

**Decree-Law No. (29) of 2020 on Amending some Provisions of
Decree-Law No. (4) of 2001 on Anti-Money
Laundering/Combating the Financing of Terrorism (AML/CFT)**

We, Hamad bin Isa Al Khalifa, *King of the Kingdom of Bahrain*

- ⇒ After reviewing the Constitution, and in particular Article (38) thereof,
- ⇒ The Penal Code promulgated by Decree-Law No. (15) of 1976, its Amendments,
- ⇒ The Decree-Law No. (4) of 2001 on Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) and its amendments,
- ⇒ The Criminal Procedure Law promulgated by Decree-Law No. (46) of 2002 and its amendments,
- ⇒ Law No. (58) of 2006 on the Protection of Society from Terrorist Acts, and its Amendments,
- ⇒ Based on the proposal of the First Deputy Prime Minister
- ⇒ After approval by the Council of Ministers,

WE DO HEREBY ISSUE THE FOLLOWING LAW:

Article (1):

The two definitions of (money) and (terrorism) contained in Article (1) of Decree-Law No. (4) of 2001 on Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) are replaced by the following definitions:

(Money): They are all assets, property, economic resources and things of value, whatever their type, description, nature, or method of obtaining them, and whether they are materiel or moral, movable or immovable, tangible or intangible, and include, but not limited to:

- A- National and foreign currencies, digital currencies, virtual assets, bills of exchange, securities and commercial instruments, tradable, negotiable, paid or endorsed instruments to their holder;
- B- Cash, deposits and accounts with banks and other financial institutions, whether inside or outside the Kingdom;

- C- Works of art, antiques, jewelry and precious metals;
- D- Real estate, movable property and the rights related to it, whether personal or in-kind;
- E- Trademarks and intellectual property rights;
- F- Legal documents, instruments, deeds and any paper that prove ownership of funds or a share thereof in whatever form, including electronic or digital, and all rights related to any of them;

(Terrorism) with the definition referred to in Article (1) of Law No. (58) of 2006 on the Protection of Society from Terrorist Acts.

Article (2):

The texts of Clause (n) of Paragraph (1-2) of Article (2), Paragraphs (3-3), (3-4) and (3-6) of Article (3), the two Paragraphs (2-4) and (4-5) of Article (4), Article (5), Clause (c) of Paragraph (1-6) of Article (6), and Paragraph (8 (1) of Article (8) of the Decree-Law No. (4) of 2001 on Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT), shall be replaced with the following texts:

Article (2) Paragraph (1-2) Clause (n):

Any criminal activity mentioned in the Bahraini Penal Code or any of the other laws and crimes mentioned in the international agreements and protocols attached thereto, to which the Kingdom is a party;

Article (3) Paragraph: (3-3)

Without prejudice to the rights of bona fide third parties, whoever commits any of the crimes stipulated in this Law, in addition to the prescribed penalty of confiscation of the funds subject of the crime or any money owned by him equal in value to the money subject of the crime, shall be sentenced to;

The judge shall order the confiscation of funds upon the expiry of the criminal case for the death of the accused, which was evidently proved that they had been collected from the crime.

Article (3) Paragraph (3-4):

Without prejudice to the responsibility of the natural person, the legal person shall be punished with the fine prescribed in this Law if any of the crimes stipulated therein are committed in his name or through him or for his account, with the confiscation of the funds subject of the crime or any money owned by him equal in value to the money subject of the crime.

Article (3) Paragraph (3-6):

Whoever violates the provisions of the regulations or decisions issued under this Law shall be punished with imprisonment or a fine not exceeding one hundred thousand dinars, or with both penalties.

Article (4) Paragraph: (4-2)

The Committee in particular is competent with the following:

- A- To establish procedures regulating its work;
- B- To study the development of public policies regarding the Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT);
- C- To study the guidelines for reporting suspected operations, in coordination with the competent authorities;
- D- To study and follow up global and regional developments in the field of money laundering and terrorist financing to make recommendations on developing guidelines and proposing appropriate amendments in the Law;
- E- To coordinate with the competent authorities with a view to implementing the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, the Arab Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, the International Convention for the Suppression of the Financing of Terrorism, the United Nations Convention against Transnational Organized Crime and the two protocols that supplement it, and other relevant agreements, charters, regulations and decisions in force, taking into account the recommendations issued by the Financial Action Group to combat money laundering and terrorist financing;
- F- To prepare a proposal for requirements for the National Risk Assessment Report (NRA) and following up on any developments in this regard;
- G- To coordinate with the competent authorities to prepare relevant national statistics, information and data;
- H- To offer recommendations related to organizing mechanisms, procedures and rules for carrying out and implementing the decisions issued by the United Nations Security Council under Chapter Seven of the United Nations Charter on preventing and suppressing terrorism and its financing and preventing, suppressing and stopping the proliferation of weapons of mass destruction and their financing, as well as related to national lists of terrorism, the relevant resolutions and so forth the associated obligations.
- I- The Committee shall submit to the Minister of Interior its proposals and recommendations in accordance with the provisions of this paragraph, and periodic reports on the results of its work.

Article (4) Paragraph (4-5):

The competent authorities, in coordination with the Implementing Unit, issue the necessary decisions regarding the procedures for prohibiting and combating

money laundering, terrorist financing and illegal transfer of funds across borders, including the following:

- A- The regular reports from the institutions in an accurate and complete manner that contain all the necessary information and details regarding suspicious operations - including attempts to conduct operations - regardless of their value;
- B- The institutions shall promptly report any suspicious operations - including attempts to conduct operations - in an accurate and complete manner that contains all necessary information and details, regardless of their value;
- C- The establishments shall prove the identity of their clients and beneficiaries from their clients and verifying that identity;
- D- The institutions' internal reporting requirements;
- E- All regulatory requirements, including academic qualifications and practical experience required for employees of institutions who are responsible for reporting suspicious operations, in order to ensure that they send accurate and complete reports on these operations.

Article (5):

Institutions

Institutions shall observe the following:

- A- To maintain a period of five years after the end of the process with a copy of the identity documents of each customer, as specified in the regulations and decisions issued under this Law;
- B- To keep an accurate and complete record containing all the information and details necessary for each new or non-related operation - including attempts to conduct operations - for a period of five years after the end of the operation that was recorded or attempted, regardless of its value;
- C- To inform the implementing unit and the competent authorities immediately, in an accurate and complete manner, containing all the information and details necessary for any operation - including the attempt to conduct it - which the competent employee suspects about the nature of the persons involved, the nature of the operation, or any other circumstances, regardless of its value;
- D- To provide any additional documents, information or assistance requested by the implementing unit or the competent authorities;
- E- To comply with the directives of the competent authorities regarding the development and implementation of internal control policies, procedures and means, including the identification of application and control personnel at the department level to combat money laundering and

terrorist financing, and to develop auditing rules that allow the evaluation of these procedures, policies and means of internal control;

- F- To cooperate with any government agency, including the implementing unit;
- G- To establish and implement audit procedures to ensure compliance with the provisions of this Article;
- H- To prohibit opening or maintaining any secret, fake or anonymous accounts;
- I- To apply policies and procedures to combat money laundering and terrorist financing, including the organization for exchanging information on customer due diligence, risk management, analyzing reports, setting up training programs, and setting up internal control systems and procedures to ensure the confidentiality of information, which applies to all companies in the commercial group, including branches and companies affiliated to it and associated with it, whether inside or outside the Kingdom, in accordance with the decisions issued by the relevant authorities in this regard;

Article (6) Paragraph (1-6) Clause (C):

Reserving and preventing the disposal or management of any funds subject to confiscation or any owned funds equal in value to the funds subject of the crime in accordance with the provisions of this law;

Article (8) Paragraph (1) 8

In the event that a foreign country requests specific information related to suspicious operations or natural or legal persons involved in those operations or in an investigation or accusation regarding the crime of money laundering and terrorist financing, the implementing unit must implement the request, or inform the foreign state of the reasons that turn aside from responding to its request or any delay in its implementation, without prejudice to the order of priorities in the urgent received requests;

Article (3):

A new Article (2) bis entitled (Administrative Fine) shall be added to Decree-Law No. (4) of 2001 on Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT), and new paragraphs (2-8) are also added to Article (2) and (8) 7 to Article (8), 10 (6) and 10 (7) to Article (10) of the same Decree-Law, whose texts are as follows:

Article (2) bis:

Administrative Fine

Without prejudice to any more severe administrative fine, the competent authorities may impose an administrative fine of not more than fifty thousand dinars against the institutions in the event that they violate the provisions of the regulations or decisions issued under this Law, and the fine shall be multiplied by the number of violations.

The procedures for imposing an administrative fine, grievance and appeal thereon shall be subject to the legal provisions regulating disciplinary liability or administrative penalties in each competent authority, and it is permissible to combine the administrative fine with any other disciplinary or administrative penalty imposed by those authorities. The decision issued for the administrative fine shall be executive whenever the methods of appeal have been exhausted on its regard or by missing deadlines.

In the event that there is no legal regulation of the provisions of disciplinary liability or administrative penalties, the competent authority under this Law may impose an administrative fine. Whoever is ordered to pay an administrative fine may file a grievance against this decision within fourteen days from the date of his notification thereof before the competent authority, provided that the grievance is decided upon within fourteen days from the date of its submission, and the elapse of this period without a response is considered an implicit rejection of the grievance.

Whoever has its grievance rejected, explicitly or implicitly, may appeal before the High Civil Court within sixty days from the date of being notified of the rejection of his grievance or from the date his grievance is considered rejected. The case is only accepted after appealing the decision. The decision issued for the administrative fine shall be executive by missing the deadline for grievance without grievance, or by the elapsing of the aforementioned appeal period unless the court orders to stop its implementation.

Article (2) Paragraph (2-8):

Whoever, natural or legal persons, involved in the crimes stipulated in this Article in his capacity as an actor or accomplice, shall be punished with the penalties prescribed therefor and even his attempt to commit them shall be punished with the penalties prescribed for the complete crime.

Article (8) Paragraph (8 (7)):

Research teams may be formed or joint investigations conducted with one or more countries based on cooperation arrangements or bilateral or multilateral agreements, and the Council of Ministers issues a decision specifying the parties that may do so and the procedures to be followed.

Article (10) Paragraph (10 (6)):

The Public Prosecution or the competent court, when examining the case - according to the circumstances - may issue its order to appoint a manager to administer the seized funds, and the Minister of Justice, in coordination with the competent authorities, issues the necessary decisions to regulate the rules and procedures for this.

Article (10) Paragraph (10 (7)):

Natural and legal persons shall implement the decisions issued by the United Nations Security Council under Chapter Seven of the United Nations Charter on preventing and suppressing terrorism and its financing, preventing, suppressing and stopping the proliferation of weapons of mass destruction and their financing immediately without delay, as well as implementing the decisions issued on the national lists of terrorism, all according to the mechanisms, procedures and rules that are specified by decisions of the Council of Ministers.

Article (4):

The phrase (customs fees) mentioned in Clause (j) of Paragraph (1-2) of Article (2) of Decree-Law No. (4) of 2001 on Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) shall be deleted.

Article (5):

The Prime Minister and the ministers - each within his jurisdiction - shall implement the provisions of this Law, and it shall come into force on the day following the date of its publication in the Official Gazette.

King of the Kingdom of Bahrain

Hamad bin Isa Al Khalifa

First Deputy Prime Minister

Salman bin Hamad Al Khalifa

Issued in Riffa Palace

Date : Safar 13, 1442 Hijri

Corresponding to : September 30, 2020 AD