presentation of sufficient and conclusive evidence in accordance with the standards required in court, are not able to address issues such as the difficulty to convert intelligence into formal evidence and barriers posed by the lack of effective international cooperation with certain jurisdictions and the absence of sufficient understanding by courts of TF. This has led to many TF cases being acquitted or overturned on appeal.
- d) When a TF conviction is achieved, sentences are effective, proportionate and dissuasive. However, a number of convicted cases have been reversed or sentences largely reduced at upon appeal. This highly diminishes the effectiveness and dissuasiveness of penalties imposed to TF offences and the challenges in relation to the understanding by the courts of TF. These results raise concerns given the range of inherent TF threats and vulnerabilities identified by Qatar.
- e) Qatar has taken some measures to disrupt TF activities where a TF conviction is not practicable or cannot be secured. Qatar undertakes measures like surveillance, seizure of passport, limitations on foreign travel and deportation in the case of a

foreign national. In addition, it has convicted a limited number of cases of unlicensed financial activity which imposes less serious penalties.

### TF preventive measures and financial sanctions (Immediate Outcome 10)

- a) Qatar demonstrated a robust framework to implement TFS related to TF UNSCRs without delay and a capacity to deprive assets and instrumentalities of terrorists, terrorist organizations and terrorist financiers through different criminal and administrative processes.
- b) Qatar has frozen a significant volume of assets and other funds pursuant to its TF TFS program (QAR 4.26 billion (USD 1.17 billion)). A high percentage (QAR 3.66 billion (USD one billion)) is related to those designated domestically through UNSCR 1373. Qatar has confiscated QAR one million (USD 275 000) of funds related to TF convictions between 2016 to 2018.
- c) Qatar has nominated one case on the basis of UNSCR 1267 but the designation has not been finalized and authorities indicated it would be withdrawn. Qatar has implemented four requests of designations pursuant UNSCR 1373 and have not made a designation request to a foreign jurisdiction. It is unclear if the number of nominations pursuant to UNSCR 1267 or 1373 is consistent with the TF risk in Qatar and the number of domestic designations.
- d) Qatar has implemented measures to mitigate the risks of potential abuse of NPOs for TF purposes, which the NRA considers to be a medium-high risk. RACA identified NPOs that work abroad as most at risk of TF abuse and imposed a prohibition on a number of private charities that held licenses to work abroad, in response to gaps in compliance and supervision which led to TF-related NPO incidents. RACA provides substantial guidance on risks to all private charities that either currently work abroad or provide funding to entities for relief abroad. RACA has also tailored its supervisory approach to assist NPOs to develop a culture of compliance for AML/CFT. However, it is unclear if RACA is balancing the need to apply enhanced supervision to the subset of most at-risk NPOs, while implementing a proportionate regulatory burden on the rest of NPO sector.

### PF financial sanctions (Immediate Outcome 11)

- a) Qatar's framework allows for the effective implementation of TFS related to PF UNSCRs without delay. Designations by the UNSC immediately trigger the obligation for all natural and legal persons to freeze the funds of the person or entity designated without delay.

- b) Qatar has not frozen any funds or assets in Qatar and has yet to propose a listing to the UN under UNSCRs related to PF. In addition, Qatar has not undertaken any enforcement actions related to PF. Although Qatar does not have any notable links to DPRK, it maintains a trade relationship with Iran that may create an exposure to PF.
- c) There is strong interagency cooperation to screen materials linked to trade with Iran and take measures to prevent PF-related sanctions evasion. However, LEAs and intelligence authorities lack timely access to BO information which may potentially inhibit their ability to disrupt PF sanctions evasion activity.
- d) AML/CFT supervisors verify FIs' and DNFBPs' compliance with TFS-obligations and generally have demonstrated a strong understanding and capacity to oversee the implementation of TFS obligations. The supervisors provide guidance to relevant entities about the need to implement TFS without delay and conduct on-site reviews to ensure compliance.
- e) Understanding and implementation of TFS is strong among larger FIs and DNFBPs. However, it remains unclear if supervisors are able to detect non-compliance with TFS, particularly by DNFBPs.

## Recommended Actions

### TF investigation and prosecution (Immediate Outcome 9)

- a) Qatar should enhance its ability to detect with greater precision all stages of TF (i.e., raising, moving, using), as well as a wider variety of channels (e.g., banks, exchange houses, NPOs, etc.) and the methods utilised by individuals and entities on behalf of terrorist organisations, to ensure that all types and complexities of TF can be proactively identified and investigated in accordance with Qatar's TF risk profile.
- b) Qatar should focus on enhancing its intelligence, investigative, and prosecutorial efforts to align these with Qatar's TF profile, based on identified TF risks related to the abuse of licensed NPOs or individual donations for non-charitable purposes.
- c) Qatar should target and prioritise investigations and prosecutions of TF designated individuals or entities located in Qatar and/or who hold assets or funds in the jurisdiction. Qatari prosecutors should prioritise the more serious and complex cases and target individuals and entities for TF activity.
- d) Qatar should strengthen the understanding, knowledge, specialization and training on TF and financial investigations for



terrorism of judicial and prosecutorial authorities, in line with their specific responsibilities.

- e) Qatar should consider legal reforms or the creation of legal tools that facilitate the use and incorporation of information or witnesses that are protected by confidentiality, as well as evidence that enable proving the intention element of the TF offence. In addition, Qatari prosecutors should further coordinate with the SSB and the QFIU at an early stage of investigations to produce financial intelligence that can in turn be converted or produce the needed evidence, before advancing a case into a prosecution.
- f) Qatar should consistently seek opportunities to increase the operational coordination of the SSB and prosecutors with other competent authorities (e.g., QFIU, RACA, other supervisors, LEAs including GAC) for the identification and investigation of TF cases.
- g) Qatar should pursue proactive and informal cooperation with international partners to ensure the identification of suspicious cross-border TF transactions and sophisticated terrorist networks according to Qatar's risk profile.

#### **TF preventive measures and financial sanctions (Immediate Outcome 10)**

- a) Qatar should further develop its use of UNSCR 1267 designations and consider designating and nominating further terrorist entities with a foreign nexus in line with risks identified in the NRA.
- b) Qatar should ensure that the measures applied to all NPOs are fully risk-based and do not disrupt or discourage legitimate NPO activities.
- c) Qatar should continue to develop its plans to increase NPOs' ability to work abroad in line with adequate ML/TF controls. Qatar could clarify and explore options for NPO licenses that were denied and further support the sector to avoid prohibitions.

#### **PF financial sanctions (Immediate Outcome 11)**

- a) Qatar should continue building awareness amongst FIs and DNFBPs on PF-related TFS to ensure that TFS obligations are understood and implemented. Qatar should increase resources and prioritization by MOCI and MOJ to more effectively monitor DNFBPs for compliance with TFS obligations.
- b) Qatar should improve interagency coordination related to PF in order to better detect potential cases of breaches of TFS obligations or sanctions evasions.
- c) Qatar should monitor and manage its exposure to PF from Iran as a priority and ensure an even understanding among relevant authorities of PF sanctions evasion tactics and how possible

vulnerabilities in the access of BO information could be exploited for PF or sanctions evasion purposes.

266. The relevant Immediate Outcomes considered and assessed in this chapter are IO.9-11. The Recommendations relevant for the assessment of effectiveness under this section are R. 1, 4, 5–8, 30, 31 and 39, and elements of R.2, 14, 15, 16, 32, 37, 38 and 40.

## Immediate Outcome 9 (TF investigation and prosecution)

### *Prosecution/conviction of types of TF activity consistent with the country's risk-profile*

267. Qatar faces significant TF risks, which is recognised in the NRA as representing a medium-high residual risk. Qatar's NRA notes two serious sources of TF threats: (1) domestic fundraising activities conducted by or on behalf of foreign terrorist organizations; and (2) the presence in Qatar of terrorists, terrorist financiers, and controversial groups (see IO.1). Authorities demonstrate a fair overall understanding of their TF risks, but the nature, scale and number of cases pursued in Qatar is not in line with its risk profile.

268. Although Qatar perceives the domestic terrorist threat as low, it recognises serious TF threats related to the collection and international movement of funds to finance foreign terrorism. Such financing occurs through domestic fundraising through the abuse of NPOs and the solicitation of individual donations under the guise of charitable activity and the abuse of financing channels such as exchange houses, cross-border transfer services, NPOs and fake NPOs, banks, the use of cash, BNIs and precious metals and stones. In addition, Qatar observed that foreign terrorist organisations have targeted both Qatari citizens and foreign residents in Qatar to collect funds for their overseas operations.

269. A variety of UN-designated terrorist organisations have attempted to raise funds in Qatar, including al-Qa'ida (AQ) and its regional affiliates in other countries in the region and the individuals funded their travel with personal funds. Finally, although there were cases of FTFs from Qatar going to conflict zones (10-15), the numbers are low compared to other countries in the region and the individuals funded their travel with personal funds.

270. AQ and its affiliates have targeted Qatar for fundraising in the past. Of the 18 Qatari citizens that Qatar has sanctioned under its terrorism-related authorities since 2017, at least five were formally accused of financing AQ and its regional affiliates but none was convicted. Qatar has domestically designated a total of 61 individuals and 19 entities and frozen a total of QAR 4.26 billion (USD 1.17 billion) in funds, assets and instrumentalities. Although most of the funds related to a few high worth individuals (see IO.10), there is a high TF threat posed by the domestically and UN designated individuals and entities in Qatar and their economic capacity.

271. However, Qatar is not prosecuting and convicting cases in accordance with its risk profile. The country has only prosecuted and convicted a very limited number of unsophisticated TF cases related to the movement of funds by individuals to contacts abroad through informal settlements. Qatar has not convicted any case of standalone TF or complex TF case related to the types and channels identified in the NRA.

272. Between 2015 and 2021, the SSB has only successfully referred 28 cases with TF charges to the PPO (Table 4.4) out of 338 internal reports opened based on the suspicious of potential TF (8.2% of the cases). The main methods and patterns observed in the referred cases were self-funding or unsophisticated formal and informal transfers of personal funds to foreign individuals (16 cases), including through informal settlement by phone calls. This is followed to a lesser extent by direct unlicensed fundraising by individuals and use of social media platforms (12), raising in-kind donations and transferring them to individuals abroad (10), travelling to conflict zones to oversee the distribution of financial aids and funds transiting through Qatar by cash or formal remittances.

273. The PPO has only prosecuted 14 cases, covering 44 defendants. Since 2019, the PPO has only prosecuted two cases, covering two defendants. In addition, the large majority of the prosecuted defendants (28 of them) relate to four cases in 2015. These are out of the scope of this assessment process. Therefore, they are not weighted in the overall conclusion of the section and only provided for contextual purposes. One case of 2015 disrupted a terrorist cell operating in Qatar that was preparing to commit terrorist acts in Qatar. The cell was self-funding their activities and seeking funding through the collection of donations via a sham NPO. In that TF case, 18 of the defendants were convicted for TF and the penalties imposed were just between three to five years of imprisonment. Although these penalties were not proportionate or dissuasive (as they were convicted under the 2010 AML/CFT Law which was reformed in 2019), all of them were also convicted for terrorism and the penalties imposed for these convictions were higher and varied up to life imprisonment.

274. In terms of the advancement of the cases, Qatar has obtained a very limited number of TF convictions (four cases) from 2015-2018 and no convictions from 2019-2021. This raises serious concerns on the capacity of the authorities to advance cases towards successful outcomes. In addition, of the 14 prosecuted cases, eight of them led to TF acquittals (more than 50%) and three are still under trial. Finally, in five of the cases referred by the SSB, the PPO ultimately charged and convicted 15 individuals for provision of financial services without a license and not for the more serious TF offence.

275. Overall, the TF conviction rate in Qatar is 28%. This is low considering Qatar's criminal system's response to other financial crimes (see IO.7) and considering the potential impact and consequences of the TF threat present in Qatar. In addition, no legal persons have been convicted of TF offences. These are negligible results considering the TF risk identified by Qatar. This indicates that there are fundamental challenges in successfully achieving TF convictions and advancing prosecutions in Qatar, as 98% of the preliminary investigations initiated by the SSB produce no deterrence for the TF offence (see Table 4.1).

**Table 4.1. Number of TF investigations, prosecutions and convictions (2015-2021)**

Year*	SSB internal report	Investigations		Prosecutions		Convictions	
	Cases	Cases	Suspects	Cases	Defendants	Cases	Convicted Persons
2015	33	5	30	4	28	1	18
2016	28	3	5	1	3	1	1
2017	32	10	22	4	8	1	3
2018	22	8	15	3	3	1	1
2019	50	3	8	1	1	-	-
2020	101	1	5	-	-	-	-
2021	72	1	1	1	1	-	-
<b>Total</b>	<b>338</b>	<b>31</b>	<b>86</b>	<b>14</b>	<b>44</b>	<b>4</b>	<b>23</b>

276. The PPO explained that they face challenges when attempting to effectively prosecute and achieve convictions on TF, such as limitations on the presentation of sufficient and conclusive evidence in accordance with the standards required in court, demonstrating the knowledge and intent elements of the TF crime, the difficulty to convert intelligence into formal evidence and barriers posed by the lack of effective international cooperation with certain jurisdictions. In addition, Qatari authorities recognised both in the NRA and in interviews with the assessment team that even when convictions are achieved in TF cases, these have been overturned (six cases) or the severity of the sentences was further reduced by the Court of Appeals (five cases).

277. These challenges could be also related to the need to further develop the knowledge or understanding of the judiciary on how to consider TF cases. As detailed in IO.1, the SJC has only advanced 38% of their agreed action plan to increase the awareness of judges of this type of criminality and to better understand the obstacles for convicting TF cases.

278. In 2019, the SJC decided to create a judiciary circuit specialised in serious crimes, in particular ML, terrorism and TF, and human trafficking, made up of three judges on the recommendation of NAMLC. The activity of this specialised circuit was disrupted due to the Covid-19 pandemic in 2020 and 2021. At the beginning of 2022, the SJC decided to activate the circuit and strengthen it by creating a second chamber and adding three new judges. The circuit now consists of two criminal chambers and six judges. A specialized training program has been designed, implemented through external training visits and national and international workshops. While these are positive developments, these reforms are too recent to have tangible impact.

**Table 4.2. Type of TF activity in SSB internal reports, investigations, prosecutions and convictions, 2015-2021**

	Financing	Collecting funds	Moving funds	Using funds	Combination of financing, collecting, moving and using funds	Total
Reports SSB	36	81	191	3	58	369
Investigated	8	5	11	-	7	31
Prosecuted	3	6	1	-	4	14
Convicted	-	-	-	-	4	4

279. Finally, the cases presented to the assessment team were mainly connected to attempts of cross border movement of funds through informal channels or fundraising through misrepresenting an NPO to raise funds (see Table 4.2 and Box 4.1). Authorities have not sufficiently advanced TF prosecutions related to TF activity identified in the NRA as medium-high risk, such as the abuse of licensed NPOs for TF or to designated individuals, entities or associates trying to collect, move or use funds and other assets for TF purposes or the use of channels also identified in the NRA as medium-high risk, such as banks, exchange houses, BNIs, cash and precious metals. All the above elements demonstrate that Qatar is not adequately prosecuting and achieving convictions on TF cases in accordance with the risk profile of the country. Therefore, fundamental improvements are needed to achieve the expected results.

### Box 4.1. Types of TF prosecutions and convictions

#### Case Study 4.1.1: Transfer of Funds to ISIL in the Sinai Peninsula

In 2017, Qatari authorities convicted a foreign resident in Qatar (Q1) of TF and sentenced him to life imprisonment and included him on Qatar's domestic sanctions list on the basis that he provided funding to persons and entities related to ISIL in Syria and in the Sinai Peninsula (SP). In addition, authorities seized QAR 260 000 (USD 71 408) linked to this activity. Authorities demonstrated that Q1, following the directions from ISIL leaders in Syria, transferred funds through licensed MSBs using a network of unsuspecting mules.

Qatari authorities identified the suspect using foreign intelligence related to possible TF activity using a phone number located in Qatar. Authorities then used the input from intercepted communications and the analysis of the accounts used by Q1 to identify the existence of this TF channel and produce relevant evidence.

In the same case, Qatar also convicted two other foreign residents in Qatar (Q2 and Q3) for TF to ISIL-SP associates and entities in Egypt and sentenced them to life in prison (one in absentia). Qatar convicted a fourth foreign resident in Qatar (Q4) that was connected to the TF structure, who was sentenced to three years imprisonment and a fine as authorities were not able to demonstrate that he was aware of the destination of the funds.

Based on intelligence provided by the same foreign counterpart and surveillance of these individuals, Qatar demonstrated that Q2, Q3 and Q4 collected QAR 200 000 (USD 50 000) to transfer it to ISIL-SP associates and entities in Egypt.

#### Case Study 4.1.2: Fundraising and transfer of funds to ISIL in Syria

In 2018, Qatari authorities convicted a foreign resident in Qatar (Q1) of TF to ISIS in Syria TF and sentenced him to life imprisonment for TF. This individual collected funds from the Syrian diaspora population in Qatar to transfer it to Syria, supposedly to support family members, while he was actually providing support to ISIL fighters. Q1 confessed to have

used an informal settlement system with an ISIS office in Syria and admitted having transferred QAR 40 000 (USD 11 000) to support terrorist fighters.

Qatari authorities identified this case through internal intelligence and intercepted the private communications of Q1, including audio calls, SMS messages, and messages sent via social media platforms such as WhatsApp and obtained sufficient evidence to support the case.

**Case Study 4.1.3: Local ISIL terrorist cell fundraising through a fake NPO and self-funding**

In 2015, Qatari authorities convicted 18 Qatari citizens for TF activities in Qatar and sentenced 15 citizens to three years of prison and three citizens to five years of prison. These individuals were part of a local ISIL terrorist cell that was planning to commit a terrorist attack in Qatar. The terrorist cell raised funds through the false appearance of a charitable organization (NPO) that supposedly provided assistance to affected individuals in Syria. They used a fake Twitter account to promote the fundraising of the apparent charitable activities. In addition, members of the cell also self-funded and provided material support to pursue terrorist activities.

Qatari authorities identified the case using internal intelligence, intercepted communications and used surveillance including undercover operations to gather evidence against these individuals. The cell was disrupted when preparing to conduct terrorist acts in Qatar and authorities seized a total of QAR 18 000 and SAR 19 000 (USD 9 500).

***TF identification and investigation***

280. Although Qatar has demonstrated the capacity to identify and investigate TF to some extent, authorities rely heavily on foreign intelligence to launch investigations that do progress into a more formal stage such a referral to the PPO (34%). The conversion rate into referrals to the PPO of those cases that were initiated through domestic sources is much lower (5%). SSB and PPO do not use financial intelligence produced by the QFIU to launch TF investigations and it is unclear if its input adds substantive value to investigations in course (see IO.6). In addition, there is limited evidence of identification of TF cases that progressed into more advanced stages based on RACA's input. This was observed in the case studies and the statistical data provided.

281. The identification and investigation of TF offences in Qatar involves coordination and cooperation of several government agencies and bodies. SSB has the primary responsibility for conducting inquiries and gathering evidence and it has sufficient operational capacity and resources to conduct their work. MOI has referred to SSB some terrorism investigations that led to TF investigations. Additionally, SSB has direct access to a large number of MOI databases to obtain information useful for its terrorism and TF investigations. The written record of investigations, interviews and any documents, and the seized items during the course of inquiries and evidence collection are then sent to the State Security and Combatting Terrorism Prosecution Section (SSCT) in PPO.



282. The PPO plays a critical role in investigations. Under the Qatari judicial system, only prosecutors are permitted to conduct judicial investigations. The PPO is also central to facilitating international cooperation through MLA and extradition. The SSCT, a specialized section within the PPO, focuses on ensuring the successful prosecution of terrorism and TF-related crimes.

283. The SSCT prosecutor assigned to the case then takes additional investigative steps as necessary which may include the seizure of letters, communications and printed materials, surveillance, the arrest and interrogation of suspects or witnesses, prohibition of the suspect leaving the country, and the freezing or seizure of the suspect's funds and any instrumentalities of the crime. Following the completion of the investigation, the PPO may refer the case to the criminal court for trial.

284. The SSCT has the necessary human and technical resources to fulfil effectively its responsibilities and mitigate the TF risks in Qatar. The PPO uses a case management system for criminal cases, which is regularly updated and optimized to meet the related operational needs. All related data and documents are kept and archived electronically, in addition to other automated services integrated to the system.

285. SSB and PPO have demonstrated sufficient operational capacity to identify and investigate possible TF activity. In addition, the SSB demonstrated that it proactively engages with foreign counterparts to identify potential TF activity. This has led to some successful TF investigations and convictions, particularly in cases identified through foreign intelligence (e.g., see case studies 4.1.1 and 4.1.2). However, as noted in IO.2 in Chapter 8, there is room for improvement in terms of international cooperation related to TF cases.

286. Nonetheless, Qatar is not sufficiently identifying and investigating TF activity. The number and type of TF cases initiated remains low in light of Qatar's risks and the number of reports on possible TF activity received from both internal and external sources. As per Table 4.3, between 2015 and 2021, the SSB undertook 31 investigations into cases of TF. Of those, 16 cases are standalone TF investigations<sup>37</sup> and 15 cases are TF investigations associated with terrorism offence investigations. The PPO has completed 28 of these investigations, with three remaining under investigation at the time of the onsite.

**Table 4.3. PPO TF and terrorism investigations, 2015-2021**

Year*	TF	Terrorism and TF	Terrorism
2015	2	3	5
2016**	1	2	3
2017	7	3	3
2018	5	3	3
2019	1	2	2
2020	0	1	3
2021	0	1	1
Total	16	15	20

<sup>37</sup> i.e., not associated with terrorist offences.

\* The year in which the investigation into the case were launched.

\*\* In one terrorism case, the PPO added a TF charge at the investigation stage.

287. As shown in Table 4.4, Qatar initiated 14 cases from foreign intelligence sources and other from eight mixed sources (which includes domestic intelligence confirmed by information provided by a foreign source). Although it is valuable that Qatar is engaging and reacting to the input provided by foreign jurisdictions to initiate and pursue TF cases, there is room for improvement on inter-agency coordination as key authorities such as RACA, GAC and QFIU only cooperated with SSB investigations to a limited extent (see Table 4.6).

**Table 4.4. Main Source of TF Investigation, 2015-2021**

Year	Investigations	Foreign	Domestic	Mixed*
2015	5	4	1	-
2016	3	1	1	1
2017	10	6	2	2
2018	8	1	4	3
2019	3	2	-	1
2020	1	-	-	1
2021	1	-	1	-
Total	31	14	9	8

\* Mixed source cases are those in which the primary intelligence was domestic but was supported by information from an external source.

**Table 4.5. Type of potential TF channels identified in internal and external intelligence received by SSB, 2015-2021**

Method	Cash	NPOs	Fake NPOs	Bank	Exchanges house	Smuggling	Others	Providing financial services without a license	Precious metals and stones	Providing aid
Internal	60	48	20	34	125	5	9	7	-	20
External	15	4	5	4	8	-	-	-	-	5
Total	75	52	25	38	133	5	9	7	-	25
%	20%	14%	7%	10%	36%	1.5%	2.5%	2%	0%	7%

**Table 4.6 SSB Cooperation with relevant national authorities, 2015–2021**

Year	Investigations	NCTC	QFIU	MOI	MOFA	QCB	RACA	GAC	MIAE	OSC	ISF <sup>38</sup>
2015	5	4	3	0	0	0	0	0	0	0	1
2016	3	1	1	1	0	0	0	0	0	0	0
2017	10	3	6	4	3	2	1	1	1	1	0
2018	8	5	3	3	1	1	0	0	0	0	0
2019	3	1	1	0	0	1	0	0	0	0	0
2020	1	0	1	1	0	0	0	0	0	0	0
2021	1	0	1	0	0	1	0	0	0	0	0
Total	31	14	16	9	4	5	1	1	1	1	1

288. In addition, in the case of RACA and GAC, their input has only been the source for 4 and 5 SSB internal inquiries out of a total of 369 initiated for TF suspicious respectively. Finally, the input from the QFIU, RACA and GAC do not appear to be leading to permanent reports that lead to a referral to the PPO. Therefore, even if Qatar used domestic sources in almost half the investigations, it is apparent that RACA, GAC and the QFIU are not sufficiently contributing to the identification and advancement of TF cases.

289. Consequently, the main elements to initiate TF investigations have been intelligence from foreign or mixed sources. Yet, during the interviews with the assessment team, it was clear that there are opportunities to improve or enhance informal and formal international cooperation on TF, as this was one of the main reasons identified by Qatar authorities for the failure of TF investigations and prosecutions. This conclusion is further reinforced by the information presented in Table 4.6 related to the cooperation between SSB with relevant national authorities and the mismatch between the TF channels identified by internal sources such as QFIU and RACA, with the cases that are investigated and advanced into prosecutions and convictions (see Table 4.6 and Box 4.1).

290. Qatar has not initiated permanent reports of TF cases from financial intelligence reports from QFIU or input from agencies such as GAC or RACA despite the fact that the abuse of banks, NPOs, the smuggling of cash, BNIs and precious metals represent the highest level of TF risk within Qatar. SSB and the PPO utilise financial intelligence but the value added to advance TF investigations and prosecutions was not demonstrated (see IO.6). In addition, as stated, the cooperation with QFIU occurred only in half of the 31 TF investigations. Co-operation with other key authorities such as RACA and GAC is very limited, as observed in Table 4.6.

<sup>38</sup> Internal Security Forces

**Box 4.2. TF identification and investigation****Case Study 4.2.1: Investigation of Qatari links to Sri Lankan terrorist attacks**

In 2019, Qatari authorities identified six Sri Lankan individuals residing in Qatar that actively participated in WhatsApp and Telegram groups of ISIL supporters and shared information related to terrorist acts that occurred in Sri Lanka in 2019. Based on the investigation conducted into these individuals, they identified that one of them used his mobile phone to transfer 20 000 Sri Lankan Rupees (QAR 400 / USD 54) to another person in Sri Lanka involved in the attack from his Sri Lankan bank account.

Authorities identified the individuals using information received from foreign counterparts and, during the course of the investigation, they have informally exchanged information with 17 countries. In addition, Qatar responded to Sri Lankan Interpol requests and shared the results of the investigations.

***TF investigation integrated with –and supportive of- national strategies***

291. Qatar’s CFT strategy is integrated with its larger AML/CFT strategy. The National AML/CFT Strategy 2020-2025, which takes into account the findings of the NRA, identifies strategic priorities for combating ML/TF, mitigating threats and risks related to TF, enhancing the performance effectiveness of the competent authorities in preventing, detecting and investigating illicit finance. Qatar’s Action Plan identifies six main objectives, including “*Combating illicit finance through robust investigations and prosecutions, and the confiscation of proceeds of crime.*” All competent authorities with responsibilities for CFT, including PPO, SSB, RACA and the MOI, have action plans that are designed to fully achieve this strategic goal. However, based on the results on TF investigation achieved by Qatar’s criminal system, it appears that the contribution remains limited.

292. It is less clear how CFT is integrated into Qatar’s national CT strategies. Qatar’s counter-terrorism efforts are coordinated by the NCTC. MOI, PPO and SSB are all represented in the NCTC. At the time of the onsite, the NCTC developed a new Counter-Terrorism Strategy. Qatari authorities advised during the interviews with the assessment team that there has been coordination and the CT Strategy would include TF elements. The 2022 CT Strategy includes elements relating to CFT; however, the newness of the Strategy means it remains unclear how CFT forms part of Qatar’s broader CT Strategy.

293. In terms of Qatar’s investigative approach to terrorism and TF, Qatar presented statistics and a number of cases that demonstrated that, whenever there is a terrorism case, the authorities also consider the TF aspect and *vice versa*. In addition, Qatar demonstrated that TF cases have also led to designations on Qatar’s national Sanctions List. However, it is unclear if this forms part of a strategic approach adopted by authorities in line with established processes, guidelines and coordination efforts, as the assessment team was not provided with any evidence in this regard. In addition, Qatar has not provided to the assessment team any successful cases of TF convictions of individuals or entities designated for TF by the UNSC. In addition, only

five individuals that were domestically designated were also convicted for TF activity. Therefore, it does not appear that the investigation of TF sufficiently forms part, and is supported by, Qatar's broader CT strategies and investigations.

### *Effectiveness, proportionality and dissuasiveness of sanctions*

294. In Qatar, TF has a maximum penalty of life imprisonment and a fine between QAR 5-10 million (USD 1.5-3 million) or twice the value of the financing provided, whichever is greater.

295. As noted above, in 2016-2018, Qatar secured TF convictions in three cases, resulting in convictions of five individuals (Table 4.7.). Qatar imposed sentences of life imprisonment for these five individuals as cumulative sanctions for charges of TF and terrorism.

**Table 4.7. Sentences for TF in Qatar, 2015-2021\***

Year*	Sentenced persons	Terrorism sentences	TF sentences	Other offences
2015	18	Five years imprisonment for 3 defendants Three-year imprisonment for 15 defendants		- Five years of police surveillance for two defendants. - Confiscation of seized items.
2016	1	Sentences for T and TF: Life imprisonment		- Deportation after execution of sentence - Confiscation of funds
2017	3	Sentences for T and TF: Life imprisonment.		- Deportation after execution of sentence - Confiscation of funds - 3 years imprisonment and fine (for 1 person) for providing financial services without a license
2018	1	Sentences for T and TF: Life imprisonment.		- Deportation after execution of sentence - 1 year imprisonment for providing financial services without a license

\*The year in which investigation into the case was launched.

296. The sanctions applied against those convicted for TF are effective, proportionate and dissuasive. There are also cases where suspects of TF who could not be convicted were convicted instead for the provision of financial services without a license (see below), with some individuals receiving a sentence of three to six months imprisonment and some only a monetary penalty. These penalties are not sufficiently effective, proportionate and dissuasive when considering the seriousness of the TF threats.

297. Finally, as mentioned above, Qatari authorities noted challenges related to the enforcement of the achieved TF convictions, as a number of convictions have been reversed or sentences largely reduced upon appeal. This highly diminishes the effectiveness and dissuasiveness of penalties imposed to TF offences. Although Qatar has recognised this issue and started working on possible solutions, such as specialised courts and training, it was not able to demonstrate that these issues are no longer occurring.

*Alternative measures used where TF conviction is not possible (e.g., disruption)*

298. Qatar has not demonstrated that it sufficiently prioritises measures to disrupt TF activities where a TF conviction is not possible or cannot be secured. Qatar has designated persons and entities on its domestic list and imposed temporary measures to seize and freeze a significant amount of assets potentially linked with TF (see IO.10). However, this was not made as an alternative measure whenever a TF conviction was not possible, but as different parallel avenue for disrupting potential TF activities. Only 26 individuals out of the 61 currently designated were also investigated for TF, of which nine were convicted, seven were acquitted and the rest remain under investigation.

299. Qatar has also undertaken additional measures like targeted surveillance, seizure of passport, limitations on foreign travel and deportation in the case of a foreign national linked to TF or terrorist activity.

300. In addition, Qatar presented convictions for the provision of financial services without a license as a method to disrupt TF activities, due to the failing to present sufficient evidence to sustain the more serious offence of TF. As discussed above, in five cases of individuals suspected of TF conduct, the PPO achieved convictions of the less serious offence of providing financial services without a license. The PPO identified this criminal behavior during the judicial investigation and decided to pursue this activity and not the TF offences, due to insufficient evidence related to the knowledge of the suspects of the TF purpose of the funds.

301. Finally, Qatar has also charged individuals for terrorism as an alternative offence or in parallel to the TF offences in a number of cases. However, of the 20 investigations for terrorism started by SSB, the PPO opened a total of 13 cases of which four were finally acquitted, one was closed by the PPO, five are still under investigation and three ended with convictions to 21 defendants.

302. Therefore, the main alternative measures used where a TF conviction is not possible, such as charging for the provision of financial services without a license, is not commensurate with the level of TF risks and the seriousness of the potential offences conducted by terrorist financiers. It appears that prosecutors have used this legal avenue because of the lack of evidence of TF activity and as a result have only achieved five convictions with much lower penalties than if charged for the TF offence.



## Overall conclusions on IO.9

Qatar has not demonstrated that it is effectively identifying, investigating, or prosecuting TF cases or applying effective alternative measures where it is not possible to secure a conviction. Pursuing TF investigation is not properly integrated or supported by Qatar's CT efforts.

Qatar has prosecuted and convicted a very limited number of TF cases and these were not in line with the main identified TF risks. In the last six years, authorities have not advanced TF prosecutions related to the fundraising through the abuse of NPOs or the movement and placements of funds using channels such as exchange houses and banks. This indicates that Qatar is not adequately advancing TF cases in accordance with its TF risks.

Given the TF risks identified by Qatar and its geographical location, the efforts undertaken by the authorities in TF investigations, prosecution and conviction need fundamental improvement.

Qatar is rated as having a **low** level of effectiveness for IO.9.

### Immediate Outcome 10 (TF preventive measures and financial sanctions)

#### *Implementation of targeted financial sanctions for TF without delay*

303. Qatar has a robust regulatory and institutional framework to implement TF-related TFS. Overall, Qatar demonstrated that it is implementing TF TFS without delay and makes use of domestic designations, largely in line with its risk profile.

304. The current TFS framework requires every natural and legal person, including FIs, DNFBPs and NPOs, to freeze immediately and without delay (i.e., no later than 24 hours) all the funds and other assets of the person or entity designated by the UNSC or its Committees. Designations by the UNSC immediately trigger the obligation to freeze the funds of the person or entity designated without delay, and within a maximum of 24 hours. In addition, the freezing of funds of individuals or entities designated pursuant to UNSCR 1373 is performed upon the announcement of a decision by the PPO and without prior notice (see R.6 in the TC Annex).

305. In 2019, Qatar established a consolidated list called the "Sanctions List" for all designated persons based on UNSCR 1267, UNSCR 1988, UNSCR 1373 and its domestic sanctions regime that is maintained by the NCTC. The existence of a consolidated list enhances Qatar's capacity to implement TFS under relevant UNSCRs. Qatar has demonstrated that it implements TFS in less than 24 hours and that it has a strong mechanism in place to effectively communicate and freeze the funds and other assets of designated persons and entities and/or persons and entities acting on behalf of, or at the direction of, designated persons or entities.

#### *Designations*

306. Qatar has a process in place for proposing designations of individuals or entities under UNSCRs 1267, 1988 or 1373. The PPO is responsible for the

implementation of the UNSCRs, designating persons under Qatari law and for identifying persons to propose for designation to the relevant committees of the UNSC, in partnership with other bodies such as NCTC and MOFA.

307. Qatar has a framework in place to identify targets for designations. The NCTC acts as the coordination authority responsible for identifying and proposing to the PPO the designation of a person or entity to the domestic Sanctions List, to the UNSCR or to a foreign jurisdiction and for overseeing effective implementation of TFS.

308. The NCTC, on its own or upon the request of the competent authorities, may propose to the PPO the designation of a person or entity on the Sanctions List when there are reasonable grounds or reasonable basis to suspect or believe that this person or entity meets the criteria specified in the relevant UNSCR.

309. In addition, when there are reasonable grounds and reasonable basis to believe that the person or entity designated on the Sanctions List meets the criteria for designation pursuant to UNSCR 1267 or on a foreign jurisdiction's list, the NCTC can, in coordination with the PPO and the MOFA, submit the requests to the relevant committees of the UNSC or to the relevant foreign jurisdiction(s).

310. Since 2017, Qatar has designated 61 natural persons (18 Qataris and 43 foreigners) and 19 entities, through eight decisions issued by the PPO pursuant to UNSCR 1373 (see Table 4.8 and case study 4.3.1). Out of the 61 listed persons, five were Qatari nationals already listed by the UNSC between 2008 and 2015 and related funds have been frozen. In 2020 and 2021, Qatar designated nine individuals and five entities pursuant to UNSCR 1373. In addition, Qatar has received four requests from foreign jurisdiction to list individuals and entities between 2017 and 2021 that were processed and responded in due time (e.g., case study 4.3.2). The assessment team considers that this is a clear demonstration that Qatar has proactively identified and designated both individuals and entities in its domestic list commensurate with its TF risks and as response to foreign requests.

**Table 4.8. Individuals and entities listed in the consolidated “Sanctions List” pursuant to UNSCR 1373**

Date of Decision	No. of individuals	No. of entities
(24/10/2017)	11	2
(15/3/2018)	20	8
(16/5/2018)	10	4
(28/8/2018)	1	0
(23/10/2018)	1	0
(23/10/2018)	9	0
(24/09/2020)	2	4
(29/09/2021)	7	1
<b>Total</b>	<b>61</b>	<b>19</b>

**Table 4.9. Persons and entities designated pursuant to UNSCR 1373 by group affiliation**

Persons designated pursuant to UNSCR 1373	Entities designated pursuant to UNSCR 1373	Affiliation
33	14	ISIL
22	5	Hizballah
3	-	Al Nusra Front, Jund Al Aqsa
9	-	Taliban
1	-	Al Qaida

311. In March 2021, Qatar proposed one individual for designation to the UNSCR 1267 list. However, the designation has not yet been finalised and authorities indicated that it will likely be withdrawn. The assessment team considers that the low number of nominations (1) to the UNSC Committee pursuant to UNSCR 1267 and to foreign partners through UNSCR1373 is not consistent with Qatar’s TF risk. Furthermore, the low number of nominations are inconsistent with the total number of domestic designations pursuant to UNSCR 1373. This demonstrates that, although Qatar authorities have stepped up their efforts to designate domestically as described above, authorities should increase its cooperation with partners to disrupt TF activity that may involve Qatari and/or non-Qatari persons or entities that may be located or have assets abroad or have operated in Qatar.

### Box 4.3. TF TFS implementation

#### Case Study 4.3.1: Designation pursuant to UNSCR 1373 list and freezing of funds of an individual where no conviction or criminal process is ongoing:

In 2018, the NCTC received an intelligence report from the SSB regarding an individual, “JG,” who was suspected of having connections with ISIL (Da’esh). The NCTC discussed the case on the same day and decided to propose the designation of JG to the PPO, and, in the interim, to request that QCB order a freeze on JG’s accounts.

The following day, NCTC submitted the freeze request to the QCB. The QCB then informed the NCTC that it had temporarily frozen JG’s accounts and has disseminated relevant circulars to all banks, investment companies, exchange houses, finance companies, and insurance companies operating in Qatar. Within two weeks of this communication, the NCTC received a report from the QCB on JG’s accounts and the value of funds frozen.

The NCTC also delivered its recommendation, with supporting documents, to the PPO who issued the designation and freeze order. The NCTC Secretariat published the order on its official website and circulated it to its members and to other competent authorities, including the QFIU, the AML/CFT supervisors and agencies responsible for passports and immigration.

All relevant authorities reported to the NCTC on their implementation of the designation order, with the majority reporting within two weeks. In particular, MOCI and MOJ reported that they had frozen funds belonging to JG. All financial, movable and immovable assets belonging to JG were frozen by

the competent authorities. The value of frozen assets totaled QAR 2 379 330 (USD 594 832).

**Case Study 4.3.2: Domestic designation pursuant to a joint action with the United States**

In 2021, Qatar designated multiple Gulf-based terrorist financiers in a joint action with the United States. These sanctions relate to seven individuals and one entity based on activities that provided financial support to Hizballah in violation of U.S. and GCC terrorist designation regimes.

This joint bilateral action designated persons based in Qatar, Bahrain and Saudi Arabia. The individuals were not previously designated by the UNSC.

On 29 September 2021, the PPO issued the Decision No 91/2021 designating the seven individuals and the one entity on the Qatar's Sanctions List. The value of frozen assets totaled QAR 3 655 692 808 (USD 913 923 202).

**Case Study 4.3.3: 1267 Listing and asset freezing**

In September 2015, the Permanent Mission of Qatar to the UN notified MOFA of the designation of two Qatari nationals "A.K" and "S.K" on the UNSC list pursuant to UNSCR 1267/1989.

MOFA informed the NCTC which coordinated with QCB and the PPO who issued a freezing order of the funds and assets of the two UNSC listed persons prohibiting them from disposing of all their funds. The QCB, MOJ, MOI, MOCI and other authorities notified the NCTC of the actions taken to freeze the funds of the two designated persons:

- "S.K" frozen funds and assets totalled: QAR 4 843 496 (USD 1 210 874) between a vacant plot, 2 cars, funds in a bank account, shares and capital of various companies.
- "A.K" frozen funds and assets totalled: QAR 8 488 832 (USD 2 122 208) between two vacant plots, five cars, funds in a bank account, shares and capital of various companies.

The PPO later issued then Order No. (26) of 2018 on the designation of the two UNSC listed persons on the domestic Sanctions List.

*Implementation of sanctions*

312. The legal obligation to implement TF-related TFS occurs without delay. Listings take direct effect as soon as they are made at the UN. To ensure a prompt notification of the decision of the appropriate UN body, the PPO and the NCTC are subscribed to the RSS feed on the website of the relevant appropriate UN committee to receive emails immediately regarding new designations, de-listings and updates.

313. When a UN designation notice is made, the Permanent Mission refers it to the MOFA, who immediately refers it to the PPO and the NCTC. The NCTC then publishes the notice of designation on its website within 16 hours from the date of receiving the notice. The supervisory authorities, FIs, DNFBPs, and NPOs are then required to initiate the freezing of the funds within 8 hours of notification if the freezing did not already take place at the time of the publication by the UN. In 2021, the NCTC put in

place an electronic notification platform that allows different parties involved in the implementation of the TFS to register online at no cost and instantly receive information notes through a free RSS feed on any update to the sanctions lists issued by the UNSC or to the decisions issued by the PPO. This list also allows for conducting searches by name, nationality, type of designation and can be downloaded in PDF or Excel format.

314. The PPO place the UN listed individual or entity on the Sanctions List immediately upon designation by the UNSC or the relevant Sanctions Committee. The PPO notifies the NCTC upon the issuance of the designation order.

315. To publicise the listing, the NCTC automatically updates its consolidated list of TFS targets within less than 16 hours of publication by the UN and notifies its subscriber base of natural and legal persons including 100% of licensed FIs, 75% of NPOs and 40% of DNFBPs, 82 government authorities and 392 individuals. Only some DPMSs (22%), lawyers (47%) and TCSPs (11%) subscribe to this notification platform. This may impact Qatar's capacity to sufficiently extend the TFS implementation to all natural and legal persons, even though DNFBPs have multiple touchpoints with authorities on the updates, including by accessing relevant authorities' respective websites.

316. Most FIs and DNFBPs, particularly the larger ones, demonstrated a good understanding of their obligations and implement TFS in accordance with the requirements. Separate from the NCTC list, all Qatari FIs and some DNFBPs indicate they use TFS screening solutions to screen their accounts against the UN lists on a regular basis. Most who use these tools indicated that they screen these the lists on a daily basis (see IO.4 in Chapter 5).

317. However, the MOJ observed deficiencies in relation to TFS implementation in 70% of lawyer's offices inspected and 75% real estate agents inspected in 2021. To respond to these failings, MOJ took a number of enforcement actions. Similarly, MOCI found deficiencies on 22% of DPMSs, 11% of TCSPs and 71% of auditors that they inspected in 2021. This demonstrates that the level awareness of certain DNFBPs varies and may diminish Qatar's capacity to broadly implement TFS.

318. MOCI and MOJ indicated to the assessment team that they also communicate to their relevant sectors each time a person is designated by the UN via email, which reinforces the mechanisms to make the DNFBPs under their supervision aware of the TFS obligations.

319. Therefore, although potential areas of further improvement exist, overall Qatar has demonstrated a robust framework to implement TFS without delay.

### *Targeted approach, outreach and oversight of at-risk non-profit organisations*

320. Qatar has undertaken significant work to identify the subset of NPOs most vulnerable to potential misuse for TF. Qatar's NRA identified NPOs and their supervision and operations as one of the two most critical TF vulnerabilities. Qatar has identified different ways that NPOs can be abused for TF. As the most recurrent TF trends in Qatar, NPOs can be abused through fraudulent solicitations for donations from actors that are not affiliated with the NPO or can be abused by individuals affiliated with the NPO who may divert funds to TF. Qatar also identified the use of fake NPOs as a channel to collect funds for TF (see IO.1 in Chapter 2 and IO.9 in Chapter 4).

321. In order to protect NPOs from TF abuse, Qatar established RACA as the main responsible agency. RACA is the authority responsible for AML/CFT supervision of all NPOs. RACA has all necessary powers to carry out this mandate, including the power to make binding regulations for NPOs, inspect NPOs, compel production of documents and records and enforce compliance with its requirements through the application of sanctions. RACA also serves as the licensing authority for the charitable sector. Other types of NPOs (such as religious bodies, sports clubs, and arts organisations) are licensed by other public agencies (see IO.5 in Chapter 7 and R.24 in the TC Annex).

322. In 2020, RACA carried out a full review and risk assessment of TF abuse of the NPO sector in Qatar. RACA began the risk assessment process by conducting a census of all NPOs in Qatar, no matter their registration or licensing body. In conducting this census, RACA worked in close coordination with all government agencies responsible for licensing organisations that may meet the FATF definition of an NPO. With the assistance of QCB, RACA cross-referenced its findings against the records of FIs that accept NPO customers. RACA then issued a questionnaire to all NPOs to identify their type, size, the nature and scope of their activities, and the areas in which they work, among other details.

323. Based on its survey results, out of 250 NPOs registered in Qatar, RACA identified 99 organisations that meet the FATF definition of NPO. The risk assessment then identified 7 NPOs that manage 40 field offices operating overseas as highest risk for TF abuse and identified them as the target subset, 7 NPOs as medium risk and 85 NPOs as low or medium-low risks. RACA's criteria for identifying an NPO at a high-risk of TF abuse included: (1) the NPO engages in a service-based activity; (2) works in, transfers funds or sends in-kind assistance to, high-risk countries; (3) has links with (beneficiaries, external partners, third parties) located in high-risk countries; (4) conducted at least one large cash transaction; (5) is linked to at least one high-risk international transfer outside of Qatar; and (6) is associated with one or more STRs transmitted to the QFIU.

324. Based on these findings and on TF risks identified, RACA leads a powerful regulatory framework to ensure that NPOs registered in Qatar comply with the comprehensive regulations. RACA requires members of the board of directors of NPOs to comply with legal duties and take reasonable steps to protect all stakeholders who deal with NPOs.

325. NPOs apply for their primary license through one of several government entities, depending on their primary purpose. NPOs registered with RACA, such as charities and private charitable foundations, obtain operating licenses related to the implementation of their charitable and humanitarian activities, programs, and events from RACA. Non-charity NPOs obtain their primary license through one of the following depending on the type of NPO activity they conduct: the Ministry of Culture, the Ministry of Sports and Youth, the MEIA, or MOJ.

326. However, all NPOs have to apply to RACA for a license to receive, collect or disburse financial resources (grants, gifts, wills, fundraising, conducting domestic or international financial transfers or the physical transfer of funds across borders) in addition to the granting of licenses for the activities and programs of NPOs operating at the international level, the opening of external offices, and the accreditation of external partners when an NPO implements activities or programs at the international level. NPOs are also required to have RACA's approval to hire new staff at the senior management levels (boards of trustees, executives and managing directors) and partner with entities. Such rigorous licensing and approval conditions



may place unnecessary and overbearing burdens on NPOs that are not risk-based. RACA has developed some guides to explain how smaller, locally operating NPOs are able to meet minimum regulatory requirements and are not subject to the same of those who operate abroad or deal in high amounts of transactions.

327. In addition, RACA requires all NPOs to conduct the following activities as part of their mandatory preventive measures: due diligence on associated parties, such as donors, beneficiaries, volunteers, external partners, and foreign intermediary banks, screening associated parties against UN and Qatari sanctions lists; negative news searches; verifying that associated parties have complied with all applicable licensing and registration requirements. NPOs are required to ensure their policies and procedures support sufficient record-keeping, a clear system of whistleblowing, a balanced board of directors, and methodologies for identifying internal and external risks. Finally, NPOs must communicate critical incident reports to RACA on potential internal misconduct or other internal or external threats of abuse for TF purposes. This expansive burden entails a “one-size-fits-all” approach that is partially mitigated by RACA’s efforts to engage with the sector and provide guidance on what are and are not the obligation for each NPO.

328. RACA reviews critical incident reports including whistle-blower reports and any other allegations about misconduct. The assessment team understands that NPOs reported and RACA investigated a handful or incidents in which an individual with no affiliation with the NPO created an online solicitation for donations. However, it is unclear if NPOs have reported or RACA has investigated any incidents in the past five years in which an individual affiliated with an NPO abused a NPO for TF.

329. RACA conducts inspections and audits of NPOs to ensure compliance with relevant AML/CFT measures. As part of this supervisory efforts, RACA provided an example in which an NPO alerted them about a person frequently raising funds online pretending to be a part of the NPO. RACA alerted MOI, which liaised with the jurisdiction in which the person was located, and local authorities (outside of Qatar) arrested this person. RACA also provided a case in which in 2019 a NPO sent an STR to the QFIU flagging that a partner in another country had a board member designated by a foreign partner. Based on this STR, RACA instructed the reporting NPO to suspend the relationship with its partner until further notice.

#### **Box 4.4. RACA – Raising funds on the appearance of an NPO**

In March 2019, a Qatari non-profit organization filed a complaint with the RACA about an unknown entity in Türkiye that deliberately established a website and fraudulently used its name to promote fictitious charitable projects for the purpose of fundraising. RACA sent a request for information to its counterpart in Turkey through MOFA.

After 6 months, RACA received the Turkish authorities' response that an investigation had been conducted into the case, the fake website had been closed, and the suspect had been referred to the competent prosecution office to carry out investigation and referral measures for prosecution.

330. Among the more targeted measures, RACA imposed restrictions on 4 high-risk NPOs related to working abroad, though still allowing them to continue with their

activities domestically. In addition, RACA provided extensive support to implement a compliance program to address the identified vulnerabilities. This decision was made based on RACA's view that these 4 NPOs did not have adequate understanding of TF risks to prevent TF in high-risk jurisdictions.

331. The 4 restricted NPOs have action plans agreed with RACA that have clear and specific steps to regain the license to work abroad. The plans are phased approaches in which these NPOs must take specific steps to improve their compliance, controls, and supervision of projects. Following these improvements, the NPOs will be allowed to work in low-risk jurisdictions and finance UN projects to rebuild their overseas work before regaining the authorization to operate in other higher-risk jurisdictions.

332. Apart from NPOs that do work abroad which need to apply the regulations in a more comprehensive manner and have a more intensive oversight, RACA applies and supervises intensive regulations over the entire NPO sector, which may not be proportional to the threats facing low-risk NPOs. Although RACA actively engages with the NPO sector, which includes meetings to coordinate and discuss oversight, compliance and training plans, the assessment team considers that the level of regulatory burden and supervisory oversight is not sufficiently targeted and proportionate. For example, all NPOs need to apply to RACA to withdraw cash for the NPOs' use. This may disrupt or discourage legitimate NPOs activities, particularly of smaller or less developed NPOs and of those NPOs that do not face a high risk of abuse of TF.

333. Qatari authorities provided examples to the assessment team of instances when they took disruptive action related to potential TF activity and emphasized and demonstrated strong controls in place on employees, boards of directors, and NPOs' activities to prevent such type of abuse. Qatar presented a number of cases where authorities have disrupted efforts by individuals online who fraudulently claimed to be fundraising for a Qatari NPO, but instead was collecting funds for TF purposes (see Box 4.4 and 4.5). The assessment team agreed that this type of activity constitutes the need for swift and effective action to prevent the abuse of NPO for TF. However, it is unclear to what extent authorities have disrupted TF stemming from individuals affiliated with an NPO that abuse the NPO for TF.

#### Box 4.5. RACA – Cooperation with QFIU, MOI and PPO

In 2017, according to the results of the desk and field audit conducted by RACA’s audit team on the financial and administrative management of a NPO, there were suspicious financial transactions in the funds and assets of the NPO. RACA conducted a preliminary investigation, exchanged information with QCB and informed the QFIU, which reported that its financial analysis led to the discovery of an unusual movement in the transfer of funds from the bank account of the NPO to the personal accounts of a number of employees working in it, and that financial transfers were made abroad.

RACA submitted a report to MOI and, in order to finalize the results of the preliminary search to the PPO, it authorized the freezing of bank accounts of suspected employees, preventing their travel abroad and referring them to trial. RACA also directed the NPO to suspend the employees until a final judicial ruling is issued and required the NPO to submit regular reports on the implementation of corrective measures.

334. In conclusion, Qatar’s efforts to better understand the TF vulnerabilities of the NPO sector and to identify the most at risk have helped authorities to take action to prevent abuse of the sector. Qatar has developed a much more robust regulatory framework than the one it had before and has also tailored its supervisory approach to assist NPOs to develop a culture of compliance for AML/CFT. RACA emphasizes it take a data driven and inclusive approach when it comes to the application of regulations and supervision of NPOs. However, as these efforts have been substantive and implemented in a short period of time it is unclear if RACA has properly balanced the need to apply regulations and enhance supervision to the subset of most at-risk NPOs, while implementing a proportionate regulatory burden on the rest of NPO sector.

335. The assessment team takes overburdening of the NPO sector seriously and weighted it appropriately. While Qatar can improve its oversight of NPOs to ensure it is fully proportional and does not limit reasonable activities, the assessment team noted the many efforts by RACA to develop focused supervision, to balance its TF concerns with broader NPO activities and this effort demonstrated Qatari authorities’ work on proportional and focused measures, even if authorities are still finding the right balance.

#### *Deprivation of TF assets and instrumentalities*

336. In total, Qatar currently holds QAR 599 million (USD 165 million) frozen under UNSCR 1267 measures and QAR 3.66 billion (USD one billion) frozen under UNSCR 1373 measures. The total amount of frozen funds and assets is QAR 4.26 billion (USD 1.17 billion). The most significant amounts of frozen funds are the consequence of the 2021 designations in the domestic section of Qatar’s Sanctions List pursuant to UNSCR 1373 (see case study 4.3.2 above). The significant amounts of frozen funds and assets demonstrate a strong commitment and capacity to implement TFS in Qatar and to deprive terrorists, terrorist organisations and terrorist support networks of resources and means to finance or support terrorist activities and organisations.

337. The funds and assets frozen in Qatar relate to 12 individuals and one company. One individual accounts for QAR 2.6 billion (USD 714 million) of funds and assets frozen. Three individuals account for almost QAR one billion (USD 275 million). All of them were designated in 2021 in a joint action with the US (see case study 4.3.2 above). In addition, most of the frozen assets are real estate (95%), followed by funds in bank accounts (almost 5%) and other assets such as cars, boats and stock and company capital, in marginal amounts. The NCTC maintains a database that includes data in relation to the frozen funds of listed individuals and entities including information on date of listing, freezing date, type of frozen funds (bank accounts, real estates, vehicles, shares, etc.).

338. In addition, court sentences in TF cases from 2016 to 2018 included the confiscation of the involved funds and instrumentalities. Qatar secured 9 confiscation orders in that time period for a total of QAR 1 046 205 (USD 287 337). However, as Qatar has not achieved any TF convictions after 2018, there has not been any further confiscations in 2019-2021. Therefore, Qatar has demonstrated a certain level of capacity to confiscate assets and instrumentalities related to TF activities but the challenges in achieving convictions on TF have a direct effect on securing results on asset recovery linked to TF.

**Table 4.10. Amounts confiscated in TF cases following TF convictions (2016-2021)**

Year	Confiscated amounts
2016	QAR 411 367 (USD 102 841)
2017	QAR 425 475 (USD 106 368)
2018	QAR 182 363 (USD 45 840)
2019	-
2020	-
2021	-

339. Qatari authorities demonstrated that they are able to request provisional measures in TF cases including the seizure or freezing of suspected accounts, assets and properties. Qatar prosecutors explained that TF investigations should systematically include a focus on tracing the assets and instrumentalities with the assistance of the QFIU and the imposition of provisional measures to deprive potential terrorist, terrorist organizations or terrorist financiers of these funds. However, shortcomings described in IO.9 on the effective identification, investigation and prosecution of TF cases affects the capacity of Qatar to take all appropriate measures to prevent the raising, movement and use of funds for TF.

340. Nevertheless, Qatar has demonstrated that in all investigated TF cases the authorities imposed 31 provisional measures resulting in QAR 6 236 155 (USD 1.7 million) of funds and assets seized. In addition, Qatar has frozen assets in a TF case that it started investigating in 2020 for a total amount of QAR 325 151 601 (USD 89 million). Consequently, Qatar has demonstrated that the LEAs and prosecutorial authorities have the capacity to identify, target and deprive assets and instrumentalities when there is a TF investigation.

341. Qatar understands the inherent risks associated with that fact that UN designated terrorist financiers and terrorists reside in Qatar and are not in prison. Therefore, Qatar takes the necessary administrative actions to mitigate the possibility

of designated individuals from further abusing the Qatari system. Qatari authorities advised that they had successfully prevented instances of attempted TF abuse by at least one designated individual. FIs monitor activity related to designated persons and, in cases of activity, they immediately report to QCB and also file an STR with QFIU.

342. Qatar provides UN designated individuals access to a monthly stipend and the relevant legislation requires it to be in line with UN protocol for living expenses. Qatari authorities calculate the amount of the stipend to provide for basic needs, including housing, in consultation with the Ministry of Social Development. FIs submit a report to QCB every three months on any activity from designated person's account. According to the information provided, the monthly living stipend seems to be generally in accordance with the cost of living of Qatar (see Table 4.11 below).

343. Qatari authorities approve extraordinary expenses on request from designated persons. For example, the assessment team was presented with a case of one individual that needed to make a payment related to real estate and Qatari authorities approved the FI involved to transfer funds directly from the frozen account to the real estate broker, limiting the risk for TF abuse.

**Table 4.11. Permission granted for basic and extraordinary expenses by type of designation**

Amount per month	Type of Designation
Between QAR 19 081 and QAR 28 000 (between USD 5 200 and USD 7 200)	1267
Between QAR 12 000 and QAR 29 900 (between USD 3 300 and USD 8 200)	1373

344. In conclusion, the assessment team considers that Qatar has deprived terrorists, terrorist organisations and terrorists' financiers of assets and instrumentalities related to TF activities to a large extent. SSB and the PPO demonstrated that they have the authority to trace, seize, freeze, and confiscate assets and instrumentalities when investigating and prosecuting TF cases. Although the shortcomings explained in IO.9 have an impact on the effectiveness of the deprivation of TF assets and instrumentalities, Qatar demonstrated that it has the needed institutional, legal and operational capacity to prevent terrorists raising and moving funds within Qatar.

### *Consistency of measures with overall TF risk profile*

345. The measures undertaken by Qatar are largely consistent with its overall TF risk profile. As recognised in the NRA, a variety of UN-designated terrorist organizations have attempted to raise funds in Qatar, including AQ and its regional affiliates, ISIL, and some designated individuals on Qatar's Sanctions List who are associated with the Taliban and Hizballah. These foreign terrorist organizations have targeted both Qatari citizens and foreign residents in Qatar to raise funds for their overseas operations. In addition, the NPO sector is at risk for TF from both individuals associated with NPOs, as well as individuals raising funds through fraudulent claims of affiliation with an NPO.

346. To respond to this level of risks, Qatar has stepped up its institutional and operational capacity to implement TFS and to designate persons and entities in its local TF Sanctions List. Qatar's action in freezing terrorist funds and depriving terrorists of funding is consistent with the described risks. In addition, Qatar's efforts to improve the awareness and capacity of the NPO sector on the possible threats and risks they face and to build up strong preventive measures and policies within at-risk NPOs to identify potential TF abuse are also in accordance with the level of risks. However, Qatar could further target the measures towards the subset of NPOs to avoid overburdening the rest of the sector with complex requirements in a disproportionate manner that may undermine the capacity of NPOs to conduct legitimate activities.

## Overall conclusions on IO.10

Qatar's legislative framework ensures that all natural and legal persons are legally required to implement TFS immediately upon designation by the UNSC or by the PPO.

Qatar has listed a number of terrorist organizations and persons on the NCTC list and has effectively frozen assets of designated persons located in Qatar and has processes in place to freeze assets in the future, if needed. Qatar has communicated the importance of TFS to most supervised entities but could conduct further outreach to the DNFBP sector to enhance TFS implementation.

Qatar has applied strong measures to ensure NPOs are not misused for TF purposes. Qatari authorities have applied important measures and regulatory burden across the whole NPO sector but have also focused other stringent measures on more at-risk NPOs. Qatar can further target its efforts towards the NPOs at high-risk of TF abuse to ensure that the implemented regulatory measures are proportional and not applicable to the entire sector.

Qatar is rated as having a **substantial** level of effectiveness for IO.10.

### Immediate Outcome 11 (PF financial sanctions)

347. Qatar does not have any direct financial links with DPRK or host a DPRK embassy. It has also shut down all DPRK-owned businesses and expelled foreign workers from its jurisdiction in accordance with international obligations.

348. The country has both direct and indirect exposure to PF threats emanating from Iran. Its direct exposure stems primarily from trade, the existence of one local branch of an Iranian bank with limited activity and transportation links with Iran. In 2022, Qatar and Iran signed a number of MOUs, including one expanding trade between the countries. Approximately 20 000 Iranians live in Qatar and Qatar imports from Iran totalled QAR 370 277 019 (USD 101 696 509) in 2021. The main products imported were livestock, vegetables and fruits, carpets, and furniture. Qatari authorities have implemented measures to process and screen shipments of goods and materials which could potentially be used for proliferation or PF. Meanwhile, FI



and DNFBP supervisors endeavour to sensitise entities to relevant PF risks and ensure they are screening for these risks accordingly.

349. According to the NRA, Qatar's proliferation and PF risks are assessed to be generally external. The primary threats are posed by foreign state actors who may attempt to exploit Qatari banks, companies, or transportation infrastructure to finance clandestinely, procure, ship, or trans-ship goods for use in the proliferation of WMDs.

4

### *Implementation of targeted financial sanctions related to proliferation financing without delay*

350. Qatari authorities' use the same process for the implementation of PF-related TFS as for TF related UN sanctions, as discussed in IO.10. Therefore, PF-related TFS are required to be implemented without delay.

351. As explained in IO.10, Qatar maintains a consolidated Sanctions List that includes persons and entities associated with TF and PF. The Sanctions List has two sections: (i) UN designated names and (ii) domestically designated names. Like the UN TF designations, any person or entity designated by the UNSCRs or the UN Sanctions Committee responsible for the prevention of PF is automatically placed on the Sanctions List in the UN section.

352. Qatar's framework allows for the effective implementation of PF-related TFS without delay. FIs, most DNFBPs, and NPOs reference PF TFS lists in their customer and beneficiary on-boarding and transaction monitoring programs to ensure that they do not participate in transactions with sanctioned parties. FIs, some DNFBPs, and high-risk NPOs also utilise industry standard databases to screen for matches with their customers, partners and beneficiaries. The shortcomings in certain DNFBPs related to the implementation of TF-related TFS that is discussed in IO.10 also apply to PF-related TFS, as the implementation mechanisms are the same.

353. Finally, upon receipt of communication of a designation, the GAC immediately adds the names of sanctioned persons or entities to its Al-Nadeeb database, which is a centralised clearance system used by traders, customs clearing agents, service bureaus, and shipping agents, to submit trade-related information and documents to government agencies.

### *Identification of assets and funds held by designated persons/entities and prohibitions*

354. Qatar has not identified, frozen or seized assets due to PF-related UNSCRs. Additionally, FIs have not frozen funds of any Iranian or DPRK individuals or entities in response to UNSCRs. Qatar has not proposed any person or entity for listing to the UN under PF-related UNSCRs and no person who is subject to UN sanctions for proliferation-related activities is resident in Qatar. This does not appear consistent with the existent PF exposure of the country, considering the existence of cases of possible TFS evasion related to PF in the past, the geographical location, the trade links with Iran, as well as the openness of Qatar's economy and its capacity as a cargo transportation hub.

355. Firstly, cash movements represent a factor for PF breaches with regards to the airline flights between Iran and Qatar. However, Qatari authorities have taken steps

to implement a cash declaration system for both in and out bound travellers, including to Iran, to mitigate risks of PF, as well as ML/TF (as discussed in IO.8 in Chapter 3).

356. In addition, Qatar faces challenges in maintaining accurate and up-to-date BO information and authorities do not always have timely access (see IO.5 in Chapter 7). This, in combination with the openness, market-oriented Qatari economy and the existence of different regulatory frameworks in the State and the QFC, may create further risks of abuse of legal persons and arrangements by proliferators or actors that intend to evade PF-related sanctions.

357. Qatari LEAs have successfully disrupted attempts to ship proliferation-related cargo via air and maritime avenues and recognize the importance of screening cargo for sanctions evasion. Authorities closely monitor for sanctions evasion through shipment of goods because of Qatar's geographic location and noted that Qatar is usually not the origin or destination of such goods. LEAs indicated that although they regularly coordinate with international partners, at times, information is not timely or partners pose political considerations that impede the effective sharing of critical information, which may inhibit Qatari authorities' ability to act.

358. Qatar recognises that scrutinizing incoming goods destined for, or transiting through, Qatar ensures the full implementation of PF-related UNSCRs, decreases potential exploitation of the financial system for PF, and helps to prevent persons and entities involved in proliferation from engaging in proliferation-related transactions. Qatar has dedicated a separate small port with enhanced controls exclusively to process and handle all goods shipped to or from Iran.

359. Potential dual-use items receive additional scrutiny during processing and are released with approvals. Shipments of items to, from, or otherwise with a nexus to Iran that are prohibited include oil, iron ore, raw aluminium, raw copper, raw gold, nuclear materials included in nuclear reactors, such as uranium, helium gas, except for medical uses (exports), and coal.

360. Overall, GAC's efforts in this area have resulted in 29 cases (see Table 4.12), involving 35 different suspects, which concerned potential proliferation or PF. All were related to imports. The aggregate cash value of all goods seized/confiscated was QAR 5 568 181 (USD 1 392 045).

**Table 4.12. Type of potential dual-use items identified and actions taken.**

Type of items encountered	Number of cases	Actions taken	Number of cases
Items properly declared	1	Confiscation of goods	9
Undeclared Items	5	Resolved after the presentation of documentation and/or payment of fines	13
Falsely declared items	23	Pending cases	7

361. As Qatar develops as a regional shipping hub, its authorities have adopted strong export controls and end-user verification to reduce transshipment-related vulnerabilities further. Qatar assesses that its domestic production and export of chemicals is one of the State's greatest PF vulnerabilities. This is an area of intense and growing focus for the NCPW and GAC. However, the measures taken appear to target the existent risks and set the needed levels of controls to prevent the abuse of Qatar for proliferation related transactions and operations.

362. Nevertheless, the assessment team considers that it is unclear if authorities' preventive and disruptive measures related to implementation of PF TFS are fully effective, as Qatar has not frozen any funds within its jurisdiction for PF and has only disrupted a few cases of possible sanction evasion activity, which is not fully commensurate to a jurisdiction with significant PF exposure.

### *FIs and DNFBBPs' understanding of and compliance with obligations*

363. Qatari supervisory authorities regularly communicate to FIs and DNFBBPs about the necessary TFS compliance measures. Similarly to TF-related TFS, FIs and larger DNFBBPs generally appear to have effective controls with respect to sanctions.

364. FIs are aware of risks stemming from PF-related TFS. No banks maintain financial ties to Iran in Qatar, with the exception of one FI. This indicates that FIs in Qatar are very aware of their obligations for PF TFS, the penalties associated with non-compliance and the complex sanctions environment stemming from unilateral sanctions on Iran.

365. As discussed in IO.10 (Chapter 4) and in IO4 (Chapter 5), DNFBBPs under MOCI and MOJ supervision demonstrated a weaker understanding of the measures relating to TFS. A number of DNFBBPs are not yet enrolled with the NCTC list of designated persons, which may limit their ability to effectively implement TFS obligations without delay. In the State, some DNFBBPs were not screening customers in a timely basis against TFS lists. However, MOCI and MOJ have sought to improve compliance among DNFBBPs to screen their customers against TFS lists through the following efforts: 1) publication of guidance documents and circulars, 2) provision of training, 3) issuance of warning letters to non-compliant DNFBBPs, 4) free access to sanctions screening systems, 5) notification to their regulated entities of updates upon issuance via email, and 6) dedicated webpage related to TFS that contains links to the UN Sanctions Lists.

366. Considering the shortcomings related to the verification of BO information, it is unclear if Qatar's FIs and DNFBBPs could be unwittingly exploited for proliferation-related transactions and if Qatari companies involved in proliferation-related transactions could be established.

### *Competent authorities ensuring and monitoring compliance*

367. Building from the NRA's recognition of PF risks, Qatari authorities communicate to all licensed and supervised entities that they must comply with PF TFS. FI supervisors monitor TFS implementation compliance as part of its onsite and desk-based reviews and have demonstrated robust supervisory frameworks as described in IO.3 (Chapter 6). FI supervisors have taken some steps to ensure FIs implement PF-related TFS without delay. QCB, QFMA and QFCRA issued relevant guidance on CPF for their supervised entities. However, there has not been evidence of enforcement actions in relation to PF TFS since 2012.

368. To a lesser extent, DNFBBPs supervisors consider TFS implementation for PF as part of their inspections and monitoring activities. DNFBBPs supervisors have demonstrated little specific focus on the implementation of PF-related TFS. Authorities' approach could be further developed, particularly for MOJ and MOCI, considering the shortcomings observed in the implementation of TFS by lawyers, real estate offices, DPMSs, TCSPs and auditors (see IO.10 in Chapter 4). The shortcomings for MOCI and MOJ also impact the effective supervision of implementation by DNFBBPs,

as they consider TFS implementation as part of their regular supervisory engagement (see IO.3 in Chapter 6).

369. Qatar has worked to limit trade-finance flows to Iran to limit and supervise goods moved to Iran. Qatari authorities note they screen entities involved in this trade through document and company checks, as well as value verification. It is unclear if this is sufficiently robust to prevent persons and entities involved in PF from raising, moving, and using funds.

## Overall conclusion on IO.11

Qatari authorities and supervised entities broadly take action to implement TFS immediately upon designation by the UNSC or the PPO in Qatar. Most FIs and DNFBPs exhibit understanding of TFS, although this is lower in some DNFBPs under MOJ and MOCI supervision.

However, Qatar has not frozen any funds within its jurisdiction for PF and has not imposed enforcement actions, which is inconsistent with the PF exposure it faces from Iran.

Qatari authorities work to identify funds or other assets of persons or entities designated for PF and ensure such funds are not used for PF. However, gaps in supervision, shortcomings on the access to accurate and up-to-date BO information, and its system for monitoring trade-finance flows with Iran may hinder authorities' ability to identify funds related to designated persons.

Qatar is rated as having a **moderate** level of effectiveness for IO.11.



## Chapter 5. PREVENTIVE MEASURES

### Key Findings and Recommended Actions

#### Key Findings

- a) Overall, larger and/or multinational FIs and DNFBPs have a generally good understanding of ML/TF risks and their AML/CFT obligations. However, smaller FIs and DNFBPs, particularly in the State, are still in the process of developing their understanding of ML/TF risks and AML/CFT obligations. FIs and DNFBPs also have a less-developed and nuanced understanding of TF risks distinct from ML risks.
- b) Generally, banks and large FIs in the State and the QFC implement policies and controls commensurate with the ML/TF risks identified in their risk assessments. Nonetheless, some of the measures introduced may be insufficiently tailored to the individual risks posed by customers in high-risk sectors. DNFBPs' implementation of mitigating measures varies across the sectors. DNFBPs in the QFC have more developed measures than in the State.
- c) FIs and DNFBPs in Qatar generally apply good CDD and record-keeping measures with sufficient ongoing monitoring. However, they do not have enough procedures to identify the BO who controls their customers where relevant. FIs (except banks and exchange houses) and DNFBPs rely on the customer's declaration about the identity of the BO.
- d) In general, banks and exchange houses have a good implementation of EDD measures, such as in relation to correspondent banking relationships, wire transfers, new technologies, higher-risk countries and TFS. However, most other FIs and DNFBPs do not have sufficient procedures to identify the source of wealth for local and foreign PEPs. In particular, they face difficulties in identifying local PEPs.
- e) While the reporting of STRs has been increasing in recent years, reporting by some FIs and DNFBPs, particularly DPMSs, remains relatively low in light of the risks. The 2019 NRA recognised that the quality of STRs was generally low. The QFIU and AML/CFT supervisors have taken substantive efforts to improve the quality of reporting, with the QFIU manually reviewing each STR and conducting thematic reviews. QFCRA-regulated entities and DNFBPs still submit STRs manually. Some DNFBPs in the State also appear unclear about to whom they need to report an STR.
- f) FIs generally have appropriate internal controls and group-wide programs. DNFBPs in the QFC have more experience in implementing internal controls, while DNFBPs in the State generally have less sophisticated internal controls and, in some cases, do not have internal controls yet.



## Recommended Actions

- a) MOCI, MOJ and NAMLC should continue their outreach to improve understanding of DNFBP sectors of their AML/CFT obligations. This should include MOCI and MOJ continuing their supervisory activities to improve compliance of DNFBPs with their AML/CFT obligations.
- b) The supervisors and NAMLC should further develop the sectoral risk understanding of the ML/TF risks faced by FIs and DNFBPs in Qatar and enhance the understanding of FIs and DNFBPs of how ML/TF activity can manifest in their sector. In particular, Qatar should focus on improving the understanding of FIs and DNFBPs of TF risks.
- c) Qatar should continue its work to improve the quantity and quality of STRs, particularly DNFBPs in the State. In particular, QFIU should ensure that all FIs and DNFBPs can report STRs electronically.
- d) Qatar should develop further guidance on how FIs and DNFBPs can identify domestic PEPs and ensure that FIs and DNFBPs are fully complying with their PEP obligations.
- e) The supervisors should ensure that all DNFBPs are registered with the NCTC to receive updates to Qatar's Sanctions List.

370. The relevant Immediate Outcome considered and assessed in this chapter is IO.4. The Recommendations relevant for the assessment of effectiveness under this section are R.9-23, and elements of R.1, 6, 15 and 29.

### Immediate Outcome 4 (Preventive Measures)

371. Considering the relative materiality and risk in the Qatar context, the assessment team weighted the implementation of preventive measures most heavily for banks (particularly large banks that provided retail banking services), heavily for exchange houses and DPMSs, medium for TCSPs, lawyers, auditors, the securities sector, insurance companies, finance companies. The assessment team gave relatively low weight for real estate agents. VASPs and casinos are prohibited in Qatar. The implementation of Qatar's prohibition against VASP is assessed in IO.3.

372. In Qatar, real estate agents, TCSP, lawyers and auditors do not handle funds or cash on behalf of their clients, which addresses some of the ML/TF risks. DNFBPs also advised that reforms to company formation laws in Qatar have reduced the need for TCSP services in Qatar. There are also significant limits on the foreign ownership of real estate in Qatar.

373. In Qatar, notaries authenticate real estate transactions. All notaries are government employees and do not fall under the FATF definition of a DNFBP. Accordingly, implementation of AML/CFT controls by notaries is not assessed in IO.4,

although Qatar does require that notaries comply with certain AML/CFT controls (such as CDD obligations in real estate transactions).

374. In the State of Qatar, QCB supervise all FIs except for securities companies which are supervised by QFMA. In the State, MOCI supervises auditors, DPMSs and TCSPs and MOJ supervises real estate agents and lawyers. In the QFC, QFCRA supervises FIs and DNFBPs.

375. The assessment team met with various Fs and DNFBPs (international and domestic, national, and regional, large and medium) from the State and the QFC. The assessors interviewed eight banks, five exchange houses, three insurance companies, two finance companies, two investment companies, two securities companies, four DPMSs, three TCSPs, three law firms, two real estate agents and two auditors. Wherever FIs and DNFBPs have been mentioned in this Chapter, it refers to those that were met by the assessment team in order to give a holistic picture of FIs and DNFBPs in Qatar.

376. The assessment team's findings on IO.4 are based on interviews with FIs and DNFBPs as set out above, findings from enforcement actions, input from supervisors and information from the Qatari authorities (including the NRA and SRAs), data of STRs, and information concerning the relative materiality and risks of each sector.

### *Understanding of ML/TF risks and AML/CFT obligations*

377. The AML/CFT Law sets out clear requirements in Qatar for FIs and DNFBPs to identify, assess and understand their ML/TF risks, in accordance with the nature and size of their business. The Law, together with the AML/CFT IR and other regulations and guidance, require FIs and DNFBPs to adopt comprehensive AML/CFT preventive measures.

378. FIs and DNFBPs were involved in Qatar's 2019 NRA by providing information and data and responding to questionnaires from their supervisory authorities. The supervisors then shared the outcomes of the NRA with their supervised entities through e-mail, workshops, and meetings. NAMLC also held meetings with obliged entities to insure understanding of the NRA results. In addition, FIs and DNFBPs participated in their respective supervisor's SRAs through filling out a questionnaire. The supervisors then shared the outcomes of their SRAs with their supervised entities through e-mail and meetings.

379. FIs' and DNFBPs' understanding of ML/TF risks in Qatar is mostly generated from the NRA and SRA process. Overall, larger and/or multinational FIs and DNFBPs have a generally good understanding of the ML/TF risks in the NRA and obligations. However, smaller FIs and DNFBPs, particularly in the State, are still in the process of developing their understanding of ML/TF risks and AML/CFT obligations. Some of these businesses do not have a sufficiently detailed understanding of how ML/TF activity may occur in the sector as opposed to the risks of non-compliance with AML/CFT obligations or the risks of predicate offending in their sector (e.g., gold smuggling in the DPMS sector or securities fraud in the securities sector).

380. There is a strong reliance on the NRA's findings in FIs' and DNFBPs' own risk assessment processes. This demonstrates the substantive outreach by the authorities. However, it also means that any shortcomings in the NRA may be reflected in their own assessment of risks. For example, the NRA does not provide sectoral risk ratings for TF for all sectors as opposed to ML. This may have led to a less-developed understanding of the specific TF risks faced by different sectors in Qatar.

*Financial institutions*

381. In general, banks in both the State and QFC have a good level of understanding of the ML/TF risk as outlined in the NRA. In general, banks agree with the findings of the NRA. They conduct their own risk assessments and keep them updated in a yearly basis and if there is any change in any risk-factors. They highlighted risks relating to the use of cash in Qatar and cash-intensive businesses (such as DPMSs), the high proportion of expat workers, geographic risks relating to high-risk countries (particularly in the context of sanctions evasion), PEPs, private banking and trade finance. Banks that are part of international financial groups build a specific understanding of ML/TF risks that commensurate with financial group, MENA region, and Qatar ML/TF risks (based on their global ML/TF risk assessments and Qatar's NRA/SRA).

382. Some banks highlighted areas where they considered risks to be different than those in the NRA (e.g., in relation to non-resident real estate transactions), but banks generally considered their risks to be the same as those in the NRA. Overall, the banks have a generally good understanding of the ML/TF risks they face; however, they did not sufficiently distinguish between the ML and TF risks posed by different products and channels. The lack of differentiation between ML and TF risks is something identified in a 2019 QCB thematic review of banks and exchange houses.

383. Banks in both the State and the QFC have a good understanding of their AML/CFT obligations. Banks that are part of international financial groups can leverage their knowledge and compliance infrastructure. Nonetheless, they adopt specific requirements to tailor their regimes to Qatar's specific requirements.

384. Exchange houses only operate in the State in Qatar. Large exchange houses in Qatar have a good level of ML risk understanding compared with smaller ones, which have a more moderate level of understanding. At the onsite, such entities provided sufficient examples of how terrorist financiers and money launderers can use their products. Most exchange houses agreed with the high level of risks identified in the NRA due to their acceptance of cash when conducting transfers and their role in undertaking cross-border transactions (as identified through their self-risk assessment, which is updated on a yearly basis). Nonetheless, exchange houses do not have a sufficiently nuanced understanding of TF risks distinct from ML risks. They have a good level of understanding of their AML/CFT obligations.

385. The provision of life insurance is not particularly widespread in the State of Qatar, with most life insurance business conducted in the QFC. Only a few firms providing life insurance products, and these are typically related to employee life insurance plans, where cash is not accepted. Accordingly, the firms met by the assessment team generally considered their ML/TF risks to be lower than the medium-low sectoral risk rating in the NRA, with ML/TF risks considered together. Insurance firms in the QFC appear to have stronger understanding of their ML/TF risks, as they are typically multi-national businesses that can leverage their broader risk understanding. Insurance firms have a generally good understanding of their AML/CFT obligations.

386. Finance companies, which only operate in the State, have a more limited understanding of their ML/TF risks. The firms met by the assessment team understood that the main risks that they are exposed to come from cash transactions and early settlement of loans, but it was not clear whether they know how those methods can be used by criminals for ML/TF purposes in practice. Nonetheless,

finance companies have a good understanding of their AML/CFT obligations. Asset management and investment firms in the QFC have a good level of understanding of ML/TF risks and their obligations. The understanding of ML/TF risks in firms in the State is moderate, as they did not provide sufficient examples about how they are exposed to ML/TF risks. Nonetheless, they have a good level of understanding their obligations.

387. Securities firms have a general understanding of the ML/TF risks in the securities sector. They consider that the level of risk is low as most investors (97.8%) are Qatari residents (with 66% of all investors being Qatari government entities). Of the 2.2% of investors who are non-resident, more than three-quarters are institutional investors. Nonetheless, the firms met with by the team did not demonstrate a sufficiently detailed understanding of the ML/TF risks of the sector. They conflated the predicate of securities fraud (i.e., unlicensed securities brokerage services) with ML through the securities sector. QFMA notes that it found 178 deficiencies in risk assessments between 2016-2021, although the trend was decreasing with time. In terms of AML/CFT obligations, securities firms exhibit a generally good understanding of their obligations.

#### *DNFBPs*

388. DNFBPs generally have a mixed understanding of their ML/TF risks and their AML/CFT obligations in Qatar. Enforcement and supervision of AML/CFT obligations for DNFBPs in the State are newer than those in the QFC, accordingly their understanding is typically less-developed than QFCRA-regulated DNFBPs. While DNFBPs met by the assessment team demonstrated a general understanding of the core AML/CFT obligations, some DNFBPs in the State did not have sufficiently detailed knowledge of how to implement obligations in practice (e.g., knowing what agency to report a STR to). Guidance from the supervisors (MOCI, MOJ and QFCRA) has helped build up awareness in the sector, but substantial work remains for DNFBPs in the State.

389. For DPMSs, they have a more limited understanding of ML/TF risks, particularly amongst smaller firms (e.g., retail businesses and jewellers). Some of the firms met with by the assessment team appeared to conflate the risk of gold smuggling with the risk of ML/TF through the DPMS sector. This led to certain DPMS to consider that the risks in the sector only relate to cash transactions in the retail sector and they did not consider other ways in which the sector can be misused for ML/TF. These limitations in understanding reflect those observed in the supervisor MOCI (see IO.1 and IO.3). The overall limited understanding in the sector indicates that their understanding is in its early stages and substantive further targeted outreach will be necessary (i.e., to differentiate among retailers and wholesalers). DPMSs have a good understanding of their AML/CFT obligations.

390. For auditors, lawyers and TCSPs, those based in the QFC typically had more sophisticated understanding of their ML/TF risks and AML/CFT obligations. These are typically multi-national firms that can leverage both their international networks and the more extensive supervisory experience of QFCRA. For those in the State, they typically have more limited understanding of their ML/TF risks. They consider that their main ML/TF risks to be failure to comply with CDD requirements rather than actual ML/TF activity in the sector. The representatives from the legal sector considered that the ML/TF risk for the legal sector in Qatar should be low or medium-

low risk, rather than medium as set out in the NRA, since they are undertaking relatively the limited DNFBP activities in Qatar.

391. Real estate agents have a more basic understanding of the ML/TF risks associated with their sector in Qatar, and moderate understanding of their AML/CFT obligations. Real estate agents' understanding of their risk tends to focus more on the risks of non-compliance. Nonetheless, real estate agents play a relatively limited role in Qatar, as they do not handle funds or cash or payments for real estate transactions.

### *Application of risk mitigating measures*

5

#### *Financial institutions*

392. Generally, banks and large FIs in both the State and the QFC implement policies and controls commensurate with the ML/TF risks identified in their risk assessments. These FIs have invested resources to develop mitigating measures to identified areas of higher-risk, such as cash, higher-risk countries and customers and NPOs. Most banks use electronic systems to classify customers and to identify high-risk, medium-risk and low-risk customers in several aspects, starting with the business relationship. Most banks require the approval of their compliance department to enter the business relationship for high-risk clients and may also require approval of their compliance department on all the transactions they make. Nonetheless, some of the measures introduced may be insufficiently tailored to the individual risks posed by customers in high-risk sectors.

393. To reduce the risks of cash for example, banks have introduced risk mitigation measures. For cash intensive business, such as DPMSs, as example, they apply EDD measures including asking for additional source of wealth checks on ultimate beneficial owners (UBOs), undertaking annual reviews of the activity of businesses and undertaking their own reviews of their customers AML/CFT programs. Banks have also introduced limits on the number of transactions that businesses such as exchange houses can undertake. While the banks justify such limits in light of the high sectoral ML/TF risk ratings for the sector, the limits could potentially encourage the de-risking of activity rather than the management of the ML/TF risk. Similarly, some large banks classify all NPOs and charitable organisations in Qatar as high-risk, rather than focusing on those NPOs that are actually high-risk for ML/TF in Qatar. QCB has undertaken outreach to banks to ensure they understand the need to understand the risk of individual entities and not take a wholesale approach to sectors. In addition to the outreach, QCB updated its instructions to ensure a fuller understanding of the NPOs' risks.

394. For exchange houses, their systems to mitigate ML/TF risks are good. Exchange houses apply reasonable CDD measures and use commercial sanctions screening and transaction monitoring systems. Some of them use their electronic systems to classify the alerts generated and give a priority to analysing highly risky alerts based on customers and transaction risk factors. Some of them put a threshold for cash transactions done by the customer per week.

395. Insurance companies do not accept cash from their clients to buy any life insurance product and do not accept payments from third parties. They have developed adequate risk management systems and implement internal control systems in order to minimize their risks. As for securities companies, they use electronic systems to review the names of customers against sanctions lists and to detect any suspicious and generate alerts. They do not accept cash or deal with third



parties. Securities firms generally apply mitigating measures in line with their risks. They have AML/CFT policies and procedures and undertake enhanced and ongoing monitoring related to high-risk customers and transactions. Finance companies also do not accept payments from a third party. However, it was not clear if they have applied sufficient measures to decrease the risk of cash, as they accept some payments in cash.

#### *DNFBPs*

396. DNFBPs' implementation of mitigating measures varies across the sectors. DNFBPs in the QFC have more developed measures reflecting their greater maturity of the AML/CFT regime in the QFC. Implementation of measures by DNFBPs in the State are at an earlier stage, particularly in smaller DNFBPs with less experience in AML/CFT.

397. In the State, DPMSs implement some measures that may mitigate the risk of dealing with cash. DPMSs can accept cash transactions from customers up to QAR 50 000 (USD 13 700), with transactions exceeding that amount to be made electronically. Some of the larger DPMSs have measures to not accept any credit cards issued by foreign banks. Large DPMSs also have measures to monitor the structuring of sales or purchases around the cash threshold limit, whether in cash or bank payments, and some of them have a customer classification system. Nonetheless, implementation across the sector is not yet effective, with many DPMSs not making sufficient progress to improve their systems. For example, at March 2022, 130 DPMSs out of 457 still did not have an AML/CFT compliance officer. While Qatar advised that at the time of the onsite, all DPMSs now had a compliance officer, the substantive delay in implementing core requirements remains concerning.

398. Other DNFBPs in the State (real estate agents, TCSPs, auditors and lawyers) are also still in the process of implementing effective mitigating measures. MOJ supervisory visits in 2020 found that a low number of real estate agents and lawyers had AML/CFT policies and procedures in place. MOCI's 2022 SRA found that auditors have generally better implementation of mitigating measures, while TCSPs generally do not yet have effective implementation of controls. MOCI supervisory visits found that auditors and TCSPs had many deficiencies across their AML/CFT programs, including the lack of policies, training, CDD and AML/CFT compliance officers. Real estate agents, TCSPs, auditors and lawyers in the State and QFC state that they do not accept cash or hold client money, which helps reduce the ML/TF risks related to these services.

399. DNFBPs in the QFC are able to take advantage of their greater maturity and international connections to introduce more sophisticated controls and electronic systems, as well as risk-rate customers. The QFCRA noted in its SRA that DNFBPs in the QFC are held to the same standard of implementation of AML/CFT measures as those for FIs.

### *Application of CDD and record-keeping requirements*

#### *Financial institutions*

400. Most interviewed FIs in Qatar demonstrated robust CDD and record-keeping measures, with sufficient ongoing monitoring procedures. FIs in general undertake their own CDD processes and do not rely on third-party CDD information. Larger banks have the most robust CDD measures. However, FIs do not have enough



procedures to identify beneficial owners, as most FIs (except banks) rely on the customer's declaration about the identity of the beneficial owner. They mentioned at the onsite that there is a difficulty existing in identifying beneficial owners.

401. For QCB-regulated firms, they have a good understanding of their CDD, BO and record-keeping requirements and apply effective policies and procedures to comply with these requirements. Banks have well-established policies in place to identify different categories of customers. Insurance providers noted that they apply source of funds checks for any lump sum payment, particularly in the case of early pay-outs. Exchange houses also noted they undertake source of funds checks for large cash payments (more than QAR 50 000 (USD 13 700). Although salaries in Qatar are paid into bank accounts, it is very common for individuals to withdraw their salary in cash before sending through an exchange house to a foreign country.

402. During inspections of FIs, QCB did not come across major shortcomings related to CDD (including BO information) or record-keeping. QCB has identified some deficiencies through examinations such as incomplete customer profile data (particularly the inability to renew CDD information due to the Covid-19 pandemic), lack of records for incomplete customer KYC files and the BO not properly identified. Once identified, FIs take action to address these deficiencies

403. For QFMA-regulated firms, there is a multi-layer CDD process, as customers undergo CDD by both the Qatar Central Securities Depository to get their National Investor Number, as well as with brokers and custodians when they open or update their customer trading account. Between 2016-2021, QFMA found 67 deficiencies related to CDD procedures, although these are decreasing with time. During the period 2016-2021, QFMA firms had 24 cases where they declined to establish relationships due to failure to completion of the CDD process.

404. QFCRA firms have a good understanding of the nature of their obligations regarding CDD, BO, and record-keeping. QFCRA identified 83 deficiencies related to CDD measures during the period 2016 to 2021, with identified deficiencies declining with time. Generally, the implementation of CDD and record-keeping measures is substantially effective in the QFC.

405. If a customer does not respond in a timely manner and CDD file is not completed, most FIs stated that they would not proceed with a transaction or provision of service. In some cases, STRs related to non-cooperative clients are considered and submitted. QFMA-regulated firms have had 24 cases where they declined to establish relationships due to failure to completion of the CDD process between 2016-2021. This evidences that QFMA firms are implementing their CDD requirements.

406. Regarding BO information, FIs must identify beneficial owners that meet 20% ownership threshold in the AML/CFT Law. Nonetheless, some banks go further to a 10% threshold for high-risk customers. A 2019 thematic review of banks and exchange houses by QCB found that most firms have appropriate systems and controls to identify UBOs. However, some of the remaining FIs rely on the customer's declaration about the identity of the BO. In the QFC, some FIs use independent sources provided by third-party vendors to verify the information provided by their clients. FIs noted that it could be a challenge to meet BO requirements, particularly for complex foreign customers. QFMA firms noted that it was a particular challenge to identify accounts held by NPOs. Some FIs noted that they had rejected customers for failing to meet BO requirements.

407. Implementation is assisted by substantive guidance from the supervisors on implementation of CDD and record-keeping requirements. This includes joint guidance documents from QCB, QFMA and QFCRA on CDD and BO requirements. Nonetheless, some FIs identified a need for further consideration around guidance and the supervisory approach towards non-face-to-face CDD processes, particularly following the Covid-19 pandemic and the marked shift to the online provision of services.

**Table 5.1. Deficiencies related to KYC/CDD/EDD for FIs, 2016-2021**

Financial Institutions	2016	2017	2018	2019	2020	2021	Total
<b>QCB</b>							
Banks	N/A	4	10	22	12	14	62
Exchange houses	N/A	0	9	16	17	10	52
Finance companies	N/A	11	1	11	6	7	36
Insurance companies	N/A	0	1	1	2	2	6
Investment companies	N/A	0	0	2	2	0	4
<b>Total</b>	<b>N/A</b>	<b>15</b>	<b>21</b>	<b>52</b>	<b>39</b>	<b>33</b>	<b>160</b>
<b>QFMA</b>							
Advisors	2	2	4	1	0	0	9
Brokers	8	11	12	4	3	2	40
Custodians	1	0	1	1	1	0	4
Market infrastructure	4	2	4	2	1	1	14
<b>Total</b>	<b>15</b>	<b>15</b>	<b>21</b>	<b>8</b>	<b>5</b>	<b>3</b>	<b>67</b>
<b>QFCRA</b>							
Advisor	1	0	2	1	3	1	8
Bank	0	0	2	4	6	6	18
Insurance intermediary	16	5	5	0	6	1	33
Insurer	9	4	4	0	5	2	24
Investment manager	0	0	0	0	0	0	0
<b>Total</b>	<b>26</b>	<b>9</b>	<b>13</b>	<b>5</b>	<b>20</b>	<b>10</b>	<b>83</b>

### *DNFBPs*

408. DNFBPs in the State generally have CDD and record-keeping policies in place and larger DNFBPs have demonstrated that their CDD and record-keeping measures are being implemented. Inspections by MOJ and MOCI indicate that implementation of CDD measures is still a work in progress, with the level of implementation differing between sectors. From MOJ's initial inspections in 2020, it considered that 75% of lawyers and 43% of real estate agents were compliant with CDD requirements. MOJ identified a range of issues, including failure to have BO policies and issues in ongoing monitoring. Further inspections in 2021 indicated an improvement in compliance.

409. MOCI considers that implementation of CDD by auditors is generally of good quality, while implementation by DPMSs is more variable. Larger DPMSs appear to have better implementation of CDD and record-keeping requirements than smaller DPMSs. MOCI identified a range of issues in implementation by TCSPs, including CDD, EDD, BO and record-keeping.

410. In the QFC, implementation by DNFBPs of CDD and record-keeping requirements is generally more robust. This is consistent with the much longer implementation of AML/CFT controls and supervision by the QFCRA of DNFBPs in the

QFC. Nonetheless, the QFCRA has identified 40 deficiencies in CDD procedures between 2016-2021, with the main finding that gaps existed between written policies and actual practice.

411. In connection with the refusal of business, many DNFBPs have a “stop matter” process where no work can be done by the firm until the customer satisfies the CDD requirements. While such requirements appear to work for DNFBPs like lawyers, real estate agents or auditors, DPMSs noted that the CDD requirements provided major challenges to their cash-intensive businesses. Several DPMSs noted that certain customers were not aware of the CDD requirements and would rather find a competitor that did not implement CDD controls than undertake the CDD process. This indicates that the overall implementation of CDD controls in the DPMS sector remains at early stage, especially for the small and medium size entities. Nonetheless, MOJ’s SRA and MOCI’s 2022 SRA considered that Qatar had a well-developed basis for customer identification and provides information on the actions and initiatives taken to address any challenges.

412. Regarding BO information, most DNFBPs rely on the customer’s declaration about the identity of the BO. Similar to FIs, DNFBPs noted that identifying the UBO could be time-consuming. This is particularly the case for DNFBPs in the QFC who are more likely to deal with foreign customers. MOCI’s 2022 SRA noted that the lack of adequate access to BO information represented a fundamental vulnerability that was reflected in MOCI’s outreach to the sector.

**Table 5.2. Deficiencies related to KYC/CDD/EDD for DNFBPs, 2016-2021**

Financial Institutions	2016	2017	2018	2019	2020	2021	Total
<b>MOJ</b>							
Lawyers	N/A	N/A	N/A	N/A	37	23	60
Real estate agents	N/A	N/A	N/A	N/A	93	31	124
<b>Total</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>130</b>	<b>54</b>	<b>184</b>
<b>MOCI</b>							
DPMSs	0	0	0	0	22	86	108
Auditors	0	0	0	0	10	4	14
TCSPs	0	0	0	0	11	8	19
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>43</b>	<b>98</b>	<b>141</b>
<b>QFCRA</b>							
Audit and accounting services	0	0	0	0	4	0	4
Legal services	8	21	0	0	5	2	36
Trust services	0	0	0	0	0	0	0
<b>Total</b>	<b>8</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>2</b>	<b>40</b>

### *Application of EDD measures*

#### *Financial institutions*

413. FIs generally have a strong understanding of EDD requirements, with implementation varying depending on the size and international exposure of the FI. Large sophisticated FIs, such as banks or exchange houses, use screening tools to identify PEPs, high-risk countries and persons designated under TFS. Smaller FIs may undertake these checks manually based on their local knowledge of the customer or manual checks, such as self-declarations.

414. For PEPs, larger or international FIs have a strong understanding of their PEP requirements and categorise domestic and international PEPs as high-risk. When dealing with the high-risk clients, most FIs are generally able to demonstrate additional identification and verification documentation for source of wealth and funds and other enhanced measures like ongoing measures. The supervisors consider FIs generally have a good level implementation of PEP requirements, but note some deficiencies including the lack of senior management approval or the absence of source of wealth checks. Source of funds checks can also be a challenge.

415. Identifying domestic PEPs is a major challenge in Qatar, especially if the PEP is a beneficial owner. Qatar added EDD for domestic PEPs as part of its 2019 AML/CFT reforms and this has necessitated substantial work by FIs to identify pre-existing domestic PEPs who are clients and to then conduct the necessary EDD procedures. Many FIs noted the challenge in having customers provide updated EDD information. As Qatar has a large number of domestic PEPs, FIs have faced substantive difficulty in identifying them in a time-efficient manner. In addition, most non-bank FIs do not have sufficient procedures to identify the source of wealth for foreign PEPs (as they typically just request the source of income).

416. All interviewed FIs stated that they ran names through TFS checks prior to customer on-boarding, as well as on a routine daily basis. Large FIs have more complex risk management policies and procedures in place to deal with TFS. In addition to the NCTC list, they will typically also check names against other international TFS lists. Some small and medium-sized FIs have a less than uniform understanding of sanctions-related risks and have less sophisticated sanctions compliance programs. Where there is a positive match, the practice by entities interviewed at the onsite is to freeze the funds and report an STR to the QFIU and inform the NCTC, stop the transaction or both.

417. Correspondent relationships for banks under QCB and QCFRA have been improving due to adopted measures like proper system of controls and using tools such as the Wolfsberg questionnaire. Banks have adequately managed their risk of correspondent banking relationships, although QCB notes some cases of non-compliance in relation to periodic reviews and closure of correspondent relationships. In the QFC, one bank provides correspondent banking services through a RMB clearing service and has implemented an enhanced control framework under the enhanced supervision of QFCRA.

418. Regarding new technologies, banks and exchange houses analyse new products and services for ML/TF risks prior to their introduction to the market. Such new technologies related mainly to mobile payment services and non-face-to-face customer channels, particularly following the Covid-19 pandemic in 2020. Supervisors, through conducted reviews, observed both traditional and innovate measures to mitigate the risks of the new technologies. The banks reported that they were generally able to identify transactions breaching Qatar's ban on VASPs through the use of software tools to identify transactions with known international VASPs.

419. Banks and exchange houses check sending and receiving parties in wire transfers, along with screening them against in-house and external watch lists. QCB has not seen any major shortcomings in relation to wire transfer requirements. FIs are in general sensitive towards higher-risk countries as the supervisory monitoring is intensive. This means that FIs generally refuse to have any relationships with jurisdictions subject to countermeasures (such as Iran). Most FIs' methodologies are typically robust insofar as taking country risk into account. At least one bank reported

that they had stopped offering individual remittance services in light of incomplete wire transfer information and the ML/TF risks.

#### *DNFBPs*

420. Implementation of EDD measures by DNFBPs is generally weaker than that of FIs. Nonetheless, large DNFBPs that form part of an international group have better understanding of their obligations, while smaller DNFBPs in the State are still developing their understanding and implementation of EDD measures.

421. Regarding PEPs, DNFBPs have an adequate understanding of AML/CFT obligations on PEPs and may have a more limited relation with such type of customers than FIs. Like FIs, DNFBPs have major challenges in identifying domestic PEPs in light of the comparatively large number in Qatar. DNFBPs use self-declaration or open-source internet research to identify PEPs. The challenge in identifying PEPs means it is therefore likely that DNFBPs are not applying adequate enhanced measures. In addition, DNFBPs do not have sufficient procedures to identify the source of wealth for local and foreign PEPs. MOCI's 2022 SRA notes that the lack of effective controls for PEPs to be a primary vulnerability for DPMSs and a vulnerability for auditors. MOJ's SRA found that most lawyers and real estate agents did not have sufficient systems to identify PEPs. MOCI and MOJ have since taken initiatives to restrict this issue.

422. DNFBPs generally appear to have effective controls with respect to TFS, while smaller ones have a weak understanding of the measures relating to TFS including the UN sanctions lists related to terrorism or the immediate freezing of the assets of customers added to the terrorism lists. Some small DNFBPs in the State are not enrolled with the NCTC list of designated persons, which limits their ability to effectively implement TFS obligations without delay (see IO.10 in Chapter 4). In the State, some DNFBPs were not screening customers in a timely basis against TFS lists, however MOCI and MOJ state that this has improved following supervisory outreach.

#### *Reporting obligations and tipping off*

423. All FIs and DNFBPs in Qatar have the same reporting requirements as set out in the AML/CFT Law and are required to report to the QFIU any suspicious transactions or operations.<sup>39</sup> STRs typically are filed in cases of suspicious transfers to or from persons, unexplained deposits and activity not commensurate with a person's declared income.

424. FIs in the State are able to report electronically with the QFIU since 2019, when the QFIU introduced its E-STR platform for reporting. By June 2022, the QFIU advised that 96% of STRs are reported through the electronic system. This process appears smooth and does not present any barriers to reporting. All DNFBPs and FIs in the QFC, however, still must report manually. This may disincentive these entities from reporting STRs. Qatar is in the process of ensuring that all FIs and DNFBPs are able to report through an online portal.

425. Reporting of STRs has approximately doubled from 841 STRs in 2016 to 1 428 STRs in 2021. Reporting peaked in 2020 with 1 740 STRs, due to the Covid-19 pandemic and the increase in non-face-to-face interactions. This is a positive

<sup>39</sup> NPOs also can report STRs to the QFIU.

development and the comparatively high-level of reporting by banks and exchange houses reflects their ML/TF risks and importance in the Qatari financial sector. Nonetheless, the reporting by other FIs and all DNFBPs, particularly DPMSs, continues to remain low in light of the ML/TF risks in Qatar.

426. Regarding the quality of reporting, the 2019 NRA recognised that the quality of STRs was generally low. The QFIU and supervisors have continued to take substantive efforts to improve the quality of reporting. In 2017/18, the QFIU and the relevant supervisors conducted a 'STR Thematic Review' in cooperation with relevant supervisors to develop a report and issue recommendations on improving STR quality. Since 2019, the QFIU has manually reviewed each STR it receives for to ensure it reaches minimum standards and that the information included is complete. The QFIU provides feedback directly to reporting entities on the quality of STRs, and at times refers the STRs back to the reporting entity with a request for information to improve the accuracy of the STR. Often, these requests are completed directly through the QFIU's automated CRS system (see IO.6 in Chapter 3).

427. While it appears that more STRs now meet the minimum reporting requirements, the overall quality of the STRs is unclear to the assessment team. The QFIU considers that the quality in general has improved. At the time of the onsite assessment, Qatar had launched another STR assessment process similar to that of 2017, which is expected for completion in mid-2022.

428. FIs and DNFBPs have AML/CFT policies and procedures that address tipping-off, with banks in particular having a strong compliance training on AML/CFT related to tipping-off. FIs and DNFBPs did not report that they had any challenges to meeting their tipping-off obligations and Qatar reported that it had not had a case of tipping-off.



Table 5.3. STRs received by QFIU by year and sector, 2016-2021

Year	2016	2017	2018	2019	2020	2021	Total
FIs							
Banks	145	212	407	366	676	561	2 367
Exchange houses	650	539	423	451	932	673	3 668
Insurance companies	2	7	8	25	34	23	99
Investment companies	10	43	2	14	5	7	81
Finance companies	14	39	49	62	52	59	275
Securities brokers and custodians	18	20	14	10	36	77	175
DNFBPs							
Lawyers	1	-	3	15	3	4	26
Auditors	-	-	-	1	1	3	5
DPMSs	-	-	5	9	1	18	33
Real estate agents	1	-	2	4	-	3	10
TCSPs	-	-	-	-	-	-	0
Others							
NPOs	-	-	7	11	-	-	18
<b>Total</b>	<b>841</b>	<b>860</b>	<b>920</b>	<b>968</b>	<b>1 740</b>	<b>1 428</b>	<b>6 757</b>

### *Financial institutions*

429. Overall, the level of reporting by FIs has improved with time. The number of STRs from FIs has approximately doubled between 2016 and 2021, peaking in 2020 with 1 735 STRs. This increase in reporting has largely been driven by the substantive increase in reporting by banks, which has seen reporting increase from 145 STRs in 2016 to 561 in 2021. Exchange houses are the other main reporters, with their STR reporting remaining at a comparatively high-level between 500-900 STRs a year. The highest reporting by banks and exchange houses is consistent with these sectors' size and ML/TF risks in Qatar, as is the comparatively lower reporting by other FIs. Other FIs (e.g., insurance companies, finance companies and securities brokers and custodians) have also increased their reporting, albeit to smaller levels. Investment companies have seen their reporting decrease with time, but it is not clear why reporting has decreased.

430. FIs have a generally good understanding of the need to file STRs with the QFIU. FIs in the State benefit from the ability to report electronically with the QFIU, which enables the QFIU to easily request further information and ensure that STRs meet the minimum standards for reporting. FIs report that they frequently receive feedback from the QFIU on the STRs they file, typically through asking for additional information. These FIs noted that they were generally happy with the received feedback from the QFIU. Conversely, the manual reporting requirement for QFCRA-regulated FIs may act as a disincentive to reporting. Securities and insurance firms require further supervisory guidance in order to improve their abilities to increase the quantity of STRs.

431. FIs, particularly the large banks, have sophisticated transaction monitoring systems, with a large number of scenarios to identify suspicious activity. The FI supervisors (QCB, QFMA and QFCRA) have been proactive in seeking to improve transaction monitoring in FIs, collaborating on a thematic review on transaction monitoring policies and procedures in 2017/18. Nonetheless, the supervisors report that there are some deficiencies in relation to transaction monitoring procedures. These range from insufficient documents and procedures to the lack of systems in

some smaller QFMA-regulated FIs. FIs raise STRs for a range of reasons, typically in cases where customers do not meet CDD or EDD requirements or transfer with high-risk countries. It is unclear how often STRs are identified through transaction monitoring scenarios, particularly in exchange houses, however at least one FI the assessment team met reported identifying a potential suspicious illicit MVTS activity by linking together a range of different transactions.

432. Qatar reports that the overall quality of reporting by FIs has increased since 2019, following the substantive outreach by the QFIU and the supervisors to improve reporting. They report that this has led to more reporting and a reduction in defensive reporting. Supervisors (QCB, QFMA, QFCRA) review FIs' systems for reporting STRs as part of their supervisory activities. QCB-supervised FIs are required to provide, on a biannual basis, the number of internal STRs generated and the reasons (if applicable) that these internal alerts did not result in reporting to the QFIU, as well as the number of reports made to the QFIU.

#### *DNFBPs*

433. In 2015, only two DNFBPs made a STR (a lawyer and a real estate agent). This has substantively increased, with 28 STRs reported by DNFBPs in 2021. Nonetheless, there are insufficient STRs submitted from DNFBPs, particularly by DPMSs. DPMSs are a high-risk sector in Qatar and have reported 33 STRs between 2016 and 2021. Although this is highest amongst DNFBPs, this is not commensurate with their risks. The lack of reporting by DPMSs in particular is a weak point in Qatar's implementation of preventive measures.

434. The lack of reporting by DNFBPs reflects the overall lack of maturity in DNFBPs' implementation of preventive measures in Qatar, particularly in the State where most DNFBPs are located. Qatar introduced its current AML/CFT supervisory regime in 2019 and MOCI and MOJ are still implementing their approach to AML/CFT supervision, including on STR reporting requirements. The supervisors (QFCRA, MOCI and MOJ) and QFIU are proactive in seeking to improve the quality and quantity of STRs by DNFBPs, including through releasing guidance on reporting obligations. Nonetheless, the lack of reporting necessitates more guidance and follow-up by the supervisors.

435. While DNFBPs were familiar with the need to report STRs, some DNFBPs in the State did not know who they should report an STR to, often mentioning their supervisor or NAMLC, rather than the QFIU. This indicates that substantive outreach is necessary to ensure that all DNFBPs are aware of their STR reporting requirements, particularly in smaller DNFBPs in the State. The manual reporting requirement for DNFBPs was raised as a particular barrier to reporting and has acted as a further disincentive to DNFBPs to report. It also limits the ability for the QFIU to provide feedback on STRs reported, impacting the quality of reporting. Most DNFBPs met by the assessment team that had reported an STR to the QFIU noted they had not received any feedback or response from the QFIU. The methods used to identify suspicious activity in these sectors are generally less sophisticated than those used by large FIs, however this is appropriate for the size and nature of their respective businesses

### *Internal controls and legal/regulatory requirements impending implementation*

#### *Financial institutions*

436. FIs in Qatar must have AML/CFT programs that set internal controls, including the appointment of a compliance officer at the management level, employee screening and an audit function. For those FIs that are financial groups, they must have group-wide programs that set group-wide policies and cover information-sharing arrangements. FIs in general demonstrated that they had appropriate internal control policies, although some smaller FIs have had issues in not undertaking audits on time or having policies that are not sufficiently tailored to Qatar's AML/CFT controls. Overall, the FI supervisors noted that the number of deficiencies identified in relation to internal controls was decreasing with time.

437. Larger banks, in particular, reported that they had undertaken substantial investment to introduce sophisticated systems, resource substantive compliance teams, undertake AML/CFT training and develop a 'culture of compliance' in their FIs. FIs typically have their own internal audit function and their compliance officer are required to submit their annual reports to their supervisors, covering the internal audit and remediation plan. Nonetheless, FIs advised the lack of sufficiently trained and experienced staff in Qatar was a major challenge in meeting their AML/CFT obligations. They noted a large turnover in staff which acted as a barrier to understanding nuances of their business and specificities of Qatar's AML/CFT regime.

438. For those FIs that were part of a cross-border financial group, they did not report any barriers to implementing group-wide programs or sharing of information. They noted that they were required to have a program that met Qatari AML/CFT standards where Qatar had higher standards than another country. In general, FIs did not share STRs within their group, only sharing statistical information (e.g., the number of STRs filed).

439. Some FIs have separate businesses that are regulated in the State and the QFC. While these are separate businesses rather than members of a financial group, they noted that they sometimes had concurrent supervisory inspections by the respective supervisors at the same time (i.e., QCB and QFCRA).

#### *DNFBPs*

440. DNFBPs generally have less sophisticated internal controls and in some cases do not have internal controls. This reflects both their smaller size and their comparatively lower maturity in terms of AML/CFT implementation. MOCI and MOJ noted that there was need for improvement in the policies, training and audit function in DNFBPs. They note some DNFBPs, particularly smaller DNFBPs, do not have AML/CFT policies, undertake training or conduct an independent audit, typically due to a lack of resources. MOCI's 2022 SRA notes most auditors had received AML/CFT training, while many DPMSs and TCSPs remained unaware of the need to have measures such as compliance officers, training and audits. MOJ's 2020 SRA found lawyers' and real estate agents' limited knowledge of the AML systems was due to the lack of appropriate AML training programmes. Notwithstanding the Covid-19 pandemic, MOCI and MOJ have undertaken work to increase the level of knowledge.

441. DNFBPs in the QFC have generally more sophisticated controls. Some DNFBPs, particularly in the QFC, form part of large legal or accountancy groups. These DNFBPs

noted that they had more experience in implementing internal controls due to long-standing group-wide policies for implementation.

## Overall conclusions on IO.4

Overall, larger FIs and DNFBPs have a good understanding of the ML/TF risks in the NRA/SRAs and their AML/CFT obligations. However, smaller FIs and DNFBPs, particularly in the State, have a steadily improving understanding of ML/TF risks and AML/CFT obligations. Generally, large FIs and large DNFBPs in both the State and the QFC implement policies and controls commensurate with the ML/TF risks identified in their risk assessments. DNFBPs in the QFC have more developed measures than in the State, which increases the effectiveness of the mitigating measures in place. Identifying domestic PEPs remains a key challenge and not all DNFBPs in the State are enrolled with the NCTC for TFS-related updates. While the reporting of STRs has been increasing in recent years, reporting by some DNFBPs could be higher in light of their risks. QFCRA-regulated entities and DNFBPs still submit STRs manually and some DNFBPs in the State also appear unclear to whom they need to report an STR. FIs have generally appropriate internal controls and group-wide programs.

Qatar is rated as having a **moderate** level of effectiveness for IO.4.



## Chapter 6. SUPERVISION

### Key Findings and Recommended Actions

#### Key Findings

- a) Qatar authorities apply strong controls to prevent criminals and their associates from abusing FIs and DNFBPs. The licensing/registration requirements include sufficient fit and proper tests and criminal background checks. QCB has a sound system and sufficient resources to detect unlicensed FIs (e.g., exchange houses) and has referred cases to LEAs for further action. However, it is unclear if Qatar's efforts are sufficient to detect potential unlicensed financial activity through the collection of cash by individuals and less sophisticated channels to transfer funds. Qatar has prohibited VASPs and supervisors have conducted outreach to FIs to inform them about the prohibition and identify illicit VASPs.
- b) All AML/CFT supervisors have a fair overall understanding of Qatar's ML/TF risk. However, the understanding differs among supervisors related to their sectors' risks. For example, MOCI's understanding of ML/TF risk for the DPMS sector and individual institutional level of risk of the entities under its supervision is developing.
- c) QCB applies a risk-based approach in its AML/CFT supervision of the financial sector. QCB implemented updated risk-based supervision procedures in 2021, it reviews significant offsite information that informs onsite inspections and the use of other supervisory tools to address risk. QFCRA and QFMA demonstrate a well-established capacity to conduct risk-based AML/CFT supervision of the entities under their authority.
- d) Supervision of DNFBPs by MOCI and MOJ is gradually improving, but it is still not sufficiently developed. MOCI and MOJ have risk rated the supervised DNFBPs and started the inspection of some sectors in mid-2020. However, the COVID-19 pandemic affected the full implementation of the risk-based supervisory plans because of the impact that restrictions had on the capacity of supervisors to perform their responsibilities.
- e) Supervision of FIs and DNFBPs has led to the implementation of remedial actions. However, sanctions applied by the QCB, MOCI and MOJ were not made public, which limited the potential dissuasive effect of the reputational risk that comes with publicity. It is unclear if the QCB imposed sufficiently proportionate



sanctions in accordance with risks, but it put in place a new enforcement sanction policy in May 2022 to address these concerns. MOCI and MOJ are applying a gradual approach to enforcement and sanctions, and it is too early to determine if sanctions are effective, proportionate and dissuasive.

- f) The supervisors have consistently provided guidance and other information on AML/CFT obligations and there has been tangible impact in the understanding of these, particularly of FIs. However, MOCI's and MOJ's efforts, although commendable, need to be enhanced.

## Recommended Actions

- a) MOCI and MOJ should fully implement a risk-based approach and MOJ should ensure the alignment of their supervisory actions with the supervisory plans. MOCI and MOJ should apply a stronger enforcement and implementation approach to incentivise the compliance of obligations by their supervised entities. QCB, MOCI and MOJ should be given adequate and sufficient resources and expertise. In particular, QCB should focus on resourcing for new technologies due to the rapid technological changes and developments.
- b) MOCI and MOJ should put in place enforcement policies that are proportionate and dissuasive. This should include increasing the available penalties for non-compliance and providing the supervisors with the capacity to enforce financial penalties for high-risk cases and repeated non-compliance. QCB, MOCI, and MOJ should make sanctions public to increase their dissuasive effect.
- c) MOCI should enhance its understanding of ML/TF risk for the DPMS sector and the individual institutional level of risks of entities under its supervision. QCB should further develop its understanding of TF risks. In addition, QCB and QFMA should continue updating their ML/TF strategy and their risk understanding to cover emerging risks.
- d) QCB should undertake more proactive action to identify unlicensed VASPs breaching Qatar's prohibition and coordinate with relevant authorities, as needed. In addition, Qatar should demonstrate more coordinated action on the identification of unlicensed financial activities outside of QCB action.
- e) MOCI and MOJ should enhance their guidance and outreach efforts to strengthen the ML/TF risk awareness of DPMS, TCSPs and lawyers and further focus on the risks associated with cash.

442. The relevant Immediate Outcome considered and assessed in this chapter is IO.3. The Recommendations relevant for the assessment of effectiveness under this section are R.14, 15, 26-28, 34, 35 and elements of R.1 and 40.

443. There are five AML/CFT supervisors in Qatar. QCB and QFMA supervise FIs in the State and MOCI and MOJ supervise DNFBPs in the State. QFCRA supervises FIs and DNFBPs in the QFC. These agencies also license the FIs and DNFBPs they supervise, except for DNFBPs in the QFC which are licensed by the QFCA. See Chapter 1 for the description for each supervisor and their responsibilities, as well as the ranking of each sector in terms of Qatar's risks, context and materiality. VASPs and casinos are prohibited in Qatar.

### Immediate Outcome 3 (Supervision)

#### *Licensing, registration and controls preventing criminals and associates from entering the market*

##### *Financial institutions & VASPs*

444. All FIs seeking to engage in financial services in the State and QFC must apply for a license from either QCB, QFCRA or QFMA. The FI supervisors apply extensive fit and proper tests to key persons, which include all senior staff and shareholders of FIs. Authorities rigorously apply these tests in practice, including through refusals to approve appointments. This system appears to be effective in preventing criminals from owning or controlling FIs.

445. During the licensing process, the FIs supervisors conduct an independent background check using a database provided by an external service provider that includes the verification of BO, significant shareholders, directors, controllers, and senior management.

446. All supervisors check criminal records to ensure that criminals and/or their associates do not own or hold a significant function in an institution. Supervisors conduct the criminal background in cooperation with the MOI and by checking a database provided by an external service provider.

447. QCB rejected 17 applications presented by individuals between 2016 and 2021. The most common reason for rejection was the lack of expertise in the field (9 rejections because of the lack of expertise of the MLRO and/or deputy MLRO). QCB rejected two FI licensing applications because they did not meet the requirements out of 49 applications during 2016-2021. These 49 applications were related to the transition of insurance companies and insurance brokers from MOCI to the new insurance regulatory framework established by the QCB (i.e., these companies are not new market entrants). QCB keeps on hold the licencing process until the applicant submits any missing information before making a decision on an application. QCB also solicits an opinion from the applicant's home country regulator, as relevant, and reviews relevant financial statements and data.

448. QFMA also applies detailed processes for issuing licenses to operate in the capital market. During the period 2016-2021, QFMA received 41 FI applications. QFMA rejected one, granted 24 and other 16 are still pending because these did not meet the application requirements. It also rejected 42 applications of individuals for not meeting the requirements of the functions that these individuals intended to conduct.

449. The QFCRA also conducts a detailed assessment of individuals and entities' applications. Between 2016 and 2021, 204 individual applications were withdrawn by firms and three licensing authorization requests were rejected due to gaps in meeting the requirements.

**Table 6.1. Licencing applications and individual applications received and rejected, 2016-2021**

Supervisor	Number of individual applications	Number of rejected/withdrawn individual applications	Number of licensing applications	Number of rejected/withdrawn licensing applications
QCB	167	17	99	2
QFMA	218	42	41	1
QFCRA	828	204	21	3

450. The FIs supervisors, along with MOCI, established a working group to develop a coordinated and systematic approach to address the provision of financial services without a license, including those firms operating outside their scope of authority from the appropriate financial regulator.

451. The QCB and other supervisors detect unregistered/unlicensed FIs (exchange houses) and DNFbps (DPMSs and real estate brokers) using technological systems (automatised web searches), information gathered by competent authorities and third parties. Whenever there is unlicensed activity, the authorities refer the case to QFIU and relevant LEAs for their consideration of further enforcement actions.

452. As part of these efforts, Qatar established an operational taskforce between the QCB, MOI and QFIU that agreed on mechanisms to report cases to the MOI and developed typologies, among other actions. As a result, the MOI received 51 referrals related to unlicensed exchange activities, of which 21 were referred to PPO for further investigation. However, it is unclear if there are sufficient measures in place to detect unlicensed financial activity when these are based on informal or less sophisticated channels that are mainly cash-based and conducted by individuals through their accounts.

453. Regarding VASPs, the FIs supervisors have issued circulars to clarify the prohibition, ensure that FIs monitor and block any financial transaction linked to VASPs and report the case to the relevant authorities. The QCB has shared a list of foreign VASPs companies identified and reported by FIs in their monitoring exercises. FIs must consider that list in their monitoring systems to enhance their capability of detecting transactions involving VAs or VASPs. However, it was not clear if the efforts taken are sufficient to enforce the prohibition. Specifically, Qatar has not demonstrated that the competent authorities proactively identify and take enforcement action for potential breaches of this prohibition. Between 2020 and June 2022, Qatar's FIs rejected 2 007 transactions and closed 43 accounts for either relating or potentially relating to transactions with virtual assets and VASPs. However, authorities have only identified one potential case of an unlicensed VASP operating in Qatar and ultimately no enforcement action was taken (see R.15 in the TC Annex for further information).

*DNFBPs*

454. There are strict entry requirements for the DNFBP sectors, with strong fit and proper criteria and detailed due diligence processes for registering. For DNFBPs registered in the QFC, they must go through the same procedures applicable to FIs.

455. Apart from the fit and proper criteria, MOCI and MOJ cross-check the names of individuals on the application (and related parties) with the MOI databases to determine if any of the key persons have a conviction for a crime involving a breach of trust or a bankruptcy on their record. In addition, they carry out independent background checks using an international database provided by a third party. MOCI launched a single window system in 2019 that integrates relevant government agencies (like MOI and MSDF) allowing for automated checks that ensure that applicants are eligible to start a business. To obtain a DPMS license, the applicant needs to provide MOCI with a security clearance and need a special authorization from the MOI.

456. Between 2018-2021, MOCI rejected 207 applications in the audit sectors due to non-fulfilment of the conditions. In the same period, MOJ rejected four lawyers' applications as they did not meet admission conditions.

457. Both MOCI and MOJ identified cases of unlicensed DNFBPs (DPMS and real estate agents) during inspections, tracing the advertisements posted by the violators on social media platforms. As of 31 December 2021, the MOJ referred 15 persons to the PPO for practicing real estate brokerage activities without a license. During the COVID 19 pandemic, MOCI referred 53 accounts opened in social media platforms to its Commercial Registration and the Licensing Department to conduct a legal procedure for unlicensed purchase or sell precious metals and stones online.

### Box 6.1. Identification of unlicensed activities

#### Case Study 6.1.1: MOCI – Monitoring online activity

Following the impact of COVID-19 and the sanitary measures adopted by Qatar (e.g., lockdowns), MOCI noted an increase of sale of precious metals or stones in social media. MOCI and MOI increased their monitoring of online activity in social media platforms to identify the purchase or sell precious metals and stones online and check if these were properly licensed.

The off-site supervision revealed 300 accounts on Instagram and Facebook conducting sale of precious metals or stones in the country without meeting the relevant legal requirements applicable to the commercial activities conducted online. MOCI sent the files to MOI and the QFIU to investigate the violations and referred 53 accounts to the PPO. Investigations are still underway and although some advancement, no prosecutions or convictions have been yet achieved.

**Case Study 6.1.2: QCB – Unlicensed VASP activity**

In 2022, the QCB observed that a foreign company in Country B published on social media that it had a license to operate as a VASP in Qatar.

QCB contacted the supervisory authority in Country B to verify if the company was licensed and confirmed to the Country B supervisors that the company was violating QCB Laws and regulations by providing unlicensed activity. Concurrently, QCB sent a letter to all banks' MLROs informing them that the company was not licensed and requested the banks to add the company to the list of unlicensed platforms providing VASPs services. QCB also issued a warning on social media confirming that the provision of VASP services was not licensed and that there are not any licenses for VASPs in Qatar.

QCB referred the case to MOI to further investigate the company presence and activities in Qatar.

**Case Study 6.1.3: QFCRA – Identification of unregulated TCSP activity**

The QFCRA commenced an investigation in 2018 against a TCSP which resulted in an enforcement action in 2019. The firm had made misrepresentations regarding its customer activity and the transactions that it had processed for its customers. QFCRA requested at the QCB freeze the funds in the firm's accounts.

The QFCRA's investigation and enforcement action resulted in a financial penalty being imposed for the AML/CFT-related contraventions of QAR 25 000 000 (USD 6 866 197). The firm was also fined QAR 5 000 000 (USD 1 373 239) for conducting a regulated financial services activity without authorization. The total financial penalty imposed on the firm was QAR 30 000 000 (USD 8 239 436).

458. In conclusion, Qatar authorities apply strong controls to prevent criminals and their associates from abusing FIs and DNFBPs. The licensing/registration requirements include sufficient fit and proper tests and criminal background checks. Qatar demonstrated robust technical and IT capacities to verify the applicants for licensing/registration.

***Supervisors' understanding and identification of ML/TF risks******Financial institutions***

459. All FI supervisors demonstrated a fair overall understanding of the inherent risks for the different sectors they supervise and this knowledge was consistent with the NRA findings. Supervisors assessed the ML/TF risks of their respective sectors and carried out the SRAs based on relevant inputs that included the business activities, geographic exposure, customer base, and delivery channels of its licensed FIs.

460. QCB carried out an SRA in 2019 prior to the completion of the NRA. QCB has not updated the SRA to cover the ML/TF risk vulnerabilities after the NRA and has not

considered emerging risks such as VASPs or PSPs.<sup>40</sup> However, QCB conducted relevant studies of high-risk areas including cross-border financial flows within the exchange house sector, cash activity in banks (deposits/withdrawals) and international trade finance, to have a more granular understanding of risks and identifying recommendations to better target areas of further focus based on risks. In addition, Qatar conducted a VA/VASPs risk assessment that included relevant input from the QCB (see IO.1 in Chapter 2.).

461. QFMA also carried out an SRA in 2019 and updated it in 2020. While QCB and QFCRA use a similar format to the NRA, QFMA's SRA focuses on vulnerabilities in the securities sector rather than the ML risks. Finally, the QFCRA and QFMA conducted relevant SRAs both before and after the NRA and incorporated a sufficient understanding of emerging risks such as VA/VASPs and other higher risk areas such as cross-border activity through thematic reviews and risks assessments.

462. During the onsite visit, the assessment team observed that the understanding of the overall TF risk in Qatar of QCB and QFMA was more general and not as developed as for ML risk. Unlike ML, the NRA did not include sectoral TF risk ratings (see IO.1 in Chapter 2) with the exception of banks and exchange houses. Nonetheless, financial supervisors' understanding of ML/TF risks in their sectors is more comprehensive as it is based on the NRA and they also use a Joint Supervisory Strategy and a risk assessment methodology (RAM), which incorporates the results of the NRA for assessing risks faced by each FI. During 2018, QCB, QFMA and QFCRA formalized their first Joint Supervisory Strategy which they implemented in 2019. They updated the Joint Supervisory Strategy in 2020 to reflect the findings of the NRA and to reflect the FI supervisors' priorities for 2020. Each of the supervisors established its own strategy in order to guide the supervisory process either short-term strategy (QCB and QFMA up to 2020) or mid-term strategy (QFCRA up to 2024). The supervisory strategies were in line with Qatar's National AML/CFT Strategy and Action Plan (see IO.1 in Chapter.2).

463. The RAM considers: (i) the inherent risk, (ii) the internal controls (mitigation measures), and (iii) the residual risk. The RAM considered the net residual risk after the assessment of the FIs structural risk. While assessing FIs, supervisors also use information received during meetings with FIs, information from previous inspections and inputs from other relevant authorities such as the QFIU. The RAM seems to provide a sophisticated and sound basis for the supervisors' granular understanding of the risks faced by each institution, which could support targeted risk-based supervision. This model became operational as the basis for targeting on- and off-site inspections in different times among the supervisors.

---

<sup>40</sup> In 2022, Qatar established PSPs as a separate category of FI.



**Box 6.2. TMAMS added value for QCB supervision efforts**

The Transaction Monitoring and Alert Management System (TMAMS) is an innovative transaction monitoring system, launched in 2019, that monitors a big portion of the financial activity on the QCB's central banking platform (currently banks and exchange houses). TMAMS offers the QCB visibility into all transactions across banks and exchange houses, allowing it to detect cases of potential financial crime that involve the abuse of multiple FIs and that may otherwise be difficult to identify.

TMAMS runs pre-defined scenario analysis of the transaction data and based on that analysis, generates alerts that lead to further examination. TMAMS reviews transaction data across all FIs participating in the central banking platform and linking financial transactions across all FIs, allows for analysis of customer transactions conducted across multiple FIs improving the risk understanding and capacity to react to events.

464. QCB formally adopted its RAM in 2014 and implemented it on a progressive basis. It started with banks in 2014, exchange houses and investment companies along with finance companies in 2015 and insurance companies in 2017 (when this sector came under QCB supervision). QFMA adopted its RAM in 2015 and implemented it fully for all of its licensed FIs in 2016. The QFCRA began full implementation of RAM in 2010.

*DNFBPs*

465. For DNFBPs supervisors in the State the risk understanding is gradually improving. The risk understanding of QFCRA is more robust. MOCI and MOJ carried out its SRAs to enhance its understanding of the ML/TF threats and vulnerabilities and to better manage the risks within its supervised sectors.

466. MOCI carried out SRAs in 2020 and 2022. However, MOCI does not have a sufficient level of understanding of ML/TF risk of the sectors under its supervision. In particular, MOCI's risk understanding of DPMS was limited to the NRA findings, the information received from other regulatory authority (QFIU and MOI) and the information collected based on questionnaires distributed to the sector – though only 56% of the sector provided their responses. MOCI did not demonstrate a sufficiently detailed understanding of the ML/TF risks faced by DPMS as a sector, conflating the risk of gold smuggling with the risk of ML/TF activity through DPMSs. MOCI also did not demonstrate a sufficiently detailed understanding of the risks posed by different types of DPMS at an individual level. However, as described in IO.1 (Chapter 2.), MOCI has developed a more robust risk understanding on TCSPs through its 2022 SRA.

467. MOJ carried out an SRA in 2020 and implemented the RAM in the same year. It has not updated its risk understanding after the NRA nor has its assessed specific emerging risks. Although the understanding of the ML risks of real estate agents is sufficient and accurate as its residual risks are considered of medium importance, NAMLC advised that there was growing consideration of how real estate could be used for ML/TF purposes following a significant case of grand corruption and case of TF in 2020-21 (see IO.1 in Chapter 2).

468. DNFBPs in the State were risk rated in 2020. To conduct this exercise, MOCI and MOJ used the information available from different supervisors and considered the inherent risk, internal controls, and residual risks. The analysis was based on factors including the seize, the volume of activity, customer base, the channels used (face to face, online), number of branches, the products offered (silver, gold, diamond, gold bars, etc.), information received from the FIU/MOI and other authorities, geographic location and structure of ownership. However, it seems authorities should reassess the risk rating of the individual DNFBPs, as several did not participate in the survey or submit their AML/CFT self-risk assessment or annual compliance report.

469. Regarding DNFBPs in the QFC, the understanding of the risks of the DNFBPs under QFCRA supervision is more comprehensive and developed, as described above in relation to FIs.

**Table 6.2. MOJ DNFBP risk ratings for 2021**

	High risk	Medium risk	Low risk
Lawyer	1	34	133
Real estate agents	24	29	143
<b>Total</b>	<b>25</b>	<b>62</b>	<b>276</b>

**Table 6.3. MOCI DNFBP risk ratings for 2021**

	High risk	Medium-high risk	Medium risk	Medium-low risk	Low risk
DPMS	36	52	122	311	6
Auditor	15	44	-	-	62
TCSP	4	-	165	-	1
<b>Total</b>	<b>55</b>	<b>96</b>	<b>287</b>	<b>311</b>	<b>69</b>

### *Risk-based supervision of compliance with AML/CFT requirements*

#### *Financial institutions*

470. The supervisors have reasonable supervisory frameworks to monitor AML/CFT compliance of FIs. They all adopt a risk-based approach in their supervisory frameworks, which combine on-site inspections, desk-based reviews, thematic reviews, targeted inspection and meetings with management. Other forms of engagement include follow-up actions from a Risk Mitigation Program for QFCRA (RMP) or Risk Reduction Plan for QCB (RRP) or Corrective Action Plan for QFMA (CAP), meetings, monthly reports, quarterly risk reports, Annual MLRO Reports and Annual AML/CFT Returns, annual or biennial Independent Audit Reports and outreach activities.

471. The QCB AML/CFT department has 27 staff and there are 10 solely dedicated to onsite inspections. This does not seem a sufficient level of resources. QCB formally adopted its RAM in 2014 and its implementation was done on a rolling basis. In 2021, the AML/CFT Department adopted new AML/CFT Supervision Procedures for onsite examination and offsite supervision. This aimed to document the evolved current

practice of the risk-based onsite examination and offsite supervision, and to build on this experience to further enhance supervision work.

472. QCB reviews the risk rating of FIs twice a year, which is then considered in the development of supervisory plans. To develop the schedules of onsite visits the QCB also considers other factors including the date of the last examination and changes in the FIs' business. The frequencies of onsite examination changed in 2021 as set out in the table below. The QCB reduced the frequency and expanded the inspection cycle for all risk categories. This was a result of the updated AML/CFT Supervision Procedures implemented by QCB to elaborate its risk-based supervision and to further enhance the supervision work.

6

**Table 6.4. QCB onsite inspection frequency**

Risk rating	On-site frequency up to 2020	On-site frequency starting 2021
High risk	Every 6 months	Every 8 months
Medium-high risk	Every 8 months	Every 12 months
Medium risk	Every year	Every 18 months
Medium-low risk	Every 18 months	Every 24 months
Low risk	Every two years or completely subject to offsite supervision	Every 30 months or completely subject to offsite supervision

473. Since the formal adoption of the RAM, the QCB has allocated all the ML/TF risk-rating categories (i.e., high, medium-high, medium, medium-low and low). It rated more than half of the inspected entities as medium risk, 23% as high and medium-high risk and 18% as medium-low and only two FIs as low risk. QCB reviews the risk ratings twice a year and formulates the onsite inspection plan on an annual basis using information considered during offsite supervision. This risk allocation appears sufficiently sound.

474. The QCB scoped its AML/CFT on-site inspections based on the findings of the risk profiles of FIs. The scheduling of onsite visits may also take into account other factors including the date of previous examinations and changes in the FI's risk profile. QCB started risk-based supervision and monitoring of compliance with AML/CFT requirements with banks in 2014 when it implemented RAM. QCB progressively expanded the RAM to other sectors in the following years (exchange houses, finance companies and investment companies in 2015, and insurance companies in 2017 when they became under QCB supervision).

475. In early 2019, the AML/CFT Department took the decision to conduct on-site examinations to all FIs under QCB supervision with the support of a number of auditors from a consulting company. The main driver behind this decision was to focus during the examination on the level of compliance and understanding of FIs about the guidance documents issued by QCB during the second half of 2018, including the risk-based approach, correspondent banking relationships, BO and CDD guidance documents.

**Table 6.5. QCB onsite inspections (2016-2021)**

Risk rating	On-site frequency up to 2020	On-site frequency starting 2021
-------------	------------------------------	---------------------------------

High risk	Every 6 months	Every 8 months
Medium-high risk	Every 8 months	Every 12 months
Medium risk	Every year	Every 18 months
Medium-low risk	Every 18 months	Every 24 months
Low risk	Every two years or completely subject to offsite supervision	Every 30 months or completely subject to offsite supervision

476. The majority of QCB inspections targeted banks and exchange houses which is in line with the identified risks. QCB carried out thematic, focused inspections (special assignments) for some banks in 2019, 2020 and 2021. In 2019, QCB carried out a thematic review of all banks and exchange houses, as these entities pose the highest risk, to assess the methodology used to risk rate customers and the risk mitigants applied. In addition, QCB demonstrated that it can appropriately react to adverse media that affect a supervised FI by swiftly engaging and requesting to submit information or address the allegations (see Box 6.3).

477. In terms of lower risks, according to the supervisory procedures, QCB carry out onsite visits every 30 months or completely subject the low-risk entities to off-site supervision. Following this approach, QCB did not subject a number of low-risk FIs to any onsite visit after 48 months of their inception. The assessment team considers that this approach can lead to exclude low risk entities of being subject to onsite inspections.

### Box 6.3. Case study: QCB action in response to adverse media

Bank X received a claim from the judiciary of a foreign country Y that it was involved in funding terrorist groups in Country A. The claim was filed by refugees from Country A. In reacting to these allegations, Bank X informed QCB of the case immediately.

QCB ordered Bank X to investigate the alleged transfers (transaction and legal wise) and provide QCB with the conclusions. At the same time, QCB conducted a special on-site inspection for the matter and found no evidence of the claims. Bank X's investigation also found that the case was groundless.

Later in August 2019, a newspaper from the country Y approached Bank X and requested information on the case in order to publish a news article. Bank X contacted QCB to inform authorities and get approval to reply. Bank X then replied to the newspaper that these were groundless allegations.

478. The QFCRA and QFMA demonstrate a well-established capacity to conduct risk-based AML/CFT supervision of the entities under their authority and have done so. The QFCRA has applied the risk-based supervision since 2010. The QFCRA has seven specialized AML/CFT supervisors assisted by supervisors from the core team conducting prudential supervision, which assist it in conducting AML/CFT

examination. The core team staff also hold relevant AML/CFT certifications. The QFCRA use desk-based reviews information to complement its on-site risk assessment schedule. QFCRA completed 73 AML/CFT risk assessment visits (RAV) and 1 120 desk-based review during the period of 2016-2021.

**Table 6.6. QFCRA – FIs onsite inspections dedicated to AML/CFT**

Sector	2016	2017	2018	2019	2020	2021	Total
Advisor	7	0	0	2	3	1	13
Bank	2	1	4	8	6	8	29
Insurer	7	1	2	2	2	0	14
Insurance intermediaries	3	2	2	0	5	0	12
Investment manger	2	0	1	0	1	1	5
<b>Total</b>	<b>21</b>	<b>4</b>	<b>9</b>	<b>12</b>	<b>17</b>	<b>10</b>	<b>73</b>

479. QFMA uses on-site inspections as one of the tools for supervising and monitoring the extent to which licensed FIs are complying with their AML/CFT obligations. The QFMA adopted its RAM in 2015 and implemented it fully for all its licensed FIs in 2016. The QFMA started its risk-based supervision in 2016. During the period 2016-2021, the QFMA undertook 94 on-site examinations and carried out 15 ad-hoc inspections from 2018-2021. QFMA reviews the risk rating of the FIs in a semi-annual basis. The examination is conducted based on the risks identified by the offsite supervision before each visit. The risk score takes into consideration the previous ML/TF deficiencies or violations of the licensed companies. From a frequency perspective, companies that are classified as high risk and medium-high risk for the general assessment are visited every six months, while medium risk companies are visited once a year, medium to low risk and low risk companies are visited once every two years. This demonstrates a sound implementation of the risk-based approach by QFMA.

**Table 6.7. QFMA onsite inspections, 2016-2021**

Sector	2016	2017	2018	2019	2020	2021	Total
Advisors	1	-	-	5	-	-	6
Brokers	16	15	17	9	7	7	71
Custodians	-	1	1	3	1	-	6
Market infrastructures	-	-	4	3	3	2	12
<b>Total</b>	<b>16</b>	<b>16</b>	<b>22</b>	<b>20</b>	<b>11</b>	<b>9</b>	<b>94</b>

480. During the COVID-19 pandemic, authorities carried out the inspections through virtual means to avoid disrupting the implementation of the onsite examination plan. Although certain financial groups are under the supervision of more than one agency and that might create supervisory challenges, the assessment team confirmed that the financial supervisors were exchanging supervisory information, findings, and relevant recommendations. The FIs supervisors also carried out several thematic reviews to cover the risk. In 2018, QCB, QFCRA, and QFMA carried out a joint thematic review of transaction monitoring policies, procedures, systems, and controls for monitoring and reporting STRs to assess the adequacy of FIs' management of ML/TF risks through effective transaction monitoring and STRs.

**Box 6.4. STR and transaction monitoring review**

In 2017, the QCB, QFMA, and the QFCRA collaborated on a joint thematic review of transaction monitoring policies, procedures, systems and controls for monitoring and reporting STRs to assess the adequacy of FIs' management of ML/TF risks through effective transaction monitoring and STRs. This was the first joint thematic review undertaken by the three supervisory authorities.

The authorities applied a joint methodology, requiring all FIs to complete a questionnaire about their transaction monitoring and STR frameworks and to submit a copy of their transaction monitoring and STR policies and procedures. Responses were analysed according to a common methodology. Each authority also carried out five onsite visits at a cross-section of FI types to test effectiveness of implementation. The FIs selected for an onsite visit were those with the highest transaction volumes and were risk-rated high or medium-high.

The results of the review were analysed and shared, leading to the production of a joint report in early 2018. This identified statistics and trends and made recommendations for the further strengthening of transaction monitoring and STR frameworks across Qatar's financial sector.

The outcome of the thematic review was shared and discussed with the private sector at two meetings of the QFIU Public-Private Sector Dialogue Forum in April and November 2019.

***DNFBPs***

481. The DNFBPs supervisors have also adopted a Joint AML/CFT Supervisory Strategy. MOCI and QFCRA have conducted joint supervisory inspection for auditors supervised by more than one supervisor and coordinate in fixing the gaps and the mitigation action plans. Several training sessions were organized within the framework of the joint group. The QFCRA applies the same AML/CFT supervisory framework for FIs and DNFBPs, with a combination of on-site inspections, desk-based reviews, thematic reviews, consultation visits, annual MLRO Reports, annual AML/CFT Returns and Independent Review Reports.

482. The QFCRA has risk-rated DNFBPs since 2010 and applied risk-based supervisions for the DNFBP sector based on the requirements of the QFCRA's 2010 AML/CFT Rules. The QFCRA conducted 63 on-site AML/CFT RAVs of DNFBPs in 2016-2021, 516 AML/CFT desk-based reviews and thematic reviews. The on-site inspections primarily focused on business services that had high ML/TF risks. QFCRA inspects both DNFBPs and FIs with the same AML/CFT supervisory resource.



**Table 6.8. QFCRA - DNFBPs AML/CFT onsite inspections, 2016-2021**

Sector	2016	2017	2018	2019	2020	2021	Total
Audit and accounting	1	4	0	2	2	2	11
Legal services	5	24	0	5	8	5	47
Support service providers	0	0	0	0	0	2	2
Trust services	1	1	1	0	0	0	3
<b>Total</b>	<b>7</b>	<b>29</b>	<b>1</b>	<b>7</b>	<b>10</b>	<b>9</b>	<b>69</b>

483. Although DNFBPs were subject to the 2010 AML/CFT Law, MOJ and MOCI did not have specialised units for AML/CFT supervision of DNFBPs. Instead, the responsibilities were coordinated among responsible departments. The absence of the specialized unit impacted MOCI and MOJ capacity to carry out their supervisory roles and activities due to the lack of sufficient resources assigned to this activity.

484. In 2019, MOCI established a dedicated section in the Companies Affairs Department to address AML/CFT obligations of DPMSs, auditors and TCSPs. The AML/CFT department has 24 full time employees, and 10 staff members are dedicated to onsite inspections. The majority of them have only some experience in AML/CFT supervision, with only two years of experience. This might create challenges to achieve the objectives of the supervisory efforts. In 2020, MOCI adopted a full AML/CFT Supervisory Framework and Standard Operating Procedures for on-site and off-site supervision as well as an AML/CFT Examination Manual.

**Table 6.9. MOCI – Onsite inspection frequency**

Risk Rating	High	Medium-high	Medium	Medium-low	Low
On-site frequency	6 months	6 months	12 months	12 months	24 months

485. MOCI has applied a gradual approach to implementing its supervisory framework. In 2020, MOCI risk rated the supervised DNFBPs, identified the frequency of the onsite supervisions and put in place supervisory plan based on the risk ratings. However, the plan did not cover the type and scope of the inspections or reviews, the supervisory resources required for each inspection or review, as well as a timeline for each inspection or review. MOCI started the inspection of some sectors in mid of 2020 focusing on the high-risk entities. However, COVID 19 restrictions affected the full implementation of the risk-based supervisory plans.

486. In 2021, MOCI put in place a new supervisory plan and hired a consultancy firm to assist them to carry out onsite inspections. However, MOCI was not able to complete the plan as per the identified frequency/cycle. The onsite inspections carried out did not seem fully risk based. In addition, the onsite inspections coverage was full scope, regardless the risk rating. MOCI did not carry out any thematic inspections.

**Table 6.10. MOCI - Onsite inspections, 2017-2021**

Sector	2017	2018	2019	2020	2021	Total
DPMSs	0	0	0	22	102	124
TCSPs	0	0	0	13	7	20
Auditors	2	8	8	20	21	59
<b>Total</b>	<b>2</b>	<b>8</b>	<b>8</b>	<b>55</b>	<b>130</b>	<b>203</b>

**Table 6.11. MOJ – Onsite inspections, 2017-2021**

Sector	2017	2018	2019	2020	2021	Total
Lawyers	0	0	0	55	57	112
Real estate agents	0	0	0	196	45	241
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>251</b>	<b>102</b>	<b>353</b>

487. In 2020, the MOJ established a dedicated unit to supervise compliance by DNFBSs. The AML/CFT unit consists of six staff, including a Head of AML/CFT and four full time onsite inspectors. In 2020, MOJ visited 55 lawyer offices and 196 real estate agent offices, informing them of AML/CFT requirements and issuing 130 corrective plans, but without imposing any enforcement action. In 2021, MOJ adopted a risk-based approach, but it put in place supervisory plans with specific scope for all the entities to be visited, regardless of the risk of the entities, and divided the resources over the sectors under their supervisions (2 staff for each sector). However, the annual supervisory plan was not completed. In the first half of 2022, MOJ was able to cover all the high and medium risk-rated entities. Still, large portions of low-risk entities need to be covered in 2022 as per the adopted frequency (high risk every six months, medium risk every 12 months, and low risk every 24 months).

488. In 2020, the DNFBS supervisors started a Joint Working Committee. Through this Committee, the supervisors carry out a joint risk assessment and joint supervisory inspections for the sectors supervised by more than one supervisor, such as TCSPs and auditors, and they are in the process of issuing joint enforcement policy. These are valuable initiatives and efforts that should positively impact the supervisory approach over these sectors.

### ***Remedial actions and effective, proportionate, and dissuasive sanctions***

#### ***Financial institutions and DNFBSs***

489. The supervisors generally take remedial actions in an effective manner. The supervisors can and have imposed a range of sanctions under the AML/CFT Law if an obliged entity fails to comply with AML/CFT requirements. This includes the ability to take a wide variety of formal sanctions, beginning with written warnings, and extending to fines of up to QAR 100 million (27 million USD) and revocation of the license. The supervisors have taken a variety of remedial actions and levied sanctions against firms, with the exception of revoking and withdrawing licenses and

registrations. FIs have received the full range of sanctions. This demonstrates the application of effective, and in most instances, proportionate and dissuasive sanctions against both firms and individuals. The AML/CFT supervisors actively monitor the progress of remedial actions taken by the reporting entities through the remediation progress and follow-up visits.

490. Supervision and monitoring to address and mitigate ML/TF risks in the financial sector and other relevant sectors has led to the implementation of remedial actions. The supervisors demonstrated their willingness to impose sanctions where appropriate and the assessment team also verified this in the number of sanctions and case examples provided. However, sanctions applied by the QCB, MOCI and MOJ were not made public. This limits the potential dissuasive effect of the reputational risk that comes with publicity. Although the FI and DNFBP supervisors in the State have put in place enforcement policies, it is unclear if the policies consider the risks of the non-compliance and accordingly whether the range and type of sanctions that can be imposed are proportionate to the risk.

491. Between 2016 and 2019, the QCB imposed fines totalling approximately QAR 50 million (USD 13.7 million), and recently enhanced its enforcement procedures by adopting a new Enforcement Policy which is based on risk. However, QCB has not yet applied sanctions in accordance with the new policy and it is unclear if the sanctions applied were always proportional to the failures and risks.

492. The QFCRA and QFMA imposed enforcement actions against FIs and individuals who breached the AML/CFT obligations and published them (see relevant examples in Box 6.5 below). The QFCRA applies the same approach for sanctions on DNFBPs as FIs.

**Table 6.12. Remedial actions and sanctions by AML/CFT FI supervisors, 2017-2021**

Supervisor	Action	2017	2018	2019	2020	2021	Total
QCB	Fine	5	5	13	3	2	28
	Letter	0	56	59	41	42	198
	Warning	0	3	21	22	12	58
	RRP/CAP	0	56	59	40	36	191
QFMA	Fine	0	3	3	1	2	9
	Letter	25	22	41	54	32	174
	Warning	2	2	1	0	0	5
	RRP/CAP	15	19	19	18	6	78
QFCRA	Fine	0	1	4	0	1	6
	Banning order	0	0	3	0	1	4
	Public Censure	0	0	1	0	0	1
	Enforceable undertaking	0	0	3	0	0	3
	Private Warning Letters	0	0	4	0	3	7
	Supervisory Action: Feedback letters, RMPs, written warnings	7	15	6	17	24	69

### Box 6.5. Imposed sanctions

#### Case Study 6.5.1: QFMA – Enforcement and impact

In 2015, QFMA, during its supervisory activity, determined that two FIs were not compliant with CDD requirements on legal persons. QFMA supervision referred the case to the enforcement division for investigation. The Enforcement Division imposed a penalty of QAR 300 000 (USD 75 000) on each of the companies.

In addition, QFMA, through meetings and written communications, instructed the firms to comply with the AML/CFT rules and collect the required data. QFMA monitored compliance with the work plan and reviewed the quality of the firms' remediation efforts.

#### Case Study 6.5.2: Change in QCB risk rating of an exchange house

In 2017, the QCB conducted an inspection of Exchange House A. QCB identified that Exchange House A's policies, procedures, systems and controls did not fully meet the requirements of the QCB's AML/CFT Rules. The deficiencies identified related to insufficient KYC measures and missing CDD information, required improvements to technical systems, insufficient customized training, and concerns regarding the qualities of the MLRO. QCB issued an inspection report to Exchange House A requesting it to immediately remediate the deficiencies.

Ongoing monitoring of Exchange House A continued, and the QCB conducted a follow-up inspection in 2018. Supervisors confirmed that Exchange House A had remediated the deficiencies. Exchange House A remains on an intensive inspection cycle, whereby QCB is now monitoring the effectiveness of the revised controls to ensure that they have been appropriately implemented. QCB imposed a fine of QAR 200 000 (USD 55 000) to the company due to the severe violations. The company is still rated high risk due to the inherent and structural risk factors.

#### Case Study 6.5.3: QCB – High penalties imposed to a bank

In March 2019, QCB conducted an inspection to assess a bank's AML/CFT system and monitor and follow-up on the measures implemented by the bank to address gaps identified during the previous inspection process that took place in 2018. The inspection outcomes indicated the bank's non-compliance with the AML/CFT instructions and failure to address the gaps identified in an appropriate manner. QCB imposed a financial penalty of QAR 12 000 000 (USD 3 000 000) and a RMP that the bank partially implemented in 2020.

Later that year, QCB imposed another financial penalty to the same bank for QAR 5 000 000 (USD 1 250 000) after an off-site review on the implementation of the risk-based approach in the banking sector.

493. MOCI and MOJ have applied a gradual approach to enforcement and sanctions considering the more recent coverage of DNFBPs under Qatar’s AML/CFT supervision. Supervisors imposed disciplinary sanctions on a gradual basis in response to identified regulatory breaches. However, supervisors’ ability to impose effective, proportionate, and dissuasive sanctions needs development.

494. Among the sanction powers under the AML/CFT Law, MOCI and MOJ primarily use formal warnings in most non-compliance cases. When supervisors imposed financial penalties, this was after several reminders and these penalties were not paid. Therefore, it is too early to assess if the sanctions applied by MOCI and MOJ are proportionate, effective, and dissuasive.

**Table 6.13. Remedial actions and sanctions by AML/CFT DNFBP supervisors, 2017-2021**

Supervisor	Action	2017	2018	2019	2020	2021	Total
MOJ	Fine	-	-	-	-	-	-
	Letter	-	-	-	-	-	-
	Warning	-	-	-	-	-	-
	RRP/CAP	-	-	-	130	110	240
MOCI	Fine	-	-	-	-	-	-
	Letter	-	-	-	-	29	29
	Supervisory Action: Feedback letters, RMPs, written warnings	-	-	-	53	111	164
QFCRA	Fine	-	-	1	-	-	1
	Supervisory Action: Feedback letters, RMPs	27	-	-	12	16	55

### *Impact of supervisory actions on compliance*

#### *Financial institutions*

495. FIs supervisors noted an improvement in the compliance culture of, and understanding of risk by, FIs since 2012. This was further enhanced with the new AML/CFT Law in 2019. The number of STR reported has increased after the joint supervisory STR thematic review in 2018 (see IO.4). The onsite inspections, follow-up and other supervisory tools has led to a gradual improvement of FIs’ AML/CFT compliance. Some FIs have adopted more stringent measures to comply with their AML/CFT obligations. The FI supervisors recorded few repeated findings over the period from 2019-2021. The supervisors provided some evidence of the positive effects of their supervision on AML/CFT compliance. The FIs supervisors have follow-up mechanisms to monitor the progress of the remediation of identified deficiencies. These mechanisms have improved compliance with reporting institutions.

496. Case examples provided by QCB and QFMA (see Box 6.5) demonstrate positive impact on the reporting entities which have been subject to sanctions (fines/CAP). Interviews with reporting entities also supported that the actions taken by the supervisors have a positive impact on their compliance, including fostering better compliance culture and understanding of AML/CFT obligations. They also acknowledged that the communication with their supervisors is generally good, and that they have a good working relationship.

*DNFBPs*

497. For DNFBPs in the QFC, they demonstrated the same improvement in culture and understanding. For the DNFBPs in the State (MOCI and MOJ), the impact of supervisory actions cannot be assessed fully since the monitoring of AML/CFT requirements to the sectors is quite recent. MOCI and MOJ still have not covered the entire sector through onsite inspections, in addition several DNFBPs have not yet submitted their self-assessment reports, compliance reports or participated in the survey conducted by their supervisors. DPMSs, in particular, noted that the lack of enforcement action against non-complaint DPMS meant that there was little incentive to comply with AML/CFT requirements and placed compliant DPMSs at a competitive disadvantage. However, the DNFBPs interviewed demonstrated varying level of awareness of the risks presented in their sectors and their AML/CFT obligations under the AML/CFT Law. This suggests that the guidance and education work conducted by the MOCI and MOJ has had progressing effect on the AML/CFT awareness in these sectors.

*Promoting a clear understanding of AML/CFT obligations and ML/TF risks**Financial institutions and DNFBPs*

498. Supervisors provide a wide range of guidance and undertake varying outreach activities to obliged entities to assist them in complying with their AML/CFT obligations. The guidance covers different AML/CFT areas, including institutional risk assessments, CDD, EDD and BO. In addition, NAMLC and supervisory authorities held several workshops with the assistance of external experts to explain AML/CFT obligations and ML/TF risks to obliged entities.

499. Supervisory authorities also provided specialized trainings either internally or through third party experts. FI supervisors in 2017 collectively issued guidance to assist FIs to understand their risk and to mitigate it through preventive measures. Supervisory authorities conducted workshops to disseminate the findings of the NRA and make the entities more sensitive to their AML/CFT risks. In 2019, NAMLC developed and designed an AML/CFT Comprehensive Training Program to improve awareness of ML/TF risk and AML/CFT requirements. The supervisors' websites include a dedicated AML/CFT section and keep relevant information publicly available.

500. In addition, regular monthly meetings between FIs and supervisors take place to exchange information and experiences between supervisors and obliged entities. During these meetings, supervised entities get a better understanding of the various supervisory issues. QCB has created a special email account for urgent communications with FIs and has established informal discussion groups with all banks and exchange company MLROs. The QFCRA has also published an AML/CFT Self-Assessment Questionnaire on its website. The Questionnaire provides a practical method for firms to focus on the key AML/CFT requirements. The questionnaire will enable supervised entities (FIs and DNFBPs) to measure whether the entities are effectively complying their legal and regulatory obligations to prevent ML/TF.

501. QFCRA has a well-defined model for information sharing and delivery of instruction to FIs and DNFBPs. The QFCRA uses an Electronic Submissions System to send notices to FIs on AML/CFT and other supervisory matters, including rule



consultations and final amendments, UNSC designations, domestic designations issued by the NCTC and any FATF alerts in connection to high-risk and non-cooperative jurisdictions.

502. For DNFBBPs, MOCI and MOJ have also held several workshops and meetings to promote understanding of the sectors under their supervision of their AML/CFT obligations and their ML/TF risks. MOJ and MOCI issued guidance to their supervised entities, with a view to improving their understanding of their AML/CFT obligations. To raise awareness, provide access to the relevant requirements and further facilitate their implementation, both MOCI and MOJ have created a webpage on AML/CFT on their respective websites and conducted targeted outreach and training for DNFBBPs.

503. Given that the supervision and enforcement of AML/CFT requirements is relatively new to the DNFBBP sectors in the State, there could be some areas of the AML/CFT obligations and knowledge of risks where there is a need for further clarification or guidance. Therefore, it is not possible to demonstrate that the actions taken are sufficient across the industry to provide a clear understanding of AML/CFT obligations and ML/TF risks. However, the obliged entities interviewed generally acknowledged the usefulness of supervisory documentation and outreach provided by AML/CFT supervisors.

## Overall conclusion on IO.3

All AML/CFT supervisors have a fair overall understanding of Qatar's ML/TF risk, but the understanding differs among supervisors related to their sectors' risks. MOCI does not have a sufficient level of understanding of ML/TF risk when considering DPMSs and individual institutional level of risks. In addition, there is a room for enhancing the understanding of other supervisory authorities of FIs and DNFBBPs sectors.

Qatar has implemented a risk-based approach to AML/CFT supervision and ML/TF risk assessments. The financial supervisors (QCB, QFCRA and QFMA) undertake effective risk-based supervision, which is weighted heavily in Qatar's context. MOCI and MOJ have taken positive steps to conduct AML/CFT supervision of DNFBBPs on a risk-basis. The process is at an early stage and although it is gradually improving, it is still not sufficiently developed.

Supervision and monitoring to address and mitigate ML/TF risks in the financial sector and DNFBBPs have led to the implementation of remedial actions. MOCI and MOJ applied a gradual approach to enforcement and sanctions and no financial sanctions have been paid so far. Finally, MOCI and MOJ efforts need to be enhanced to increase the AML/CFT awareness of the supervised entities.

Qatar is rated as having a **substantial** level of effectiveness for IO.3.





## Chapter 7. LEGAL PERSONS AND ARRANGEMENTS

### Key Findings and Recommended Actions

#### Key Findings

- a) Basic information on companies, partnerships, trust and other legal persons and arrangements is publicly available. Qatar has four commercial registries for legal persons (MOCI, QFCA, QFZA and QSTP), seven registers for NPO legal persons (MSDF, MOJ, MOC, MSY, MEIA, RACA and QFCA) and another for legal arrangements with charitable purposes (MEIA) and for trusts (QFCA).
- b) Qatar demonstrated sufficient understanding of ML/TF risks posed by legal persons created in the State and in the QFC. NAMLC and RACA covered the risk of TF abuse for the NPO sector in the NRA and the RACA SRA, but it is unclear if Qatar has also considered the ML risks posed by legal persons of the NPO sector.
- c) Qatar has recently implemented measures that discourage the creation of shell companies and the abuse of nominee directors and shareholders, particularly in the QFC where risks could be higher considering the nature of the activities and the type of available corporate and ownership structures. However, there could be unmitigated risks associated with the use of nominee directors and shareholders within MOCI as the declaration requirements have been put in place recently in 2022.
- d) Qatar has also recently enacted new regulations and procedures to improve availability of basic and BO information. Qatar recently started to implement a centralized registry for basic information and BO information on all legal persons and arrangements (the UER). The UER still does not have complete BO information from certain registries, but there is positive and sustained progress that should allow finalizing the collection stage in a short period.
- e) Qatar and QFCA are implementing a multi-pronged approach to secure the collection of BO information. This is a positive way forward to secure that relevant authorities obtain adequate, accurate and current basic and BO information. However, there are still not sufficient controls from the different sources, authorities and obliged entities to secure that the BO information collected remains accurate and up-to-date after the establishment of the legal persons and arrangements. LEAs can obtain basic and BO information, but LEAs do not have direct access to all registries and information which can lead to delays. In addition, it is unclear if the available information is accurate and up-to-date, particularly due to the limitations of relevant authorities to verify the BO information.
- f) While QFCA had applied sanctions for failure to comply with basic and BO information requirements and published these sanctions publicly, MOCI, QFZA and QSTP have not yet applied sanctions for failure to comply with BO information requirements.

## Recommended Actions

- a) Qatar should ensure that all basic and BO information under each registry and the UER is adequate, up-to-date and accurate. An avenue for this could be to complete the full consolidation of all basic and BO information under the UER.
- b) Qatar should ensure that the information available from different sources of information is accurate and up-to-date by creating controls and measures to crosscheck and verify the information within each registry and the existent information held by FIs, DNFBPs and legal persons and arrangements.
- c) Qatar should enhance the capacity of LEAs to access basic and BO information by providing direct and online access to the different registers and particularly to the UER.
- d) Qatar should continue educating the registries, FIs and DNFBPs about the need to identify BO information and to share with the FIU whenever there is a suspicious of possible misuse of a legal person or arrangement.
- e) Qatar should apply effective and dissuasive sanctions in case of violations to BO obligations, including the lack of verification of the accuracy of BO information by FIs and DNFBPs.
- f) Qatar should conduct a comprehensive analysis of the ML risks of legal persons that are NPOs.

504. The relevant Immediate Outcome considered and assessed in this chapter is 10.5. The Recommendations relevant for the assessment of effectiveness under this section are R.24-25, and elements of R.1, 10, 37 and 40.

### Immediate Outcome 5 (Legal Persons and Arrangements)

#### *Public availability of information on the creation and types of legal persons and arrangements*

505. Basic information on legal persons and arrangements is publicly available in Qatar. The websites of the authorities include procedures, guidelines, required documentation, application forms and applicable legal provisions.

506. Different types of legal persons and arrangements can be created and operate in Qatar (see Table 7.1). There are four commercial registries for legal persons (MOCI, QFCA, QFZA and QSTP) and seven registers for NPO legal persons (MSDF, MOJ, MOC, MSY, MEIA, RACA and the QFCA). In addition, Qatar is implementing the UER, a consolidated national registry that will include all basic and BO information held in these registries.

507. Although NPOs like foundations and associations have different registration authorities, RACA established the sectoral register of NPOs that consolidates all basic information of all NPOs, and the procedures and required documents to create an NPO. RACA also shares this information with the UER. Each registry website makes

available to the public the application forms and applicable legal provisions (MSDF, MOJ, MOC, MSY, MEIA, RACA and the QFCA).

508. There are two types of legal arrangements in Qatar, trusts in the QFC and the Awqaf in the State. The website of the QFCA makes publicly available the requirements for the creation of trusts and the basic information of the trust created. QFCA maintains the registry of trusts and there are currently only three trusts in the QFC.

509. The other type of legal arrangements that can be created in the State are the Endowments (Awqaf), which are an Islamic type of legal arrangement. Law No. (9) of 2021 on Endowment (Waqf) regulates the establishment and supervision of endowments (Awqaf) in the State of Qatar. Many provisions of this Law derive from Shari'a Law, it is however considered a “positive law” within the civil law category. Four types of endowments exist in Qatar and the website of the MEIA includes the procedures related to establishing each type.:

- a) **Charitable endowment** for which the benefits are dedicated to a charitable cause at the outset;
- b) **Family endowment** for which the benefits are for the actual Endower, his progeny, or both, or to any other person(s), their progeny, or all of them, provided that it will terminate in all cases with a specific charitable cause;
- c) **Joint endowment** where the benefits are dedicated to both a charitable cause and a family; and
- d) **Bequest** of a charitable, family, or joint endowment.

510. Nothing in Qatar legislation prevents a person in the country from acting as a professional trustee of a trust created under foreign law. When a person acts as a professional trustee in Qatar will be considered a DNFBP (see R.25 in the TC Annex).

**Table 7.1. Legal persons and arrangements created in Qatar (June 2022)**

Authority	Type of legal person/ Arrangement	Number
MOCI	Partnership Company	103
	Limited Partnership company	9
	Public shareholding company	75
	Privet share holding Company	136
	Limited partnership company with shares	0
	Limited liability company	34 520
	Limited liability Company formed by one person	21 321
NPOs	Sport	75
	Social	49
	Cultural	40
	Vocational	39
	Educational	20
	Charitable and Humanitarian	17
	Religious	33
	International	9
	Healthcare	4
	Enviromental	3



Authority	Type of legal person/ Arrangement	Number
QFCA	Limited Liability Company LLC	846 (including 1 public LLC)
	Company limited by Gurentee	54
	Portected Cell Company	0
	Special Purpose Company	96
	Holding Company	216
	Limited Liability Partnership (LLP)	12
	Foundation	3
	Investment Club (LLC(IC))	6
	Single Family Office (SFO)	1
	Branches	166
	Trust	3
QFZ	Limited Liability Company (LLC) (Qatari 27) , (Non-Qatari 167), (Qatari and Non-Qatari (JV) 28)	222
	Branches (Qatari 12) (Non Qatari 16)	28
QSTP	LLC (Qatar 20) ( Non Qatar 25) (Qatari and Non-Qatari JV 19)	64
	Branch Entity (Qatar 3) (Non Qatar 8)	11
Endowment	Charitable Endowment	1 188
	Family Endowment	116
	Joint Endowment (Charitable and Family)	81

### *Identification, assessment and understanding of ML/TF risks and vulnerabilities of legal entities*

511. Qatar carried out various ML/TF risks assessments of legal persons and legal arrangements both in the State and in the QFC. First, as part of the 2019 NRA, it considered in broader terms the ML/TF risks posed by legal persons and arrangements and then, in a more detailed and comprehensive way, through SRAs conducted by NAMLC and the QFCA. However, these risk assessments excluded the consideration of the legal persons supervised by RACA. These were analysed separately only for TF purposes (see IO.10 in Chapter 4). Finally, although Qatar did not initially consider in detail the legal persons incorporated in QFZ and QSTP as part of the NRA, it did consider these in the SRA conducted right after by NAMLC.

512. The NRA identified characteristics of the formation and activities of legal persons and arrangements that make them attractive for ML purposes and considered the risk of abuse as medium-high, particularly through the abuse of TCSPs. In addition, the NRA found that Qatar could be exploited either through illicit actors that seek to set up front or shell companies in Qatar or by illicit actors using foreign-based shell or front companies to establish bank accounts or move funds through Qatari FIs. On the other hand, the NRA assessed the risk of legal persons to be abuse for TF purposes as low, although it notes that there have been cases of TF use of bank accounts in the name of legal persons and that NPOs were identified as medium high risk.

513. The NRA considered the ML/TF risks of abuse of gatekeepers (lawyers, auditors, TCSPs and other types of entities offering legal type professional services) as medium-high in terms of the possible misuse legal persons and arrangements. In particular, persons seeking to hide the true ownership of Qatari companies could use their services and therefore present higher risks.

514. In addition, the specific SRA conducted by NAMLC considered the inherent risk, controls, and vulnerabilities and assessed the level of residual risk. NAMLC also produced a number of recommendations to the relevant authorities that have been generally implemented at the time of the onsite visit. NAMLC also leveraged the strategic analysis conducted by the QFIU on the abuse of legal persons in ML/TF. That exercise enabled NAMLC to assess the level of residual risk, which ranged from low, medium to high. The study analysed the structures of the companies that can be created in Qatar, the licensing process, and a number of ML/TF cases that included the misuse of legal persons. It also provided further details including the nature of the cases, the authority that supervised those legal persons and the nature of activities and the risk of abuse.

515. It is important to note that, although the NRA did not consider in detail the risks posed by legal persons created in the QFZ and QSTP, the SRA conducted by NAMLC right after the NRA did include elements of these legal entities. The authorities met during the onsite visit demonstrated a good understanding of the risks and indicated that they apply a risk-based approach within their relevant jurisdictions based on the analysis from the NRA.

516. As a result of the NRA outcomes, NAMLC put in place the National AML/CFT Strategy Based and Action Plan 2020-2025 that include a strategic objective on strengthening BO transparency. This objective prompted the creation of the UER, the aim to focus on enhancing the collection of BO information by FIs and DNFBPs and on better understanding the risks of legal persons and arrangements through a dedicated SRA conducted after the NRA, among other measures.

517. After the NRA, the QFCA also conducted a more detailed SRA that, building on the findings of the NRA, enhanced the understanding of the existent risk of abuse of legal persons and arrangements in the QFC. The identified ML/TF threats include: 1) the potential use of foundations (which can be NPOs) for TF; 2) the use of legal persons and legal arrangements in the QFC for complex ownership and control structures; 3) the use of nominee shareholders and directors; and 4) the risk of companies in the QFC being connected to non-transparent jurisdictions or jurisdictions that do not cooperate with information requests from international counterparts. The overall ML/TF inherent risks for all legal persons and legal arrangements in the QFC was assessed as medium-high.

518. Overall, Qatar demonstrated sufficient understanding of ML/TF risks posed by legal persons and arrangements created in the State and in QFC. However, although NAMLC and RACA covered the risk of TF abuse for the NPO sector in the NRA and in the SRA, it is unclear if Qatar has also considered the ML risks posed by legal persons in the NPO sector.

### *Mitigating measures to prevent the misuse of legal persons and arrangements*

519. Qatar has recently implemented a range of mitigating measures to prevent the misuse of legal persons and arrangements. As part of its strategy to address the vulnerabilities identified on the various risk assessments, Qatar enacted since 2020, new regulations and procedures to secure that competent authorities, legal persons and arrangements in addition to FIs and DNFBPs gather and maintain accurate basic and BO information. Qatar has also implemented sufficient measures that discourage

the creation of shell companies and the abuse of nominee directors and shareholders and prohibited the use of bearer shares. However, it is unclear if there are unmitigated risks associated with the use of nominee directors and shareholders within MOCI as the declaration requirements were introduced recently in 2022.

### *Legal persons*

520. For incorporation by MOCI, legal persons must provide basic information and documentation either electronically or manually to the Company Register. Individuals seeking to create an entity with legal personality and the power to conduct business must first have the contract of company authenticated by a notary in the employ of the MOJ and go through a number of controls. If the company will be partially owned by other legal persons, those entities must also be represented to a notary. In case of receiving the documentation electronically, MOCI receives the application to create a legal person through a single window system that applies an electronic authentication through a unique Smart Qatar ID (QID) that provides traceability and transparency to the incorporation process. This process involves three authorities: 1) the MOI Immigration Department that is responsible of activating the e-services on the QID; 2) followed by registration on the National Authentication System (NAS/Tawtheeq), which is then 3) routed through the Qatar Official e-Government Portal (Hukoomi) under the Ministry of Transport and Communications (MOTC).

521. MOCI then checks the information using an electronic system that screens databases related to criminal records and other administrative penalties. This is connected to MOI and MSDF systems and to a screening system that allow the authority to check the individuals against national or international TFS lists. Following enrolment in the Commercial Register, the firm must then apply to the appropriate ministry for a commercial license and the MOI for a Certificate of Establishment. It is illegal to do business in Qatar without a Certificate of Establishment and the relevant license. After the incorporation of the legal person, this must then apply to enrol on the commercial register maintained by the MOCI that increase the level of controls.

522. In addition, all commercial companies are required to maintain complete, accurate and current registers of basic information, the required information on the beneficial owners and a register of shareholders or members, as the case may be, containing their names, nationalities, addresses, number of interests or shares owned by each of them and categories of shares and interests, including the nature of the associated voting rights and any changes made. Shareholders or partners need to make their initial contributions into a bank account in the name of the company that cannot carry transactions until MOCI registers the company.

523. In 2022, MOCI enacted new regulations that defined the nominee director, nominee shareholder, the nominator, and specified the disclosure procedures regarding the identity of the nominator by the nominee director or shareholder to the management of the company and the Competent Department within a period not exceeding 30 days from the date of acquiring such nominee status. In addition, Decision of the Minister of Commerce and Industry No. (2) of 2022 on the Implementation of the AML/CFT Requirements related to Commercial Companies, established procedures requiring nominee directors or nominee shareholders to disclose to the management of the company and to MOCI, the identity of their nominator within a period not exceeding 30 days from the date of acquiring such

nominee status. However, Qatar does not have statistics of the number of nominee directors and nominee shareholders that have been disclosed to MOCI and has recently started to implement these measures, therefore, there could be unmitigated risks.

524. Qatar did not provide information about the identification of shell companies in the State, although MOCI has in place procedures and requirements that should prevent their existence.

525. For incorporation in the QFCA, similarly robust mechanisms exist that secure the controls on the ownership and the availability of basic and BO information at the time of the incorporation of legal persons and arrangements. The processes for incorporation and registration of legal persons and arrangements includes sufficient requirements to submit documentation on the controllers of the entity, checks and validations by different departments of QFCA and a review of the activities to be conducted and the applicable legal framework.

526. QFCA has identified 28 companies that demonstrated characteristics of inactiveness that also failed to submit BO information in the last five years. The QFCA took multiple disciplinary actions against the companies. These include six public censures, four prohibitions on officers of companies, six financial penalties and all 28 companies had their license withdrawn or are in the process of having their license withdrawn. In the case of financial penalties, the value of the penalty varied between USD 4 600 to 6 500 depending on the length of time that the company was breaching the legal requirements. A portion of the 28 companies commenced operations in the QFC and subsequently became inactive; and a minority failed to commence operations. The QFCA typically commences investigations into suspected inactive companies 6 months post-incorporation and establishes inactiveness approximately 12 months post-incorporation. The financial penalties imposed by the QFCA on these companies amounted to a total of USD 35 800, as outlined on the QFC's public register. In the QFCA, two entities disclosed nominee directors to the Companies Registration Office (CRO) in the last five years.

527. For the incorporation of NPOs, they are required to disclose basic information, the purposes, activities and the identity of persons who manage, control, or direct their activities. All competent authorities with responsibilities for NPO licensing must consider the requirements set by RACA when determining their licensing procedures. Following consideration of the applications, RACA or other registering authorities of NPOs make the final decision on incorporation. Upon approval of the application, the competent authority publishes the Memorandum of Association and Articles of Association in the Official Gazette and issue a certificate of registration for the new NPO. Only once this is completed does the NPO acquire legal personality.

528. In terms of the free zones (QFZA and QSTP), the QFZA Company Registry is responsible for the incorporation and licensing of legal persons. All applications go through a sufficient internal approval process prior to entering their name into the Company Register maintained by the QFZA. As part of this process, the QFZA conduct an evaluation on the application submitted that includes background checks on the proposed parties involved in the project. In addition, the QFZA confirmed that there are no shell companies in the QFZA. For registration in the QSTP, applicants need go through a similar process. However, it is unclear if these authorities verify the information that they hold after the incorporation of the legal persons to check that it

is adequate, accurate and current. Finally, it is not possible to have nominee directors and nominee shareholders in the QFZ and QSTP. This measure mitigates possible risks of abuse.

529. FIs and DNFBPs represent another line of defense to prevent the misuse of legal persons and legal arrangements that needs to be reinforced. As part of their CDD, they are required to identify their customers, which are legal persons and legal arrangements, as well as the BO. In addition, FIs and DNFBPs, whether based in the State, the free zones or the QFC, are required to identify the natural person(s) who ultimately has an effective controlling ownership interest of no less than 20% of a legal person or voting right. If no natural person fits this description, the FIs and DNFBPs must identify any person who whether directly or indirectly exercises control. If FIs and DNFBPs are unable to identify a natural person meeting any of these criteria, it is prohibited from opening an account or continuing a relationship with the customer and must file a STR with the QFIU. Finally, the AML/CFT Law imposes a universal obligation on all legal persons to maintain a register of basic and BO information and shareholders.

530. However, both MOCI and MOJ observed in internal assessments conducted in 2020 and 2022 the existence of important weaknesses in the sectors that they oversee in the capacity of to identify and verify the identity of the BO. MOCI's 2022 SRA considered this as a fundamental vulnerability in the absence of the full implementation of the UER (see IO.4 in Chapter 5).

531. As set out above, Qatar and the QFC have adopted a multipronged approach to obtain BO information. This entails the existence of a variety of sources of information that are potentially available to authorities and should potentially help to crosscheck the accuracy and that the information is up-to-date. As explained further below, Qatar is implementing the UER and at the same time requires legal persons and arrangements, FIs and DNFBPs to maintain up-to-date basic and BO information. In addition, registries, MOCI and QFCA conduct an intense monitoring on the compliance with BO obligations. It is less clear if other supervisory authorities, such as QCB and MOJ, conduct the same level of monitoring on FIs and DNFBPs. In addition, Qatar did not demonstrate it was proactive in utilising the different sources of information and crosschecking or using them to verify the accuracy of the information. In certain cases, applying a risk-based approach, the QFCA verifies the accuracy of the BO information submitted to the CRO using different sources of information, including corroborating findings with third party service providers, contractual counterparties and other company registries

### *Legal arrangements*

532. QFCA licenses and supervises trusts. In June 2022, only three trusts had been established in the QFC. The process to establish a trust appear to be sufficiently robust, as it includes a number of controls for the relevant parties.

533. Regarding awqaf, the MEIA has implemented sufficient measures to prevent their misuse for ML/TF purposes such as controls at the time of the creation and a close oversight of the supervisors of awqaf, who are usually public servants. Moreover, a person may only be a supervisor of awqaf for a maximum period of 2 years. After this time, he must apply for its renewal to be able to continue supervising

the endowment. In addition, awqaf must transmit the funds or assets under the endowment to the State.

534. There are few fully private awqaf that administer funds and assets, but these have a more intense oversight. However, in all cases, MEIA has the right of general supervision over all endowments, bequests of endowment or acts of good deeds and charity, and all the actions of the appointed executor.

#### *UER*

535. Qatar has recently started to implement a UER that is a centralized registry for legal persons and legal arrangement that includes basic information and BO information. As part of this initiative, Qatar implemented a Unified Economic Number that is given upon registration and licensing to any entity to be identified by the government authorities and the public. The UER section in MOCI is now in the process of enabling competent authorities to have a Unified Economic Number to adopt it in their registers and licenses issued to applicants for licensing or registration. This will allow instant electronic linking and exchange of information, data and documentation between the UER and all the registers held by the competent authorities, in the framework of databases linking, as well as updating data and required basic and BO information

536. Although a positive way forward, the UER still does not include complete BO information from certain registries (see below). There is positive and sustained progress that should allow finalizing the collection stage in a short period. Further, recently MOCI and other registries started to collect the BO information from the licensed entities. However, Qatar has not demonstrated that it verifies the collected information to confirm any variation or accuracy of the data submitted after its inclusion.

#### ***Timely access to adequate, accurate and current basic and beneficial ownership information on legal persons***

537. Basic information of legal persons created in the State and QFC is publicly available on the registry of each authority. However, in the case of QFZA and QSTP it is upon request and there is a need to include details of the requestor. As described in above, Qatar is in the process of implementing the UER, by virtue of which all legal persons and arrangements must declare the beneficial owner when applying for registration, licensing, amendment, or renewal. This new mechanism will complement and enhance the existing ones that include the collection of BO information by companies, by FIs and DNFBPs and by the different registries.

538. At the time of the onsite, the UER section in MOCI was in the process of collecting the basic information and BO information from the registries. As of June 2022, MOCI was able to collect the basic information's from all the registering authorities in the State and the QFC. In terms of BO information, MOCI had obtained manually BO information from MOCI, QFCA, QFZ, QSTP, RACA, MOJ and MOC. This meant that the UER was 83% complete. However, MOCI does not carry out any type of verification checks for the information collected to ensure that the information collected by the registry is up-to-date and accurate.



539. As described above, Qatar and QFCA have a multi-pronged approach to secure the collection of BO information. This is a positive way forward to ensure that relevant authorities obtain adequate, accurate and current basic and BO information. However, there are still not sufficient controls, verifications or crosschecks to ensure that the information collected remain accurate and up-to-date after the incorporation of the legal person and arrangement. Although there is a legal requirement to update the information and in the case of the QFCA there are some relevant actions in place, Qatari authorities have not demonstrated that they are sufficiently enforcing it and that their efforts are effective.

540. LEAs in Qatar can access publicly available basic information on legal persons. In terms of BO and other non-public information, MOI, SSB and FIU have direct access to certain information on legal persons held by MOCI through its information and statistic system (ISS). For other information, including information held by other registries, LEAs must request this information (see Tables 7.2 and 7.3 for requests received by MOCI and RACA). Qatar stated that MOCI, RACA and QFZ have received basic and BO information requests from LEAs and the PPO and that the authorities responded them swiftly. However, Qatar did not provide sufficient evidence to the assessment team to confirm this information. QFCRA, QFCA and QSTP have not yet received any requests. Thus, it is not possible to conclude that LEAs have the capacity to sufficiently access relevant BO and basic information, particularly in a timely manner. Finally, the limitations of relevant authorities, particularly MOCI, to verify the BO information also affects the ability of LEAs to receive adequate, accurate and current information.

**Table 7.2. MOCI information request received from LEAs (2018-June 2022)**

Authority	2018	2019	2020	2021	June 2022	Total
QFIU	-	20	6	11	2	39
MOI	28	54	18	14	13	127
PPO	2	4	3	21	99	129
SSB	-	-	-	-	-	0
The Superior Committee of Justice	38	229	39	42	22	370
<b>Total</b>	<b>68</b>	<b>307</b>	<b>66</b>	<b>88</b>	<b>136</b>	<b>665</b>

**Table 7.3. RACA information requests received from LEAs (2018-June 2022)**

Authority	2018	2019	2020	2021	2022	Total
SSB	-	-	3	-	-	3
MOI	1	1	3	1	-	6
PPO	-	-	-	-	-	-
The Superior Committee of Justice	-	-	-	-	-	-
<b>Total</b>	<b>1</b>	<b>1</b>	<b>6</b>	<b>1</b>	<b>-</b>	<b>9</b>



### *Timely access to adequate, accurate and current basic and beneficial ownership information on legal arrangements*

541. The basic information of trusts created in the QFC is publicly available on the QFC website. The QFCA maintains a separate register for trust that includes basic and BO information. The basic and BO information related to awqaf is available through MEIA. The MEIA maintains all basic and BO information with some shortcomings in its registry, as around 10% of the information, such as national addresses, is missing.

542. Both QFC and MEIA, provided the basic information of the registered legal arrangements to the UER section in the MOCI as part of the development of the UER. However, the UER does not yet have BO information from MEIA in relation to awqaf.

543. Currently, authorities do not have direct access to the registries in the QFC and MEIA. Authorities therefore receive information upon manual requests and that limits the swift accessibility. The MEIA received 110 requests from judicial authorities during the last five years that responded within three working days. The QFCA did not receive any requests.

544. The conclusions above relating to the access to adequate, accurate and current basic and BO information on legal persons are therefore applicable on legal arrangements.

### *Effectiveness, proportionality and dissuasiveness of sanctions*

545. There is a range of sanctions for non-compliance with the information requirements. However, authorities have not exercised all of the sanction powers and it is unclear whether proportionate, dissuasive and effective sanctions have been imposed across all actors and types of legal persons and arrangements. Only the QFCA presented evidence about their separate sanctions policy regarding non-compliance with basic and BO information.

546. The AML/CFT Law makes it a criminal offense to submit false information regarding BO to any of the competent authorities. In the State, the possible penalties include imprisonment for a term not exceeding three years and a fine not more than QAR 500 000 (USD 125 000), or one of these two penalties. Qatar amended the Law in 2021 to add requirements regarding disclosure by nominee directors and nominee shareholders, with sanctions including imprisonment for a term not exceeding one year and a fine not more than QAR 100 000 (USD 25 000), or one of these two penalties.

547. Between 2018 and 2021, MOCI has rejected 869 requests related to registration or renewal of registration. While MOCI does not apply or maintains a strict categorization of the reasons for rejection, MOCI reported that most rejections were due to a failure to comply with the registration requirements, submission of redundant requests, or withdrawal of application by the registrant. Further, between 2015 and 2019, MOCI refused 45 applications to create or renew a company due to locally designated individuals that intended to act as a shareholder or director of the company. Since the implementation of SAS automatic software in 2020, MOCI rejected seven applications because the partner or the owner was a designated legal person or entity.

548. MOCI has applied sanctions related to the absence of basic information based on onsite visits. However, these sanctions are not available to the public and MOCI has not yet applied any sanction related to failings on the accuracy of the basic and BO information. This may be because MOCI is currently in the process of collecting the information. MOCI has only restricted the renewal of the license for the company's failure to submit BO information as their license expired. This does not seem fully effective or dissuasive.

549. QFCA had put in place a range of disciplinary powers including public censure, financial penalty, injunction, restitution, and revocation of license (see above). QFCA had applied sanctions for failure to comply with basic and BO information requirements and publicly disclosed these, particularly in recent years. QFCA received 72 referrals from the monitoring department, imposed six financial penalties, five withdrawals of licenses, and some are still under investigations.

550. The QFZA is currently developing a schedule of fines for contraventions of QFZ requirements but has not imposed any administrative or other sanctions for the breach of BO information requirements. The same applies for the QSTP. It is unclear if the MEIA has applied any sanctions.

551. Therefore, with the exception of QFCA, it is not clear if Qatari authorities apply sanctions in relation to violations of the obligations by their licensed entities to obtaining BO information of legal persons and arrangements.

## Overall conclusion on IO.5

There is publicly available information on the creation and types of legal persons and arrangements. Qatar authorities have developed sufficient understanding of ML/TF risks posed by legal persons and arrangements created in Qatar. However, it is unclear if Qatar sufficiently considered the ML risks posed by the legal persons of the NPO sector.

Qatar implemented several measures to mitigate ML/TF risks, including establishing a central registry for basic and BO information of all legal persons and arrangements (the UER). Qatar has made positive and sustained progress in collection BO information and has completed over 80 % of the UER and will finalize the collection in a short period. However, there are insufficient measures to ensure accurate and up-to-date BO information (particularly from MOCI).

There could be unmitigated risks associated with the use of nominee directors and shareholders within MOCI, as the declaration requirements have been put in place recently in 2022.

LEAs can obtain the basic and BO information, but LEAs do not have direct access to all registries and information which can lead to delays. It is unclear how swiftly relevant authorities respond to LEAs requests and if the information provided is adequate, accurate and current.

The QFCA has applied proportionate and dissuasive sanctions for breaching information requirements and publicly published them. However, MOCI, which holds 90% of legal persons registered, has only restricted the renewal of the license for the companies which failed to submit BO information as their licenses expired, which does not seem fully effective or dissuasive. Furthermore, it is unclear if the rest of the registering authorities imposed proportionate, dissuasive and effective sanctions to other legal persons and arrangements.

Qatar is rated as having a **moderate** level of effectiveness for IO.5



## Chapter 8. INTERNATIONAL COOPERATION

### Key Findings and Recommended Actions

#### Key Findings

- a) Qatar has a sound legal basis to provide and seek the widest possible range of international co-operation in relation to ML/TF and associated predicate offences. Qatar has implemented a criminal case management system to receive, categorise and disseminate requests based on urgency and has received some positive feedback from counterparts. Qatar responds to incoming requests for MLA in an acceptable time frame and gives high priority to incoming requests related to ML/TF. Despite some positive feedback from counterparts, relevant authorities are experiencing challenges regarding requests for high profile cases (including for corruption and TF).
- b) Qatar sends out formal MLA requests; however, response rates to Qatar's requests are low. This challenges the authorities' ability to properly investigate and prosecute cases with transnational linkages. Qatar does not regularly seek formal legal assistance in relation to TF cases, which poses a major challenge for Qatar in their ability to prosecute and achieve successful convictions of TF (which is also reflected in IO.9).
- c) Use of extradition requests is extensive, but mainly in relation to bounced cheque cases and rarely for ML/TF. The high number and frequency of requests sent leads to refused or unanswered requests. Qatar also sends out few asset tracing and seizing requests.
- d) Levels of informal international co-operation exchanged by LEAs such as QFIU, GAC, SSB and MOI are satisfactory. QFIU has proven itself adept at sending and receiving information through informal exchanges in several case studies. Supervisors exchange information in a timely manner and information is provided on legal persons and legal arrangements registered in Qatar.

## Recommended Actions

- a) Qatar should seek to improve its response rate for outgoing requests, particularly for extradition. To achieve this, Qatar could develop a risk-focused triage tool for outgoing extradition requests that incorporates prioritisation based on factors on the Qatari side such as value of proceeds, risk, ML/TF, and on the side of the destination country, factors such as past experiences with similar requests and legal and institutional characteristics of destination countries (including reciprocity).
- b) Qatar should build on existing informal TF cooperation to pursue significant investigations of TF in Qatar and to ensure that Qatar sends formal MLA requests for evidence to be used in court cases.
- c) Qatar should complete and implement the PPO guidance on international asset tracing (see IO.8). Qatar should introduce continuous training for PPO for requesting MLA, extradition, and asset identification, freezing and confiscation requests to improve delivery quality and response rate of requests.
- d) Qatar should expedite the completion of ongoing bilateral treaties with more countries to increase the number of MLA and extradition agreements that it has with countries, on a risk-focused basis.
- e) Qatar's LEAs (PPO, MOI, SSB and GAC) should continue to develop ties with counterparts. In particular, the PPO should strengthen the way it establishes preliminary exchanges before formal request are sent out and create an avenue through which it can understand if there are barriers to exchanges.
- f) Qatar's LEAs should also try to develop and strengthen relationships with partner LEAs through international criminal justice networks to improve the seamlessness of informal exchanges and, where possible, participate in joint-investigations with relevant international law enforcement partners.

552. The relevant Immediate Outcome considered and assessed in this chapter is IO.2. The Recommendations relevant for the assessment of effectiveness under this section are R.36-40 and elements of R.9, 15, 24, 25 and 32.

### Immediate Outcome 2 (International Cooperation)

#### *Providing constructive and timely MLA and extradition*

553. International cooperation is an important aspect of the country's ML/TF system because of Qatar's size, wealth, social and geographic features, as well as the ML and TF risks that the country faces. Qatar has the legal and institutional framework to share and receive MLA and extradition requests across a wide range of international co-operation requests. Information is sent and received in-line with

international bi-lateral MOUs, and multi-lateral conventions. Exchanges take place based on the principle of reciprocity (see R.36-R.39 in the TC Annex).

554. The central authority responsible for MLA and extradition in Qatar is the PPO. All MLA and extradition requests are entered into the Criminal Case Management System and forwarded to the PPO's special section for international co-operation –the International Co-operation Prosecution (ICP) office. The ICP was established in 2016, and it is composed of four prosecutors, one of them the department head Prosecutor, Section Head, and has eight additional supporting/administrative staff. The ICP follows the PPO's Guidance on International Criminal Judicial Co-operation, a document which sets out the general principles for international cooperation, and how to receive, follow-up, respond to and prioritise MLA and extradition requests. In cases where the MLA requires complex identification and tracing of funds, the ICP officers reach out to the PPO's OSC for assistance to identify, and if necessary, freeze or seize the assets in question.

### Box 8.1. International case management prioritisation system

The PPO's ICP has implemented a case management system that uses a series of factors to develop a matrix and prioritise cases that it receives for MLA and extradition. The system allows the creation of inbound and outbound requests and allows files to be indexed and placed into dashboards to understand numbers and types of requests. The system is entirely digital and helps to manage the letters and communications between PPO and other agencies to improve the management of international co-operation requests.

The PPO and head of the ICP prioritize incoming MLA and extradition requests based on a variety of criteria that are reviewed on a continuous basis. The system in place allows prosecutors to indicate a level of priority when creating the file, but prioritization criteria are also automated in the PPO's case management system using the following criteria:

- crime type (ML, TF, terrorism, and high-risk crimes are of the highest priority);
- urgency indicated by the requesting state;
- countries that have priority in treatment (list of countries which is approved and updated);
- requests that include asset identification, seizure, freezing and confiscation; and
- detained defendant subject to MLA or extradition requests.

555. The ICP does not directly receive requests for international cooperation. However, in urgent cases, foreign counterparts may submit requests to the PPO directly. The MOFA is the principal interlocutor with counterpart countries because it appears that most MLA and extradition requests must be sent and received through diplomatic channels to the PPO. In practise, once the PPO receives the request via the MOFA, ICP uses a prioritisation matrix. The matrix is a system that enables the ICP to



determine the urgency and importance of MLA or extradition requests based on a series of factors (see Box 8.1). Responses from counterpart countries note certain delays in receipt and response times for requests. This may be due to reliance on formal diplomatic channels for both MLA and extradition requests. While it is possible to engage the PPO's ICP directly on an informal basis (i.e., in urgent cases via email and direct contacts with PPO) ahead of the formal exchange of the MLA or extradition requests, feedback indicated that this was not common, and there are delays in the formal process.

### *MLA*

556. Qatar has received on average 20 MLA requests per year, totalling 122 incoming MLA requests from 2016-2021. Of the 122 requests, Qatar completed the majority of these, and refused one request. Ten requests remain in process. Fraud, ML, corruption, and cybercrime represent the main type of crimes for which assistance is requested (see Tables 8.1 and 8.2).

8

**Table 8.1. Incoming requests by case type (2016-2021)**

Crimes	No	Crimes	No
Fraud	16	Terrorism and TF	3
ML	12	Forgery	2
Corruption (misappropriation/bribery)	10	Drugs	2
Cyber crime	7	Family-related crimes	2
Assault and violence	7	Tax evasion	2
Traffic violation	7	Migrant smuggling	2
Theft	6	Misuse of functions/position	2
Threatening and extortion	6	Murder	1
Insult and defamation	5	Disclosure of confidential information	1
Customs smuggling	4	Theft of archaeological objects	1
Sexual assault and harassment	3	Breach of trust	1
Bounced cheque	3	Other misdemeanors' (one for each)	22
Disappearance and kidnapping	3	<b>Total</b>	<b>130</b>

Note: some requests represented more than one offence, accounting for a higher figure than the total amount of requests received (122).

**Table 8.2. Status of MLA requests received (2016-2021)**

Status	Number
Completed	113
No response	0
In process	7
Additional information requested	1
Rejected refused	1
Total	122

**Table 8.3. Response times of MLA requests received by Qatar (2016-2021)**

Response time	2016	2017	2018	2019	2020	2021	Total
1 to 30 days	41%	10%	37%	38%	50%	80%	43%
31 to 90 days	26%	30%	16%	14%	30%	12%	20%
91 to 180 days	7%	30%	0%	19%	0%	4%	11%
181 to 365 days	7%	20%	5%	0%	0%	0%	6%
1 to 2 years	11%	5%	26%	5%	0%	0%	8%
More than 2 years	7%	0%	5%	0%	0%	0%	2%
Under process	0%	5%	11%	24%	20%	4%	9%
Total	100%	100%	100%	100%	100%	100%	100%

557. As Table 8.3 shows, over half (63%) of all requests are resolved or responded to within 90 days of receipt by PPO. However, some requests take longer, with 10% (13) of requests having taken one year or longer. Overall, to-date, Qatar has refused one MLA request. Table 8.4 indicates the type of assistance requested and provided by Qatar. Suspect interviews and requests for information account for over two-thirds of assistance provided:

**Table 8.4. Type of assistance provided by Qatar in MLA (2016-2021)**

Type of Assistance*	2016	2017	2018	2019	2020	2021	Total
Suspect interview	11	5	10	11	7	6	50
Request for information	9	16	6	12	6	4	53
Witness statement	2	0	2	0	0	6	10
Initiating inquiry and investigation	3	2	2	3	3	9	22
Tracing/seizing/freezing of funds	1	0	1	0	0	0	2
Request for documents	3	0	0	1	0	2	6
Total	29	23	21	27	16	27	143

Note: Totals account for more than 122 cases as some requests may be for two or more forms of assistance.

558. Feedback provided to FATF on international cooperation suggest that requests sent to Qatar are for the most part infrequent and occasional, with most countries requesting one or less exchanges per year in the past five years. 21 countries indicated that they had sent and received responses from Qatar. Of these, two countries noted that Qatar was responsive, active, and helpful in responding to Qatar's request. However, feedback from two other countries (including one from a

strategically important partner) indicates that requests in relation to four high-profile, high-priority cases of TF and foreign bribery and corruption had not received any response. The assessment team determined that the cases and countries in question providing feedback were of particularly high importance, as the issues raised appeared to be recurring issues.

559. In relation to the delays and responsiveness issues indicated, one responding country noted that the use of official diplomatic channels and a lack of direct lines to the PPO's ICP was not consistent with modern practises and leads to delays. These delays and non-execution of these requests suggests that while Qatar generally responds in a timely manner, high-profile cases for ML/TF can be an important challenge. Feedback also suggests that there are still measures that Qatar could take improve its system of receipt and response to international cooperation due to delays. It is also not clear what mechanisms that the ICP uses to follow-up on or to prevent cases from ageing as the internal mechanisms do not have a follow-up or oversight mechanism to review outstanding requests.

560. Based on case studies and information received, Qatar received two requests for tracing and freezing of assets. However, in both cases, Qatar performed enquiries into the persons' accounts, but found that no funds were inside the State of Qatar to seize. No asset repatriation has been made yet, as Qatar has not received any request.

### *Extradition*

561. In comparison with MLA requests, Qatar has received slightly more extradition requests, with just over 23 received per year (compared to the average of 20 MLA requests). Of the requests, from 2016 to 2021, 72 were completed with 57 resulting in successful extradition and 15 additional cases ending with conciliation with the requesting country (i.e., dropping charges or other means of resolution). Qatar has refused 11 cases and in 33 other cases, either the persons were released cases, the case was dropped, or further information was not submitted.

**Table 8.5. Extradition requests received by the PPO (2016-2021)**

Year	2016	2017	2018	2019	2020	2021	Total
Requests received	33	22	14	28	18	27	142
Refused	1	2	1	2	0	5	11
Completed	25	12	5	5	9	1	57
Ceased by country*	5	2	2	4	2	0	15
Under consideration	0	1	2	3	5	15	26
Other**	2	5	4	14	2	6	33

\* *Ceased by country* indicates that the requesting country has ceased its request.

\*\* *Other* indicates cases of release of the accused person subject of the extradition request, for non-receipt of the extradition request file within the appropriate timelines, or closed cases for requests (including only general queries with respect to the accused).

562. In regard to timelines for responding to requests for extradition, Qatar indicated that 53% of responses are provided within a three-month period (see Table 8.6). Qatar does not appear to have any significant obstacles to obliging foreign extradition requests.

**Table 8.6. Response times of extradition requests received by Qatar (2016-2021)**

	2016	2017	2018	2019	2020	2021	Total	
From 1 to 30 days	23	11	2	8	4	7	55	39%
From 31 to 90 days	2	2	3	8	2	3	20	14%
From 91 to 180 days	1	1	4	0	2	0	8	6%
From 181 to 365 days	3	3	0	6	8	1	21	15%
From 1 to 2 years	1	1	3	3	1	0	9	6%
More than 2 years	2	2	1	1	0		6	4%
Rejection	1	2	1	2	0	5	11	8%
Ongoing execution	0	0	0	0	1	11	12	8%
<b>Total</b>	<b>33</b>	<b>22</b>	<b>14</b>	<b>28</b>	<b>18</b>	<b>27</b>	<b>142</b>	<b>100%</b>

563. Qatar does not allow for extradition of its citizens (see R.39 in the TC Annex). The authorities noted that they conduct investigations if they can confirm the charges against them. Some cases reviewed by the assessment team have involved investigations of their own citizens following refused extradition requests.

### Box 8.2. Incoming MLA/extradition requests

#### Case study 8.2.1: Incoming MLA request

In 2019, Australia requested information, via diplomatic channels, regarding an individual suspected of committing terrorist offences (Individual X). The request specifically referenced suspect's travel from Qatar to Australia, and his routes of travel prior to arrival in Doha.

PPO personnel queried Qatar Airways for information about Individual X's travel to Australia, which the airline readily provided. A completed response to the MLA request was provided in less than two weeks.

Australian counterparts subsequently requested to conduct a sworn interview with the airlines' Reservations Director. The interview was carried out, using documents provided by Australian authorities, and responses to questions listed in the request were registered and forwarded on via diplomatic channels within one-week of receipt.

#### Case study 8.2.2: Incoming extradition request

In 2018, the ICP received a letter from INTERPOL about an arrest warrant issued by the Omani authorities against a Bangladeshi national (Individual Z) for facilitating prostitution. Recognizing the human trafficking concerns associated with this type of activity, the request was reviewed and processed the same day and Individual Z was immediately summoned and interviewed. He was informed of the charges against him, the related applicable law, as well as the evidence.

Later the same day, the PPO asked the requesting country to send the extradition file, which was received within two weeks. An extradition letter was issued the same day and the subject was extradited within six weeks of the formal request.

*Seeking timely legal assistance to pursue domestic ML, associated predicates, and TF cases with transnational elements*

564. As a growing regional financial centre with considerable ties to other countries through its large expatriate worker population, many of the country's ML and predicate offence cases have a transnational element (for example, in cases of fraud, corruption, TF or smuggling where proceeds are transferred to another jurisdiction). In relation to ML and predicate offences, Qatar actively seeks extradition and MLA for range of cases with clear prioritisation for ML investigations. However, overall response rates to Qatar's requests for MLA are low, which poses a challenge to investigating authorities. In addition, nearly all extradition requests remain unanswered or rejected. Qatar also does not regularly seek legal assistance in relation to TF cases and requests for asset tracing (and seizing) are not in line with risks.

*MLA*

565. Qatar has a legal and institutional framework that enables it to seek legal assistance and to pursue domestic cases with an international or transnational dimension. The ICP has the same process in place for sending international cooperation requests and relies on the same mechanism as receiving international cooperation requests. The ICP obtains these requests from other areas in the PPO, prepares the file and sends these through official diplomatic channels in the MOFA.

566. The PPO takes the decision to seek MLA upon receipt of the relevant requests and documentation. Assistance can be sought only directly from the PPO. As noted above, the ICP's use of formal diplomatic channels is somewhat out of sync with the current practices of enabling relevant competent authorities to send requests without formal diplomatic channels. However, the PPO has begun engaging foreign counterparts on an informal basis ahead of the formal MLA process to seek information and understand the needs of counterparts. In addition, QFIU and MOI have shown that they also play an active role in exchanging on the informal aspects of the case, which have helped to shape early awareness for the need for PPO to send MLAs to foreign counterparts. This is an encouraging development, and authorities have already noted that these actions have helped to improve response rates and cooperation. Feedback from one important strategic partner noted that Qatar had been responsive to requests for further information in response to MLA requests.

567. All LEAs recognized the importance of seeking international assistance in transnational ML, associated predicate offences and TF cases. They considered international cooperation to be an integral and part of the investigating process in recognition of the transnational elements of criminality affecting Qatar. From 2016-2021, Qatar disseminated 103 MLA requests to foreign counterparts (see Table 8.7).

**Table 8.7. Total outgoing MLA requests by Qatar and status of requests (2016-2021)**

Year	2016	2017	2018	2019	2020	2021	Total
Outgoing MLA requests	17	8	12	16	34	16	103
<i>Completed</i>	0	8	5	15	16	4	48
<i>No response</i>	17	0	7	1	17	12	54
<i>In process</i>	0	0	0	0	0	0	0
<i>Additional information requested</i>	0	0	0	0	0	0	0
<i>Rejected</i>	0	0	0	0	1	0	1

**Table 8.8. MLA requests disseminated by suspected offence (2016-2021)**

Offence	Number of requests
ML*	33
Fraud	26
Cyber-crimes	19
Corruption	12
Extortion	11
Forgery	10
Impersonation	4
Drugs	2
TF	1
Threatening	1
Defamation	1
Death by Negligence	1
Breach of trust	1
<b>Total</b>	<b>122</b>

Note: ML requests may also account for an associated predicate offence, and therefore the totals differ compared to Table 7.7.

568. The ICP conducts a review of each request and uses a summary of facts and circumstances to allocate priority to the outgoing request and follows the ICP Guidance on International Criminal Judicial Co-operation. Qatar clearly prioritises ML investigations for seeking international cooperation. Of the 103 requests disseminated, 33, or just under one third of all requests related to ongoing investigations into ML, with most of these requests sent over the past three years. However, the use of international cooperation tools for asset tracing, seizure and recovery is low. In the last seven years, Qatar issued 18 formal asset tracing (and some freezing) requests to individual jurisdictions for QAR 124 million in 9 investigations. Responses were not received in 6 of these cases. This number is not sufficiently high given the significant risk of proceeds from crime (e.g., from fraud) moving abroad.

569. As discussed in IO.1 in Chapter 2, Qatar's TF risks emanate from terrorist groups or financiers with ties to organisations or individuals operating in foreign jurisdictions. The use of international cooperation in relation to TF should therefore be an important tool used in the investigation and prosecution of TF. There has only been one TF related request sent in 2017, indicating that levels of formal cooperation on TF (in the form of MLA requests) are out of line with Qatar's risks. The SSB

explained that there are agreements with different entities abroad but could not demonstrate that sufficient formal information (i.e., evidence admissible in court) is obtained through these means. This issue may also be tied to the issues that PPO is experiencing in their ability to secure sufficient evidence for convictions in TF (see IO.9 in Chapter 4).

570. Qatar asserted that the lack of MLA requests sent was also due to the diplomatic crisis (see para. 44) limiting its ability to formally cooperate, and its inability to seek cooperation with low-capacity countries that are within conflict zones. During the period of the crisis, Qatar sought to overcome these obstacles through cooperation with a third party, especially in the security field through SSB. However, the assessment team noted that these circumstances do not apply to a range of other countries that have TF risks, including several that are major sources of migrant workers and destinations of remittance flows from Qatar.

571. There is therefore an inconsistency between the countries to which MLA requests are addressed, and the countries which are identified in the NRA and the QCB SRA as the main high-risk destination countries of remittance flows and jurisdictions considered as “highest concern” for illicit finance, including jurisdictions that are in proximity to active terrorist threats and high levels of corruption.

572. The ICP monitors and tracks the outgoing requests on the status of the MLAs. Over half of all requests sent from Qatar (54 out of 103) remain outstanding (see Table 8.7). The relatively low response rate suggests that there is room for improvement in international cooperation with key jurisdictions. To address this, the PPO could develop its international criminal justice network or seek to enrich formal or informal ties with relevant jurisdictions in specific countries. At the time of the onsite, Qatar had a bilateral treaty on MLA with just one country (Türkiye). Qatar noted that it was in discussions and negotiating agreements with an additional 30 jurisdictions. While it is not imperative to have an MLA treaty with a jurisdiction to exchange information formally, these are useful tools that help to define the type of assistance a country is able to provide; establishes the scope of assistance; and can reduce the costs and procedural delays by setting a process or channel for receipt and response.

### *Extradition*

573. As with MLA, the decision to seek extradition is driven by the PPO and monitored by the ICP. As the data in Table 8.9 indicates, Qatar actively submits extradition requests to foreign counterparts. Qatar has sent over 552 requests from 2016-2021, which is a significant amount. Of these 552 requests sent, just seven resulted in a successful extradition to Qatar. Requests were often refused on the basis that responding jurisdictions did not extradite their own citizens to Qatar. In some cases, extraditions could not occur due to non-recognition of absentia convictions, but in most cases the reason for refusal was not known.

574. Qatar does not prioritise certain extradition requests and sends requests automatically. Consequently, these extradition requests are also out of line with existing risks. Of the 552 requests sent, the vast majority (404) relate to bounced cheques and breach of trust (43). Qatar also has not sent any extradition requests in relation to ML/TF. In sending these requests, Qatar’s ICP does not account for past refusals or existing outstanding requests from counterparts, which likely contributes to the exceptionally low response rates.



**Table 8.9. Extradition requests sent by Qatar (2016-2021)**

Year	2016	2017	2018	2019	2020	2021	Total
Requests sent	23	86	168	130	78	67	552
Requests refused/rejected*	7	24	56	45	23	4	159
Extraditions	0	2	0	4	0	1	7
Conciliation**	0	9	18	9	4	4	44
Requests pending***	16	51	94	72	51	58	342

\* The reasons of refusal or rejection include: the concerned person subject of the extradition request is a national of the requested country, absence of any agreement between the two countries, the relevant act is not criminalized in the requested country, the request does not meet the extradition conditions pursuant to the applicable laws of the requested country and non-recognition of judgements in absentia.

\*\* This includes conciliation with the accused person or request to cease searching for that person.

\*\*\* This includes the requests under process, release for non-submitting the extradition file, or cases where the concerned person subject of the extradition request was not found or left the requested country.

### *Seeking and providing other forms of international cooperation for AML/CFT purposes*

575. Qatar proactively uses informal cooperation for AML/CFT purposes and for predicate offences. LEAs such as the MOI, SSB and GAC are all active in using information exchange channels through bilateral or multilateral channels, with varying degrees of frequency. This includes cases presented where informal exchanges were conducted to arrange and prepare for formal MLA requests that were subsequently sent by the PPO.

#### *QFIU*

576. In most cases, the QFIU is the primary point of contact for information exchange with foreign FIUs. The QFIU has been a member of Egmont since 2005 and uses the Egmont Secure Web (ESW) system to exchange information informally and spontaneously (including without delay) with other members. The QFIU receives a limited number of requests per year, with an average of just 26 requests and 13 spontaneous disseminations received from counterparts. The QFIU sends an average of 43 requests for information to counterparts and 5 spontaneous disseminations a year. The QFIU also engages in direct bilateral cooperation and has signed 23 MOUs with counterpart FIUs with 9 currently pending negotiations. Since 2018, QFIU has put in place a process for prioritisation of requests. In urgent cases, the QFIU is required to respond with any preliminary information within 24 hours of receipt of requests and follow-up with any more substantive information (after further in-depth analysis) within 5 days. All other requests are required in 20 days.

**Table 8.10. Disseminations sent and received by the QFIU (2016-2021)**

Year	2016	2017	2018	2019	2020	2021	Total
Requests sent	12	42	56	85	54	50	299
Disseminations sent	0	10	2	5	7	4	28
Requests received	33	25	18	27	25	37	165
Disseminations received	0	4	19	29	9	19	80

577. Multiple delegations, including several key partners, characterised cooperation with the QFIU as satisfactory (while occasional). For the most part, Qatar is not a major recipient of cooperation requests, but Qatar obliges most outreach from foreign counterparts. Based on international feedback, counterparts remarked that in two instances that the delays in response times from QFIU were significant, with one country reporting a delay of 8 months from the date of request. Nevertheless, these requests were in 2017, and since then, QFIU has improved its average response times considerably, from an average of 44 working days in 2017 to just 9 in 2021.

### Box 8.3. QFIU case study on informal cooperation

In 2020, the QFIU received a request for information from a counterpart FIU through the ESW after this FIU froze the funds of a suspect who was allegedly attempting to conduct business for a Qatari company in this foreign jurisdiction. QFIU requested permission to share the information received with the MOI, who assisted the QFIU in determining that the activity was in fact fraudulent, and that this company had been victimised through business email compromise and fraudulent documentation. In addition to sharing the information with counterparts, the QFIU disseminated the information to the PPO, who, through the ICP prepared an MLA to recover the stolen funds.

The PPO initiated investigation into the case through the Electronic Crimes Prosecution at the PPO based on the report from the QFIU. After undertaking some investigation procedures domestically, a rogatory letter was sent to the competent judicial authorities in the foreign jurisdiction to question the suspect and seize the proceeds of the crime. However, no response was received despite reminders urging a response during the last two years.

### Ministry of Interior

578. The MOI cooperates effectively with counterparts by using available bilateral and multilateral channels to provide and to request relevant, timely and useful information. Cases provided by Qatar suggest that Qatar has conducted joint investigations with counterparts in relation to drug trafficking in the past (2011-2017). However, there are no recent examples to indicate that the MOI continues to do so. There have not been any joint financial investigations or work with counterpart authorities to identify, investigate and prosecute ML and related predicate offences (see IO.7 in Chapter 3).

579. Bilaterally, the MOI has signed 58 MOUs and 21 letters of intent with counterpart countries, including with several key strategic regional and international

partners.<sup>41</sup> On the multilateral side, the MOI uses available INTERPOL channels using INTERPOL's Global Police Communications System I-24/7. Table 8.11 indicates the number of requests that have been sent and received via this system. On average, Qatar sent 135 requests and received 146 requests through INTERPOL systems. The average number of requests sent and received indicates consistent and frequent use of informal networks to send and receive information from LEA counterparts. However, as the table highlights, a considerable drop occurred in 2018.

**Table 8.11. Informal co-operation exchanges through INTERPOL I-24/7 (2016-2021)**

	2016	2017	2018	2019	2020	2021	Total
Sent	109	144	14	163	214	167	811
Received	174	160	16	219	160	151	880
<b>Total</b>	<b>283</b>	<b>304</b>	<b>30</b>	<b>382</b>	<b>374</b>	<b>318</b>	<b>1 691</b>

580. These requests appear somewhat in-line with risk, with most requests sent in one category for fraud (79) and ML (57), followed by drug trafficking (40). However, over two thirds of outgoing and incoming requests (557 outgoing and 574 incoming, of 811 and 880 respectively) were attributed to "other crimes". It is also unclear why the countries of concern do not align with the requests that Qatar sends out, as these do not closely align with the geographic risks that Qatar identifies.

581. The MOI can also use regional communications systems, including the Sheikh Zayed Communications system. Arab Police Departments (ARABPOL) was also recently formed to exchange with regional counterparts on intelligence related matters and arrest warrants in the region. ARABPOL is used through formal diplomatic and bilateral informal channels to exchange information.

582. Multiple delegations, including several key partners, considered that informal cooperation with the MOI can be characterised as generally positive, yet occasional with low volumes of information exchanges (in both directions) with the responding countries. In terms of liaison officers and informal ties with partner agencies abroad, Qatar's international footprint is limited as well. There are MOI liaison officers posted in international bodies, including at the UN in New York, the UNODC, GCC and INTERPOL.

#### State Security Bureau

583. SSB routinely exchanges information with counterparts and has conducted investigations in TF cases after obtaining information through international cooperation. It also provided its counterparts in several countries with relevant information.

#### General Authority of Customs

584. Cross-border smuggling risks are an important challenge for Qatar's AML/CFT regime. The GAC requests and provides information to its regional and international counterparts through bi-lateral exchanges, and at-times through channels facilitated

<sup>41</sup> In some cases, MOUs are signed with various authorities within the same jurisdictions

by the World Customs Organisation (WCO) – Customs Enforcement Network. GAC has been a member since 1992. GAC also exchanges information through the Regional Intelligence Liaison Office in the Middle East in Saudi Arabia, with the office facilitating the exchange and coordination of information of regional partners.

585. GAC has participated in several joint-investigating or interdicting efforts on a bilateral and multilateral basis. GAC cited several ongoing cases in which it is reviewing trade discrepancies and working with foreign counterparts on suspected smuggling cases of tobacco and fraud. GAC also participates actively in joint WCO operations on a range of topics, where it reports seizure volumes and values on a time-sensitive basis to address specific smuggling risks. GAC was particularly active in the recent operation “PANGEA XIV” and worked closely with the MOI to identify smuggling typologies and stop smuggling of counterfeit pharmaceutical products.

586. Formal cooperation for GAC is rare. GAC has signed MOUs with 6 countries on Customs Mutual Assistance Agreements (CMAAs) and in the past 6 years Qatar has sent 7 formal requests and received 4.

#### Financial and DNFBP supervisors

587. Qatar’s supervisors exchange information through diplomatic, official, and non-official channels effectively and in a consistent, timely and regular manner. Case studies and information provided highlight that the system for receipt and dissemination of information functions well, and those responses are sent and received in a timely manner with the help of MOUs and ad-hoc arrangements.

588. The *QCB* exchanges information with counterpart authorities in other countries based upon MOUs or on the principle of reciprocity. *QCB* has signed MOUs with 27 countries. From 2016 to 2021, *QCB* received 8 requests from counterparts, and has made 17 outgoing requests, mainly to countries within the GCC. Of the exchanges taking place, most requests relate to fit and proper checks for candidates in FIs. Supervisors also rely on other channels to exchanges relevant information. In the case of tax-related information, the *QCB* relays information through the *GTA* or the *MOFA* (information on tax has been sent 8 times from 2016-2021 on this basis). Exchanges may also be direct (i.e., via phone conversation or direct message) depending on the type of information that is requested and exchanged. Qatar’s *QCB* has liaised with foreign counterparts in exchanging information on supervision, but supervisors have not conducted joint supervision with an international counterpart.

589. The *QFMA* relies on its membership in the International Organization of Securities Commissions (IOSCO). As an IOSCO member and signatory to the organization’s Multilateral Memorandum of Understanding, the *QFMA* maintains active channels of cooperation with its international counterparts. The *QFMA* is also a member of several supranational and regional organizations dedicated to the field of securities regulation. The *QFMA* has also signed several bilateral MOUs with counterpart regulators in other countries which generally govern the terms of information exchange and sets parameters for international, or potential international cooperation as the need arises. Between 2016 and 2021, the *QFMA* received 20 requests from counterpart regulators related to company information or individuals. During this same period, *QFMA* sent 7 requests to other jurisdictions. *QFMA* is also able to provide BO information if requested. No requests were declined. All of the *QFMA*’s exchanges of information have occurred directly, and not via diplomatic channels.

**Box 8.4. Supervisory international cooperation case studies****Case 8.4.1: QFMA case study**

In 2016, the Alberta Securities Commission (ASC) in Canada sought information about the establishment or the presence/link in Qatar of a company pursuant to one of their investigations. Company A, was very similar in name to an entity registered in Alberta, Company B. The ASC wanted to assess Company A's responsibilities and business lines; individuals with controlling interests in the company; and whether there were any employees common or linked to both companies. Company B was alleged to have violated Alberta law, and it was learned that there were links between that entity and Company A in Qatar. The QFMA gathered the relevant information regarding Company A, including the website IP address and the listed owner's name, email, and telephone from which BO might be inferred. QFMA returned this information via official letter, accompanied by an email.

**Case 8.4.2: QCB case study**

In 2018, the QCB was advised by the Monetary Authority of Singapore (MAS) of need for possible AML/CFT improvements by a subsidiary of a Qatari FI in the area regarding risk-rating and CDD. The QCB immediately contacted the Qatar-based parent FI for clarification and explanation of the alleged violations.

The QCB received a response from the FI that it was taking into consideration these findings and working on recommendations in accordance with the timeline set forth by the MAS. The FI sent a special representative from Qatar to meet with the MAS and assure the full compliance and application of the Singaporean requirements as per the set action plan. Technical support was also provided from the local bank to the foreign branch to ensure comprehensive implementation of all requirements.

During the next onsite visit of the bank, QCB ensured the full implementation of the action plan set by the MAS.

**Case 8.4.3: QFCRA case study**

In late-2018, the QFCRA received an assistance request from France's Financial Markets Authority (AMF), related to its investigation of the financial information and market activity of a French company. The matter was regarding a licensed but non-regulated QFC entity. The QFCRA worked with the AMF to clarify the nature of the request and, pursuant to the IOSCO MMOU, the QFCRA provided the "fullest permissible assistance". Voluntary requests for information were made to the QFC entity. Though satisfied with the information provided by the QFCRA, the AMF still sought to conduct in-person interviews with personnel of the firm. The QFCRA facilitated the request and interviews

were conducted at the offices of the QFCRA between the AMF officers and the QFC entity in early 2020. The QFCRA-provided facilities for the AMF to interview the QFC entity's personnel. The QFC entity voluntarily agreed to the arrangement.

590. QFCRA engages with supervisors of FIs and DNFBPs active in other jurisdictions. The QFCRA has entered into 37 MOUs and Letters of Cooperation/Exchange with counterpart regulators. From 2019-2021, QFCRA has received 29 incoming regulatory requests, and sent 236 outgoing requests. Of the outgoing requests, 135 were related to approved individuals, 39 were related to risk assessments, 38 were related to enforcement actions, and 24 were related to regulatory requests (including licensing). QFCRA's service standard is to respond to incoming requests within 7 days of receipt. The QFCRA has not refused to assist in any requests received.

591. MOJ has an International Cooperation and Conventions Section, responsible for preparing for international conferences, symposiums, and meetings; and developing reports and responses required by regional/international organizations, federations, and bodies. The MOJ has signed (or is party to) 17 MOUs with relevant countries on international cooperation in the legal field. From 2019 to mid-2021 the MOJ received 7 requests for international cooperation in the legal field, of which 5 were answered and 2 deemed outside of the competence of MOJ (and refused). It does not appear that the MOJ received any requests in relation to real estate agents.

592. MOCI as company registrar and AML/CFT supervisor exchanges information either directly via diplomatic channel or indirectly through MOI/NCTC, FIU, QFC, and PPO. Informal cooperation occurs through phone calls between MOCI and MOFA, or embassies of Qatar abroad to provide information to other countries in a timely manner. Most of these information requests are responded to the same day. MOCI has not received any AML/CFT supervisory requests.

### *International exchange of basic and beneficial ownership information of legal persons and arrangements*

593. Where possible, relevant competent authorities (mainly MOCI, QFCA, QSTP, QFZA, MOI, PPO and QFIU) provide available information to foreign counterparts on request. However, as outlined in IO.5 in Chapter 7, LEAs may receive BO information on request, and this information is not currently verified and there are issues regarding the accuracy of the information. Upon receipt of requests for information associated with individuals, the QFIU conducts checks to determine if the referenced persons are associated with or have ownership stakes in any businesses or legal entities in the State or QFC. Analysts regularly review subjects' known assets and available information on referenced legal persons (and arrangements where applicable).



**Box 8.5. Case study – Beneficial ownership information**

In 2018, Qatari authorities began investigating an LLC (Company H) registered in Qatar for non-compliance with AML/CFT obligations. Individual X, who had previously been prosecuted for ML in another jurisdiction, was identified as controlling significant funds deposited with the firm. He was also the director and sole shareholder of Company K, incorporated in another jurisdiction.

Company K had entered into family services agreements with two individuals (Individual G and Individual L, citizens of two separate jurisdictions) to invest funds in Qatar using Company H, and delegated authority to Individual X to actively manage those funds. Company H's records revealed that Individual G and Individual L each held 33% interests in companies located in two separate jurisdictions and possessed valuable real estate portfolios located in one of those countries. Authorities suspected Individual X of laundering proceeds of tax evasion for Individual G and Individual L.

The QFIU submitted queries to several counterparts via the ESW. In addition to STRs, transaction records, and criminal histories, they requested information pertaining to the business lines, shareholders, directors, and any other information relevant to the legal persons involved to assess and determine BO thereof. Information received is furthering the ongoing investigation, and Company H assets have been frozen.

594. Qatar exchanges information on legal persons and legal arrangements registered in Qatar, and these are available in several different registers in Qatar. Information exchanged relates mainly to basic information available in the commercial registry on commercial companies and/or their directors, associates, authorized signatories, and subsidiaries. During 2019 and 2021, MOCI received 20 requests in relation to basic information and responded to all of the requests within several days, often within a week. It does not appear that any requests (incoming or outgoing) related to AML/CFT matters. While Qatar exchanges information on basic and BO information, it is unclear the extent to which this information is adequate, accurate and up-to-date (see IO.5 in Chapter 7).



## Overall conclusions on IO.2

Qatar responds to incoming requests for MLA and extradition and uses a prioritisation system to keep track of incoming requests. Qatar has demonstrated it is responding to requests and obliges most of these international co-operation requests. However, there are reported issues with regards to requests in four high-profile cases with key strategic partners.

Qatar is not receiving international cooperation for ML and predicate offences in an effective manner, which poses an important challenge to authorities' ability to address ML, TF, and predicate offences. Qatar requests a wide range of formal international co-operation in relation to ML and predicate offences, but response rates are low. On extradition, LEAs sends out many requests, regardless of how many prior refusals there have already been. As a result, a considerable number of requests are refused or do not receive a response. For TF, LEAs do not pursue MLA in relation to such cases, relying instead on intelligence co-operation with counterparts. This is a gap, as prosecuting authorities often lack the sufficient evidence to move forward with prosecutions of TF.

LEAs appear responsive in regard to informal cooperation. MOI, as well as GAC have well-established histories of exchanges through several platforms, but requests (particularly from MOI) are infrequent. SSB relies heavily on informal cooperation to meet its operational objectives. QFIU conducts regular exchanges with counterparts to trace assets, develop its analysis and share information with counterparts.

Exchanges of supervisory information appear adequate and relevant supervisors are responsive to incoming requests in a timely manner, and information is provided on legal persons and legal arrangements registered in Qatar.

Qatar is rated as having a **moderate** of effectiveness for IO.2.

## TECHNICAL COMPLIANCE

This section provides detailed analysis of the level of compliance with the FATF 40 Recommendations in their numerical order. It does not include descriptive text on the country situation or risks and is limited to the analysis of technical criteria for each Recommendation. It should be read in conjunction with the Mutual Evaluation Report.

Where both the FATF requirements and national laws or regulations remain the same, this report refers to analysis conducted as part of the previous Mutual Evaluation in [June 2008]. This report is available from <http://www.fatf-gafi.org/publications/mutualevaluations/documents/mutualevaluationofqatar.htm>.

### Recommendation 1 – Assessing risks and applying a risk-based approach

This is a new Recommendation and was not assessed in Qatar’s 3<sup>rd</sup> round MER.

**Criterion 1.1** - Qatar has identified and assessed its main ML/TF risks, through its NRA, which concluded on 30 December 2019. The NRA assesses risk as a function of threats, vulnerabilities and consequences and describes the scale and nature of the ML/TF risks faced by Qatar. The analysis is based on a wide range of information, including quantitative analysis of financial flows, case studies, statistics from a range of agencies, including the QFIU, and feedback from Qatari authorities, private sector representatives and international partners.

The NRA builds on a range of pre-existing assessments, including SRAs undertaken by QCB, QFMA, QFCRA, MOJ and RACA, strategic analysis from the QFIU and other topic-specific risk assessments by other Qatari agencies. While the NRA assesses Qatar’s major proceeds-generating crimes, the assessment of some threats noted in the NRA, such as in relation to human trafficking, is more limited.

Since the NRA was published, Qatar has continued to assess its ML/TF risks. Qatar, through NAMLC, has undertaken risk assessments of issues such as legal persons and arrangements in Qatar and the impact of the Covid-19 pandemic. QFMA, QFCRA, MOCI, MOJ and RACA have all undertaken SRAs of their relevant FIs, DNFBPs and NPOs. QCB has undertaken a number of thematic reviews on issues such as cash and international remittance flows. NAMLC is also in the process of updating its 2019 NRA based on the various risk assessments Qatar has undertaken over the past three years.

**Criterion 1.2** - Qatar has designated the NAMLC as the mechanism to co-ordinate actions to assess risks (AML/CFT Law, art.30). NAMLC also has the authority to assess risks that may arise in relation to the development of new products and new business practices (AML/CFT IR, art.51).

**Criterion 1.3** - Qatar’s legislation requires updating its risk assessment (the NRA) (AML/CFT Law, art.30 and AML/CFT IR, art.50.3), at least every three years and whenever necessary. Qatar concluded its NRA on 30 December 2019. At the time of the onsite in June 2022, Qatar was in the process of updating the NRA based on the risk assessments it had conducted over the previous three years (see criterion 1.1).

**Criterion 1.4** - Qatar has mechanisms to provide the results of the NRA to competent authorities, FIs and DNFBPs. Qatar provided a copy of the full NRA to senior representatives of all NAMLC members, who then decided the extent to which the full NRA was shared in their agency. In addition, Qatar created a summary NRA document which was all shared with competent authorities. NAMLC coordinated with supervisory authorities to share the summary NRA to the entities under their supervision. Between September 2019 to January 2020, 239 employees of 124 FI, DNFBP and NPOs attended trainings on AML/CFT topics including a high-level introduction to the preliminary findings of Qatar's NRA. It is not clear however the extent to which Qatar shares information about the results of other risk assessments outside of the NRA process.

**Criterion 1.5** - Following the conclusion of the NRA in 2019, Qatar adopted its National AML/CFT Strategy and Action Plan 2020-2025 based on the NRA findings. It is through this framework that Qatar applies a risk-based approach to allocating resources and implementing measures to prevent or mitigate ML/TF.

Qatar's National Strategy and Action Plan highlights six areas of strategic focus: 1) maintain strategic intelligence on global and domestic financial flows and mitigating associated risks; 2) combat illicit finance through robust investigations and prosecutions and confiscation of proceeds of crimes; 3) combat illicit finance through effective supervision and supervisory enforcement; 4) strengthen BO transparency; 5) enhance national-level statistics collection and analysis and 6) enhance capacity to combat illicit finance.

Each of these strategic areas comprise a set of individual actions for the different authorities in Qatar which are in line with risks identified in the NRA. For example, under Strategic Objective 1, the QCB and the QFIU will work on maintaining a comprehensive understanding of cross-border personal remittance flows, focusing on high-risk jurisdictions, in line with medium-high risk identified by Qatar in the abuse of cross-border remittance services. On Strategic Objective 2, the PPO will identify key areas of risk identified in the NRA that warrant increased investigative and prosecutorial resources and ensure that these areas have adequate staffing. On Strategic Objective 4, MOCI and all licensing authorities need to work to deploy a single database for basic and BO information.

To ensure that the Strategy is implemented, Qatar has a follow-up mechanism with monthly reports on progress in implementing the individual goals in the Action Plan. At the time of the onsite in June 2022, Qatar reported an overall implementation of the individual action plans of 71%.

**Criterion 1.6** - (N/A) Qatar does not have exemptions from FATF Recommendations.

**Criterion 1.7** - Where higher ML/TF risks are identified, FIs and DNFBPs must perform EDD (AML/CFT Law, art.15; AML/CFT IR, art.25). FIs and DNFBPs must also undertake EDD for customers from countries that the NAMLC identifies as higher risk (AML/CFT Law, art.13); PEPs (AML/CFT Law, art.16) and correspondent relationships (AML/CFT Law, art.17). In addition, the rulebooks for the three financial supervisors set out further details of when EDD is expected (QCB AML/CFT Rulebook, rules 6.3, 10.3 and 16; QFMA AML/CFT Rulebook, rules 2.1.3, 4.5.1, 4.5.3; QFCRA AML/CFT Rulebook rules 2.1.3, 3.2.5, 4.4.1, 4.4.3, QFCRA AML/CFT Rulebook for insurance rule 4.3.1; MOJ Real Estate and Notaries Rulebook, arts.67 and 68 and MOJ Lawyers Rulebook, art.24). FIs and DNFBPs also need to take into account the risks identified in the NRA in their risk assessments (AML/CFT Law, art.7 and AML/CFT IR, arts.3, 4);

**Criterion 1.8** - FIs and DNFBPs may apply simplified measures where lower risks have been identified based on Qatar's NRA and their own risk assessments (AML/CFT Law, art.15 and AML/CFT IR, art.26). Individual supervisory rulebooks identify specific client

types and products for which simplified measures are considered to be appropriate, including listed, regulated public companies, ministries, government authorities, and semi-government companies from countries that are members of the GCC and life insurance products with an annual premium of less than QAR 3 000 (USD 825) or a single premium of QAR 7 500 (USD 2 050) which is in line with R.10 (QCB AML/CFT Instructions, rules 17.1-17.3). The QFMA permits simplified CDD for lower-risk customers and regulated, listed public companies (QFMA AML/CFT Rulebook, rules 4.6.2 and 4.6.3). The QFCRA permits simplified CDD for lower-risk customers, regulated, listed public companies, and life insurance products within the QAR 3 000 (USD 825) annual premium and QAR 7 500 (USD 2 050) single premium threshold noted above (QFCRA AML/CFT Rulebook, rule 4.5). MOCI permits simplified CDD for lower-risk customers and regulated, listed public companies (MOCI Rulebook, arts.72 and 73). MOJ allows for simplified CDD in lower risks identified through the NRA and entities own assessments and listed public companies (MOJ Real Estate and Notaries AML/CFT Rulebook and the MOJ Lawyers' AML/CFT Rulebook, arts.69 and 70).

**Criterion 1.9** - FIs and DNFBPs are required to conduct ML/TF risk assessments (AML/CFT Law, art.6 and AML/CFT IR, art.3). Supervisory authorities in Qatar must ensure that FIs and DNFBPs implement their obligations under R.1, as they have the power to supervise, follow-up, monitor and ensure compliance by FIs and DNFBPs with their AML/CFT requirements (AML/CFT Law, art.39 and AML/CFT IR, art.60). See R.26 and R.28 for further information.

**Criterion 1.10** - FIs and DNFBPs are required to identify, document, assess and understand their ML/TF risks (AML/CFT Law, art.6 and AML/CFT IR, art.3). This includes being required to:

- a) document their risk assessments (AML/CFT Law, art.6);
- b) consider the risks identified in the NRA, in addition to risk factors based upon customers, countries and geographic areas; products; services and delivery channels; purpose for opening the account, among others, and implement policies, procedures and controls to manage the risks identified (AML/CFT Law, art.7 and AML/CFT IR, arts.3, 4);
- c) keep these assessments updated (AML/CFT Law, art.6 and AML/CFT IR, art.3); and
- d) provide their risk assessments on a regular basis and upon request to the competent supervisory authority, within a time limit set by the supervisory authority (AML/CFT Law, art.6 and AML/CFT IR, art.3).

**Criterion 1.11** - FIs and DNFBPs are required to:

- a) have policies, controls and procedures to effectively manage and mitigate the risks identified, including AML/CFT programs that include these policies, controls and procedures, and consider the risks and size of business (AML/CFT Law, art.7 and AML/CFT IR, art.6). These must be approved by senior management (QCB AML/CFT Instructions, rule 5.1; QFMA AML/CFT Rulebook, rule 1.2.1; QFCRA AML/CFT Rulebook, rule 1.2.1; MOCI Circular No. (4) of 2022; MOJ Circular on Applicable Policies 2022).
- b) monitor implementation and where appropriate, review, update and enhance these policies, controls and procedures (QCB AML/CFT Instructions, rule 6.1.3; QFMA AML/CFT Rulebook, rules 2.1.1.3 and 2.1.1.4; QFCRA AML/CFT Rulebook and QFCRA Insurance AML/CFT Rulebook, rules 2.1.1.3-d and

2.1.1.4; MOCI AML/CFT Rulebook art.8.5); MOJ Real Estate and Notaries AML/CFT Rulebook and the MOJ Lawyers' AML/CFT Rulebook, art.8.5).

- c) take enhanced measures to manage and mitigate higher risks that are identified (see criterion 1.7).

**Criterion 1.12** - Qatar allows simplified due diligence (SDD) measures where low risk has been identified (see criterion 1.9) and criteria 1.9 to 1.11 are met. Qatar does not allow SDD in the case of a ML/TF suspicion or where specific higher risk scenarios apply or law requires specific CDD measures (AML/CFT Law, art.15 and AML/CFT IR, art.26).

### *Weighting and Conclusion*

There are minor issues in relation to Qatar's assessment of ML/TF risks and its ongoing communication of risks to FIs and DNFBPs.

**R.1 is largely compliant.**

### **Recommendation 2 - National cooperation and co-ordination**

In its 3<sup>rd</sup> round MER, Qatar received a largely compliant with these requirements as it needed to, among others, include supervisory and law enforcement authorities in existing co-operation and co-ordination mechanisms. Qatar has further strengthened its national co-operation and co-ordination mechanisms since.

**Criterion 2.1** - Qatar has national AML/CFT policies informed by its risks that are regularly reviewed. NAMLC is required to develop and implement national AML/CFT policies based on the identified risks (AML/CFT Law, art.30 and AML/CFT IR, art.50). Following the 2019 NRA, NAMLC led the development of a National AML/CFT Strategy 2020-2025 and Action Plan. This includes specific action plans for 20 different agencies that address the risks identified. Prior to 2019 when the NRA process finished, policies were informed by risk through NAMLC's policy coordination process.

**Criterion 2.2** - Qatar has designated the NAMLC as the authority responsible for national AML/CFT policies (AML/CFT Law, art.30).

**Criterion 2.3** - Mechanisms are in place through Qatar's NAMLC to enable policymakers, the FIU, law enforcement authorities, supervisors and other relevant authorities to co-operate, and where appropriate, co-ordinate and exchange information in matters of AML/CFT. NAMLC is required to ensure proper interagency coordination, cooperation and information exchange at the policymaking and operational levels (AML/CFT Law, art.30). In addition, Qatar has several MOUs and supervisory frameworks in place to facilitate co-ordination and co-operation between law enforcement and supervisory authorities.

**Criterion 2.4** - The NAMLC is also Qatar's cooperation and coordination mechanism for combating the financing of proliferation of weapons of mass destruction (AML/CFT Law, art.30).

**Criterion 2.5** - The NAMLC is required to develop and implement AML/CFT measures taking into account their consistency with personal data protection measures, and other similar provisions (AML/CFT Law, art.30). Data protection and privacy is the responsibility of the Ministry of Information Technology and Qatar coordinates through its Council of Ministers in relation to AML/CFT policy proposals.

### *Weighting and Conclusion*

All criteria are met.

**R.2 is compliant.**

### **Recommendation 3 - Money laundering offence**

In its 3<sup>rd</sup> round MER, Qatar was rated partially compliant with regard to the scope and sanctions of the ML offence. There was a gap in the mental element of ML offences; authorities did not have jurisdiction to pursue ML for predicate offenses committed abroad and AML laws only covered some designated categories of predicate offenses. In addition, the law had not been tested in courts, which was considered a technical compliance deficiency at the time. Qatar has also amended its ML offence since then.

**Criterion 3.1** – Qatar’s ML offence is consistent with the Vienna and Palermo Conventions. ML offences are defined as intentionally converting or transferring funds, knowing that they are the proceeds of crime; concealing or disguising the true nature, source, movement, dispositions, and ownership of the funds; acquisition, possession or use of funds, knowing, at the time of receipt thereof, that they are proceeds of a crime (AML/CFT Law, art.2).

**Criterion 3.2** - Qatar includes the widest range of predicate offences. Qatar includes as predicate offences any act, whenever it generates funds, constituting a misdemeanour or a felony under any law in the state (AML/CFT Law, art.1). Qatar’s laws and Penal Code include the twenty-one designated categories of offenses.

**Criterion 3.3** - (N/A) Qatar does not apply a threshold approach or a combined approach which includes a threshold.

**Criterion 3.4** - Qatar defines the proceeds of crime as any funds derived or obtained from committing predicate offences, regardless of its value, including the income, interest, revenue or other product, whether or not it has been transferred in whole or in part into properties of investment and proceeds. The funds may directly or indirectly represent the proceeds of crime (AML/CFT Law, art.1).

**Criterion 3.5** - It is not necessary, when securing a conviction for ML or establishing that property represent the proceeds of crime, that a person be convicted of a predicate offense (AML/CFT Law, art.2).

**Criterion 3.6** - Predicate offences for ML extend to any act constituting a misdemeanour or felony, committed outside Qatar, if the act committed constitutes an offence in both the foreign state in which it was committed, and Qatar (AML/CFT Law, art.1).

**Criterion 3.7** - The ML offense can also apply to any person who committed the predicate offense. ML can be pursued as an independent crime from the predicate offence (AML/CFT Law, art.2).

**Criterion 3.8** - It is possible for the intent or knowledge required to prove a ML offence to be inferred from objective factual circumstances (AML/CFT Law, art.5).

**Criterion 3.9** – Natural persons convicted of ML are subject to imprisonment for a period of up to ten years, and a fine not less than QAR 2 million (USD 550 000) and no more than QAR 5 million (USD 1.37 million), or twice the value of the money laundered, whichever is greater (AML/CFT Law, art.78). Penalties double in the following circumstances: repetition or recurrence of a ML conviction within five years or the date of the penalty imposed; acting as part of a group with common purpose; abuse of power or influence in FIs, DNFBPs, or those powers offered by certain professional or social activities. The perpetrator of the ML



offence is exempted from all penalties and imprisonment if they provide information relating to the offence or other perpetrators prior to authorities' knowledge or execution (AML/CFT Law, art.92).

While there are more severe penalties for other crimes under the Penal Code (such as life imprisonment or death for murder), the criminal sanctions applying to persons convicted of ML appear to be broadly proportionate and dissuasive in respect to other crimes of a similar nature such as bribery (up to ten years imprisonment and up to USD 4 100 fine equivalent to QAR 15 000) (Penal Code, arts.140-142), and the counterfeiting of currency (imprisonment of up to fifteen years and up to USD 4 100 fine equivalent to QAR 15 000) (Penal Code, art.224).

**Criterion 3.10** - In Qatar, criminal liability and sanctions apply to legal persons. A legal person, on whose behalf or for whose benefit ML crimes have been committed by a natural person, acting either individually or as a part of the legal body, may be criminally liable for ML (AML/CFT Law, art.77). A corporate body is subject to fines of not less than QAR 4 million (USD 1 million) and no more than QAR 8 million (USD 2 million), or three times the maximum fine applied to any other penalty prescribed under any other law, whichever is greater (AML/CFT Law, arts.75 and 77). Furthermore, the conviction of a legal person does not preclude the punishment of a natural person who committed the crime (AML/CFT Law, art.77).

**Criterion 3.11** - Ancillary offences in Qatar include participation in, association with or conspiracy to commit, attempt, or aid, abet, facilitate, counsel in, co-operate in, or contribute to the commission of any ML offence (AML/CFT Law, art.2).

### *Weighting and Conclusion*

All criteria are met.

**R.3 is compliant.**

### **Recommendation 4 - Confiscation and provisional measures**

In the 3<sup>rd</sup> Round MER, Qatar was rated largely compliant with regard to confiscation and provisional measures. The main deficiency was the lack of statistical data on seizures and a lack of effectiveness (which is assessed separately in the 4<sup>th</sup> round). In addition, the 3<sup>rd</sup> Round MER noted as a deficiency, that provisional measures were issued by a supervisory body, instead of public prosecutors. The latter deficiency has since been addressed by the changes in the AML/CFT Law, which designates the PPO as the relevant LEA to issue provisional measures.

**Criterion 4.1** - Qatar has demonstrated that it has measures in place enabling it to confiscate property whether held by criminal defendants or by third parties. In Qatar, the confiscation of property is mandatory upon a conviction for ML/TF or a predicate offence (AML/CFT Law, art.89; Penal Code, art.65):

- a) Property laundered can be confiscated on conviction (AML/CFT Law, art.89).
- b) Proceeds of (including income or other benefits derived from such proceeds), or instrumentalities used or intended for use in, ML or predicate offences can be confiscated (AML/CFT Law, art.89). The proceeds of crime are defined as any funds derived or obtained, directly or indirectly, from committing predicate offences, including the income, interest, revenue or other product,



## 207 TECHNICAL COMPLIANCE ANNEX

whether or not it has been transferred in whole or in part into properties or investment proceeds (AML/CFT Law, art.1).

- c) The conviction-based mandatory confiscation orders also apply to the property that is the proceeds of, or intended for use in the financing of terrorism, terrorist acts or organisations (AML/CFT Law, art.89).
- d) In the event of a conviction, the court may issue a confiscation of funds constituting the proceeds of crime that include the funds of corresponding value (AML/CFT Law, art.89).

**Criterion 4.2.** - Qatar has measures that enable its competent authorities to:

- a) identify, trace and evaluate property that is subject to confiscation. Investigating officers of the PPO and judicial commissioners must identify, trace and seize or freeze the proceeds of crime that may become subject to confiscation (AML/CFT Law, art.51).
- b) carry out provisional measures, such as freezing or seizing, to prevent any dealing, transfer or disposal of property subject to confiscation. The PPO can carry out provisional measures that include the power to freeze and seize when it may be necessary to prevent any disposal of funds or properties related to ML/TF or the predicate offence (AML/CFT Law, art.57). The QFIU may also request that the public prosecutor conduct freezing and seizing of suspected proceeds from ML/TF and predicate offences (AML/CFT Law, art.35).
- c) take steps that will prevent or void actions that prejudice the country's ability to freeze or seize or recover property that is subject to confiscation, without prejudice to the rights of bona fide third parties, Qatar's courts have the power to invalidate contracts or any other agreements if one or more parties becomes aware that the purpose of such an activity is to shield from confiscation funds derived from ML/TF or other instrumentalities or proceeds of crime (AML/CFT Law, art.93).
- d) take any appropriate investigative measures. The PPO as well as the QFIU have access to a wide range of investigative measures (see R.30-31 for more information on powers and responsibilities of LEAs).

**Criterion 4.3** - Qatar's AML/CFT law requires confiscation while providing protection for the rights of *bona fide* third parties. (AML/CFT Law, art.89).

**Criterion 4.4** - The OSC within the PPO is the body in charge of managing, and when necessary, disposing of property seized or confiscated. Should the need arise (due to depreciation of the asset, or high costs of preservation), the PPO may direct the latter to dispose of property frozen, seized or confiscated (Art.91, AML/CFT Law).

### *Weighting and Conclusion*

All criteria are met.

**R.4 is compliant.**

## Recommendation 5 - Terrorist financing offence

In its 3<sup>rd</sup> MER, Qatar was rated partially compliant regarding the criminalisation of its TF offence. One of the main shortcomings was that the TF offence was not extended to the provision or collection of funds for individual terrorists and terrorist acts. In 2019, Qatar passed the revised AML/CFT Law to address the deficiencies identified in the 2004 TF offence.

**Criterion 5.1** - Qatar criminalises TF on the basis of the TF Convention. Qatar criminalises the acts of collecting funds to be used, or while knowing that they are to be used, in whole or in part for the purposes of terrorism (AML/CFT Law, art. 3). In addition to terrorist acts, the TF offence extends to activities that include the provision of funds to support individual terrorists or terrorist organisations, even in the absence of specific acts (AML/CFT Law, art.3). Qatar’s TF offence includes the finance of travel and the organisation or direction of others to commit terrorism. The TF offence applies to colluding, aiding, abetting, facilitating, counselling, co-operation, conspire to commit or attempt to commit acts of TF. The TF offence extends to the use of funds regardless of where the terrorist or terrorist organisation is located (AML/CFT Law, art.3).

This definition includes a requisite mental element, requiring that the commission of such an act be taken intentionally (“while knowing”). The AML/CFT Law broadly defines the term “funds” as covering a wide range of property.

The definition of ‘terrorist act’ is in line with the TF Convention, covering any act intended to cause death or serious bodily injury to a person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a Government or an international organisation to do or to abstain from doing any act. (CT Law, art.1.1). In addition, the definition of terrorist act also covers any act that constitutes an offence according to all the treaties in the annex of the TF Convention (CT Law, art.1.2).

**Criterion 5.2** - TF offences in Qatar extend to any person who wilfully provides or collects funds or other assets by any means, directly or indirectly, with the unlawful intention that they should be used, or in the knowledge that they are to be used, in full or in part to (a) to carry out a terrorist act(s); or (b) by a terrorist organisation or by an individual terrorist (even in the absence of a link to a specific terrorist act or acts).

The TF offence extends to the financing of any funds to support a terrorist act, group or individual, even in the absence of a link to a specific terrorist act. The offence also extends to any person who wilfully provides or collects funds by any means, directly or indirectly, with the unlawful intention that they should be used, or in the knowledge that they are to be used, in full or in part to carry out a terrorist act by a terrorist organisation or by an individual terrorist (AML/CFT Law, art.3).

Qatar defines a “terrorist” as any natural person who wilfully commits or attempts to commit terrorist acts, by any means, directly or indirectly and unlawfully (CT Law, art.1). The definition of terrorist also includes any person that organises or participates as an accomplice, engages with a group with the aim of fulfilling a terrorist act. A “terrorist entity” is defined as any group of terrorists that wilfully commits these same acts (CT Law, art.1).

**Criterion 5.2bis** - The TF offence in Qatar extends to the travel of individual who travels to a state other than theirs for the purpose of the perpetration, planning, or preparation or participation in terrorist acts. It also extends to providing or receiving terrorist training. (AML/CFT Law, art.3.3).

## 209 TECHNICAL COMPLIANCE ANNEX

**Criterion 5.3** - Qatar's TF offence extends to any funds, regardless of whether they are from a legitimate or illegitimate source (AML/CFT Law, art.3).

**Criterion 5.4** -

(a) A TF offence may take place regardless of whether the funds were used in a specific terrorist act or in an attempted act (AML/CFT Law, art.3).

(b) Qatar does not require that the funds be linked to any specific terrorist act (AML/CFT Law, art.3).

**Criterion 5.5** - The intent and knowledge required to prove the TF offence can be inferred from objective and factual circumstances (AML/CFT Law, art.5).

**Criterion 5.6** - Sanctions for natural persons for the commission of TF are proportionate and dissuasive when compared to other terrorism and TF related crimes, especially those related to providing material assistance as explained below. Any natural person convicted of a TF offence shall be sentenced for a term of up to twenty years and a fine of not less than QAR 5 million (USD 1.3 million) up to QAR 10 million (USD 2.7 million), or twice the value of the value of the financing provided, whichever is greater (AML/CFT Law, art.79). The sanction is doubled in the case of repetition and recurrence (of a similar offence) within 5 years, contributing to one or more offences, and abuse of power and penalties for TF are without prejudice to a more severe penalty prescribed under any other law (AML/CFT Law, art.75).

Joining a terrorist entity is punishable by life imprisonment (CT Law, art.4). Providing material assistance (in the form of explosives, weapons, ammunition, technical information, missions, machinery or other facilities related to the use of explosives or weapons) is also punishable by life imprisonment (CT Law, art.5). Providing physical or technical training (such as martial arts, skills or tricks) for the commission of a terrorism offence, is punishable by up to 15 years imprisonment (CT Law, art.8).

**Criterion 5.7** - Criminal sanctions apply to legal persons for the TF offence without prejudice to the criminal liability of natural persons (see R.3). In addition, a conviction of a legal person does not prevent the punishment of a natural person for the same offence (AML/CFT Law, art.77). The penalty for a TF conviction of a legal person is a fine of between USD 1 million and 2 million (QAR 4 million and QAR 8 million), or three times the total amount of the fine for the offence in question. Further, the courts may suspend some or all of the business activities of the legal entity, close or require the company to liquidate and dissolve their business. Moreover, a conviction for TF results in mandatory confiscation (AML/CFT Law, art.89).

**Criterion 5.8** - It is also an offence to attempt, participate, organise or direct others to commit a TF offence or attempted offence; and contribute to the commission of one or more TF offence(s) or attempted offence(s), by a group of persons acting with a common purpose (AML/CFT Law, art.3).

**Criterion 5.9** - TF Offences are predicate offenses for ML (AML/CFT Law, art.3).

**Criterion 5.10** - TF offences in Qatar apply, regardless of whether the person alleged to have committed the offence(s) is in the same country or a different country from the one in which the terrorist(s)/terrorist organisation(s) is located or the terrorist act(s) occurred/will occur (AML/CFT Law, art.3 and 94; Penal Code, art.13-18).

### *Weighting and Conclusion*

All criteria are met. **R.5 is compliant.**

### Recommendation 6 - Targeted financial sanctions related to terrorism and terrorist financing

Qatar was rated non-compliant with regard to the implementation of TFS related to terrorism and TF in its 3<sup>rd</sup> round MER, as it only had provisions to protect the rights of *bona fide* third parties from confiscation. Subsequent to its MER, Qatar passed legislation establishing a mechanism to implement TFS.

**Criterion 6.1** – For designations under UNSCRs 1267/1989 and 1988 (“UN sanctions regimes”):

- a) The PPO is the competent authority for proposing persons or entities to the 1267/1989 and 1988 Committees for designation (CT Law, art.33) and communicates these proposed designations to the Qatar mission at the UN to submit to the relevant committees.
- b) Qatar has a mechanism for identifying targets for designation based on the designation criteria set out in relevant UNSCRs. The NCTC is responsible for proposing targets for designation to the PPO, on its own or upon request from competent authorities (CT Law, art.29 and CT IR, art.5). When proposing targets for designation, the NCTC must provide a statement as to whether there are reasonable grounds for proposing the designation to the UNSC (CT IR, art.8).
- c) Qatar uses reasonable grounds and a reasonable basis for determining designations (CT Law, art.33). Furthermore, the proposal for designation or the designation order by the PPO is not conditional upon the initiation of a criminal proceeding or the existence of criminal proceedings (CT IR, art.5).
- d) Proposals for designations must be prepared in conformity with the applicable procedures and the standard forms of designations as adopted by the NCTC and must comply with applicable procedures and standard forms for designation, as adopted by the appropriate Committee (CT IR, art.8 and 14).
- e) The proposal for designation must provide as much relevant information on the proposed person or entity, sufficient identifying information to allow for the accurate and positive identification of the person or entity, information on any connection between the proposed person or entity and any person or entity designated, a statement of the case and a description on whether the proposed designation meets the relevant criteria (CT IR, art.8 and 15). However, there is no indication that the proposal must specify whether the status as a designating state may be made known. Article 14 of the CT IR only indicates that the PPO may request so.

**Criterion 6.2** – In relation to designations pursuant to UNSCR 1373 in Qatar:

- a) The PPO is the competent authority for designating persons or entities meeting the designation criteria under UNSCR 1373. (CT Law, art.32 and 33). Proposals for designation can come from the NCTC or foreign countries (CT Law, art.33).
- b) Qatar has a mechanism for identifying targets for designation based on the designation criteria set out in UNSCR 1373. The NCTC is responsible for proposing targets for designation to the PPO, on its own or upon request from competent authorities (CT Law, art.29 and CT IR, art.5).

## 211 TECHNICAL COMPLIANCE ANNEX

- c) The CT IR provides the steps for Qatar to make a prompt determination according to national principles that the request is supported by reasonable grounds or by reasonable basis (art.17). Although consideration of these proposals by the PPO can take up to 63 days, clear timelines are established for prompt determination. MOFA is mandated to immediately refer the proposals for designation received from foreign jurisdictions to the NCTC, within three business days of receiving such proposals, and determinations have been made as quick as 21 days after giving due consideration to requests.
- d) Article 3 of the CT IR indicates that designations are made when the PPO finds that there are reasonable grounds or basis to suspect or believe that the proposed designee meets the criteria for designation of UNSCR 1373. Article 5 of the CT IR also specifies that the proposal is not conditional upon the initiation of criminal proceeding or the existence of criminal proceeding.
- e) When requesting a foreign jurisdiction to give effect to the actions initiated under the freezing mechanism, the request must include as much identifying information and specific information supporting the designation as possible (CT IR, art.8, 15 and 16).

**Criterion 6.3** – Qatar’s competent authorities have the following legal authorities and procedures or mechanisms required by this criterion:

- a) The NCTC has the legal authority to collect or solicit information from all sources, including from relevant authorities in Qatar, in order to develop the proposal for designation. This is based on reasonable grounds or basis as noted above. The information requested by the NCTC has to be provided within one week from the request (CTR IR, art.7).
- b) The NCTC and the PPO have to operate ex parte against a person or entity who has been identified and whose designation is being considered (CT Law, art.32).

**Criterion 6.4** – Qatar implements TFS without delay. Designations by the UNSC immediately trigger the obligation for FIs and DNFBPs to freeze the funds of the person or entity designated without delay, and within a maximum of 24 hours (CT Law, art.39). In addition, this obligation is further reinforced by the requirement on the PPO to add any listed persons or entity immediately upon designation by the UNSC, the relevant sanction committee, or upon issuance of designation orders by the PPO to the sanction list established by Qatar (CT Law, art.32 and CT IR, art.4). Accordingly, publication of national designations on this list also triggers the immediate obligation to freeze funds.

**Criterion 6.5** – The following standards and procedures apply in Qatar for implementing TFS:

- a) Every person in Qatar is required to freeze immediately and without delay all the funds of the person or entity designated by the Security Council or its Committees (CT Law, art.39). Every person is also required to freeze all the funds of designated persons and entities designated by the PPO upon announcement of a designation order immediately and without prior notice (CT Law, art.39). The obligation also covers other assets or property of every kind (CT Law, art.1).
- b) Article 1 of the CT Law extends the obligation to freeze to:

- funds or other assets owned or controlled by designated persons or entity and not just those that can be tied to a particular terrorist act, plot or threat;
  - funds and other assets that are wholly or jointly owned or controlled, directly or indirectly, by the designated person or entity;
  - funds and other assets acquired or generated from funds or other assets owned or controlled directly or indirectly by designated persons or entities; and
  - funds or other assets of persons and entities acting on behalf of, or at the direction of, designated persons or entities.
- c) Qatar prohibits every person, including government authorities, FIs, DNFBPs and NPOs, from making any funds or other assets, economic resources, or financial or other related services, available, directly or indirectly, wholly or jointly, for the benefit of designated persons and entities; entities owned or controlled, directly or indirectly, by designated persons or entities; and persons and entities acting on behalf of, or at the direction of, designated persons or entities, unless authorised by the PPO.
- d) Qatar has a mechanism for communicating designations. The NCTC, in co-ordination with supervisory authorities, immediately notifies all FIs and DNFBPs by email when a new designation order is issued (CT IR, art.11). The NCTC also hosts a list of designated persons and entities on their website, which is publicly available. Qatari supervisors have issued guidance to further detail instructions to follow (Decision No. 59 of 2020 with Guidelines to the Effective Implementation of the Targeted Financial Sanctions Regime in the State of Qatar and Proliferation Financing Guidance documents by QCB, QFMA, QFCRA, MOCI and MOJ).
- e) FIs and DNFBPs are required to submit a first report to supervisory authorities within maximum 48 hours following the issuance of a designation order indicating the measures taken to implement the designation, the value and type of frozen funds or assets, the date and time of the freezing, and any attempted transactions. A second report should be sent within 30 days and when the information changes (CT IR, art.26).
- f) There are no measures protecting the rights of bona fide third parties acting in good faith when implementing the freezing obligations. Qatar only has measures to protect the rights of bona fide parties of parties affected by freezing obligations (CT IR, art.30).

**Criterion 6.6** – The following are the de-listing, unfreezing and providing access to funds or other assets mechanisms in Qatar:

- a) Article 18 of the CT IR, which is publicly available, provides that the PPO may, at the request of the NCTC, and in co-ordination with the MFA, request the appropriate UN body to de-list Qatari persons and entities or residents, when it determines that the designated persons or entity does no longer meet the designation criteria.
- b) The PPO has the authority to revoke a designation order that it has previously issued and unfreeze the funds of the designated person or entities when he determines that the designation criteria is no longer met (CT IR, art.24). Such



## 213 TECHNICAL COMPLIANCE ANNEX

decisions can be made at the proposal of the NCTC or following the petitions of designated persons or entities (CT IR, art.25).

- c) Designation pursuant to UNSCR 1373 can be reviewed by the PPO. Should the PPO reject the petition against the designation order, it is possible to file an appeal before the Court of Appeal within 60 days of this rejection.
- d) Article 21 of the CT IR allows Qataris or persons within Qatar's jurisdiction to submit requests for de-listing directly to the UN SC Ombudsperson or focal point. Procedures to facilitate the review by the 1988 Committee and indicating the role of Qatari authorities in the de-listing process are provided for in section 11 of the PPO Decision No. 59 of 2020.
- e) The PPO must notify the designated persons and entities of the availability of the UN Office of the Ombudsperson pursuant to the Al-Qaida Sanctions List (CT IR, art.11(c)).
- f) There are procedures to unfreeze the funds of persons or entities with same or similar name as designated persons or entity who are inadvertently affected (CT IR, art.28). These procedures are made public on the NCTC website.
- g) Upon de-listing of persons and entities designated by the UN, the NCTC removes the name of the designated person or entity from its website and notifies the implementing parties of the de-listing order (CT IR, art.24). Paragraph H of Section 11 of the PPO Decision No. 59 of 2020 states that the supervisory authorities shall immediately circulate the notifications by fax and email to their supervised entities to implement the decision and release the frozen funds and inform the supervisory authority and the NCTC of the actions taken. Regarding 1373 designations, the NCTC immediately announces the revocation order on its website and notifies the implementing parties of the de-listing order. In all cases, supervised entities must release the frozen funds within a maximum of 3 working days (CT IR, art.22(b)).

**Criterion 6.7** – Article 39 of the CT Law creates an exception to the freezing obligations when it is authorised by the PPO following proposal of the NCTC. Article 42 describes the circumstances where access to frozen funds determined to be necessary for basic expenses can be authorised, which is further detailed in sections 12 and 13 of PPO Decision No. 59 of 2020.

### *Weighting and Conclusion*

Minor shortcomings remain including if the status as a designating state may be made known and the lack of measures protecting the rights of bona fide third parties acting in good faith when implementing the freezing obligations.

**R.6 is largely compliant.**

### **Recommendation 7 – Targeted financial sanctions related to proliferation**

This is a new Recommendation which was not assessed in Qatar's 3<sup>rd</sup> round MER.

**Criterion 7.1** Designations by the UNSC immediately trigger the obligation for FIs and DNFBPs to freeze the funds of the person or entity designated without delay, and within a maximum of 24 hours (CT Law, art.39). In addition, this obligation is further reinforced by



the requirement on the PPO to add any listed persons or entity immediately upon designation by the UNSC, the relevant sanction committee, or upon issuance of designation orders by the PPO to the Sanction List established by Qatar (CT Law, art.32 and CT IR, art.4). Accordingly, publication of a national designation on this list also triggers the immediate obligation to freeze funds.

**Criterion 7.2.** The PPO with the assistance of the NCTC is responsible for implementing and enforcing TFS in Qatar:

- a) All natural and legal persons within Qatar have an obligation to freeze without delay and without prior notice, the funds or other assets of designated persons and entities (CT Law, art.39).
- b) The definition of funds of a designated person or entity includes (CT Law, art.1):
  - all funds or other assets that are owned or controlled by the designated person or entity,
  - those funds or other assets that are wholly or jointly owned or controlled, directly or indirectly, by designated persons or entities;
  - the funds or other assets derived or generated from funds or other assets owned or controlled directly or indirectly by designated persons or entities, and
  - funds or other assets of persons and entities acting on behalf of, or at the direction of designated persons or entities. The freezing obligation as described in article 39 of the CT Law mandates the freezing of these funds.
- c) Article 39 of the CT Law prohibits any person or entity from providing, receiving from, or engaging in any transactions involving funds or financial services or related services to a designated person or entity, directly or indirectly, wholly or jointly, for the benefit of designated persons, or for the benefit of entities owned or controlled directly or indirectly by the designated persons or entities; or for the benefit of persons and entities acting on their behalf or at their direction, except with a prior authorisation from the PPO upon the proposal of the NCTC.
- d) Qatar has a mechanism for communicating designations. The NCTC, in coordination with supervisory authorities, immediately notifies all FIs and DNFBPs by email when a new designation order is issued (CT IR, art.11). FIs and DNFBPs are required to provide an email address. Qatari supervisors have issued guidance to further detail instructions to follow (Decision No. 59 of 2020 with Guidelines to the Effective Implementation of the Targeted Financial Sanctions Regime in the State of Qatar and Proliferation Financing Guidance documents by QCB, QFMA, QFCRA, MOCI and MOJ).
- e) FIs and DNFBPs are required to submit a first report to supervisory authorities within a maximum of 48 hours following the issuance of a designation order indicating the measures taken to implement the designation, the value and type of frozen funds or assets, the date and time of the freezing, and any attempted transactions. A second report should be sent within 30 days and when the information changes (CT IR, art.26).

## 215 TECHNICAL COMPLIANCE ANNEX

- f) There are no measures protecting the rights of bona fide third parties acting in good faith when implementing the freezing obligations. Qatar only has measures to protect the rights of bona fide parties of parties affected by freezing obligations (CT IR, art.30).

**Criterion 7.3** - Qatar has measures to monitor and ensure compliance by FIs and DNFBPs with the CT Law and CT IR, which govern the obligations under Recommendation 7. Failure to comply with these obligations is punishable by imprisonment for a period no longer than three years and/or a fine of no more than QAR 10 000 000 (USD 2.7 million) (CT Law, art.16 and 40, AML/CFT Law, art.44).

**Criterion 7.4** Qatar has developed and implemented publicly known procedures to submit de-listing requests to the UNSC (CT IR, art.21). Requests can be directly submitted to the UN Ombudsman or the Focal Point. These include the following:

- a) The mechanism enables designated persons or entities to petition a delisting request with the Focal Point pursuant to UNSCR 1730.
- b) Article 28 of the CT IR, which is publicly available, describes the procedure through which the person whose funds have been wrongly frozen can request funds be unfrozen and appeal to NCTC. These procedures are made public on the NCTC website.
- c) Article 39 of the CT Law contains an exception to the freeze for transactions made with prior authorisation from the PPO. This is pursuant to the requirements in article 42 of the CT Law, which establishes the conditions under which exemptions can be made, including when UNSCRs 1718 and 2231 requirements are met.
- d) The NCTC must immediately announce the removal of a designated person or entity and notify any parties in its website (CT Law, art.24(b)). The NCTC publishes the removals on this website with a regular level of periodicity.

### **Criterion 7.5**

- a) The NCTC can take the necessary measures to allow the addition to frozen accounts pursuant to UNSCRs 1718 or 2231, of interests or other earnings due on those accounts with regard to contracts, agreements or obligations that arose prior to the date on which accounts became subject to TFS (PPO Decision No (1) of 2020, art.31).
- b) The NCTC can authorise FIs, DNFBPs, or any other person or entity, that had frozen funds subject to a judicial, administrative or arbitral lien or judgement, to make the due payments related to such lien or judgement, provided that the conditions stipulated in UNSCR 2231 are met, to add to the accounts frozen, payments due under contracts, agreements or obligations that arose prior to the date on which such persons or entities were placed on the UN list (CT IR, art.31 and 32).

### ***Weighting and Conclusion***

Qatar has a mechanism for implementing PF-related TFS. However, the following minor shortcomings remain: the lack of measures protecting the rights of bona fide third parties acting in good faith when implementing the freezing obligations.

**R.7 is largely compliant.**

## Recommendation 8 – Non-profit organisations

In its 3<sup>rd</sup> round MER, Qatar was rated largely compliant with these requirements regarding NPOs. Since then, the requirements in R.8 have changed considerably. Qatar has introduced a new regulatory regime for NPOs through Law No. (15) of 2014, as amended by Law No. (4) of 2020 (the Law Regulating Charitable Activities).

### Criterion 8.1 –

- a) Qatar has an NPO sector comprising of 250 entities which are subject to the supervision of RACA.
- b) Qatar conducted an SRA of a small portion of its NPO sector in 2018, followed by a fulsome SRA in 2020. The 2020 SRA identified that 7 of the 250 Qatari NPOs fall under the FATF definition and are at high risk for TF, based on criteria Qatar developed and identified. Qatar took a data driven approach to conduct this assessment and to identify features and types of NPOs that fall under the FATF definition and that are more at risk for TF abuse.
- c) Qatar’s 2020 SRA identifies that NPOs may be abused by terrorist actors both internal and external to Qatar. The SRA identifies that terrorist organisations or actors may seek to generate, move or use funds garnered through multiple financial channels, including through abusing Qatari NPOs. It highlights that at risk NPOs are vulnerable through operating in high-risk locations or by abuse through false representation by terrorist actors.
- d) The 2018 SRA reviewed the adequacy of the measures to protect NPOs from terrorist financing and found them lacking. As a result, Qatar introduced legislative changes through the 2019 AML/CFT Law to give supervisory competence over the entire NPO sector to RACA and increase its supervisory capabilities. The 2020 SRA conducted a new review of the adequacy of the measures and highlighted that all NPOs must register or be licensed from appropriate supervisory authorities.
- e) Following the introduction of the 2019 AML/CFT Law, RACA was assigned the obligation to undertake the periodic SRA of the risks of TF abuse in the NPO sector. In 2020, RACA conducted a comprehensive SRA of the sector.

### Criterion 8.2 –

Qatar has taken the following actions to reach out to NPOs on TF issues:

- a) The AML/CFT Law requires competent authorities to have policies and measures in place to promote the accountability integrity and public confidence in the administration and management of NPOs. RACA has issued a series of guidelines to the NPO sector to promote these expectations and which touch upon the accounting standards, the transfer of funds, and the governance of NPOs, including integrity and transparency (Circulars No.42, 46, 48, 54 of 2019).
- b) Qatar has undertaken outreach and training to raise and deepen awareness among NPOs and the donor community about the potential vulnerabilities of NPOs to TF abuse and TF risks, and the measures that NPOs can take to protect themselves against such abuse.

## 217 TECHNICAL COMPLIANCE ANNEX

- c) Qatar, through RACA, has established a dedicated team tasked with coordinating and providing enhanced support for NPOs. This team meets periodically with NPOs and discusses issues including oversight, compliance, risk assessment, regularization plans, and training plans. In addition, RACA has set direct electronic channels of communication for NPOs to require advice, support and information exchange ([www.raca.gov.qa](http://www.raca.gov.qa) and [consultation@raca.gov.qa](mailto:consultation@raca.gov.qa)).
- d) NPOs are required to conduct transactions via regulated financial channels wherever feasible. NPOs are required to carry out any financial transfers through local FIs (Law Regulating Charitable Activities, art.32 bis/4) and cross-border cash transportation needs to be authorised by RACA. For disbursement of funds to their beneficiaries of activities and projects, NPOs are required to use bank transfers, bank check or coupons in the name of the beneficiary or other means authorised by RACA (Law Regulating Charitable Activities, art.32 bis/6).

### Criterion 8.3

Through the NRA, RACA's risk assessment of the NPO sector, the various forms of legislation and the RACA circulars, Qatar has taken steps to promote the effective supervision and monitoring of the NPO sector. RACA takes a risk-based approach to supervision of NPOs but does not sufficiently apply measures that are proportionate to the identified risks. Most of the regulatory burden described below falls on the entire NPO sector. This expansive burden entails a "one size fit all" approach that is not sufficiently risk sensitive.

RACA determines the frequency and intensity of the supervision of NPOs based on the risks. Supervisory missions are conducted for high-risk NPOs at least every 6 months, while supervisory onsite missions for the other NPOs are conducted every year. The Department of Supervision and Oversight in RACA organizes the supervision process based on the risk of the NPO, its characteristics and activities. RACA also reviews NPOs' annual reports that include audited financial statements and draft budgets for the next fiscal year (Law Regulating Charitable Activities, art.28). These must also be published on the NPOs' websites.

NPOs cannot raise funds in Qatar without receiving a license from RACA to accept donations (Law Regulating Charitable Activities, arts.3, 4 and 5). RACA also licenses marketing campaigns, events, programs, and fund-raising methods. RACA approves new hires, new external offices, and new partner entities.

NPOs must ensure that operations and expenditures related to their financial resources are carried out after taking necessary measures and due diligence (Law Regulating Charitable Activities, art.32 bis/3). NPOs must document the financial resources received, to determine its type, source, and the purposes of its allocation and to notify RACA of all the resources obtained and the methods for receiving them (Law Regulating Charitable Activities, art.32 bis/2). NPOs must keep information and records for a period of not less than ten years and make them available to the competent authorities (AML CFT Law, art.43 and Law Regulating Charitable Activities, art.25). RACA has issued guidelines to help NPOs with these record-keeping obligations (Circular No. 6 of 2020).

**Criterion 8.4 -**

- a) RACA has the powers to monitor the compliance of NPOs with the requirements of R.8, including those described in criterion 8.3 (AML/CFT Law, art.39).
- b) NPOs in Qatar are liable to effective, proportionate and dissuasive sanctions for violations of their obligations. Sanctions applied by RACA can include financial penalties on any directors, board members, executives or management, restrictions on their powers, or prohibitions from working in the sector. The NPOs can also be subject to deregistration (AML/CFT Law, art.44 and Law Regulating Charitable Activities, art.45). Sanctions also include up to five years of imprisonment and a fine not exceeding QAR 1 million (USD 274 000) (or the value of illicit donation) when someone acts in contravention of the requirements (Law Regulating Charitable Activities, art.42).

**Criterion 8.5 -**

- a) The NAMLC has the responsibility to ensure proper interagency co-ordination, cooperation and information exchange in Qatar, including in relation to NPOs (AML/CFT Law, art.30.3). RACA is represented at NAMLC by its General Director. Moreover, RACA has the power to obtain information from all authorities involved in NPO's activities.
- b) RACA's employees designated by the PPO are required to have the capacity to examine NPOs suspected of being exploited or supporting terrorist activities and have powers to access the relevant documents and registers (Law Regulating Charitable Activities, art.47). In addition to receiving trainings provided by RACA, employees have also received training from the QFIU and NAMLC. Onsite inspectors are supported by a specialized team of financial investigators when they do inspections.
- c) In addition to the powers explained in (b), NPOs are required to maintain all their records, books and document for at least ten years and to make them available to competent authorities upon request (AML CFT Law, art.43 and Law Regulating Charitable Activities, art.25).
- d) RACA has the ability to refer cases to the PPO so that the PPO can initiate investigations (AML/CFT Law, art.44) and has developed mechanisms to share information with several other competent authorities.

**Criterion 8.6 -** The AML/CFT Law requires competent authorities to respond and provide information to foreign counterparts on ML/TF issues, RACA has developed mechanisms to conduct international cooperation with respect to information sharing on suspected TF in the NPO sector. RACA has developed a website for foreign entities to solicit international cooperation with authorities in Qatar (<http://www.raca.gov.qa/English/Cooperation/Pages/RequetLeagalConsultation.aspx>).

**Weighting and Conclusion**

Most criterion are met. There are however shortcomings related to the effective supervision or monitoring of risk-based measures.

**R.8 is largely compliant.**

## Recommendation 9 – Financial institution secrecy laws

In its 3<sup>rd</sup> round MER, Qatar was rated largely compliant with these requirements due to lack of measures to share information between FIs in certain areas.

**Criterion 9.1** – Qatar’s FI secrecy laws do not inhibit the implementation of the FATF Recommendations, as set out below:

*Access to information by competent authorities:* Supervisors’ access to information deemed necessary for the performance of their duties does not require prior consent or authorization from any judicial authority (AML/CFT Law, art.41, and AML/CFT IR, art. 60.1). FIs are prohibited from using confidentiality as a pretext for refusing a request for information from the QFIU (AML/CFT Law, art.32). The PPO may issue an order to FIs, or any other person, to access or obtain, immediately upon request, any records they maintain, and any information or data on any accounts, deposits, trusts, or other funds or transactions that may help in detecting the facts of any potential ML, TF or any predicate offence, or identifying and tracing the proceeds of such offence (AML/CFT Law, art.53).

*Sharing of information between competent authorities:* The QFIU can disseminate information to LEAs and LEAs can request information from the QFIU (AML/CFT Law, art.34 and 52). Articles 57 and 60 of the AML/CFT IR allow for the exchange of information between supervisory authorities and with the QFIU. International cooperation requests cannot be denied based on laws requiring FIs to maintain secrecy or confidentiality (AML/CFT Law, art.59.2).

*Sharing of information between financial institutions:* Legislation for FIs does not place any secrecy obligations that would hinder the sharing of information between FIs for the purposes of Recommendations 13, 16, and 17. (AML/CFT IR, art.20, 31 and 32).

### Weighting and Conclusion

All criteria are met.

**R.9 is compliant.**

## Recommendation 10 – Customer due diligence

In its 3<sup>rd</sup> round MER, Qatar was rated non-compliant with these requirements, as there were numerous fundamental deficiencies. Since then, Qatar has issued a revised AML/CFT Law, which addressed most of the deficiencies identified then. Since then, the FATF requirements for CDD have also substantially changed.

**Criterion 10.1** – FIs are prohibited from opening or keeping anonymous accounts or accounts in obviously fictitious names (AML/CFT Law, art.9).

**Criterion 10.2** – FIs are required to undertake CDD measures when (AML/CFT Law, art.10 and AML/CFT IR, art.10):

- a) establishing the business relationship;
- b) carrying out occasional transactions equal to or greater than QAR 50 000 (USD 13 700) (AML/CFT IR, art.10), whether the transaction is carried out in a single operation or in several operations that appear to be linked;
- c) carrying out occasional transactions through wire transfers in circumstances stipulated under R.16 (AML/CFT Law, art.18);



- d) there is a suspicion of ML/TF, regardless of the amount of the transaction; or
- e) there are doubts about the veracity or adequacy of previously obtained customer identification data.

**Criterion 10.3** – FIs are required to identify their customer (whether permanent or occasional and whether natural or legal person or legal arrangement) and verify the customer’s identity using reliable, independent source documents, data or information. (AML/CFT Law, art.11 and AML/CFT IR, art.13).

**Criterion 10.4** – FIs are required to identify any person acting on behalf of the customer, checking their identity and verifying that they are so authorised (AML/CFT Law, art.11.1 and AML/CFT IR, art.13).

**Criterion 10.5** – FIs are required to identify the beneficial owner, and take reasonable measures to verify their identity, using reliable, independent source documents, data or information until they are satisfied that they know who the beneficial owner is (AML/CFT Law, art.11.2 and AML/CFT IR, art.15).

**Criterion 10.6** – FIs are required to obtain information on, and understand, the purpose and nature of each business relationship or transaction (AML/CFT Law, art.11.3 and AML/CFT IR, art.13.3).

**Criterion 10.7** – FIs are required to conduct ongoing due diligence on the business relationship (AML/CFT Law, art.14 and AML/CFT IR, art.13.4), including:

- a) scrutinising transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the FI’s knowledge of the customers, their business and risk profile, including where necessary, the source of funds; and
- b) ensuring that documents, data or information collected under the CDD process is kept up-to-date and relevant, by undertaking reviews of existing records, particularly for higher risk categories of customers.

**Criterion 10.8** – For customers that are legal persons or legal arrangements, FIs must take measures to identify the nature of the customer’s business, their ownership and control structure, and the beneficial owner (AML/CFT Law, art.11.4 and AML/CFT IR, art.13.4).

**Criterion 10.9** – For customers that are legal persons or legal arrangements, FIs are required to identify the customer and verify its identity through the following information (AML/CFT IR, art.13.2):

- a) name, legal form and proof of existence of the customer;
- b) the regulations and powers that regulate the legal person or arrangement, as well as the names of the relevant persons having a senior management position in the legal person or arrangement; and
- c) the address of the registered office and, if different, the principal place of business.

**Criterion 10.10** – For customers that are legal persons, FIs are required to identify and take reasonable measures to verify the identity of the beneficial owner, using relevant information or reliable sources data (AML/CFT IR, art.15) as follows:



## 221 TECHNICAL COMPLIANCE ANNEX

- a) Identifying the natural person(s) who ultimately has an effective controlling ownership interest not less than 20% of a legal person or voting rights and taking reasonable measures to verify the identity of such persons.
- b) In case no beneficial owner is identified, or there is a doubt as whether the natural person(s) with controlling ownership interest(s) is the beneficial owner(s) under item (a) above, or where no natural person exerts control through ownership interests, FIs shall identify the natural person(s) exercising de facto or legal control in the legal person and arrangement through any means, whether directly or indirectly, over the executives, the general assembly, or the operations of the legal person, or any other control instruments.
- c) In case no natural person is identified under (a) and (b) above, FIs shall identify and verify the identity of the relevant natural person who holds the position of senior managing official in the legal person.

### **Criterion 10.11 –**

For customers that are legal arrangements, FIs are required to take reasonable measures to identify and verify the identity of the beneficial owners (AML/CFT IR, art.17) by:

- a) identifying the settlor, the trustee and the protector (if any), the beneficiaries or class of beneficiaries, and any other natural person exercising, directly or indirectly, ultimate effective control over the trust; and
- b) for other legal arrangements, identifying and verifying the identity of natural persons in equivalent or similar positions in other legal arrangements.

**Criterion 10.12 –** FIs are required to conduct the following additional CDD measures on the beneficiaries of life insurance and other investment related insurance policies, as soon as the beneficiaries are identified or designated (AML/CFT IR, art.18):

- a) For a beneficiary that is identified as specifically named natural or legal person or legal arrangement: taking the name of the person.
- b) For a beneficiary that is designated by characteristics or by class, or by other means: obtaining sufficient information concerning the beneficiary to satisfy the FI that it will be able to establish the identity of the beneficiary at the time of the payout.
- c) For both the above cases, verifying the identity of the beneficiary at the time of the payout.

**Criterion 10.13 –** FIs are required to include the beneficiary of a life insurance policy as a relevant risk factor in determining whether enhanced CDD measures are applicable. If the FI determines that a beneficiary who is a legal person or a legal arrangement presents a higher risk, it is required to perform enhanced due diligence, which should include reasonable measures to identify and verify the identity of the beneficial owner of the beneficiary, at the time of the payout (AML/CFT IR, art.19).

**Criterion 10.14 –** FIs are required to verify the identity of the customer and beneficial owner before the establishment of any business relationship or conducting an occasional transaction. FIs are permitted to conduct this verification at a later stage if (AML/CFT IR, art.14; QCB AML/CFT Regulations, rule 14.9.1; QFCRA AML/CFT Rulebook rule 4.3.5.2 and 4.3.2; QFMA AML/CFT Rulebook, rule 4.3.5.2 and 4.3.2):

- a) this occurs as soon as practicable;
- b) this is essential not to interrupt the normal conduct of business; and
- c) the ML/TF risks are minimal and effectively managed.

**Criterion 10.15** – When allowed by their supervisory authority to establish a business relationship with a customer prior to verification, FIs are required to adopt risk management procedures concerning the conditions under which a customer may utilise the business relationship (AML/CFT IR, art.14).

**Criterion 10.16** – When applying CDD requirements to existing customers, FIs shall take into consideration the materiality and risk of customers. Such measures must be applied to existing relationships at appropriate times, taking into account whether and when CDD measures have previously been undertaken and the adequacy of data obtained. (AML/CFT IR, art.9).

**Criterion 10.17** – Where the ML/TF risks are higher, Qatar requires FIs to perform EDD measures consistent with the risks identified and to conduct enhanced ongoing monitoring of the business relationship, to identify unusual or suspicious activities or transactions (AML/CFT IR, art.3, 4 and 25).

When applying EDD measures, FIs are required at a minimum to undertake measures such as obtaining additional information on the customer, purpose and nature of the business relationship, sources of wealth and funds and reasons for the transaction, updating the BO information, obtaining senior management approval, enhanced monitoring, examining certain patterns of transactions and making the first of any required payment through an account in the customer’s name in a bank subject to similar CDD standards (QCB AML/CFT Rulebook, rule 16.3; QFCRA AML/CFT Rulebook, rule 4.4.2; QFMA AML/CFT Rulebook, rule 4.5.2).

**Criterion 10.18** – FIs may apply simplified CDD measures where lower risks have been identified through the NRA, and their own risk assessments. The simplified measures shall be commensurate with the lower risk factors but are not acceptable whenever there is suspicion of ML/TF, or specific higher risk scenarios (AML/CFT Law, art.15).

**Criterion 10.19** – When FIs are unable to comply with CDD measures, they must not open a bank account, initiate or maintain a business relationship, or carry out any transaction; and shall, when necessary, report to the QFIU any suspicious transactions related to the customer (AML/CFT Law, art.11).

**Criterion 10.20** – When FIs have a suspicion of ML/TF and have reasonable grounds to believe that performing the CDD measures will tip-off the customer, they shall not pursue the CDD measures, and shall instead file a STR to the QFIU (AML/CFT Law, art.22; QCB AML/CFT Regulations, art.20.2; QFCRA Rulebook, art.5.2.2, QFMA AML/CFT Rulebook, art.5.2.2).

### *Weighting and Conclusion*

All criteria are met.

**R. 10 is compliant.**

## Recommendation 11 – Record-keeping

In its 3<sup>rd</sup> round MER, Qatar was rated partially compliant with these requirements. The deficiencies related to a lack of record keeping requirements for entities supervised by the Doha Securities Market and the Ministry of Economy and Commerce. Since then, Qatar issued a revised AML/CFT Law.

**Criterion 11.1** – FIs are required to maintain all records, documents and data for all domestic and international transactions and operations, for a minimum of 10 years from the date of concluding the transaction or operation (AML/CFT Law, art.20).

**Criterion 11.2** – FIs are required to maintain all records, documents and data obtained or collected through CDD measures, as well as account files, business correspondence and results of any conducted analysis for a minimum of 10 years after the business relationship has ended or after conducting the transaction or the occasional operation (AML/CFT Law, art.20).

**Criterion 11.3** – FIs are required to keep transactions records sufficient to permit reconstruction and reorganization of individual operations to conduct data analysis and provide, if necessary, evidence for the prosecution of criminal activity (AML/CFT Law, art.20).

**Criterion 11.4** – Upon request of the competent authorities, FIs must make available without delay all information obtained during the CDD process, and all transactions and operations records and documents maintained (AML/CFT Law, art.20).

### Weighting and Conclusion

All criteria are met.

**R. 11 is compliant.**

## Recommendation 12 – Politically exposed persons

In its 3<sup>rd</sup> round MER, Qatar was rated non-compliant with these requirements. The main deficiencies identified included the lack of measures for FIs in the State with respect to CDD procedures for PEPs; lack of requirements in the QFC to obtain senior management approval to continue business relationships with a customer that are a PEP and the absence of a requirement to take reasonable measures to establish the source of funds of customers and beneficial owners identified as PEPs. Since then, Qatar has issued a revised AML/CFT Law. The FATF requirements for PEPs have also changed.

**Criterion 12.1** – Qatar defines PEPs in line with FATF definition to include individuals who are or have been entrusted by the State or by a foreign State with prominent public functions, such as Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state owned companies, members of Parliaments, and important political party officials and members of senior management, i.e. directors, deputy directors and members of the board or equivalent functions, of international organizations (AML/CFT IR, art.1).

In relation to foreign PEPs, FIs are required to take additional measures besides CDD. In this context, FIs are required to:

- a) put in place appropriate risk management systems to determine whether a customer or beneficial owner of a customer is a PEP (AML/CFT Law, art.16);
- b) obtain senior management approval before establishing, or continuing, for existing customers, business relationships with PEPs (AML/CFT IR, art.27.1);
- c) take reasonable measures to establish the source of wealth and the source of funds of customers and beneficial owners of customers identified as PEPs (AML/CFT IR, art.27.2);
- d) conduct enhanced ongoing monitoring of relationships with PEPs (AML/CFT IR, art.27.3).

**Criterion 12.2** – All measures set out in criterion 12.1 apply to domestic or international organisation PEPs, as Qatar does not make a distinction between domestic and foreign PEPs (AML/CFT Law, art.16 and AML/CFT IR, art.27).

**Criterion 12.3** – All measures set out in criterion 12.1 above apply to the family members and close associates of all types of PEPs (AML/CFT Law, art.16 and AML/CFT IR, art.27).

**Criterion 12.4** – Qatar requires FIs to take reasonable measures to determine whether the beneficiary or the beneficial owner of the beneficiary of a life insurance policy is a PEP, before making a payout under a life insurance policy. Where higher risks are identified, FIs are required to inform senior management before the payout of the policy proceeds, conduct enhanced scrutiny on the whole business relationship with the policyholder, and submit a suspicious transaction report to the QFIU (AML/CFT IR, art.29).

### *Weighting and Conclusion*

All criteria are met.

**R. 12 is compliant.**

### **Recommendation 13 – Correspondent banking**

In its 3<sup>rd</sup> round MER, Qatar was rated non-compliant with these requirements. The main deficiencies related to: a lack of measures for the FIs in the State for cross-border correspondent banking or other similar relationships; a lack of requirements in the QFC for relevant persons to gather sufficient information about a respondent institution and to document the respective AML/CFT responsibilities of each institution. Since then, Qatar has issued a revised AML/CFT Law.

**Criterion 13.1** – With respect to cross-border correspondent banking relationships and other similar relationships, FIs are required to take the following measures (AML/CFT IR, art.30):

- a) gather sufficient information about the respondent institution to fully understand the nature of the respondent's business, and determine from publicly available information the reputation of the institution and the quality of supervision, including whether it has been subject to a ML/TF investigation or supervisory action;
- b) assess the respondent institution's AML/CFT controls;
- c) obtain approval from senior management before establishing new correspondent relationships; and

## 225 TECHNICAL COMPLIANCE ANNEX

- d) clearly understand the respective AML/CFT responsibilities of each institution.

**Criterion 13.2** – With respect to payable-through accounts, FIs are required to be satisfied that their respondents (AML/CFT IR, art.31):

- a) have performed CDD as required by the Law and the AML/CFT IR on its customers that have direct access to their accounts; and
- b) are able to provide relevant CDD information upon request to the correspondent.

**Criterion 13.3** – FIs are prohibited from entering into, or continuing, correspondent relationships or any similar relationships with shell banks and are required to ensure that the respondent FI does not permit its accounts to be used by shell banks (AML/CFT Law, art.17).

### *Weighting and Conclusion*

All criteria are met. **R. 13 is compliant.**

### **Recommendation 14 – Money or value transfer services**

In its 3<sup>rd</sup> round MER, Qatar was rated partially compliant with these requirements. The major deficiencies related to inadequate customer identification and due diligence measures, lack of requirements for wire transfers, lack of sanctions for non-compliance and lack of effective risk-based supervision. Regulation did also not provide an adequate framework for dealing with informal value transfer services/unlicensed operators. Since then, Qatar has issued the revised AML/CFT Law. The FATF requirements for MVTS have also changed.

**Criterion 14.1** – MVTS providers are required to be licensed by the QCB as exchange houses (AML/CFT Law, art.19). Any person providing financial services or business activities must have a QCB license (QCB Law, art.77).

**Criterion 14.2** – Proportionate and dissuasive sanctions apply to individuals who provide unlicensed MVTS providers. A penalty of imprisonment for a term not exceeding three years and a fine of not more than QAR 5 million (USD 1 373 000) applies to individuals for engaging in financial services without a license (QCB Law, art.205).

QCB is required to take appropriate punitive measures against unlicensed MVTS providers. (AML/CFT Law, art.19). To take action against unlicensed MVTS providers, Qatar has a number of mechanisms. QCB, QFMA, QFCRA and MOCI has a working group to identify unlicensed financial services. QCB, MOI and QFIU also established an operational taskforce to combat unlicensed financial services activity in 2020. This cooperation with MOI and QFIU has resulted in QCB referring 23 cases of unlicensed MVTS activity to the MOI for further investigation and 6 cases to the QFIU. Between 2015-2021, the PPO has received 72 reports of unlicensed MVTS activity and secured convictions in 50 cases.

**Criterion 14.3** – MVTS providers are supervised and monitored by the QCB for compliance with AML/CFT requirements. (AML/CFT IR, art.59).

**Criterion 14.4** – MVTS providers are required to maintain a current list of their agents and make it available to the relevant competent authority. The relevant competent authority includes supervisory authorities where MVTS and agents operate (AML/CFT IR, art.37).

**Criterion 14.5** – MVTS providers are required to include their agents in their AML/CFT programs and monitor them for compliance with these programs. (AML/CFT IR, art.37).

### *Weighting and Conclusion*

All criteria are met. **R. 14 is compliant.**

### **Recommendation 15 – New technologies**

In its 3<sup>rd</sup> round MER, Qatar was rated partially compliant with these requirements. The main deficiencies related to the lack of requirements for certain FIs to establish adequate policies and procedures designed to prevent and protect FIs from new or developing technologies. Since then, Qatar has issued a revised AML/CFT Law. The FATF requirements for new technologies have also substantively changed, as R.15 now includes requirements on virtual assets and VASP).

In line with the Note to the assessors regarding R.15 (footnote 44), Qatar is assessed against criteria 15.1, 15.2, 15.3 (a), 15.3(b), 15.5, and 15.11, as it has decided to prohibit virtual assets and VASPs (QCB Circulars 19, 21, 23 and 46 of 2019 and Circular 2 of 2022; QFMA Circular 4 and 8 of 2022; QFC Law No. (7) of 2005, Schedule 3).

**Criterion 15.1** – FIs are required to identify and assess ML/TF risks that may arise in relation to the development of new products and new business practices, including the new delivery mechanisms to provide services, products or transactions; or the risks arising from the use of new or developing technologies for both new and pre-existing products (AML/CFT IR, art.5).

At state-level, the NAMLC in Qatar is required to work with the supervisory authorities to identify and assess ML/TF risks that may arise in relation to the development of new products and new business practices, including the use of delivery channels, or the development of new technologies for both new and pre-existing products. (AML/CFT IR, art.51). The NRA report assesses the ML/TF risks associated with new payment products and services, including financial technology (FinTech) companies, new payment products and services including mobile payment services and digital wallets, third party payment processors, crowdfunding platforms and virtual currency investment schemes.

**Criterion 15.2** – FIs are required to (AML/CFT IR, art.5):

- a) assess the ML/TF risks, prior to the launch or use of such products, practices and technologies; and
- b) take appropriate measures to manage and mitigate these risks.

**Criterion 15.3** –

- a) Qatar has identified and assessed the ML/TF risks emerging from virtual asset activities and VASPs. In 2021, NAMLC completed a ML/TF risk of virtual assets and VASPs in Qatar, using the same approach as taken in its 2019 NRA. The risk assessment found an overall ML/TF risk rating of medium, with risks relating to unlicensed or illegal VASP activity occurring in Qatar and risks relating to TF specifically rated as medium-high. The risk assessment was based on input from two surveys of banks in 2019 and 2020 and a survey of MOI and PPO on the extent to which virtual assets feature in investigations of proceeds-generating crimes, as well as a review of other international reports and risk assessments.



- b) Qatar has taken actions to ensure that its prohibition on the undertaking of VASP services in Qatar is implemented. This includes informing FIs of the prohibition on VASP services, sharing lists of well-known international VASPs and monitoring implementation of this prohibition through supervisory visits and outreach (see criterion 15.5 for further information). Qatar has also trained law enforcement officers from SSB, MOI and PPO on how to undertake investigations involving virtual assets.
- c) Qatar is also considering its broader approach to virtual assets and VASPs. Its 2020 National AML/CFT Strategy requires the FI supervisors to consider the development of a new AML/CFT regime for virtual assets and VASPs. Further, NAMLC's 2021 ML/TF risk assessment included a series of actions to enhance Qatar's control framework for Vas and VASPs, including in relation to its ability to identify unlicensed VASPs, provide guidance for FIs and consideration of creating a regulated channel for virtual asset transactions. Even though the measures taken are commensurate with the identified risk (moderate), it is unclear if all of these recommendations have been implemented.

**Criterion 15.5** – FIs are prohibited from carrying out virtual asset and VASP activities, and if an entity carries out one of these activities, then it will be subject to a penalty of up to three years imprisonment and a fine of up to QAR 5 000 000 (USD 1 370 000) (QCB Law, art.205). Qatar has taken actions to identify natural or legal persons that carry out illicit VASP activities, including those outlined in criterion 15.3(b). Qatar established a taskforce between QCB and MOI to identify natural or legal persons that carry out VASP activities. The taskforces objectives include identifying key typologies and patterns in QCB's monitoring system to detect any unlicensed activities and raising the awareness of the public and of FIs of the risks of dealing with unlicensed VASPs; and issuing guidance to FIs. Between 2020 and June 2022, Qatar's FIs rejected 2 007 transactions and closed 43 accounts for either relating or potentially relating to transactions with virtual assets and VASPs. Qatar has also identified one case of a foreign national offering VASP services from Qatar, but no further action was taken after referral of the case to PPO. In a second case, a foreign VASP licensed in a neighbouring country claimed to be licensed to offer services in Qatar in May 2022. QCB contacted the foreign supervisor to clarify that the VASP did not have a license and released a public statement to clarify this. However, no formal sanctions have been applied on a natural or legal person for contravening the prohibition.

**Criterion 15.11** – All competent authorities are required, spontaneously or upon request, to provide the widest range of cooperation (MLA, extradition, and other forms of cooperation) to foreign counterpart authorities in relation to ML/TF and associated predicate offences (AML/CFT Law, art.58). This includes in relation to virtual assets and VASPs. QCB has cooperated with supervisory counterparts in relation to an unlicensed VASP claiming to be operating in Qatar.

### *Weighting and Conclusion*

There are shortcomings in the lack of sanctions applied to natural or legal persons carrying out unlicensed VASP activities and how Qatar has applied an adequate risk-based approach to ensure that measures to prevent or mitigate ML/TF are commensurate with the risks identified. These are considered minor deficiencies in light of the overall medium risk ratings and Qatar's context as it has minimal exposure to VASP activities.

**R. 15 is rated largely compliant.**

## Recommendation 16 – Wire transfers

In its 3<sup>rd</sup> round MER, Qatar was non-compliant with these requirements. The main deficiencies including the absence of specific measures imposed by the QCB on FIs to address all the requirements of R.16; the absence of requirements imposed by the QFCRA on relevant persons to ensure that beneficiary FIs adopt effective risk-based procedure for identifying and handling wire transfers that are not accompanied by complete originator information. Since then, Qatar has issued a revised AML/CFT Law. The FATF requirements for wire transfers have also substantively changed.

**Criterion 16.1** – Ordering FIs are required, when conducting wire transfers equal to, or exceeding QAR 3 500 (USD 960), to obtain and verify information related to the originator and the beneficiary and ensure that it includes the following (AML/CFT Law, art.18 and AML/CFT IR art.32.1):

- a) in relation to the originator:
  - the full name of the originator;
  - the originator account number or, in the absence of an account, a unique transaction reference number, which permits traceability of the transaction; and
  - the originator’s address, or national identity number, or customer identification number, or date and place of birth. Such information shall be included in the message or payment form accompanying the transfer.
- b) in relation to the beneficiary:
  - the full name of the beneficiary; and
  - the beneficiary account number or, in the absence of an account, a unique transaction reference number, which permits traceability of the transaction.

**Criterion 16.2** – Ordering FIs are required to ensure, where several individual cross-border wire transfers from a single originator are bundled in a batch file for transmission to beneficiaries, that the batch file contains required and accurate originator information and full beneficiary information, that is fully traceable within the beneficiary country; and shall include the originator’s account number or unique transaction reference number (AML/CFT IR, art.32.4).

**Criterion 16.3 – (a) (b)** Ordering FIs are required to ensure, that cross-border wire transfers of a value below QAR 3 500 (USD 960), include the name of the originator and the beneficiary, and both the originator and the beneficiary account numbers or a unique transaction reference number which permits traceability of the transaction (AML/CFT IR, art.32.3).

**Criterion 16.4** – Ordering FIs are not required to verify the information mentioned in criterion 16.3 above, unless there is suspicion of ML/TF (AML/CFT IR, art.32.3).

**Criterion 16.5** – For domestic wire transfers, the ordering FI is required to include the accompanying information, including originator information, as indicated for cross-border wire transfers, unless the information is available to the beneficiary institution and competent authorities by other means (AML/CFT IR, art.32.2).

**Criterion 16.6** – Whenever the information referred to in criterion 16.1 above is available to the beneficiary FI and competent authorities by other means, the FI may only include the account number or the unique transaction reference number in the information

## 229 TECHNICAL COMPLIANCE ANNEX

accompanying the domestic wire transfer, provided that this number or identifier will permit the transaction to be traced back to the originator or the beneficiary, within three business days of receiving the request either from the beneficiary FI or from competent authorities. LEAs, through the PPO, may compel immediate production of such information. (AML/CFT IR, art.32.2)

**Criterion 16.7** – Ordering FIs are required to maintain all originator and beneficiary information, including the originator’s account number or unique transaction reference number, for at least 10 years in line with R.11 (AML/CFT IR, art.35).

**Criterion 16.8** – The ordering FIs are not allowed to execute the wire transfer if it does not comply with the requirements set out in criterion 16.1-16.6 (AML/CFT IR, art.32.5). There is a minor gap as the record keeping requirement of criterion 16.7 are not explicitly mentioned in these provisions.

**Criterion 16.9** – Intermediary FIs are required, when conducting cross-border wire transfers, to ensure that all originator and beneficiary information that accompanies a wire transfer is retained with it (AML/CFT IR, art.33.1)

**Criterion 16.10** – Where technical limitations prevent the required originator or beneficiary information accompanying a cross-border wire transfer from remaining with a related domestic wire transfer intermediary FIs are required to maintain, for at least 10 years, all the information received from the ordering FI or another intermediary FI (AML/CFT IR, art.35).

**Criterion 16.11** – Intermediary FIs are required, when conducting cross-border wire transfers, to take reasonable measures, which are consistent with straight-through processing, to identify the wire transfers that lack required originator or beneficiary information (AML/CFT IR, art.33.2).

**Criterion 16.12** – Intermediary and beneficiary FIs are required to establish risk-based policies and procedures for determining (a) when to execute, reject, or suspend a wire transfer lacking the required originator or beneficiary information and (b) the appropriate follow-up actions (AML/CFT IR, art.36).

**Criterion 16.13** – Beneficiary FIs are required to take reasonable measures to identify cross-border wire transfers that lack required originator or beneficiary information, which may include post-event monitoring or real-time monitoring, where feasible (AML/CFT IR, art.34).

**Criterion 16.14** – Beneficiary FIs are required, for cross-border wire transfers of more than QAR 3500 (USD 960), to verify the identity of the beneficiary, if the identity has not been previously verified, and maintain the information collected in the course of verification minimum for 10 years (AML/CFT Law, art.20 and AML/CFT IR, art.34).

**Criterion 16.15** – Beneficiary FIs are required to establish risk-based policies and procedures for determining (a) when to execute, reject, or suspend a wire transfer lacking the required originator or beneficiary information and (b) the appropriate follow-up actions (AML/CFT IR, art.36).

**Criterion 16.16** – MVTs providers are required to comply with all relevant requirements of the AML/CFT Law and the AML/CFT IR, whether they operate directly or through agents (AML/CFT IR, art.37.1).

**Criterion 16.17** – In the case of a MVTs provider that controls both the ordering and the beneficiary sides of a wire transfer, the MVTs providers are required to:

- a) take into account all the information from both the ordering and beneficiary sides to determine whether an STR has to be filed (AML/CFT IR, art. 38.1); and
- b) file an STR in any country affected by the suspicious wire transfer and make relevant transaction information available to the FIU (AML/CFT IR, art.38.2).

**Criterion 16.18** – FIs are prohibited from engaging in any transaction for the benefit of a person or entity designated by the UNSC or the Sanctions Committee, or controlled directly or indirectly by the designated persons or entities, or for persons and entities acting on behalf of or at the direction of designated persons or entities; and required to freeze immediately and without delay, and within 24 hours, all the funds related to the designated person or entity when attempting to conduct any financial transaction (CT Law, art.39) (see also R.6).

Moreover, the NCTC has issued guidance for the reporting of the matching of names and entities with the list issued under the UNSCRs on terrorism and TF (such as UNSCRs 1267 and 1373, and their successor resolutions). Where FIs have a valid match, they are requested to follow the guidance and to contact their supervisory authority. In such a case, the NCTC refers the case to the PPO, who issues a freezing order to the FI for freezing of the funds and assets.

### *Weighting and Conclusion*

Most criteria are met. However, there is a minor technical gap in criterion 16.8 as FIs are not explicitly prohibited from executing a wire transfer if they are unable to comply with the record-keeping requirements in criterion 16.7.

**R.16 is largely compliant.**

### **Recommendation 17 – Reliance on third parties**

In its 3<sup>rd</sup> round MER, Qatar was rated non-compliant with these requirements. Deficiencies related to a lack of, or inadequacy of some of the legal or regulatory requirements to allow third party reliance. Since then, Qatar has issued a revised AML/CFT Law. The FATF requirements on reliance have also changed.

**Criterion 17.1** – FIs in Qatar are permitted to rely on third parties to perform CDD measures (identification and verification of the customer and beneficial owner and understanding the nature of the business (AML/CFT Law, art.12), or introducing business. In such cases, FIs are ultimately responsible for compliance with the implementation of the CDD measures (AML/CFT Law, art.12). The FIs relying on third parties are required to (AML/CFT IR, art.20):

- a) obtain immediately the necessary information concerning CDD measures;
- b) ensure that copies of identification data and other relevant documentation relating to CDD requirements will be made available from the third-party upon request without delay; and
- c) ensure that the third party is regulated and supervised or monitored and has measures in place for compliance with CDD and record-keeping requirements in accordance with the AML/CFT Law and the IR (which are in line with R.10-12 and 18).

## 231 TECHNICAL COMPLIANCE ANNEX

**Criterion 17.2** – FIs are required, when relying on a third-party, to take into consideration the information available on the level of ML/TF risks in countries where the third-party is based (AML/CFT IR, art.20.4).

**Criterion 17.3** – Whenever FIs in Qatar rely on a third party that is part of the same financial group, the supervisory authorities, whether in the State or the host State, may determine that the requirements are met in the following circumstances (AML/CFT IR, art.21):

- a) the group applies CDD, record-keeping requirements, and AML/CFT programs in line with the AML/CFT Law and the IR (which are in line with R.10-12 and 18);
- b) the implementation of these requirements and programs is supervised at the group level by a competent authority; and
- c) any higher country risk is adequately mitigated by the group's AML/CFT policies.

### *Weighting and Conclusion*

All criteria are met.

**R. 17 is compliant.**

### **Recommendation 18 – Internal controls and foreign branches and subsidiaries**

In its 3<sup>rd</sup> Round MER, Qatar was rated partially compliant with these requirements. The main deficiencies pertained to the screening procedures to ensure high standards when hiring employees, the timely and unrestricted access to all customer information by the compliance officer and the internal audit function to assess the adequacy of internal control systems and audit function. Since then, Qatar has issued a revised AML/CFT Law. The FATF requirements for have also changed.

**Criterion 18.1** – Qatar requires FIs to implement AML/CFT programs which are appropriate to the risks and volume of business, and which include the following internal policies, procedures and controls (AML/CFT IR, art. 6):

- a) appropriate compliance management arrangements, including the appointment of a compliance officer at the management level;
- b) appropriate screening procedures to ensure high standards when hiring employees;
- c) an ongoing employee-training program; and
- d) an independent audit function to test the system.

**Criterion 18.2** – Qatar requires financial groups to implement group-wide programs against ML/TF to all their branches and majority-owned subsidiaries (AML/CFT IR, art.6 and 7). These programs must include:

- a) policies and procedures for sharing information required for the purposes of CDD and ML/TF risk management;
- b) provision, at group-level compliance, audit and AML/CFT functions, of customer, account and transaction information from branches and

subsidiaries, when necessary for AML/CFT purposes. This includes information and analysis of transactions and activities, which appear unusual, or suspicious, STRs and underlying information, which may be necessary to submit a STR (this also include the provision of this information to branches and subsidiaries when necessary and appropriate to risk management); and

- c) adequate safeguards on the confidentiality and use of information exchanged, including safeguards to prevent tipping-off.

**Criterion 18.3** – Qatar requires FIs to ensure that their foreign branches and majority-owned subsidiaries apply AML/CFT measures consistent with Qatar’s requirements in cases where the AML/CFT requirements of the host state are less strict than those applied in Qatar, to the extent that host state laws and regulations permit it.

If the host state does not permit it, Qatar requires FIs to apply to their foreign branches and majority-owned subsidiaries appropriate additional measures to manage the ML/TF risks and inform the competent supervisory authorities (AML/CFT IR, art.8).

#### Weighting and Conclusion

All criteria are met.

**R.18 is compliant.**

### Recommendation 19 – Higher-risk countries

In its 3<sup>rd</sup> Round MER, Qatar was rated non-compliant with these requirements. The main deficiencies pertained to the lack of requirements for certain FIs to pay special attention to business relationships and transactions with persons from or in countries which do not or insufficiently apply the FATF Recommendations and the lack of apparent authority of Qatar’s supervisors to apply countermeasures to address instances where a country continues not to apply or insufficiently applies the FATF Recommendations. Since then, Qatar has issued a revised AML/CFT Law. The FATF requirements have also substantively changed.

**Criterion 19.1** – Qatar requires FIs to apply EDD, proportionate to the risks, to business relationships and transactions performed with natural or legal persons (including FIs) from countries for which this is called for by the FATF (AML/CFT Law, art.13, AML/CFT IR, art.22). The NAMLC has to publish these calls on its website.

**Criterion 19.2** – Qatar is able to apply countermeasures proportionate to the risks (a) when called upon to do so by the FATF and (b) independently of any call by the FATF to do so (AML/CFT IR, art.23). Qatar achieves through the issuance of circulars to FIs and DNFBPs by the supervisors.

**Criterion 19.3** – Qatar has measures in place to ensure FIs are advised of concerns about weaknesses in AML/CFT systems of other countries. The NAMLC is required to issue circulars on the vulnerabilities of AML/CFT systems in other countries, to communicate these circulars to supervisory authorities and competent authorities and to publish them on its website. Supervisory authorities are required to communicate these circulars to FIs (AML/CFT IR, art.24).

#### Weighting and Conclusion

All criteria are met.

**R. 19 is compliant.**



## Recommendation 20 – Reporting of suspicious transaction

In its last MER, Qatar was rated partially compliant with regard to STR obligations. The main deficiencies pertained to the requirement to report STRs not extending to certain FIs, the limited scope of reporting in light of the few predicate offenses and the fact that the obligation to report transactions linked to TF, tax, and attempted transactions was not established by primary or secondary legislation. Qatar subsequently revised its AML/CFT Law.

**Criterion 20.1** – FIs are required to promptly report to the QFIU any information concerning any transaction or operation, including attempted transactions and operations, regardless of the value thereof, when there is a suspicion or reasonable grounds to suspect that such transactions and operations are associated with, or involve proceeds of a predicate offence or may be used in TF (AML/CFT Law, art.21).

**Criterion 20.2** – FIs are required to report all suspicious transactions, including attempted transactions and operations, regardless of their value (AML/CFT Law, art.21). Guidance further specifies that FIs must report promptly to QFIU any suspicious financial transaction or any attempts to perform such transactions, regardless of the amount of the transaction (QFIU’s Guidance to Submitting Suspicious Transaction Reports, section III).

### Weighting and Conclusion

All criteria are met.

**R. 20 is compliant.**

## Recommendation 21 – Tipping-off and confidentiality

In its 3<sup>rd</sup> round MER, Qatar was rated largely compliant with these requirements. There was a minor shortcoming relating to the lack of a legal basis to support protection from STR reporting and tipping-off in the insurance sector. Since then, Qatar has revised its AML/CFT Law.

**Criterion 21.1** – FIs and their directors, officers and employees are protected by the AML/CFT Law (art.22) for both criminal and civil liability for breach of any restriction on disclosure of information imposed by law or regulation or by administrative order or contract, if they report their suspicions in good faith. This protection is available even if they did not know precisely what the underlying predicate offence was, and regardless of whether an offence was actually committed.

**Criterion 21.2** – FIs and their directors, officers and employees are prohibited by the AML/CFT Law (art.22) from disclosing to any unauthorised person whether or not a STR, or any other relevant information, has been filed with the QFIU. This prohibition, however, explicitly excludes information sharing with foreign branches and majority-owned subsidiaries in line with R.18.

### Weighting and Conclusion

All criteria are met. **R. 21 is compliant.**

## Recommendation 22 – DNFBPs: Customer due diligence

In its 3<sup>rd</sup> round MER, Qatar was rated non-compliant with these requirements because none of the preventive measures for DNFBPs were set out in primary or secondary legislation or

enforceable means. In addition, legal advisers and the legal professionals were not covered. DNFBPs are now subject to same measures as FIs with some qualifications. The FATF requirements for DNFBPs have also substantively changed.

Qatar sufficiently covers all types of DNFBPs in its AML/CFT Law, except for casinos which are banned.

**Criterion 22.1** – DNFBPs are required to comply with the CDD requirements set out in R.10 (AML/CFT Law, Chapter 3 and AML/CFT IR, Chapter 2, section 2), in the following situations:

- a) Casinos - any form of gambling is illegal in Qatar and no casinos are permitted to operate (see R.28.1).
- b) Real estate agents - when they engage in transactions related to the sale and/or purchase of real estate for customers, or both (AML/CFT Law, art.1).
- c) Dealers in precious metals and dealers in precious stones – when they participate with their customers in cash transactions of a value equal to or exceeding QAR 50 000 (USD 13 700) (AML/CFT IR, art.11).
- d) Lawyers, authorised notaries, accountants and legal accountants when they prepare for or carry out transactions for their client concerning the activities listed under this criterion (AML/CFT Law, art.1).
- e) Trust and company service providers when they prepare for or carry out transactions for a client concerning: activities listed under this criterion (AML/CFT Law, art.1).

**Criterion 22.2** – DNFBPs are required to comply with the same record-keeping requirements as FIs (AML/CFT Law, art.20) – see analysis of R.11.

**Criterion 22.3** – DNFBPs are required to comply with the same PEP requirements as FIs (AML/CFT Law, art.1, 6 and AML/CFT IR, art.1, 27, 28 and 29) – see analysis of R.12.

**Criterion 22.4** – DNFBPs are required to comply with the same new technologies requirements as FIs (AML/CFT IR, art.5) – see relevant analysis of R.15.1 and R.15.2.

**Criterion 22.5** – DNFBPs are required to comply with the same third-party reliance requirements as FIs (AML/CFT Law, art.12, AML/CFT IR, art.20, 21) – see analysis of R.17.

### *Weighting and Conclusion*

All criteria are met.

**R. 22 is compliant.**

### **Recommendation 23 – DNFBPs: Other measures**

In its 3<sup>rd</sup> round MER, Qatar was rated non-compliant with these requirements due to a lack of provisions for STRs reporting and a lack of provisions to prohibit DNFBPs disclosing information reported by the FIU to third parties. Since then, Qatar has issued a revised AML/CFT Law. The FATF requirements for DNFBPs have also substantively changed.

**Criterion 23.1** – DNFBPs are subject to STR requirements (AML/CFT Law, art.21) with the following qualifications:

## 235 TECHNICAL COMPLIANCE ANNEX

- a) Lawyers, authorised notaries, accountants and legal accountants – when they prepare for or carry out financial transactions for their client relation to the activities described in criterion 22.1(d)- (AML/CFT Law, art.1).
- b) Dealers in precious metals or stones –when they engage in a cash transaction with a customer equal to or above QAR 50 000 (USD 13 700). (AML/CFT Law, art.1 and AML/CFT IR, art.11).
- c) Trust and company service providers when they prepare for or carry out transactions for a client relation to the activities described in criterion 22.1(e) (AML/CFT Law, art.1).

**Criterion 23.2** – DNFBPs are required to comply with the same internal control requirements as FIs (AML/CFT IR, art.6-8) – see analysis of R.18.

**Criterion 23.3** – DNFBPs are required to comply with the same higher-risk countries requirements as FIs (AML/CFT IR, art. 22-24 and AML/CFT Law, art. 13) – see analysis of R.19.

**Criterion 23.4** – DNFBPs are required to comply with the same tipping-off and confidentiality requirements as FIs (AML/CFT law, art.22) – see analysis of R.21. Where lawyers, notaries, accountants and legal accountants seek to dissuade a client from engaging in illegal activity, this does not amount to tipping-off (AML/CFT IR, art.40).

### *Weighting and Conclusion*

All criteria are met.

**R. 23 is compliant.**

### **Recommendation 24 – Transparency and beneficial ownership of legal persons**

In its 3<sup>rd</sup> round MER, Qatar was rated largely compliant with these requirements, as the timeliness for certain authorities to access to BO information was not established. Since then, the FATF requirements have significantly changed.

**Criterion 24.1** – Qatar has mechanisms in place to identify and describe the different types, forms and basic features of legal persons. In Qatar, legal persons can be created under several different legislative regimes. This consists of legal persons in the State registered by MOCI, QFZA, QSTP and various NPOs licensing authorities, and legal persons registered by QFCA in the QFC. Most legal persons are registered by MOCI.

Legal persons registered by MOCI consist of partnership companies, limited partnership companies, particular partnership companies, public shareholding companies, private shareholding companies, limited partnership companies with shares; and limited liability companies. Article 4 of the Companies Law lists the type of companies that can be formed and their different forms and basic features. Information on the features and process for establishing these different types of legal persons is available online on MOCI's website, the Qatar's Investment Portal and the Qatari Legal Portal.

Legal persons registered by the QFZA are called registered companies and may be limited liability companies, partnerships or any other type of company or entity (Law No. (34) of 2005 on Free Zones, art.4). The incorporation process and basic features of registered companies are set out in the Free Zones Laws and its accompanying Companies Regulations, with further information included on the QFZA website.

Legal persons registered by the QSTP include limited liability companies and branches of companies that have separate legal personality (Schedule A of the QSTP Free Zone Regulations). The incorporation process and basic features of registered companies are set out in the QSTP Free Zone Regulations, with further information included on the QSTP website.

Five types of NPOs that are legal persons can be formed (associations, charities, private foundations, private foundations of public interest, religious centres and clubs). The creation process and basic features of these NPOs are set out in Law No. (15) of 2014 Regulating Charitable Works, Law No. (21) of 2020 Regarding Private Associations and Institutions, Decree Law No. (21) of 2006 Regarding Private Institutions of Public Interest, Law No. (12) of 2011 Establishing and Organizing Religious Centers, Decree-Law No. (5) of 1984 Regulating Clubs and Law No. (1) of 2016 Concerning Sports Clubs. Information on the features and process for establishing charities and private foundations is available online on RACA's website.

Legal persons that can be established in the QFC include limited liability companies, companies limited by guarantee; branches of foreign companies, partnerships, limited liability partnerships, investment clubs, foundations; single family offices and special companies. The incorporation process and basic features of these legal persons are set out in the relevant regulations (Companies Regulations 2005; Partnership Regulations 2007; Limited Liability Partnerships Regulations 2005; Investment Clubs Regulations 2016; Foundation Regulations 2016; Single Family Office Regulations 2012; Special Company Regulations 2012) that are available on the QFCA's website. This also provide information on forms, basic features ad procedures to incorporate or register.

For all legal persons listed above, the sites include information on the processes for obtaining and recording basic and BO information and this information is also available in the relevant legislation.

**Criterion 24.2** – Qatar has assessed the ML/TF risks associated with most types of legal persons, however there are some gaps. The 2019 NRA considered the ML/TF risks posed by legal persons at a high-level. Subsequently, NAMLC conducted a more detailed risk assessment of the legal persons under the remit of MOCI, QFZA and QSTP. The QFCA also conducted a ML/TF risk assessment of legal persons in the QFC. NAMLC and RACA have conducted risk assessments of TF abuse for the NPO sector in the NRA and the RACA SRA, but it is unclear if Qatar has also considered the ML risks posed by the NPO sector as legal persons.

The NRA identified characteristics of the formation and activities of legal persons that make them attractive for ML purposes and considered the risk of abuse as medium-high, particularly through the abuse of TCSPs. The subsequent NAMLC assessment analysed the structures of the companies that can be created in Qatar, the licensing process, and a number of ML/TF cases that included the misuse of legal persons. The QFCA assessment also found the overall ML/TF inherent risks for legal persons in the QFC to be medium-high.

**Criterion 24.3** –

In the State, all legal persons must be registered with MOCI (Commercial Registry Law, arts.3, 7), unless they are registered with QFZA, QSTP or as an NPO.

For MOCI-registered legal persons, applicants must fill a form available on the MOCI website which collects all basic information on the legal person (Decision of Minister of Commerce and Industry No. (2) of 2022 on Commercial Companies AML/CFT Requirements, art.3). The basic information required, and necessary supporting

documents differ depending on the legal status of the entity to be established as detailed in the Commercial Registration Procedures issued by the Department of Registration and Commercial Licenses in January 2022. This information is available to the public at the dedicated MOCI website with the exception of the basic regulating powers (AML/CFT Law, art.45; Law No. (1) of 2020 on the Unified Economic Register, art.6; and Decision of the Minister of Commerce and Industry No. (2) 2022 on Commercial Companies AML/CFT Requirements, art.5).

For QFZ companies, they must apply and register with the QFZA (Free Zones Laws, art.4). They must complete the prescribed form with the QFZA and provide the company's name, articles of association, legal form and status, address, basic regulating powers and directors (called managers) (QFZA Companies Regulations, arts.4, 5, 7 and 27). This information is publicly available upon request at QFZA website. For QSTP companies, they must apply and register with the QSTP (QSTP Free Zone Law, art.5). They must complete the prescribed application with the QSTP and provide the company's name, articles of association, legal form and status, address, basic regulating powers and directors (called managers) (Schedule A of the QSTP Free Zone Regulations, art.1.5). This information is publicly available upon request at QSTP website.

With respect to NPOs, all charitable associations and foundations must apply for registration to RACA (Law No. (15) of 2014, arts.11, 36). The application must include the organization's articles of association or certificate of incorporation must contain the name and address of the organization, as well as the names, addresses, and nationalities of all founders (Law No. (15) of 2014, arts. 8, 9, 11). This information is publicly available on RACA's website with the exception of the address of the registered office and the proof of incorporation of a number of NPOs. Other NPOs that do not register with RACA such as private associations and institutions, private institutions of public interest, religious centres, and clubs are also required to provide this information (Law No. (21) of 2020, Decree-Law No. (21) of 2006, art. 4, Decree-Law No. (5), Law No. (1) of 2016 and Law No. (12) of 2011) and this is publicly available at RACA's website with the same limitations mentioned above.

For QFC legal persons, they must be approved, authorised or licensed by the QFCA (QFC Law, art.11). Firms are required to provide all basic information during the licensing and registration process and this information is recorded in the QFC public register (QFCA Rules, rules 8A.1A and 8A.9). This is publicly available on the QFC's Public Register website.

**Criterion 24.4** – All legal persons created in the State and the QFC are required to maintain a complete, accurate, and current register of their basic information (i.e. the information held in R24.3), beneficial owners, and shareholders or members, containing the number of shares held by each shareholder and categories of shares, including the nature of the associated voting rights (AML/CFT Law, art.45 as amended by Decree Law (19) of 2021; QFC Companies Regulations 2005, art.44; QFCA Rules, rule 8A.4).

For MOCI-registered companies, public shareholder companies must deposit this register with a depositary licensed by the QFMA while limited liability companies should maintain such register in their head office (Commercial Companies Law, arts.159, 236). For the remaining legal persons, they should maintain this information within its headquarters or at another location notified to MOCI (AML/CFT Law, art 45 as amended by Decree Law (19) of 2021 and MOCI Decision 2 of 2022, art.7).

For QFZA-registered companies, they must maintain their register of shareholders in the QFZ (QFZA Companies Regulations, art.11(3)). Although there is no equivalent requirement for QSTP companies or NPOs that are legal persons, the general provision



from the AML/CFT Law is applicable (AML/CFT Law, art 45 as amended by Decree Law (19) of 2021).

In the QFC, legal persons must maintain the relevant information in Qatar at the registered office or principal place of business of the QFC Entity (QFC Companies Regulations 2005 art.44, QFCA Rules, rule 8A.4).

**Criterion 24.5** – There is a general requirement for the legal person registries to obtain and maintain complete, accurate and current basic information on every legal person established in the State and QFC (AML/CFT Law, art.45 and UER Law 1 of 2020, art. 4). In addition to this general requirement, there are additional mechanisms to ensure information is accurate and updated.

For MOCI-registered legal persons, they must notify any amendments to the registration details to MOCI within 30 days of such change or amendment (Law No. (25) of 2005 with respect to the Commercial Registry, art.9). In case of violation of the obligations, financial and administrative sanctions can be imposed (Commercial Companies Law as amended by Law No. (8) of 2021, art.324).

For QFZA-registered legal persons, there are no specific requirements to keep the information in R24.3 and R24.4, other than the general requirement (AML/CFT Law, art.45 and UER law 1 of 2020, art. 4).

For QSTP-registered legal persons, they must notify any changes related to shareholders and the registry of shareholders to QSTP within 14 days of such change or amendment (QSTP 2022 Companies Regulations, Reg. 13, 19, 29, 32, 35). There are no other specific requirements to keep the information in R24.3 and R24.4 but the general requirement applies (AML/CFT Law, art.45 and UER Law 1 of 2020, art. 4).

For NPOs that are legal persons, there are no specific requirements to keep the information in R24.3 and R24.4, other than the general requirement (AML/CFT Law, art.45 and UER Law 1 of 2020, art. 4).

In the QFC, legal persons must, within 30 days of any change to its basic information, update its register (QFCA Rules, rule 8A.10) and must submit an annual report to the QFCA including the above information (QFCA Rules, rule 8A.9). In case of violation of the obligations, financial and administrative sanctions can be imposed (QFCA Rules, rule 8A.15 and Part 5; CER Rules, rules 4-6, 2).

**Criterion 24.6** – Legal persons in the State and QFC are required to maintain a complete, accurate and current record of beneficial owners. Competent authorities responsible for approving the establishment of legal persons are required to obtain and maintain BO information on every legal person established in Qatar, and requires legal persons to maintain a complete, accurate, and current register of their basic and BO information (AML/CFT Law, art. 45; Law No. (1) of 2020 on the UER, arts. 4 and 5; QFCA Rules, rule 8A). In addition, FIs and DNFBPs have BO identification requirements – see analysis of R.10 and R.22.

**Criterion 24.7** – Legal persons are required to keep BO information in a dedicated register, that must be kept updated and maintained at all times (Law No. (1) of 2020 on the UER, art. 5 and UER IR, art.6). Legal persons must update the register, obtain the necessary supporting documents, and inform their licensing authority within 30 days of any change (UER IR, art.12). Similar requirements are in place in QFC (QFCA Rules, Part 2, rule 8A.10).

**Criterion 24.8** – Legal persons in the State and in QFC must appoint at least one natural person, resident in Qatar, who is authorised to, and responsible for, providing all required



basic and BO information on behalf of the legal person, and for providing assistance when requested by competent authorities (AML/CFT Law, art. 45 and MOCI Decision 2 of 2022, art. 8).

**Criterion 24.9**– Legal persons in the State and in QFC, must maintain information and records of basic and BO information for at least 10 years from the date on which the legal person is dissolved or otherwise ceases to exist or ceases to be a customer of a FI or DNFBP. (AML/CFT Law, art. 48 as amended by Decree Law (19) of 2021; Decision of the Minister of Commerce and Industry No. (2) of 2022 on the Implementation of the AML/CFT Requirements related to Commercial Companies, art.8; QFCA Rules, rule 8A.17 and Art 189A of the QFC Insolvency Regulations Ver3 Dec 2021).

**Criterion 24.10** – The legal person registries are required to make basic and BO information available to law enforcement agencies, judicial authorities, supervisory authorities upon request. (AML/CFT Law, art.45 and UER Law, art.7). Basic information from legal persons registered with MOCI, RACA and QFCA is available publicly. Other basic and BO information is only available to competent authorities. Competent authorities do not have direct access to QFZA and QSTP information and must make a request, although the UER will in future contain the information related to both QFZA and QSTP.

**Criterion 24.11** – Qatar prohibits bearer shares both in the State and in QFC (AML/CFT Law, art. 46 and QFC Companies Regulations 2005, Article 27(4)). Bearer share warrants do not exist in Qatar’s Commercial Companies Law and are explicitly prohibited in the QFC (Companies Regulation 2005, art.27(4)).

**Criterion 24.12** – Qatar requires nominee shareholders and nominee directors to disclose the identity of their nominator to the legal person of which they are a shareholder or director and to the concerned supervisory authority, both in the State and in QFC (AML/CFT Law, art. 46, Art. 11, 12 and 13 of the MOCI Decision No. 2 of 2022 and QFCA Rules, Part 2 – General Rules, rules 8A.7, 8A.9). When the nominator is a legal person, the nominee shareholders and directors must disclose the identity of all beneficial owners of the nominator.

**Criterion 24.13** – Proportionate and dissuasive sanctions are available for natural or legal persons who provide false information under the basic and BO information requirements of the AML/CFT Law: imprisonment up to three years and/or a fine up to QAR 500 000 (USD 137 000) (AML/CFT Law, art. 87 and 87 bis). In addition, the UER Law punishes failure to comply with BO obligations with a term not exceeding two years and a fine of up to QAR 500 000 (USD 137 000) and has a range of sanctions for other minor violations with regard to basic and BO information which go from ordering regular reporting on corrective measures taken, written warnings and suspending a license among others (UER Law, arts. 11, 12 and Law No. (8) of 2021, art.18).

The sanctions listed in the AML/CFT Law and UER Law apply in the QFZA and QSTP. Breaching the registration requirements is a ground for license termination as per QSTP regulations (QSTP 2022 free zone Companies Reg. 72(4) and Licensing Reg. 18). Similar sanctions are available in QFZA (QFZA Licensing Regulations, arts.11 (1) and 12(1))

For QFC, the Compliance and Enforcement Rules (CERs) provide sanctions for non-compliance with the requirements regarding basic and BO which range from public censure, financial penalty, injunction, restitution and others, including revocation of license (QFCA Rules Part 5, CER Rules 4-6).

**Criterion 24.14** – Qatar requires competent authorities to share promptly information with foreign counterparts on the basic and BO information of legal persons (AML/CFT Law,

art.47 and UER law, art.8). This assistance includes: facilitating the timely access of foreign competent authorities to any basic and BO information collected by the State and not made publicly available; exchange of information on shareholders; and the use of inquiry and investigation powers to obtain information on the beneficial owners on behalf of the foreign counterpart authorities.

**Criterion 24.15**– Although Qatar demonstrated that certain agencies (QFCA, QFMA, QFIU and GTA) have avenues to receive feedback from partners on international cooperation, there are no specific measures to monitor the quality of assistance received from other countries in response to requests for basic and BO information.

### *Weighting and Conclusion*

Qatar meets most of the criteria in this Recommendation. Minor deficiencies remain with regard to the availability of certain information on the process for creation of legal persons and for obtaining basic information, the assessment of ML/TF risks associate with legal persons created in the country, and the lack of monitoring of the quality of international assistance received.

**R.24 is largely compliant.**

### **Recommendation 25 – Transparency and beneficial ownership of legal arrangements**

Qatar was rated partially compliant with the previous requirements on transparency and BO of legal arrangements. The main shortcomings were that there were no mechanisms to obtain, verify, or retain information on the BO and control of trusts in a timely manner and no measures to enable the competent authorities to have adequate, timely and accurate information on trusts. Since then, the FATF requirements have significantly changed.

Trusts can only be established in QFC under the 2017 QFC Trust Regulations and must be registered with the QFCA. Trustees, as regulated QFC entities, must also follow rules set out in the 2019 QFCA Rules.

A legal arrangement similar to trusts exists in the State of Qatar, the awqaf (plural of waqf), which is governed by Law (9) of 2021 on Endowments (Waqf) and regulated by the General Department of Endowments (GDE) in the Ministry of Endowment and Islamic Affairs (MEIA). Further requirements are set out in Law No. (1) of 2020 on the Unified Economic Register (the UER Law) and its Implementing Regulations (the UER IR) and Decision of the Minister of Endowments (Awaqf) and Islamic Affairs No. (15) of 2022 on the Implementation of Transparency Requirements related to Endowments.

Nothing in Qatar legislation prevents a person in the country from acting as a professional trustee of a trust created under foreign law. When a person acts as a professional trustee in Qatar will be considered a DNFBP (AML/CFT Law, art. 1, MOCI AML/CFT Rules, art.1 and 2 and MOJ AML/CFT Rules, art. 1 and 2.)

#### **Criterion 25.1 –**

Trusts - QFC

- a) Trustees must obtain and hold information on all beneficial owners, which for trusts include the settlor, each trustee, beneficiary or class of beneficiary and each protector or appointer (if any) (QFCA Rules, rules 8A.2 and 8A.3(A)(iv)). The trustee must maintain a register of the beneficial owners which includes

## 241 TECHNICAL COMPLIANCE ANNEX

the information on all the parties listed above (QFCA Rules, rule 8A.2(B) and 8A.4).

- b) The register of beneficial owners also includes basic information on each of the agents and service providers to the trust, including investment advisors or managers, accountants and tax advisor (QFCA Rules, rule 8A.4(D).
- c) Only licensed trustees can act as professional trustee in the QFC and they must keep accurate records of trusteeship for a period of five years from the date when the trustee cease to be the trustee (QFC Trust Regulations, arts.38 and 39).

### Waqf and trustees of foreign trust – State of Qatar

- a) There is an obligation to obtain and hold information on the natural persons in equivalent or similar positions to the (endower) who is the equivalent to the settlor, (supervisor) who is the equivalent to the trustee and beneficiary of an express trust, exercising de facto or legal control, through any means, whether directly or indirectly over the legal arrangement (UER IR, arts.6, 9). The endowment supervisor has to obtain comprehensive, accurate and updated information on the identity of the endower, those for whom the endowment is made, or their classes, guardians, protectors (if any), and any other natural person exercising effective and ultimate control over the Endowment in any means, directly or indirectly (Endowments Law, art 41 and Decision No. (15) of 2022, art.8)
- b) Supervisors of an endowment need to obtain basic information on agents and investment, taxation, auditing and accounting service providers for the Endowment (Endowments Law, art 41and Decision No. (15) of 2022, art.8).
- c) Supervisors are required to hold the information described in (a) and (b) for at least five years from the termination of his role as supervisor (Endowments Law, art. 41and Decision No. (15) of 2022, art.9). In addition, a person acting as a trustee of a foreign trust is considered as a DNFBP and will have the obligation to comply with the same record-keeping requirements as FIs (AML/CFT Law, art. 20) – see analysis of R.22.

### Criterion 25.2 –

#### Trusts - QFC

The trustee has the obligation to ensure that the information contained in the register of beneficial owners is, to the best of its knowledge, true, accurate and up to date. The register must be updated within 30 days of any changes to BO information (QFCA Rules rule 8A.10).

#### Waqf – State of Qatar

Supervisors have the obligation to ensure that information contained in the register of beneficial owners is kept accurate and up-to-date. Update to the register must be done within 30 days of any changes (UER Law, art.5, UER IR, art.6 and Decision No. (15) of the 2022, arts.9 and 10).

**Criterion 25.3 –**

## Trusts - QFC

For trusts established in the QFC, the trustee must disclose its capacity as a trustee in all business relationships entered into with an FI or a DNFBP (QFC Trust Regulations, art. 39.6).

## Waqf and trustees of a foreign trust – State of Qatar

The supervisor has to declare his status to FIs and DNFBPs when establishing a business relationship or carrying out an occasional transaction above the QAR 50 000 threshold at which CDD is required (Decision No. (15) of 2022, art.12). There is no specific provision that requires a person acting as a trustee of a foreign trust to disclose their status to FIs and DNFBPs.

**Criterion 25.4 –**

## Trusts -QFC

There is no QFC law, regulation or other enforceable provision that would prevent trustees (or persons acting in a similar capacity for other legal arrangements) from providing the competent authorities or relevant FIs and DNFBPs with any information related to the legal arrangements for which they are responsible, including BO information and the assets of the trust.

The QFC Trust Regulations do not impose any blanket duty of confidentiality on a trustee. The trustee has the power to consult professional service providers, such as lawyers and accountants, in relation to the affairs of the trust (QFC Trust Regulations, art.47(28)). The trustee is also under a duty to maintain the confidentiality of information acquired in the course of its business unless there is a professional or legal duty to disclose client information (QFCA Rules, rule 3.4). Although trustees are required to keep BO information confidential, this does not apply when disclosure to be made is permitted or required by law, regulation or rules applicable in the QFC (including the AML/CFT Law), or the State of Qatar; (QFCA Rules, rule 8A.11(B)).

Further, trustees must make BO information available to the QFCA (QFCA Rules, rule 8A.12).

## Waqf – State of Qatar

Supervisors need to supply any information related to the endowment to the competent authorities, and, upon request of FIs and DNFBPs, to provide them with information regarding the endowment assets that will be maintained or managed under the terms of the business relationship (Decision No. (15) of 2022, art.13). In addition, all such information regarding endowments is a matter of public record. An endowment does not take legal effect until it has been registered with the GDE. Registration involves creation of an endowment deed, which lists the name of the endower, the purpose and beneficiary of the endowment, and the name of the supervisor (Decision No. (15) of 2022, arts.6, 7 and 14).

**Criterion 25.5 –**

## Trusts - QFC

- a) Trustees have to hold and make accessible the beneficial owners register and the register of basic information at all times during ordinary business hours (QFCA Rules 8A.4(A) and (B)(v)). The QFCA can require a QFC entity to

produce documents and information in relation to beneficial owners within a period and in the form and manner specified (QFCA Rules, 8A.12). The QFCRA and QFCA have powers to conduct ML, TF and predicate offences investigations, including the power to compel the production of all records held by the trustee and the trust operating in or established under the laws of the QFC, as well as their attorneys, notaries, other independent legal professionals and accountants, and TCSPs (QFC Trust Regulations, art.66A).

- b) Trustees have to maintain current information regarding the identity of the trustee (QFCA Rules, rule 8A.4). In addition, a person must receive positive approval from the QFC to act as a trustee, ensuring that the QFCA and QFCRA are aware of the residence of all persons who might potentially act as trustees in the QFC.
- c) The PPO may issue an order to FIs, DNFBPs, or any other person, to access or obtain, immediately upon request, any records they maintain, and any information or data on any accounts, deposits, trusts, or other funds or transactions that may help in detecting the facts of any potential ML, TF, or any predicate offence, or identifying and tracing the proceeds of such offence (AML/CFT Law, art.53). Competent authorities are also empowered to view any information held by FIs and DNFBPs (see R.9 and R.27).

#### Waqf – State of Qatar

- a) Competent authorities responsible for approving the establishment of legal persons and arrangements have to make BO information available to law enforcement agencies, judicial authorities, supervisory authorities, FIs and DNFBPs, upon request (AML/CFT Law, art.45 and UER Law, art.8). The supervisor is required to obtain and hold accurate and up-to-date BO information for the endowment. In addition, the supervisor is required to maintain the information in a secure place and make it available to the GDE upon request (Decision No. (15) of 2022, art.10). GDE is similarly authorized to access to all information related to the endowment held by the supervisor, including supporting or evidentiary documents.
- b) The GDE has to obtain the identity of the supervisor for each endowment (Decision No. (15) of 2022, art.3). The supervisor is identified on the endowment deed, which is a matter of public record. The supervisor must also open a bank account for the endowment at an Islamic bank in Qatar and the competent authorities have full powers to obtain CDD information, including the supervisor's address, collected by the bank (Endowments Law, art.40).
- c) As above for trusts in the QFC.

**Criterion 25.6** – Competent authorities have the power to exchange with foreign counterparts any information that they themselves are empowered to obtain (AML/CFT Law, art.73). In particular, financial supervisors may exchange with their foreign counterparts all information domestically available to them, including information held by FIs under their supervision (AML/CFT IR, art 71), and may collect information on behalf of foreign counterparts (AML/CFT IR, art.73). QFCA can co-operate and enter into arrangements with national and foreign authorities (QFCA Regulations, art.7(1)(B)). QFCA may disclose confidential information to anybody, agency or authority performing functions relating to the detection or prevention of ML whether in Qatar or internationally (QFCA Regulations, art.16(3)(H)). Finally, the GDE may cooperate with other competent authorities, both foreign and domestic (Endowments Law, art.41)

As regards BO information in particular, the competent authorities have the obligation to promptly share basic and BO information with foreign counterparts on legal persons and legal arrangements (AML/CFT Law, art.47 and UER Law, art.8). This includes facilitating the timely access of foreign competent authorities to any basic and BO information collected by the State and not made publicly available, exchanging information on shareholders and using inquiry and investigation powers to obtain information on the beneficial owners on behalf of the foreign counterpart authorities. This applies for competent authorities both in Qatar State and in QFC.

**Criterion 25.7** – Any natural or legal person who intentionally provides or assists in providing false information regarding BO to any FI, DNFBP, or competent authority is liable to imprisonment for a maximum of three years and/or a fine up to QAR 500 000 (USD 137 000) (AML/CFT Law, art.87). This applies in QFC and Qatar. Although this may be applicable to a person acting as a trustee of a foreign trust there is no specific provisions that would make them legally liable for other failures to comply with other obligations such as R25.1 or R25.3.

In addition, trustees of trusts in the QFC are legally liable for failure to comply with the BO requirements and for failures to perform their duties and could be subject to proportionate and dissuasive sanctions (UER Law, arts.11, 12 and QFCA Rules, rule 8A.14 and Trust Regulations, art. 66).

As for endowments, supervisors are directly responsible for obligations under the Endowments Law. The GDE has full powers to issue administrative sanctions against supervisors who fail to comply with requirements, up to and including a recommendation that the court suspend or dismiss the supervisor (Endowments Law, art.42). Failure to register an endowment as required by law, or actions by a supervisor that damage the endowment, is a criminal offence that carries a sentence imprisonment for a term not exceeding one year and/or a fine not exceeding QAR 1 000 000 (USD 274 000) (Endowments Law, art.53).

#### **Criterion 25.8** –

##### Trusts - QFC

Any breach to the requirement to report BO information is a contravention of the QFCA Rules (QFCA Rules, Part 5). Part 5 of the QFCA Rules set out the range of powers and disciplinary powers available to the QFCA public censure, financial penalty, injunction, restitution, and revocation of licence.

##### Waqf and trustee of a foreign trust – State of Qatar

The GDE is responsible for ensuring compliance by supervisors and the trustee with information collection and retention requirements (Endowment Law, art.41). Supervisors who fail to comply with GDE's directives and requirements (including the requirement to provide required information) are subject to administrative sanctions (see criterion 25.7).

In addition, the PPO can require any person immediately provide any records, information, or data they maintain when this may help in detecting the facts of any potential ML, TF, or any predicate offence (AML/CFT Law, art.53). Failure to comply with this requirement is punishable by a term of imprisonment not exceeding six months and/or a fine not exceeding QAR 3 000 (USD 820) (Penal Code, art.179).



### *Weighting and Conclusion*

Qatar meets most of the criteria in this Recommendation. Minor deficiencies remain with regard to the obligations of trustees of foreign trust to disclose their status to FIs and DNFBPs and lack of provisions to ensure that they are legally liable for any failure to perform the duties relevant to meeting their obligations.

**R.25 is largely compliant.**

### **Recommendation 26 – Regulation and supervision of financial institutions**

In its 3rd round MER, Qatar was rated partially compliant with these requirements because of the absence of designated AML/CFT supervisor responsible for insurance sector and the absence of licensing procedures. Insurance now falls under the remit of QCB. The FATF requirements have also changed.

**Criterion 26.1** – The following supervisors are designated for AML/CFT regulation and supervision: QCB for banks, insurance and reinsurance companies including brokers, investment companies, finance companies, MVTS exchange houses; QFMA for financial brokerage firms/intermediaries, Qatar Stock Exchange and Qatar Central Securities Depository; and the QFCRA for all FIs established in QFC (QCB Law, art.7.12 and 114 QFMA Law, art.5, QFC Law, art.81.9, AML/CFT IR, art.59). These institutions also supervise for TFS compliance (CT Law, art.40)

**Criterion 26.2** – Qatar requires all FIs to be licensed (QCB Law, art. 7, QFMA Law, art.29; QFC Law, art 3 and AML/CFT Law, art.40). Supervisors are required to refuse the establishment of shell banks and to revoke any valid licenses of FIs representing a shell bank (AML/CFT Law, art.40).

**Criterion 26.3** – Qatar takes legal and regulatory measures to prevent criminals or their associates from holding a significant or controlling interest or holding a management function in FIs (AML/CFT Law, art.4; QCB Licencing Procedures, QFMA Financial Services Rulebook, art.6, 26, 31 and 8 of Appendix 2 and QFC Financial Services Regulations, art.35, 37, 38 and 41). Supervisors have to verify the identity of the shareholders of the applicant entity, the key management, and the beneficial owners when issuing or renewing a license. The QCB, QFMA and QFCRA are required to approve such persons and apply fit and proper criteria as part of the licensing requirement.

Criterion 26.4 –

(a) Core Principles FIs are subject to regulation and supervision by the QCB, QFMA and QFCRA in line with the Core Principles, including the application of consolidated group supervision for AML/CFT purposes (AML/CFT IR, art.61). The QCB (QCB Law art. 1, 2, 9, 19-83, 90, 114, 127, 160, 161, 175, 184), QFMA (QFMA Law art.1, 5, 23, 28 and 30), and QFCRA (QFC Financial Services Regulation art 20, 35 part 5, 7 and 9 and QFC Law arts 4, 5, 6, 8.1, 11, 16 schedules 3 and 4) have the powers, independence, and competencies called for by the Core Principles.

(b) All other FIs are subject to regulation and supervision based on the risks in the sector (AML/CFT IR, art.61).

**Criterion 26.5** – The QCB, the QFMA and the QFCRA are required to determine the frequency and intensity of AML/CFT supervision on the basis of: (a) the ML/TF risks, the understanding of risks, the internal controls, the policies and procedures associated with the institution or group and their adequacy, as identified by the supervisory authority assessment of the institution's or group's risk profile; the ML/TF risks present in Qatar; and

(c) the diversity and number of FIs and the degree of discretion allowed to them under the risk-based approach (QFCRA AML Handbook, QCB Operational Guidelines, QCB Inspection Guide on Bank, QFMA Inspectors Handbook, QFMA Strategy).

**Criterion 26.6** – The QCB, the QFMA and the QFCRA are required to review the risk assessment of supervised entities on a regular basis and when there are major changes in the management and/or operations of a supervised entity (AML/CFT IR, art.63). As set out in section 7.3 of the Joint AML/CFT Supervisory Strategy & Plan for 2019, supervisors must carry out periodic reviews of their risk assessments to ensure that they remain up to date and relevant. The review cycle should be commensurate with the ML/TF risk associated with the FI.

### *Weighting and Conclusion*

All criteria are met.

**R.26 is compliant.**

### **Recommendation 27 – Powers of supervisors**

In its 3<sup>rd</sup> round MER, Qatar was rated partially compliant with these requirements mainly because of the lack of adequate supervisory powers and actions in the insurance sector. The insurance sector is now supervised by the QCB. The FATF requirements have also changed.

**Criterion 27.1** – The QCB, the QFMA and the QFCRA are the designated supervisors for FIs (AML/CFT IR, art.59) and they have the powers to supervise, follow-up, monitor and ensure compliance by FIs with AML/CFT requirements (AML/CFT Law, art 39). This includes the power to monitor and inspect FIs, request and obtain information from FIs (AML/CFT IR, art.60 and AML/CFT Law, art.41), and impose sanctions AML/CFT Law, art.44).

**Criterion 27.2** – The QCB, the QFMA and the QFCRA have the authority to conduct inspections of FIs under their supervision (AML/CFT IR, art.60, QCB Law, art.126, QFC Financial Services Regulations, art.48.3, and QFMA Law, art.32).

**Criterion 27.3** – The QCB, the QFMA and the QFCRA have the authority to compel production of any information relevant to monitoring compliance with the AML/CFT requirements from FIs under their respective supervision (AML/CFT IR art.60, QCB Law, art.126, QFC Financial Services Regulations art.48.1-4, and QFMA Law, art.33).

**Criterion 27.4** – The QCB, QFMA and QFCRA are authorised to impose sanctions, in line with R.35, for failure to comply with AML/CFT requirements (AML/CFT Law, art. 44, 82). These include the power to withdraw, restrict or suspend the FI's license.

### *Weighting and Conclusion*

All criteria are met.

**R. 27 is compliant.**

### **Recommendation 28 – Regulation and supervision of DNFBPs**

In its 3<sup>rd</sup> Round MER, Qatar was rated partially compliant with these requirements on the basis that there was no supervision or sanctions for non-compliance with the AML/CFT requirements of all DNFBPs. DNFBPs are now explicitly supervised and sanctioned for non-compliance. The FATF requirements have also changed.

## 247 TECHNICAL COMPLIANCE ANNEX

**Criterion 28.1** – (N/A) Qatar prohibits (online) casinos and gambling activities. Anyone who opens or runs a place for gambling or organises any gambling games is subject to imprisonment and/or a fine of QAR 5 000 (USD 1 375) (Penal Code, art. 275, 276).

**Criteria 28.2 and 28.3** – Qatar has designated competent authorities for monitoring and ensuring compliance of DNFBPs with AML/CFT requirements as follows: MOJ for lawyers, notaries and real estate agents; MOCI for legal accountants, DPMS and TCSPs; and QFCRA for all DNFBPs established in QFC (AML/CFT Law, art.39 and AML/CFT IR, art.59.).

Criterion 28.4 –

- a) MOJ, MOCI and QFCRA have adequate powers to supervise, follow up, monitor, and ensure compliance by DNFBPs with AML/CFT requirements (AML/CFT Law, art.39, AML/CFT IR, art.59 and 61).
- b) A license or registration is required for DNFBPs to operate and MOJ, MOCI and QFCRA take the necessary measures to prevent criminals or their associates from being professionally accredited and from holding or being the beneficial owner of a significant or controlling interest, or a management function, in a DNFBP when considering granting a license or registration, or at any renewal of this (AML/CFT Law, art.40).
- c) MOJ, MOCI and QFCRA are authorised to impose sanctions, in line with R.35 for failure to comply with AML/CFT requirements (AML/CFT Law, art.44, 82). This includes the power to withdraw, restrict or suspend the DNFBP's license.

**Criterion 28.5** –

- a) Supervisory authorities are required to determine the frequency and intensity of AML/CFT supervision on the basis of the risks present in the country and the diversity and number of DNFBPs in the country (AML/CFT IR, art.62).
- b) Supervisory authorities are required to take a risk-based approach to ensuring that DNFBPs implement AML/CFT measures. Supervisory authorities are required to determine the frequency and intensity of supervision based on the degree of discretion allowed to DNFBPs under the risk-based approach and their understanding of the risks, taking into account the outcomes of the assessment of DNFBPs risk profile (AML/CFT IR, art.62, 63).

### *Weighting and Conclusion*

All criteria are met.

**R.28 is compliant.**

### **Recommendation 29 - Financial intelligence units**

In the 3rd Round MER, Qatar was rated largely compliant with the requirements related to FIUs. Qatar lacked the legal basis for establishing an FIU and providing it with the necessary powers and functions. There were also issues with respect to security and data protection and the absence of a systematic review mechanism of FIU performance. These issues were addressed with the implementation of AML/CFT Law No. 4 of 2010 and the 2019 AML/CFT IR.

**Criterion 29.1** – Qatar's has established a "Financial Information Unit" as an independent Agency (the QFIU) (AML/CFT Law, art.31). The QFIU is the authority responsible to receive and analyse STRs related to ML, TF and related predicate offenses as well as any other

information and for disseminating, spontaneously or upon request, the results of that analysis (AML/CFT Law, art.32).

**Criterion 29.2** - The QFIU serves as the central agency for the receipt of disclosures filed by reporting entities, including:

- (a) STRs that are filed by the relevant reporting entities, as required by R.20 and R.23 (AML/CFT Law, art.32); and
- (b) any other information related to ML, associated predicate offences, and TF (AML/CFT Law, art.32). In addition, QFIU may also obtain reports from GAC in the context of ML/TF disclosures on customs issues (AML/CFT Law, art.26).

**Criterion 29.3** - The QFIU:

- a) is able to require that FIs and DNFBPs submit additional information within a time limit set and in the form specified by the QFIU, when such information is necessary for performing its analysis properly (AML/CFT Law, art.32); and
- b) the QFIU has access to the widest possible range of financial, administrative and law enforcement information that it requires to properly undertake its functions (AML/CFT Law, art.32). Competent authorities are required to inform the QFIU of available information in regard to ML, predicate offences or TF; as well as any other actions that they take that may impact the QFIU, including suspicions of ML/TF or predicate offenses on persons entering or exiting the country (AML/CFT IR, arts.46 and 54; see also R.32).

The QFIU has access to a number of police databases (held by MOI), in addition to several databases relating to intelligence, transaction information, commercial data and personal properties (i.e., Qatar Electricity and Water Corporation, *Kahramaa*). At their discretion, the QFIU may also access sources of information from: the MOI, SSB, PPO, QCB, QFCRA, the Qatar Stock Exchange, MOCI, MOJ, GAC, RACA and other sources (such as World Check) (Operating Procedures of the QFIU, section VI).

**Criterion 29.4** - (a) and (b): QFIU conducts operational and strategic analysis (AML/CFT IR, art.55). Section IV of the QFIU Operating Procedures specifically distinguishes these two tasks. Operational analysis uses available information to identify specific targets, to follow the trail of particular activities or transactions, and to determine links between targets and possible proceeds of crime, ML, predicate offences and TF. Strategic analysis uses available and obtainable information, including data that other competent authorities may provide, to identify ML/TF-related trends and patterns to determine threats and vulnerabilities and help establish policies and goals for the QFIU or other entities within the AML/CFT regime.

**Criterion 29.5** - The QFIU is able to disseminate information and the results of its analysis, either spontaneously or upon request, through secure and protected channels to relevant competent authorities, including the PPO (AML/CFT Law, art.32 and QFIU Operating Procedures, Section V). The exchange of information happens through Qatar's E-Correspondence System, a government secure channel for exchange of information between government entities in Qatar.

**Criterion 29.6** - QFIU protects information:

- a) QFIU is required to maintain the confidentiality of data or information obtained and collected for analysis and has rules in place governing the security and confidentiality of information, including the procedures for handling, storage, dissemination, protection and storage of information (AML/CFT Law, art.33). The QFIU must also take necessary measures to

protect employees' access to information to maintain confidentiality of data (AML/CFT Law, art.36). The QFIU has rules governing the security and confidentiality of information, which includes procedures for handling, storage, dissemination, protection of, and access to information by type. For example, the QFIU must treat STRs as at least "confidential" (QFIU Security Policy 2019).

- d) Security and confidentiality measures must be at a minimum, in conformity with the Egmont Group standards on exchanging information with counterpart FIUs and with any international standards that, are or may be, applicable at the national level (AML/CFT IR, art.53). All classified information sent electronically must be sent via approved encrypted technologies and the QFIU may transmit information to counterpart FIUs via Egmont's Secure Web (ESW).
- b) Employees of the QFIU have the necessary understanding of their responsibilities in handling and disseminating sensitive and confidential information. Employees must maintain confidentiality of data even after the cessation of duties (AML/CFT Law, art.36). The QFIU must also ensure and maintain adequate security clearance of staff members in order for them to handle and disseminate sensitive and confidential information (AML/CFT IR, art.53). It is an offence for all relevant employees of a competent authority (including QFIU authorities) to disclose any confidential information that is not necessary to the performance of their duties (AML/CFT Law, art.81). The penalties for this offence are imprisonment for up to a maximum of three years and a fine of up to QAR 500 000 (USD 137 000).
- c) Sections 2 and 3 of the QFIU 2019 Security Policy set out the conditions for maintaining the confidentiality of information. According to the Policy, the QFIU must put in place information access restrictions for its own employees (i.e., "need to know" basis). The QFIU Security Policy also provides a detailed guideline for elements such as categories of classification; access criteria; physical access conditions; personnel security clearance (personnel are vetted by the MOI); and electronic access restrictions (such as a firewall and account-based restricted user access to IT systems).

**Criterion 29.7** – QFIU is operationally independent and autonomous:

- a) The QFIU is an operationally independent and autonomous agency with a legal personality and a budget affiliated to the State's public budget (AML/CFT Law, art.31). The QFIU has full powers to exercise its operational independence in requesting the necessary and relevant information from reporting entities (AML/CFT Law, art.32). The QFIU may also disseminate information at its own discretion (AML/CFT IR, art.57).
- b) The QFIU is an independent agency (AML/CFT Law, art.31). The QFIU has signed several MoUs with nine other competent authorities to facilitate co-ordination, co-operation and information exchange. These include MoUs with the MOI, the QCB, QFMA, and QFCRA, the MOCI, the GAC and the MoJ. Similarly, the QFIU is entitled to engage with competent foreign counterparts on the exchange of information, and upon request, provide the widest range of co-operation to foreign counterparts according to the relevant rules or bilateral or multilateral agreements (AML/CFT Law, art.58).



- c) N/A. QFIU is not located within the existing structure of another authority. The QFIU is an independent agency and operates out of the National Financial Crime Centre building, which also houses the NAMLC Secretariat and the National Training Centre.
- d) The QFIU can obtain and deploy resources needed to carry out its functions in an independent manner in line with a 2020 service-level agreement between the QFIU and QCB. The QFIU is an independent and autonomous body and the Head of the QFIU is appointed by a decision of the Governor. The QFIU may obtain and deploy experts and individuals specialized in AML/CFT (AML/CFT Law, art.31).

**Criterion 29.8** - The QFIU has been a Member of the Egmont Group of Financial Intelligence Units since 2005.

### *Weighting and Conclusion*

All criteria are met.

**R.29 is compliant.**

### **Recommendation 30 – Responsibilities of law enforcement and investigative authorities**

In the 3<sup>rd</sup> round MER, Qatar was rated partially compliant with these requirements. The factors underlying this rating were mainly in relation to effectiveness or to other elements that are no longer in scope of the 4<sup>th</sup> Round assessment of technical compliance.

The AML/CFT Law outlines the roles and responsibilities of designated authorities (mainly the PPO). The Criminal Procedures Code Law No.23 of 2004 (CPC) provides the general framework within which law enforcement and investigative authorities are given the mandate to act with respect to the ML/TF investigations. The SSB's activities are set out in Law No. 5 of 2003 establishing the State Security Service (the SSB Law).

**Criterion 30.1** – Qatar has designated law enforcement authorities that have the responsibility for ensuring that ML, predicate offences and TF offences are properly investigated. These authorities are the PPO, MOI, SSB and GAC.

The PPO has the responsibility for supervising of procedures related to criminal prosecution, and the initiation of charges in relation to the AML/CFT Law (AML/CFT Law, art.49; CPC, arts.27, 28 and 29). The PPO is an independent judicial authority chaired by the Public Prosecutor.

MOI and SSB have the main responsibility in the identification of ML/TF and predicate offences. Police officers within the MOI are responsible for accepting complaints and investigating crimes, including searching for perpetrators and collecting all necessary evidence for investigation (CPC, arts.27, 29 and 31). Police officers within the MOI collect evidence and undertake initial investigations in relation to ML and predicate crimes (CPC, art. 31). Officers within the SSB have responsibilities to collect evidence and undertake initial investigations in relation to TF and grand corruption (SSB Law, art.3).

GAC officers may also identify and prove the offences as per the Customs Law regarding the offences committed in violation of those provisions of the AML/CFT Law that fall within their competencies (AML/CFT Law, art.27).



## 251 TECHNICAL COMPLIANCE ANNEX

The PPO, in agreement with the relevant Minister, may also give other individual state employees the power to make inquiries and collect evidence in relation to crimes that fall under their competency and connected to their profession (CPC, art.27).

**Criterion 30.2** - The PPO may order parallel financial inquiries or investigations to identify the financial aspects of the criminal activity, whether associated with investigations into predicate offences or carried out independently of the predicate offences (AML/CFT Law, art.49). The PPO may refer investigations to judicial commissioners in the MOI (police officers designated as investigation officers) regardless of where the offence occurred (CPC, arts.1, 27, 29, 68). The MOI, SSB and GAC refer all suspected cases of, ML, TF and predicate offences to the PPO. The PPO may then decide to conduct parallel financial inquiries or investigations or order LEAs to complete these.

**Criterion 30.3** - During the judicial investigation or during the inquiries and evidence collection phase, the PPO and the judicial commissioners (respectively) must promptly identify, trace, and initiate freezing and seizing of property that is, or may become, subject to confiscation, or is suspected of being proceeds of crime (AML/CFT Law, art.51). The PPO's Office of Seizure and Confiscation is responsible for supporting the identification and tracing of proceeds of crime for seizing (AML/CFT Law, art.91).

**Criterion 30.4** - Other competent authorities can also initiate inquiries into the financial aspects of criminal activities and disseminate these findings to the investigating authority (AML CFT Law, art.51). Competent authority includes any public authority with specific AML/CFT responsibilities (AML/CFT Law, art.1). Examples of competent authorities include GTA, QCB, QFMA, MOCI, MOJ, RACA which are empowered by their Laws to conduct investigations that fall within their competency and refer them for criminal investigation/prosecution.

**Criterion 30.5** – (N/A). The PPO is responsible for the investigation and prosecution of all offences under Qatari law, including corruption. The SSB supports the PPO in the collection of evidence in cases relating to grand corruption.

### *Weighting and Conclusion*

All criteria are met.

**R.30 is compliant.**

### **Recommendation 31 - Powers of law enforcement and investigative authorities**

In its 3<sup>rd</sup> round MER, Qatar was rated compliant with regard to the powers of law enforcement and investigative authorities. The CPC remains Qatar's main law for defining the powers of the law enforcement and investigative bodies and is complemented by the AML/CFT Law.

**Criterion 31.1** - The PPO or any other criminal investigation officers to whom the Law or the decision of the Public Prosecutor (taken in coordination with the relevant Minister) assigns judicial investigation power, have the powers to investigate, which includes compelling production of documents, searching persons or premises, taking witness statements, and seizing and obtaining documents (CPC, arts. 2, 31). In practise, a proportion of police officers in MOI are assigned as criminal investigation officers with judicial investigation powers for the carrying out of their functions, and not on a case-by-case basis. These powers are as follows:

- a) Investigating officers can order FIs, DNFBPs, or any legal or natural person to produce records, for the purposes of a ML/TF investigation or any predicate offense, including for identifying and tracing the proceeds of such an offense (AML/CFT Law, art.53).
- b) Officers can carry out a search (inspection) of people, places, and materials related to the crime whenever necessary for the purposes of the investigation (CPC, art.74). Officers can also carry out a search of residences based on a written authorisation from the Public Prosecutor (CPC, art.75). The search is conducted in the presence of the defendant or his representative whenever possible.
- c) Investigating officers may take witness statements in the course of an investigation (CPC, art.84).
- d) The PPO has the authority to seize and obtain evidence). This applies to the seizure of letters, emails, printed materials, postal items and telegrams by written order from the PPO (AML/CFT Law, art.55). Additionally, investigation officers from MOI may seize information identified during a search and refer this to the PPO during an investigation (CPC, art.58).

The Public Prosecutor may delegate a Judicial Commissioner to do one or more of the investigation procedures except the questioning of the suspect; the delegated officer shall have, within the limits of his delegation, all the powers of whoever delegated him. The delegated person may conduct any other investigation procedure, except the questioning of the suspect, in cases where there is a fear of time lapsing whenever it is connected with the procedure to which he is assigned and it is necessary to reveal the facts (CPC, art.68).

The powers of the SSB regarding the investigation into ML/TF crimes are set out in Article 2 of Law No.5 of 2003 (paras. 4 and 5). Pursuant to article 3 of Law No. (5) of 2003, the SSB have the authority of surveillance and investigation through different technical and professional means. The SSB enjoys large competences, it has the power to carry out investigations and collect evidence of crimes.

**Criterion 31.2** - (a)-(d) The PPO can order an investigating officer to conduct the following special investigative techniques; undercover operations; interception of communications; accessing computer systems and controlled delivery (AML/CFT Law, art.50). The Cybercrime Prevention Law outlines how a prosecution may access systems and electronic records (art.14).

**Criterion 31.3** -

- a) Qatar has a system in place to identify in a timely manner whether natural or legal persons hold or control accounts. PPO and all judicial commissioners in MOI, GAC and SSB can order FIs, DNFBPs or any other person to obtain immediately upon request, any records they maintain, and any information or data on accounts (AML/CFT Law, art.51, 53). In practise, Qatar demonstrated that the PPO may gain indirect access to financial information through the QFIU, which can conduct queries of accounts in a timely manner. Alternatively, the PPO can also gain indirect access to financial information through submitting a request the FI supervisory authorities.
- b) The PPO can identify assets without prior notification, as it is prohibited for a person to disclose any information related to a request from the PPO in the course of ML/TF and predicate offence investigations unless authorised (AML/CFT Law, art.54).

## 253 TECHNICAL COMPLIANCE ANNEX

**Criterion 31.4** - The PPO may, during the course of an investigation, request STRs or other information held by the QFIU. (AML/CFT, art.52). The QFIU's Standard Operating Procedures and Guidelines on Receipt, Analysis, & Dissemination of Financial Intelligence and Information outlines the detail of this process and that the decision to conduct an analysis and the provision of such information shall be subject to the discretion of the QFIU.

### *Weighting and Conclusion*

All criteria are met.

**R. 31 is compliant.**

### **Recommendation 32 – Cash couriers**

In its 3<sup>rd</sup> Round MER, Qatar was rated non-compliant with these requirements because Qatar did not have a cross-border reporting regime for cash and bearer negotiable instruments (BNIs). Since, Qatar has updated its legal framework in two major ways. Qatar initially implemented a disclosure system in 2010, which Qatar changed to a declaration system in 2019.

**Criterion 32.1** - Qatar has put in place a declaration system for the reporting of incoming and outgoing cross-border transportation of currency and BNIs. GAC implemented the declaration system in 2019 (through the AML/CFT IR) (replacing the previous disclosure system established in 2010). Qatar now requires any legal person to make a declaration for all physical cross-border transportation, which includes travellers, mail and cargo (AML/CFT Law, art.23). The declaration threshold is set at QAR 50 000 (USD 13 700) (AML/CFT IR, art.42). The declaration system also extends to the cross-border transportation of precious metals and stones.

GAC has the authority to implement and enforce the declaration system through the ability to inspect persons, goods and conveyances, to make seizures, detain persons and make arrests (Customs Law, arts.120-126 and 132-134,).

**Criterion 32.2** – Qatar has put in place a written declaration system (consisting of a form to fill out) for all travellers who are making a physical cross-border transportation of currency and BNIs, which are of a value exceeding QAR 50 000 (USD 13 700). For mail shipments, a customs declaration is required through the Al-Nadeeb declaration system. Customs may seize the goods and arrest the persons who make a false declaration on import or export or fail to declare (AML/CFT Law, art.23 and AML/CFT IR, arts.41-43).

**Criterion 32.3** – (N/A) Qatar adopted a declaration system in 2019.

**Criterion 32.4** – Upon the discovery of a false declaration, a failure to declare, or where there is a suspicion of an ML/TF offence, a customs official can collect information relating to the currency or BNI (AML/CFT Law, arts.24-25). To do so, the customs official may request and obtain further information from the carrier about the origin of the currency or BNI (AML/CFT IR, arts.44-45).

**Criterion 32.5** - The intentional false declaration or of currency or BNI or the failure to declare is an offence (AML/CFT Law, art.80). Any refusal to submit further information on request from customs is also an offence (AML/CFT Law, art.80). The sanctions for this offence may be imprisonment for up to three years or a fine between QAR 100 000-500 000 (USD 27 500-137 300), or twice the value of the funds seized, whichever is greater. These sanctions are proportionate and dissuasive.

**Criterion 32.6** – (a)-(b) Information obtained through the declaration process is available to the QFIU. Customs authorities are required to provide the QFIU with information collected or received on the transportation of currency or BNIs (AML/CFT Law, art.26). Information on the declarations is kept for a period of ten years and is available to the QFIU through a database (AML/CFT IR, art.47.6).

**Criterion 32.7** – At the domestic level, the GAC co-ordinates with competent authorities for matters related to the AML/CFT and the identification of incoming and outgoing cross-border transportation of currency and BNIs (AML/CFT Law, art.26). GAC should also co-operate and co-ordinate, and exchange information on the value of the declared or detected currencies and BNIs, and the information on the bearers with competent domestic authorities (AML/CFT IR, art.47.9, 47.10). The GAC and MOI have signed an MOU on the creation of a co-ordinating mechanism. The GAC also has MOUs with competent authorities including RACA, the QFIU and QFCA. The GAC is also a member of the NAMLC.

**Criterion 32.8** - Customs officers are able to stop or restrain currency or BNIs for a reasonable time, in order to ascertain whether evidence of ML/TF may be found as follows:

- a) In cases where there is a suspicion of ML/TF or predicate offences, the GAC has the authority to stop or restrain currency or BNIs for a period of up to three business days (AML/CFT Law, art.25).
- b) In cases where a carrier makes a false declaration, the GAC may seize all currencies or BNIs (AML/CFT Law, art.24).

**Criterion 32.9** – Qatar’s declaration system allows for international co-operation and assistance (see R.36-40). To facilitate this, GAC retains information when:

- a) a declaration exceeding the prescribed limit of QAR 50 000 (USD 13 700) is made;
- b) when a false declaration is made and;
- c) there is a suspicion of ML/TF relating to the currency to BNIs in question (AML/CFT IR, art.47).

GAC must exchange information with international counterparts on the basis of reciprocity, pursuant to international agreements (AML/CFT IR, art.47.9). The GAC has ratified the Nairobi Convention which stipulates GAC may conduct an enquiry on behalf of a requesting Customs authority (Nairobi Convention, Annex V).

**Criterion 32.10-** Customs officials are subject to specific confidentiality provisions according to article 80 of the Qatar Human Resources Law and are required to maintain the confidentiality of the information obtained, and this includes after the end of their employment (AML/CFT Law, art.28). GAC uses its al-Nadeeb system to record trade transactions and target suspicious trade. Qatar considers the Al Nadeeb system to be critical trade infrastructure, and ensures the confidentiality of data and information used and entered in the system. Qatar ensures access is restricted, and secures access of users depending on their professional needs. web-systems or databases, or information on the maintenance of commercially sensitive information.

The declaration system does not unreasonably restrict legitimate travel and trade. Safeguards do not restrict payments or the freedom of capital movements.

**Criterion 32.11-** (a)-(b) In the case of suspicion of ML/TF or predicate offences relating to cross-border transport of currency or BNIs, the GAC has the authority to stop or restrain these for a period of up to three business days (AML/CFT Law, art.25). In cases where a

## 255 TECHNICAL COMPLIANCE ANNEX

carrier makes a false declaration, art. 24 of the AML/CFT stipulates that the GAC may seize all currencies or BNIs. If an intentional false declaration is made, fines and imprisonment noted under R32.5 apply.

If there is suspicion of a ML/TF or predicate offence, the GAC may refer the case to the MOI for further investigation and may notify the QFIU. In such cases, measures consistent with R.4 enable the confiscation of currency or BNI, and sanctions consistent with R.3 and R5 apply if a conviction is subsequently secured for ML or TF.

### *Weighting and Conclusion*

All criteria are met.

**R.32 is compliant.**

### **Recommendation 33 – Statistics**

In its 3<sup>rd</sup> Round MER, Qatar was rated non-compliant with these requirements because Qatar did not keep comprehensive statistics. Qatar has since modified the AML/CFT Laws to mandate maintaining statistics.

**Criterion 33** – Qatar maintains comprehensive statistics on matters relevant to the effectiveness and efficiency of its AML/CFT system. NAMLC is responsible for the compilation and maintenance of statistics on ML/CFT and related predicate offences (AML/CFT Law, art.30.8 and AML/CFT IR, art.49). Qatar collects information from competent authorities on:

- a) STRs, received and disseminated.
- b) ML/TF investigations, prosecutions and convictions.
- c) property frozen; seized and confiscated; and
- d) mutual legal assistance or other international requests for co-operation made and received.

Qatar is implementing the Qatar AML/CFT National Network Assessment and Statistics System (QANNAS), which will provide Qatar with more detailed statistics.

### *Weighting and Conclusion*

All criteria are met.

**R.33 is compliant.**

### **Recommendation 34 – Guidance and feedback**

In its 3<sup>rd</sup> round MER, Qatar was rated partially compliant with these requirements because of a lack of guidance and feedback for some FIs and DNFBPs. Qatar's competent authorities and supervisors are now legally required to establish guidelines and provide feedback. Since then, the FATF requirements have changed.

**Criterion 34.1** – Qatari supervisory authorities and the QFIU are required to establish guidelines, guidance and feedback to supervised and reporting entities, including with regard to reporting suspicious transactions (AML/CFT Law, art.37 and AML/CFT IR, art.60). The QCB, QFMA and QFCR have issued guidance on BO of legal persons and arrangements; correspondent banking services; customer due diligence and the risk-based

approach. In addition, the QCB holds regular monthly outreach meetings with reporting entities to share experience and best practices. In addition, the QCB, QFMA, QFCRA, MOCI, MOJ and QFIU have issued guidance with respect to detecting and reporting suspicious transactions. The QFIU provided feedback to the private sector following a joint thematic review undertaken by the QCB, QFMA and QFCRA. Finally, MOCI has issued AML/CFT Compliance Guidance and Reporting Obligations for DPMS in particular.

### Weighting and Conclusion

All criteria are met.

**R.34 is compliant.**

### Recommendation 35 – Sanctions

In its 3<sup>rd</sup> Round MER, Qatar was rated non-compliant with these requirements on the basis of the following deficiencies in relation to inadequate penalties and sanctions, particularly in relation to tipping-off and the insurance sector. Since then, Qatar has revised its AML/CFT Law.

**Criterion 35.1** – Qatar has the ability to apply a range of criminal and administrative sanctions to natural and legal persons failing to comply with the AML/CFT requirements of R. 6, and R.8 to 23.

*Targeted financial sanctions (R.6):* Criminal sanctions are applicable to whoever contravenes a designation order with imprisonment for a period not exceeding three years and/or a fine not exceeding QAR 10 000 000 (USD 2 750 000) (CT Law, art.16). These sanctions are proportionate and dissuasive. Administrative sanctions can be applied to FIs, DNFBPs and NPOs (CT Law, art.39). These include penalties ranging from written warning to financial penalties, restrictions to the powers of directors, board members, executive, and revocation of the licence (AML/CFT Law, art.44)

*NPOs (R.8):* Qatar can apply effective, and dissuasive sanctions for violations of the requirements applicable to NPOs. See analysis under criterion 8.4(b).

*Preventive measures and reporting (R.9-23):* FIs and DNFBPs can be subject to a range of administrative sanctions including written warnings, financial penalties (QAR 25 000 (USD 7 000) per day of infraction to a maximum of QAR 100 million (USD 27.5 million), imposing suspension of the license or revoking the licence (AML/CFT Law, art.44). Financial penalties, restriction of powers and prohibition from working in the sector are also applicable to the directors, board members, executives or to the management of a supervised entity (AML/CFT Law, art.44).

**Criterion 35.2** – Criminal and administrative sanctions are also applicable to the directors, board members, executives or management of FIs and DNFBPs (AML/CFT Law, arts.44 and 82). Administrative sanctions include financial penalties not exceeding QAR 1 million (USD 275 000), restriction of power, prohibition from working in the sector and suspension from duties. Criminal sanctions include imprisonment not exceeding 2 years and/or a fine from QAR 5 million (USD 1.4 million) and not exceeding QAR 10 million (USD 2.75 million).

### Weighting and Conclusion

All criteria are met. **R.35 is compliant.**



## Recommendation 36 – International instruments

In its 3<sup>rd</sup> Round MER, Qatar was rated partially compliant with these requirements primarily because Qatar had only partially implemented the Vienna Convention and it had not ratified the Palermo Convention or was a party for the TF Convention. Since then, Qatar has become a party to the TF Convention and taken measures to implement various international conventions.

**Criterion 36.1** – Qatar is party to the Vienna Convention (ratified 4 May 1990); the Palermo Convention (10 March 2008), the TF Convention (27 July 2008) and the Merida Convention (UNCAC) (30 January 2007).

**Criterion 36.2**- Qatar has fully implemented the Vienna, Palermo, Merida and Terrorist Financing Conventions. As noted in R.3, according to the 2019 AML/CFT law, ML is criminalised on the basis of relevant articles of the Vienna Convention and the Palermo Convention. As noted in R.5, the 2019 CT legislation brings Qatar in line with this standard, as well as the TF Convention. In relation to corruption, Qatar does not have a stand-alone anti-corruption law, but Qatar criminalizes corruption under several laws, mainly within the Penal Code in line with the Merida Convention.

### *Weighting and Conclusion*

All criteria are met.

**R.36 is compliant.**

## Recommendation 37 – Mutual legal assistance

In the 3<sup>rd</sup> Round MER, Qatar was rated largely compliant with these requirements. Technical compliance deficiencies included MLA being undermined by strict interpretations of dual criminality and the fact that there was no evidence of the use of MLA systems. Since then, Qatar has changed the legal framework for information sharing under the 2019 AML/CFT Law and established a special office of international co-operation in the PPO.

**Criterion 37.1** – Qatar has a legal basis enabling competent authorities to rapidly provide (MLA (CPC, arts.427-433). Competent authorities must provide the widest range of co-operation to foreign counterparts In relation to investigations, prosecutions and related proceedings for ML, TF, and associated predicate offences. International co-operation consists of mutual legal assistance, extradition and other forms of co-operation (AML/CFT Law, art.58). MLA is provided by the PPO based on the principle of reciprocity (CPC, art.407) “within reasonable timelines” (AML/CFT Law, art.66). Foreign competent authorities can also submit urgent MLA requests directly to the PPO for urgent action (AML/CFT Law, art.63).

The existence of a treaty is not a prerequisite to provide MLA, but from 2015, Qatar has had a bilateral agreement on judicial and legal cooperation with Turkey. Qatar is also a member of the Arab League. International conventions referred in R.36 are also a basis for MLA requests.

**Criterion 37.2** – The PPO is the central authority responsible for the transmission and execution of MLA request (CPC, art.427).

Following the PPO's Decision No. 21 of 2016, the PPO has created a special section for international co-operation within the PPO known as the ICP. The PPO must provide MLA "within reasonable timelines" (AML/CFT Law, art.66).

There are clear processes for the timely prioritisation and execution of MLA requests. The ICP Guidance on International Criminal Judicial Co-operation and the Public Prosecution Instruction and Guidance on International Co-operation include detailed guidance to the PPO on how to receive, prioritise, execute and monitor MLA requests. The ICP also uses a criminal case management system, which enables the prioritizing and processing of incoming MLA requests.

**Criterion 37.3** – The provision of MLA is subject to certain requirements and limitations. Requirements include, for example, details on the facts underlying the charge or investigation, the legal texts applicable, and the procedures or measures to be taken. Limitations include, for example, instances where the execution of the request is likely to prejudice security, sovereignty, public order or fundamental interests of the state (AML/CFT Law, arts.64, 65). However, these are not unreasonable or unduly restrictive. Similarly, a request may be refused if the requested procedures are prohibited under Qatari Law or are inconsistent with the "public order" in Qatar, or if the conduct does not constitute a crime in Qatar (unless the defendant explicitly agrees to the execution of a request) (Law No.6 of 2020 amending CPC, art.428). These requirements are not unreasonable or unduly restrictive.

**Criterion 37.4** – Qatar's PPO cannot reject assistance MLA request solely (a) on the grounds that the offence involves fiscal matters; or (b) on the grounds of secrecy or confidentiality requirements on FIs or DNFBPs (AML/CFT Law, art.59).

**Criterion 37.5** – Competent authorities must maintain confidentiality of any request for co-operation and information exchange with foreign counterpart authorities, consistent with both parties' obligation concerning privacy and personal data protection (AML/CFT Law, art.61). The PPO must also ensure that the foreign authorities maintain confidentiality of information, as MLA requests may be refused if the PPO deems that the requesting counterparts cannot protect the information provided (AML/CFT Law, art.61).

**Criterion 37.6** – Dual criminality is not a condition for rendering MLA, unless coercive actions are involved (AML/CFT Law, art.66).

**Criterion 37.7** – Dual criminality is not required for the administration of MLA, unless situations arise requiring coercive actions. Otherwise, the condition of dual criminality is deemed satisfied if both states criminalize the underlying offense, regardless of its type, description or category (AML/CFT Law, art.66).

**Criterion 37.8** – (a)-(b) Qatari authorities are able to exercise all the relevant powers and investigative techniques as set out in R.31 for MLA requests (AML/CFT Law, art.67). Powers include search and seizure of information, documents or evidence from FIs, natural or legal persons, and the taking of witness statements, and a range of other powers and investigative techniques (see R.31).

### *Weighting and Conclusion*

All criteria are met.

**R.37 is compliant.**

### Recommendation 38 – Mutual legal assistance: freezing and confiscation

In its 3<sup>rd</sup> round ME, Qatar was rated partially compliant with these requirements. Qatar did not have the mechanisms in place to co-operate on freezing and confiscation.

**Criterion 38.1** – (a)-(e) Qatar has the authority to take expeditious action in response to requests by foreign countries to identify, freeze, seize or confiscate property, including laundered property, proceeds, instrumentalities and property of corresponding value as listed in (a)-(e) of this criterion (AML/CFT Law, arts.67-68). The same domestic powers are available for international requests (AML/CFT Law, art.67; see R.37 and R.4 for further information).

**Criterion 38.2** – Qatar can provide assistance in relation to non-conviction based confiscation proceedings and related provisional measures if the perpetrator is unknown or has died (AML/CFT Law, arts.68 and 89). Qatar cannot provide assistance in cases of non-conviction-based proceedings in relation to flight or absence as this is inconsistent with fundamental principles of domestic Qatari law. In such circumstances, Qatar would instead pursue a conviction in absentia (with associated confiscation proceedings) (CPC, art.180).

**Criterion 38.3** – Qatar has (a) arrangements for co-ordinating seizure and confiscation actions with other countries; and (b) mechanisms for managing, and when necessary disposing of, property frozen, seized or confiscated. Qatar’s Office of Seizure and Confiscation (OSC) is established inside the PPO (Order No. 109 of 2010). The OSC is responsible for co-ordinating seizures and confiscation actions with other countries (AML/CFT Law, art.68). The Public Prosecution’s Guidance on the Office for Seizure and Confiscation (PPO Decision No.60 of 2020) sets forth specific guidance for the OSC on the co-ordinating seizure and confiscation actions and for managing property on behalf of requesting countries for cross-border cases.

**Criterion 38.4** – Qatar is able to share confiscated property with other countries (AML/CFT IR, art.67).

#### Weighting and Conclusion

All criteria are met.

**R.38 is compliant.**

### Recommendation 39 – Extradition

In the 3<sup>rd</sup> Round MER, Qatar was rated largely compliant with extradition requirements. Qatar’s deficiencies included the fact that dual criminality would be required for extradition requests for offences not covered by the AML/CFT Law. In addition, there were no specific provisions in Qatari law relating to the handling of TF offences without undue delay. Since then, Qatar has introduced its new AML/CFT Law.

**Criterion 39.1** –

- a) ML/TF are extraditable offences and Qatar is able to execute extradition requests in relation to ML/TF without undue delay (AML/CFT Law, arts.69, 70). The procedures and terms for extradition requests are detailed in the CPC (arts.408-426).
- b) The ICS within the PPO is the competent authority in charge of sending and receiving all extradition requests to and from foreign competent authorities

(CPC, art.413-417) (see R.37). The PPO Guidelines on International Co-operation dictate that, in urgent cases, extradition requests be given priority, and follow simplified measures. The ICS utilizes an electronic system to manage cases and to process and execute sent and received extradition requests (subject to procedures in articles 408-426 of the CPC). The ICP internal procedures contain specific timelines for execution and prioritisation of requests, stipulating that extradition requests should be executed without undue delay (i.e., not exceeding 30 days). If such a delay exceeds 60 days, the PPO must notify the requesting country of the reason for such a delay

- c) Qatar does not place unreasonable or unduly restrictive conditions on the execution of requests. Qatar may refuse requests in circumstances, including when the crime is political, where the crime is related to gender, religion, nationality of political opinion, or if the person is already authorized for trial in Qatar for the same crime (AML/CFT Law, art.70 and CPC, art.410).

**Criterion 39.2** – (a)-(b) Qatar does not extradite its own nationals (CPC, art.410). However, if the request is denied solely on the basis of nationality, then the PPO must proceed with criminal proceedings against the person without delay (with or without a request of the country seeking extradition) (AML/CFT Law, art.71).

**Criterion 39.3** – Under Qatari law, dual criminality is a condition of extradition (art.409, CPC). The requirement for dual criminality is satisfied either if both countries criminalize the underlying offence or if that person is a citizen of that country and if the country of which that person is a citizen also criminalises that offence (AML/CFT Law, art.70).

**Criterion 39.4** – Qatar has simplified extradition mechanisms. Article 72 of the AML/CFT Law permits the execution of an extradition request related to ML/TF offences on receipt of a provisional warrant of arrest from the requesting State, if the person sought for extradition explicitly agrees to the extradition before the competent authority.

Any means of communication may be used in communicate directly with the judicial authorities in the requesting state to put the person “under attachment temporarily until receipt of the written request of extradition” (CPC, art.415). As a member of Interpol, Qatar can also facilitate communication through the Interpol channel in urgent cases.

### *Weighting and Conclusion*

All criteria are met.

**R.39 is compliant.**

### **Recommendation 40 – Other forms of international co-operation**

In its 3<sup>rd</sup> Round MER, Qatar was rated largely compliant with international co-operation requirements. The main deficiency was related to effectiveness, noting that Qatar did not report active engagements in the exchange of ML information and that the regime for general information sharing and international co-operation was not in use. The QFIU has since signed several bi-lateral agreements with FIU counterparts. The supervisory authorities are also required to co-operate with foreign counterparts. The assessment of effectiveness has also been removed from the technical compliance assessment.

**Criterion 40.1** – Competent authorities of Qatar can provide the widest range of co-operation to foreign counterparts for ML/TF and associated predicate offences spontaneously and upon request (AML/CFT Law, art.58). Information must be provided

## 261 TECHNICAL COMPLIANCE ANNEX

spontaneously or upon request (AML/CFT IR, arts.66-79). Qatar should give a “prompt” response to request for information (AML/CFT IR, art.78), The ICP Procedures note that international co-operation requests should be executed without undue delay, which represents a period not exceeding 30 days from the receipt of the international co-operation request. Furthermore, ICP procedures require that the PPO must inform the requesting country of the reasons for the delay if the delay exceeds 60 days.

### Criterion 40.2 –

- a) – b) Competent authorities have a lawful basis for providing co-operation (AML/CFT Law, art.58) and are authorised to use the most efficient means to co-operate (AML/CFT IR, art.78).
- c) Competent authorities have clear and secure gateways, mechanisms or channels to facilitate, transmit and execute requests for assistance. Exchanges take place through secure gateways, channels and mechanisms in the form of bilateral and multilateral arrangements such as MoUs, bilateral agreements and indirect information requests, which are applicable to the QFIU (through the ESW platform). These mechanisms are also available to supervisors, and law enforcement authorities (including through membership and use of Interpol channels and World Customs Organisation). There are no specific restrictions on the means used to co-operate or on the channels used.
- d) Qatar has implemented a process for the prioritisation and timely execution of international co-operation requests. This case management system is managed by the ICP within the PPO and allows the ICP to review and manage the process from creation of the files to managing the status and generating reports from requests. PPO Guidance on international co-operation stipulates timely basis upon which requests are to be executed (see R.37 and R39).
- e) The PPO must maintain confidentiality of any international co-operation requests, as well as the information contained within them, consistent with both parties’ obligation concerning privacy and personal data protection (AML/CFT Law, art.61). The PPO must also ensure that the foreign authorities maintain confidentiality of information (AML/CFT Law, art.61). In addition, it is an offence for all relevant employees of a competent authority to disclose any confidential information (AML/CFT Law, art.81) (see. R 29).

**Criterion 40.3 –** (N/A) Qatar does not require bilateral or multilateral agreements to co-operate with international counterparts.

**Criterion 40.4 –** Competent authorities must provide feedback in a timely manner to the foreign competent authorities from which they have received assistance, on the use of the information obtained and the related implications (AML/CFT Law, art.62). “Related implications” is sufficiently broad to include aspects such as the usefulness of information.

**Criterion 40.5 –** Qatar does not prohibit or place unreasonable or unduly restrictive conditions on the provision of exchange of information or assistance. Competent authorities can exchange information regarding M/TF offences (AML/CFT Law, art.59). Article 59 states that international co-operation requests may not be denied solely because:

- a) the request is also considered to involve fiscal matters; and/or
- b) laws require FIs or DNFBPs to maintain secrecy or confidentiality (except where the relevant information that is sought is held in circumstances where legal professional privilege or legal professional secrecy applies); and/or



- c) there is an inquiry, investigation or proceeding underway in the requested country, unless the assistance would impede that inquiry, investigation or proceeding; and/or
- d) the nature or status of the requesting counterpart authority is different from that of its foreign counterpart.

**Criterion 40.6** – The controls and safeguards for preserving the use and the purpose of information obtained through international co-operation are assured through protocols and safeguards. Competent authorities can respond to requests only after ascertaining for what purpose the request is being made, on whose behalf it is made, and verifying authorization when necessary (AML/CFT IR, art.78). Further, competent authorities may receive requests indirectly from a foreign non-counterpart, providing the requesting authority makes clear the purpose/on whose behalf the request is made (AML/CFT IR, art.79). Competent authorities may use the information exchanged through international co-operation only for the purpose for which the information was provided, unless the requested competent authority grants prior authorisation (AML/CFT Law, art.62).

**Criterion 40.7** – As noted in criterion 40.2, competent authorities must maintain confidentiality of any international co-operation requests, as well as the information contained within them, consistent with both parties' obligation concerning privacy and personal data protection (AML/CFT Law, art.61). The PPO must ensure that the foreign authorities maintain confidentiality of information (AML/CFT Law, art.61). International co-operation requests may be refused if the PPO deems that the requesting counterparts cannot protect the information provided (AML/CFT Law, art.61). It is an offence for all relevant employees of a competent authority to disclose any confidential information (AML/CFT Law art.81, see. R.29).

**Criterion 40.8** – Competent authorities are able to conduct inquiries on behalf of foreign counterparts, and exchange with their foreign counterparts all information that would be obtainable by them if such inquiries were being carried out domestically (AML/CFT Law, art.73).

**Criterion 40.9** – The QFIU has an adequate legal basis to provide co-operation on ML, TF offences and associated predicate offences. The QFIU is able to seek or share information of specific as well as general nature regarding ML/TF and predicate offences (AML/CFT Law, art.58). The QFIU can also exchange this type of information following the Egmont Principles for Information Exchange.

**Criterion 40.10** – The QFIU is required to provide feedback to foreign counterparts on the use of information upon request, and the outcomes achieved (AML/CFT IR, art.69).

**Criterion 40.11** – The QFIU can exchange (a) all information received or collected as QFIU according to the provisions of Chapter 6 of the AML/CFT Law; and (b) any other information that the QFIU has power to obtain or access, directly or indirectly, from domestic sources with its foreign counterparts (AML/CFT IR, art.69) subject to the principle of reciprocity (AML/CFT Law, art.58). See R.29 for further information.

**Criterion 40.12** – The QCB, QFMA, and QFCRA have a legal basis for providing international co-operation related to supervision of FIs for AML/CFT purposes to foreign counterparts (AML/CFT IR, art.70).

**Criterion 40.13** – The QCB, QFMA, and QFCRA can exchange with their foreign counterparts all information domestically available to them, including information held by FIs under their supervision, in a manner proportionate to their respective needs (AML/CFT IR, art.71).



## 263 TECHNICAL COMPLIANCE ANNEX

**Criterion 40.14** – The QCB, QFMA, and QFCRA are required to exchange relevant AML/CFT information with their foreign counterparts, in particular with supervisory authorities that have a shared responsibility for FIs operating in the same financial group (AML/CFT IR, art.72). This information include:

- a) domestic legislative and regulatory system and general information on the financial sectors;
- b) prudential information, such as information on the FI's business activities, BO, management, and fit and properness standards; and
- c) AML/CFT information, such as internal AML/CFT procedures and policies of FIs, customer due diligence information, customer files, samples of accounts and transaction information.

**Criterion 40.15** – The QCB, QFMA, and QFCRA are able to collect information on behalf of their foreign counterparts, and when necessary, assist them in collecting such information, with the purpose of facilitating effective supervision of FIs operating in the same financial group (AML/CFT IR, art.73).

**Criterion 40.16** – QCB, QFMA, and QFCRA are required to ensure that they have prior authorisation of the requested financial supervisor for any dissemination of information exchanged. In cases where the requesting supervisory authorities of FIs are under a legal obligation to disclose or report such information, they are required to promptly inform their requested foreign counterparts of this obligation (AML/CFT IR, art.74).

**Criterion 40.17** – LEAs in Qatar can share domestically available information with foreign counterparts. This includes information relating to ML, associated predicate offences or TF including identification and tracing of the proceeds and instrumentalities of crime (AML/CFT IR, art.75).

**Criterion 40.18** – LEAs are able to use their powers (including investigative techniques) to conduct inquiries on behalf of foreign counterparts and exchange relevant information. Qatar is a member of Interpol and may use the arrangements between Interpol countries to exchange requested information (AML/CFT IR, art.76).

**Criterion 40.19**– LEAs are able to form joint intelligence or investigative teams and conduct cooperative inquiries and investigations. LEAs may establish bilateral or multilateral agreements and arrangements with one or more States. In the event where there are no such agreements or arrangements, LEAs can conduct inquiries and investigations on a case-by-case basis (AML/CFT Law, art.74).

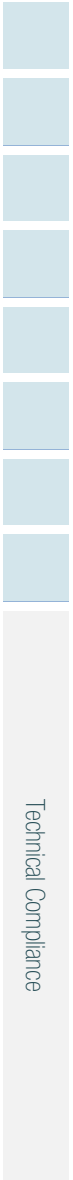
**Criterion 40.20** – Competent authorities can exchange information indirectly with non-counterpart authorities, provided that the competent authority makes clear the purpose and on whose behalf the information is being requested (AML/CFT IR, art.79).

### *Weighting and Conclusion*

All criteria are met.

**R.40 is compliant.**





Technical Compliance

## Technical Compliance – Key Deficiencies

### Compliance with FATF Recommendations

Recommendations	Rating	Factor(s) underlying the rating
1. Assessing risks & applying a risk-based approach	LC	<ul style="list-style-type: none"> <li>Qatar's assessment of some threats noted in the NRA, such as in relation to human trafficking, is more limited.</li> <li>It is not clear if there is ongoing communication of outcomes of risk assessments to FIs and DNFBPs outside of the NRA process</li> </ul>
2. National cooperation and coordination	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
3. Money laundering offences	[C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
4. Confiscation and provisional measures	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
5. Terrorist financing offence	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
6. Targeted financial sanctions related to terrorism & TF	LC	<ul style="list-style-type: none"> <li>There is no indication that the proposal must specify whether the status as a designating state may be made known.</li> <li>There are no measures protecting the rights of bona fide third parties acting in good faith when implementing the freezing obligations.</li> </ul>
7. Targeted financial sanctions related to proliferation	LC	<ul style="list-style-type: none"> <li>There are no measures protecting the rights of bona fide third parties acting in good faith when implementing the freezing obligations.</li> </ul>
8. Non-profit organizations	LC	<ul style="list-style-type: none"> <li>The regulatory and supervisory measures applied to the NPO sector are not sufficiently proportionate to the identified risks.</li> </ul>
9. Financial institution secrecy laws	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
10. Customer due diligence	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
11. Record keeping	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
12. Politically exposed persons	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
13. Correspondent banking	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
14. Money or value transfer services	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
15. New technologies	LC	<ul style="list-style-type: none"> <li>Qatar has insufficiently applied an adequate risk-based approach to ensure that measures to prevent or mitigate ML/TF are commensurate with the risks identified, as it is not clear if all recommended actions regarding VASPs have been implemented.</li> <li>No sanctions have been applied to natural or legal persons carrying out unlicensed VASP activities in Qatar.</li> </ul>
16. Wire transfers	LC	<ul style="list-style-type: none"> <li>FIs are not explicitly prohibited from executing a wire transfer if they are unable to comply with the record-keeping requirements.</li> </ul>
17. Reliance on third parties	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
18. Internal controls and foreign branches and	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>

## | 267 TECHNICAL COMPLIANCE -KEY DEFICIENCIES

subsidiaries		
19. Higher-risk countries	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
20. Reporting of suspicious transaction	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
21. Tipping-off and confidentiality	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
22. DNFBPs: Customer due diligence	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
23. DNFBPs: Other measures	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
24. Transparency and beneficial ownership of legal persons	LC	<ul style="list-style-type: none"> <li>Certain information on the process for creation of legal persons and for obtaining basic information is not publicly available.</li> <li>A full assessment of ML/TF risks associate with legal persons created in the country has not been carried out.</li> <li>There is a lack of monitoring of the quality of international assistance received.</li> </ul>
25. Transparency and beneficial ownership of legal arrangements	LC	<ul style="list-style-type: none"> <li>There are no obligations of trustees of foreign trust to disclose their status to FIs and DNFBPs.</li> <li>There are no provisions to ensure that they are legally liable for any failure to perform the duties relevant to meeting their obligations.</li> </ul>
26. Regulation and supervision of financial institutions	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
27. Powers of supervisors	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
28. Regulation and supervision of DNFBPs	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
29. Financial intelligence units	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
30. Responsibilities of law enforcement and investigative authorities	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
31. Powers of law enforcement and investigative authorities	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
32. Cash couriers	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
33. Statistics	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
34. Guidance and feedback	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
35. Sanctions	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
36. International instruments	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
37. Mutual legal assistance	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
38. Mutual legal assistance: freezing and confiscation	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
39. Extradition	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>
40. Other forms of international cooperation	C	<ul style="list-style-type: none"> <li>All criteria are met.</li> </ul>









## *Glossary of Acronyms<sup>42</sup>*

AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
AML/CFT Law	Law No. (20) of 2019 on Combatting Money Laundering and Terrorism Financing
BNI	Bearer negotiable instrument
BO	Beneficial ownership
CDD	Customer Due Diligence
CENTCOM	United States Central Command
CID	Criminal Investigation Directorate
CPC	The Criminal Procedure Code issued by Law No. (23) of 2004, as amended by Law No. (24) of 2009
CRO	Companies Registration Office
CRS	Common Reporting Standard
Customs law	Law No. (40) of 2002 Issuing the Customs Law
DED	Drug Enforcement Department
DNFBP	Designated non-financial businesses and professions
DPMS	Dealers in Precious metals and stones
DPRK	Democratic Republic of North Korea
ECCCD	The Economic and Cyber Crimes Combating Department
ECMLP	the Economic Crimes and Money Laundering Prosecution
EDD	Enhanced Due Diligence
ESW	Egmont Secure Web
FI	Financial institutions
FSRCC	Qatar Financial Stability and Risk Control Committee
FTF	Foreign terrorist fighter
GAC	General Authority of Customs
GCC	Gulf Co-operation Council
GDE	General Department of Endowments
GDP	Gross Domestic Product
ICP	International Co-operation Prosecution Office
INTERPOL	International Criminal Police Organization
ISIL/ISIS	Islamic State of Iraq and the Levant
KYC	Know-Your-Customer
LEA	Law Enforcement Agency
LLC	Limited-Liability Company
MEIA	Ministry of Endowments and Islamic Affairs
MENAFAT	Middle East and North Africa Financial Action Task Force
ML	Money-Laundering

<sup>42</sup> Acronyms already defined in the FATF 40 Recommendations are not included into this Glossary.

MLA	Mutual Legal Assistance
MLFCC	Laundering and Financial Crimes Combatting Section
MLRO	Money laundering reporting officer
MOCI	Ministry of Commerce and Industry
MOI	Ministry of Interior
MOJ	Ministry of Justice
MSDF	Ministry for Social Development and Family
MSY	Ministry of Sports and Youth
MVTS	Money or value transfer service
NAMLC	National Anti-Money Laundering Committee
NCB	National Central Bureau (Interpol)
NCPW	National Committee for the Prohibition of Weapons
NCTC	National Counter Terrorism Centre (
NPO	Non-profit Organisation
NRA	National Risk Assessment
OIC	Organization of the Islamic Conference
OSC	Office for Seizure and Confiscation
PEP	Politically Exposed Person
PF	Proliferation Finance
PPO	Public Prosecutors Office
QANNAS	Qatar AML/CFT National Network Assessment and Statistics System
QAR	Qatari Riyal
QCB	Qatar Central Bank
QFCA	Qatar Financial Center Authority
QFCRA	Qatar Financial Center Regulatory Authority
QFIU	Qatar Financial Intelligence Unit
QFMA	Qatar Financial Markets Authority
QFZ	Qatar Free-Zone
QFZA	Qatar Free-Zone Authority
QSTP	Qatar Science and Technology Park
RACA	Regulatory Authority for Charitable Activities
RMB	Renminbi (Chinese Yuan)
SJC	Supreme Judiciary Council
SRA	Sectoral Risk Assessments
SSB	State Security Bureau
SSCT	Security and Combatting Terrorism Prosecution Section
STR	Suspicious Transaction Report
TC	Technical Compliance
TCSP	Trust and Company Service Provider
TF	Terrorism Finance
CT Law	Combatting Terrorism Law No. (27) of 2019
TFS	Targeted Financial Sanctions
IT	Information Technology
TMAMS	Transaction Monitoring and Alert Management System
UAE	United Arab Emirates
UBO	Ultimate Beneficial Owner

UER	Unified Economic Register
UNSC	United Nations Security Council
UNSCR	United Nations Security Council Resolution
UNODC	United Nations Office of Drugs and Crime
UNTOC	United Nations Convention against Transnational Organised Crime
USD	United States Dollar
USS	Unified Security System
VASP	Virtual Asset Service Provider
WMD	Weapons of Mass Destruction



FATF



© FATF | MENAFATF

[www.fatf-gafi.org](http://www.fatf-gafi.org) | [www.menafatf.org](http://www.menafatf.org)

May 2023

## Anti-money laundering and counter-terrorist financing measures - Qatar

### *Fourth Round Mutual Evaluation Report*

In this report: a summary of the anti-money laundering (AML) / counter-terrorist financing (CTF) measures in place in Qatar as at the time of the on-site visit from 9 June - 7 July 2022.

The report analyses the level of effectiveness of Qatar's AML/CTF system, the level of compliance with the FATF 40 Recommendations and provides recommendations on how their AML/CFT system could be strengthened.