

16- INSTRUCTIONS ISSUED BY CENTRAL BANK OF KUWAIT REGARDING MONEY LAUNDERING

- A) [Circular to local banks on taking internal actions for implementing the rules of Law No. 35 of the year 2002 and its explanatory memorandum.](#)
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DEPUTY GOVERNOR

*Safar 4, 1423 H
April 17, 2002*

THE CHAIRMAN,

**Circular to all local banks, Kuwait Finance House,
Investment Companies, Exchange Companies and Investment Funds**

This has reference to Law No. (35) of the year 2002 concerning the Combat of Money Laundering Transactions, and to its explanatory notes of 10/3/2002, which requires you to take the internal actions deemed appropriate for implementing the rules of the said law.

We specifically refer to the rules of Article (3) of the subject law, which requires banking and financial institutions to comply with a set of controls, failing which the breaching institution will be liable to a fine with a maximum amount of KD one million.

Taking into account that some of the articles of the said law relate to the functions and responsibilities of some of your bank / company employees, and provide for specific penalties to be imposed on those employees in case they violate the rules of this law, we deem it necessary that you notify all of your employees of the relevant articles which relate to performing their functions and responsibilities, in order for them to avoid any legal accountability.

With my best regards,

Dr. NABEEL AHMED AL - MANNAI

GOVERNOR

*Sha'aban 16, 1423 H
October 22, 2002*

THE CHAIRMAN,

“Circular to all local banks”

We would like to advise you that the Central Bank of Kuwait Board of Directors, at its meeting of 19/10/2002, approved instructions No. (2/BS/92/2002) concerning the combat of money laundering and terror financing transactions. These instructions will be in force from 1/12/2002.

Enclosed is a copy of these instructions, together with a statement of cash transactions equivalent to or exceeding KD 3000/- . The said statement must be supplied to the Central Bank of Kuwait on quarterly basis commencing from the quarter ending on 31/12/2002. Enclosed is also a copy of the guidelines directory, which your bank has to use, as a minimum, for monitoring money laundering and terror financing transactions.

I would like to particularly refer to item (15) of the subject instructions , which requires every bank operating in the State of Kuwait to establish an independent and full-time engaged unit / department directly reporting to the Chairman of the bank, which basic function will be to verify the extent of the bank's compliance with laws, ministerial resolutions, regulatory instructions and the bank's own policies, controls and procedures applied in respect of combating money laundering and terror financing transactions.

It is to be noted that the Central Bank of Kuwait instructions no. (2/BS/50/97) dated 17/11/1997 concerning the combat of money laundering and suspicious transactions, will remain in effect till 30/11/2002 and will then be superseded by these new instructions effective 1/12/2002.

With my best wishes,

SALEM ABDUL AZIZ AL-SABAH

Instructions No. (2/BS/92/2002) regarding Combating Money Laundering Operations and the Financing of Terrorism

Introduction

Money laundering and terror financing transactions are considered a major source of worrying concern for respective international institutions*, and for all countries of the world. This is because such transactions have damaging effects on economic, social and political aspects. The issue that has driven the international community to exert huge efforts that aim at curbing such transactions and their effects. The outcome of these efforts has been the adoption of a set of criteria and recommendations. Moreover, the respective international institutions follow-up the efforts of various countries in this respect, so as to verify their compliance with these recommendations and criteria, and then take actions against non-compliant countries .

Banking and financial institutions are the most targeted areas for money laundering parties and terrorists, for the purpose of concealing their identities and the sources of their funds. Therefore, all units subject to the Central Bank of Kuwait supervision must be aware of the risks associated with money laundering and terror financing transactions, and must take all necessary actions ensuring that such units are not misused in executing such transactions, while fully complying with relevant local and international requirements, so as to avoid any negative impacts on the State of Kuwait, on the one hand, and on Kuwaiti banking and financial institutions, on the other.

In the light of the above, and based on Law No. (32) of the year 1968 concerning Currency, Central Bank of Kuwait & the Organization of the Banking Business, Law No. (35) of the year 2002 concerning the Combat of Money Laundering, relevant ministerial resolutions and international resolutions regarding the combat of terror financing transactions, all banks operating in the State of Kuwait must comply with the following:

- 1) Banks should not open or maintain anonymous accounts or accounts in fictitious names. Accounts within this context mean all types of accounts offered by banks , such as current accounts, savings accounts, trust accounts, deposits accounts of all types, investment and financial portfolio accounts and other types of accounts.

* Such as the IMF, World Bank, Basel Committee and FATF.

- 2) Banks should have a written policy, approved by their boards, relating to the Know your Customer “KYC” principle, covering the following:
 - 2.1 Minimum information and data that should be fulfilled prior to approving dealing with customers, including: customer identification, customer’s profession or activity, sources of income, purpose of opening the account, and other information.
 - 2.2 Update of the information and data referred to in 2.1 above on an adequate periodic basis. In this context, we would like to specifically indicate that customer’s identification documents should be always valid, and that any notable changes to the customer’s activity or accounts should be highlighted.
 - 2.3 The actions to be taken against any customer who fails to provide the bank with the above-mentioned information and data, whether at the outset of the relationship or while updating such information and data.⁽¹⁾

- 3) Banks are prohibited from opening any of the accounts mentioned in Clause (1) above, unless upon obtaining copies of the official customer identification documents, as follows:
 - 3.1 Civil ID as for Kuwaiti individuals, and non-Kuwaiti individuals residing in the State of Kuwait, provided that such documents are valid.
 - 3.2 Travel document as for non-Kuwaitis not residing in the State of Kuwait, provided that such documents are valid.
 - 3.3 The license issued by the Ministry of Commerce and Industry as for sole proprietorship, in addition to the civil ID of the business owner, provided that such documents are valid.
 - 3.4 The license issued by the Ministry of Commerce and Industry, as well as the specimen signature form, as for the commercial companies, provided that such documents are valid.
 - 3.5 The supporting documents approved by the state competent authorities as for the non-resident companies and institutions.
 - 3.6 Papers, documents and court judgments legally proving that the person acting on behalf of third parties is authorized to represent the principal.

(1) The text of clause (2) above was entirely replaced pursuant to circular No. (2/BS, IBS/300/2010) issued on 9/6/2010.

For other customers not mentioned above, banks should obtain the official identification documents approved by the accredited competent authorities issuing such documents⁽¹⁾.

- 4) In case of casual customers, who do not have existing accounts or relations with banks and who apply for a certain service or for any deal or transaction with banks (such as foreign exchange, foreign transfer, lease of safe deposit locker or any other service), banks must obtain, before carrying out such transactions or services, the official identity documents mentioned in Item (3) of these instructions. Banks will have to abstain from carrying out a transaction if a copy of the customer's identity document is not obtained.
- 5) Banks should ensure the following in relation to all types of new and existing accounts:
 - For individual customer, the bank must obtain a declaration from the customer at the time of opening the account, stating that the customer is the beneficiary of the account opened in his name.
 - In the event that the customer opens an account on behalf of third party, the necessary legal documents supporting the nature and scope of legal representation, as well as the name(s) of customers, beneficiaries of the account, must be obtained⁽²⁾.
 - In case of legal persons, the bank must verify the existence of the institution / company, its head office and the names of its authorized directors. The bank must also ensure that the persons representing the company have a legal authorization under valid official documents, and must check the identity of those authorized persons.
 - In case of companies managing and / or keeping in custody third parties funds, the bank must take necessary actions to ensure that such companies are licensed to practice such business and that they are legally committed to verify the identities and activities of the customers they manage their funds or keep them in custody.
 - In case of suspicion that the customer is not operating the account for his own interest but on behalf of another person or party, and the customer does not respond to the request of the bank for providing it with legal documents which unveil the real beneficiary of that account, the bank must immediately close the account, while taking into account any legal commitments or procedures to be fulfilled by the bank.

(1) The text of clause (3) above was entirely replaced pursuant to circular No. (2/BS, IBS/300/2010) issued on 9/6/2010.

(2) Paragraph (2) of clause (5) was amended pursuant to circular No. (2/BS, IBS/300/2010) issued on 9/6/2010.

6) Banks, while carrying out their transactions, whether for their customers or for their own account, through correspondents in other countries, must comply with the following:

6.1 Execution of those transactions must be limited to correspondents licensed to carry out such transactions by the competent authorities in the countries where those correspondents are located. Banks should abstain from dealing with shell banks.

6.2 The relationship between banks and correspondents must be governed by approved contracts and agreements that regulate the relationship between both parties. Their agreements with correspondents must contain the term of obtaining the customer identification documents prior to proceeding on the transaction, and keeping those documents for access, if needed. Approval of the bank's board of directors must be obtained prior to concluding new agreements with correspondents.

6.3 Sufficient information should be made available about those correspondents, and no dealing should take place with correspondents or entities dealing with, or allowing shell banks, to access their accounts.

6.4 Reasonable actions must be taken to ensure that the correspondent has adequate AML/CFT systems, and that such correspondent is subject to a regulatory system covering the combating of the aforementioned transactions.⁽¹⁾

7) Banks must maintain, for at least five years from the date of concluding the transaction, necessary records containing all documents on their transactions, both domestic and international, including copies of the identity documents of their customers⁽²⁾ and the documents supporting the transactions and correspondence. These records must also include all the basic information of the transactions, such as the amounts, types of currencies, related parties and type and purpose of the transaction. As regards accounts, deals or contracts of all types, which have been closed, finalized or matured, banks must maintain the records therefore for five years from the date of their closure, maturity or finalization.

(1) The text of clause (6) above was entirely replaced pursuant to circular No. (2/BS, IBS/300/2010) issued on 9/6/2010.

(2) The circular dated 24/12/2003 and included as Item "E" in this section, was issued with regard to the manner of checking the identity of the persons who carry out deposit transactions in customer accounts with banks.

8) Sufficient attention must be paid in order to identify the risks involved in the use of advanced technological methods for money laundering and terror financing transactions, especially in concealing the concerned person's identity or the source of funds. Banks must also take the appropriate actions when the need arises to prevent utilization of such methods. In this respect, banks must comply with the following :

- For internal and foreign electronic transfers, the transfer documents must include the name of the transferring person or entity and the number of his/its account (in case of transfer from an account), or the identity card number (in case transfer is not made from an account), the amount of the transfer, name and address of the beneficiary person or entity and the number of his/its account (in case of transfer from an account). In case such data is not available, banks must abstain from carrying out the requested transfer.
- For online or Internet transactions, these instructions must be observed, particularly in terms of the availability of customers identity and basic data.

9) Banks should pay utmost attention to the circulars received from the Central Bank of Kuwait regarding the lists containing the freezing of assets, accounts, and financial accounts and activities belonging to certain individuals or entities. The following should be complied with:

- 9.1 Sending the responses to the Central Bank of Kuwait with regard to those circulars within five working days.
- 9.2 Adopting adequate automated systems to ensure that all assets, accounts, financial activities or balances of the aforementioned individuals and entities are frozen, and to ensure that no dealing will take place with them in the future.

In the event that any of the banks carries out transactions resulting in settlement or utilization of correspondent accounts (within the regional boundaries of another country), whether for their account or for their customers, they will be responsible for satisfying the requirements of the competent authorities in those countries with regard to any lists for freezing the assets, accounts, funds and activities belonging to certain individuals or entities, which may be applied in this respect⁽¹⁾.

(1) The text of clause (9) above was entirely replaced pursuant to circular No. (2/BS, IBS/300/2010) issued on 9/6/2010

- 10) Banks should take special, exceptional care, as for the sophisticated large deals, and all patterns of unusual deals, which have no clear economic or legal goals and objectives, or which do not fit the customer's activity or the level of debit and credit amounts in his/her account, or those raising suspicions with regard to their existence, purpose, and source of their funds. We specifically refer to the large cash amounts, the amounts that the holders frequently attempt to exchange, or the inbound or outbound transfers in large and repeated amounts.

In the above-mentioned events, the bank should conduct research and investigation, and should gather the information pertinent to the suspicious transaction, and the parties related to the transaction, without these actions resulting in the related party's knowledge, or having hints to the actions taken by the bank. Also, the findings of the research and investigation made by the bank should be registered in writing.

In the event that that bank finds out that the transaction, subject of research, and the funds related thereto, is sound in accordance with the supporting documents, the bank should complete the transaction in accordance with the normal banking procedures.

However, if the findings of the research and investigation conducted by the bank confirm the suspicions about that transaction and the related funds, the bank should report the details of the suspicious transaction to the public prosecution.

In all cases, the bank should prepare a report covering full details of the transaction, and the basis of the decision to pass the transaction or refer it to the public prosecution, while keeping those reports for at least 5 years, which should be accessible by the competent authorities, taking into consideration that the bank shall be fully responsible for its decisions and their effects, which may hold it accountable by the competent authorities in case it was noticed that the bank is delinquent in taking the adequate actions towards ensuring the soundness of the transaction subject of the research⁽¹⁾.

- 11) In relation to Item (10) above, if the bank has doubts over the transactions, accounts, or activities of a particular customer, and such doubts require the bank to investigate the seriousness of such doubts and to provide the documents or evidences which support such doubts, while the customer shall not be informed of the investigation conducted by the bank until its completed, then the bank officers and employees must not alarm that customer and its related parties as to the steps taken by the bank.

(1) This paragraph was amended pursuant to Circular No. (2/BS, IBS/188/2006) issued on 10/4/2006, and then the text of clause (10) above was entirely replaced pursuant to circular No. (2/BS, IBS/300/2010) issued on 9/6/2010.

- 12) The procedures set out in items (10) and (11) above shall apply to all transactions suspected to be involving money laundering or finance of terror, regardless of the size of the funds associated with the transaction.
- 13) The annual internal audit plan shall constantly highlight the adequacy of the actions taken by the bank, and how far it is compliant with the AML/CFT requirements and the Central Bank of Kuwait regulations in this respect. In this context, the prepared report, covering the findings of the examination, should be referred to the board of directors or the audit committee of the bank, for any actions required in this regard⁽¹⁾.
- 14) In support of the internal control systems, banks should comply with the following:
 - 14.1 Prepare clear, accurate policy and procedures, which should be approved by the board of directors, covering the bank's policy with regard to AML/CFT, in compliance with the relevant local legislation, ministerial resolutions, and the Central Bank of Kuwait regulations in this respect. The policy should also contain a clear definition of those transactions, their various patterns, methods of detection and tracing of such transactions, as well as the minimum actions that the concerned employees should take upon detecting any case suspected to be among the aforementioned transactions.
 - 14.2 The external auditor's report on the bank's internal control systems should contain a clear opinion on the extent of the bank's compliance with the local laws, ministerial resolutions, and the Central Bank of Kuwait regulations relevant to AML/CFT, in addition to the compliance with the bank's policies and controls in this respect.
 - 14.3 Upon appointment of employees, they must satisfy the minimum requirements of adequate qualifications, together with conducting investigations on the new job applicants to ensure that no new suspicious employee will be appointed, which may expose the bank to the risk of money laundering or financing of terrorism.⁽²⁾

(1) The text of clause (13) above was entirely replaced pursuant to circular No. (2/BS, IBS/300/2010) issued on 9/6/2010.

(2) The text of clause (14) above was entirely replaced pursuant to circular No. (2/BS, IBS/300/2010) issued on 9/6/2010.

- 15) Each bank operating in the State of Kuwait must establish an independent and full-time engaged unit / department directly reporting to the Chairman and staffed with employees highly qualified and experienced in the fields of combating money laundering and terror financing transactions. The primary function of this unit / department will be to check the extent of the bank's compliance with Laws, ministerial resolutions, regulatory instructions and bank's own policies, controls and procedures concerning the combat of money laundering and terror financing transactions.
- 16) The bank must develop policies and training programs on the combat of money laundering and terror financing transactions, to include the following as a minimum :
- The Chairman and the Board Member must be fully aware of the risks of money laundering and terror financing transaction, and must adopt the policies, controls and procedures that ensure avoiding the abuse of the bank for conducting such transaction.
 - The unit / department referred to under Item (15) above must submit periodic reports to the Board of Directors reflecting the extent of the bank's compliance with domestic and international requirements in the area of money laundering and terror financing transactions, in addition to a statement on all suspicious cases that have been detected, their consequences, developments and the actions taken in connection therewith, so that the Board would follow-up such cases and take necessary actions.
 - Newly recruited respective bank staff must join training courses so as to get familiar with all matters associated with money laundering and terror financing transactions , as well as with the methods of combating such transactions.
 - Ongoing and periodic training programs must be provided, in order to educate the respective staff members on all developments in the areas of money laundering and terror financing transactions, and the methods of combating such transactions, so as to enhance staff abilities and competence in identifying, tracing and confronting them such transactions.

- All banks officers and employee, including the Chief Executive Officer, his deputies and assistants and department managers should be informed of all domestic and international requirements on the combat of money laundering and terror financing transactions, including domestic legislations, regulatory instructions and penalties associated therewith. They must also be informed on the actions to be taken in case of detecting any transaction suspected to involve money laundering or finance of terror.
 - Banks are required to use the attached guidelines directory, as a minimum, for detecting patterns of money laundering and terror financing transactions, and for developing the precautionary actions for combating such transactions. The bank must have its own methods for detecting patterns of such transactions, taking into account the size of the bank's activity and the diversity of its products and services. Such methods should be periodically updated.
- 17) While taking into account the rules of article (14) of Law No. (35) of the year 2002 concerning the combat of money laundering transactions, which provides for pardoning the natural persons who inform of suspicious transactions in good faith, the Central Bank confirms that no action whatsoever may be taken against bank staff members who inform the respective authority of such transactions in good faith, even if its find out later that the subject transaction is sound.
- 18) These instructions shall apply to all internal and external branches, and subsidiaries of banks, especially if they operate in countries that do not comply with the international resolutions and recommendations in this regard. Banks should ensure, at their own discretion, that the branches and subsidiaries are compliant with these instructions. In the event that it is not possible to comply with the implementation of these instructions, the bank shall report to the Central Bank of Kuwait accordingly.
- Special and exceptional care must be taken with regard to any dealing with a person or entity from the aforementioned countries, to ensure soundness of the transactions. Banks should prepare a written policy, approved by the board of directors, as for how to deal with the persons and entities from the aforementioned countries, and the additional precautionary measures that must be adopted in this regard⁽¹⁾.
- 19) The rules of these instructions apply to the Chairman of the Board and to Board Members, as well as to all bank staff of various levels.

(1) The text of clause (18) above was entirely replaced pursuant to circular No. (2/BS, IBS/300/2010) issued on 9/6/2010.

20) Banks should provide the Central Bank of Kuwait, via online system⁽¹⁾, and on a daily basis, with the data relating to the following dealings:

20.1 All cash transactions equal to, or exceeding KD 3,000, or the equivalent in foreign currency, per customer, per day, on LCT system.

20.2 All foreign currency transfer transactions equal to, or exceeding KD 3,000 per customer, per day, on FCT system.

All ministries and local government departments are excluded from the above requirement ⁽²⁾

21) All banks must pay adequate care and attention to ensure the absence of any suspicious over cash transactions, whether those equivalent to or exceeding KD 3,000 or those less than that limit, particularly if it is found out that such transactions are inconsistent with the customer's activity and the size of his previous transactions, or if such transactions are repeated during close periods.

22) The bank should take all legal actions and impose adequate penalties against any bank employee, including the CEO, his deputies and assistants, as well as the chairman and members of the board of directors, who are proven to be delinquent in the performance of their responsibility specified in the application of the bank's policy and procedures with regard to AML/CFT, and should notify the Central Bank of Kuwait of the details of the incident attributed to the employee or board member, as well as the results of the bank's actions in this respect, without conflict with Clause (10) of these regulations⁽³⁾.

23) The Central Bank of Kuwait instructions No. (2/BS/50/97) dated 17/11/1997 which issued to all local banks in respect of the combat of money laundering and suspicious transactions, shall remain valid till 30/11/2002 and shall be superseded with effect from 1/12/2002.

24) These instructions shall be in force from 1/12/2002.

Issued on 22/10/2002

(1) Circular No. (2/BS, IBS/165/2004) dated 14/6/2004 and included as Item "F" in this section, was issued with regard to commencing the operation of automated system for daily receiving data of cash transactions.

(2) The text of clause (20) above was entirely replaced pursuant to circular No. (2/BS, IBS/300/2010) issued on 9/6/2010.

(3) The text of clause (22) above was entirely replaced pursuant to circular No. (2/BS, IBS/300/2010) issued on 9/6/2010.

DIRECTORY GUIDE ON PATTERNS OF SUSPICIOUS TRANSACTIONS

I: Money laundering through cash transactions:

- 1) Unusually huge cash deposits from individuals or companies of activities normally generated through cheques and other instruments.
- 2) Substantial increases in cash deposits of any individual or companies without apparent reasons, particularly if such deposits are transferred from the account shortly after their deposit to a destination not normally associated with that customer's business.
- 3) Customers making cash deposits by using many deposit slips, so that each deposit will be separate and unnoticeable, or attracting no attention, but their total constitutes big sum of money.
- 4) Companies accounts whose deposit/withdrawal transactions are mainly in cash rather than other forms of credit and debit transactions normally associated with trading business, such as cheques, L/C's, promissory notes, bills of exchange, etc.
- 5) Customers continuously depositing cash funds to cover requests for bank drafts, money transfers or negotiable and marketable instruments.
- 6) Customers requesting the exchange of large quantities of low denomination notes for those of higher denomination.
- 7) Frequent transfer of cash amounts from one currency to another, where the nature of the customer's business does not require such transactions.
- 8) Branches with cash transactions exceeding the normal level, while the head office statistics show a recession in cash transactions.
- 9) Customers whose cash deposits include forged currency notes and documents.
- 10) Customers transfer large amounts to or from abroad under instructions for cash payments.
- 11) Large cash deposits through automated teller machines (ATM's) in order to avoid direct communication with bank staff or officers.

II: Money laundering through banking accounts:

- 1) Customers maintaining numerous ordinary accounts or trust accounts, which do not seem to be in harmony with their business activities.
- 2) Customers maintaining numerous accounts in each of which they deposit cash amounts, with the total credits being a large amount.
- 3) Individuals or companies whose accounts do not show practical normal banking activities or economic activities which require banking services, but are used to deposit or disburse large sums which have no obvious specific purpose or relationship to the account holder and/or his activities or business.
- 4) Reluctance to provide normal information when opening the account, by providing minimum or fictitious information, or information which the bank can not verify at the time of opening the account, or the relevant investigation procedures are very expensive.
- 5) Customers having accounts with several banks in the same locality/region.
- 6) Balancing between foreign transfers and local cash deposits on the same day or the preceding day.
- 7) Deposit of cheques for large amounts issued by third parties and endorsed in the customer's favour.
- 8) Big cash withdrawals from an account which used to be dormant account, or from an account to which large amounts have been credited unexpectedly from abroad.
- 9) Excessive use of ATM's in a certain account and sudden increase of movement in such accounts.
- 10) Avoidance by the companies representatives of the contact with the officers of the bank.
- 11) Substantial increases in deposits of cash or negotiable instruments by firms and companies, using their customers accounts or trust accounts, especially if the deposits are directly transferred from the accounts they are deposited in, to other accounts.
- 12) The customer's insufficient use of credit balances of his accounts or the available banking services in order to attain a benefit for himself (such as avoiding the high commissions or high margins on large financing transactions despite the availability of credit balances for the customer).
- 13) Large number of individuals making payments into the same account, without specific explanations or clarifications.

III: Money laundering through financial transactions related to investment activities:

- 1) Purchase of securities and keeping them in the safe custody of the bank at the time when it does not seem to be consistent with the customer's apparent position.
- 2) Financing transactions / Loans against back to back deposits with subsidiaries or affiliates of overseas financial institutions in areas known for drug trafficking.
- 3) Requests by customers / portfolios managers to purchase or sell investment services or instruments (whether FC's or securities), where the source of funds is not identified, or the sources of the funds are not commensurate with the customer's known activity.
- 4) Big cash settlements in respect of selling and buying of securities.
- 5) Purchasing and selling transactions of securities with no specific objectives, or in abnormal circumstances.

IV: Money laundering through international activities executed abroad:

- 1) Introduction of a customer from foreign institutions situated in a country which is known for production or marketing of drugs.
- 2) Use of letters of credit and other methods of trade finance to move money between countries, whilst the purpose of the L/C's does not relate to the customer's usual business.
- 3) Customers pay/receive large amounts regularly, through cash payment or through fax or telex transfers, which legitimacy is difficult to identify, and which relate to countries associated with the production or marketing of drugs, or related to terrorist organizations, or tax haven countries.
- 4) Building up of large balances inconsistent with the known turnover of the customer's business, and subsequent transfer to account(s) held overseas by others.
- 5) Outward and inward transfer transactions to the customer without passing through any of his accounts with the bank.
- 6) Frequent and regular request for traveller cheques or demand drafts.
- 7) Frequent and regular deposit of traveller cheques or demand drafts in foreign currency, to the customer's account.

V: Money laundering which involves staff & agents of financial institutions:

- 1) Changes in the characteristics of staff and their distinctive features, such as the change of the standard of their living toward lavish spending, or avoidance to enjoy vacations or holidays.
- 2) Sudden changes in business of staff or performance of the agents, such as the expansion of the agent's business noticeably or unexpectedly.
- 3) Dealings with an agent in which the identity of the ultimate beneficiary or the counter-party is not identified, contrary to common practices in such a business.

VI: Money laundering through secured and unsecured lending:

- 1) Customers unexpectedly repay loans which were in the past the subject of complicated problems.
- 2) Borrowing applications against assets retained another financial institutions or a third party, with unexplained source thereof, or such assets being inconsistent with the customer's known position.
- 3) Applications submitted by the customers on behalf of their financial institutions to arrange for the finance of business deals in which the customer's financial participation is unclear or unspecified, particularly if real-estates or private properties are included within the deal.

VII : Money Laundering Through Electronic Means of Payment :

- 1) Repeated withdrawal of large cash amounts through the use of plastic cards (such as credit cards), despite the cash withdrawal high fees, and settlement of existing obligations in cash.
- 2) Banks should be adequate attention to online and Internet transactions, and appropriate software should be installed to ensure the integrity of such operations and to properly monitor them.

22/10/2002

**Central Bank of Kuwait
Supervision Sector**

**Statement of Cash Transactions equivalent to or Exceeding KD 3,000/-
For the Quarter Ending on _____**

Name of the Bank:

S	Customer's Name (1)	Nationality (2)	ID Number (3)	ID Type (4)	Type of Transaction (5)	Currency Cashed In (6)	Transaction Value in KD (7)	Currency Disbursed (8)

- 1- Data in columns (1), (2), (3) and (4) are to be filed up according to Item (3) of the Central Bank of Kuwait Instruction No. (2/BS/92/2002).
- 2- Column(5) indicates the type of transaction, whether bank deposit, telegraphic transfer, bank currency exchange, purchase of traveler's cheques, cash repayment of outstanding obligations to the bank, or any other type of transaction.
- 3- Value of cash transaction is to be recorded in KD in column (7), based on the average exchange rate issued by the Central Bank of Kuwait.
- 4- The sign (-) in column (8) indicates that there was no other currency against that which was mentioned for the transaction.

DEPUTY GOVERNOR

*Jumada Al-Aula 20, 1424 H
July 20, 2003*

THE CHAIRMAN,

**“CIRCULAR TO ALL LOCAL BANKS, KFH,
INVESTMENT COMPANIES AND EXCHANGE COMPANIES”**

Within the framework of the State of Kuwait’s compliance with all criteria and recommendations issued by the international bodies concerned with combating money laundering transactions, including Financial Action Task Force (FATF), and based on Law No. 35 of the year 2002 regarding the Combat of Money Laundering Transactions, as well as the relevant ministerial resolutions passed in this regards.

We would like to advise you that the Central Bank of Kuwait passed on 23/6/2003 a resolution on the establishment of the Kuwait Financial Intelligence Unit headed by the Governor of the Central Bank of Kuwait. This unit will be in charge of receiving the notifications from the Public Prosecution on the money laundering transactions, for its review and technical opinion, consistently with the rules of law No. 35 of the year 2002 concerning the Combat of Money Laundering Transactions, and the ministerial resolutions passed in relation to its execution.

With my best regards,

Dr. NABEEL AHMED AL - MANNAI

16 - INSTRUCTIONS ISSUED BY CENTRAL BANK OF KUWAIT REGARDING MONEY LAUNDERING.

D) Circular concerning Central Bank of Kuwait establishment of a Kuwait Financial Intelligence Unit chaired by Central Bank of Kuwait Governor.

DEPUTY GOVERNOR

*Thu Al-qi'da 1st, 1424 H
December 24, 2003*

THE CHAIRMAN,

Circular to All Local Banks and Kuwait Finance House

Further to Central Bank's instructions No. (2/BS/92/2002) regarding the Combat of Money Laundering and Terror Financing Transactions, specifically the rules of article No. (7) thereof, and since we have come to know that some local bank do not verify the identity of the persons who make deposit transactions in customers accounts, your bank is required to take the following actions in respect of all deposit transactions made to customers accounts with your bank:

1- In case of deposit by the account holder (Customer):

- In case of an individual customer or an owner of a sole proprietorship, the name of the customer or a transliteration forms thereof must be mentioned on the deposit slip. As for joint accounts and all of corporate bodies, the name of the depositor and the type and number of his personal ID through which his identity was verified, must be mentioned on the deposit slip, provided that the type of the ID is consistent with those types specified under item (3) of the above mentioned instructions.

2- In case of deposit by a person other than the account holder:

- The name of the depositor, his capacity and the type and number of his personal ID through which his identity was verified, must be mentioned on the deposit slip, provided that the type of his identity is consistent with those types specified under item (3) of the above mentioned instructions. It is also to be observed that deposit transaction may be accepted only from authorized persons in case of deposit in the accounts of corporate bodies which so stipulate.

On the other hand, your bank should take the necessary actions ensuring that your customers attention is drawn to their responsibility as to the deposit transactions made to their accounts by any person or entity, as long as such transactions are not rejected by the account holder within a reasonable period from the deposit date.

With my best regards,

Dr. NABEEL AHMED AL - MANNAI

EXECUTIVE DIRECTOR

*Rabi Al-Akhir 26,1425 H
June 14, 2004*

THE GENERAL MANAGER,

**Circular No. (2/BS, IBS/165/2004)
to all local banks**

Further to Central Bank of Kuwait's circular No. (2/BS/92/2002) issued to local banks on 22/10/2002, and circular No. (2/IBS/103/2003) regarding Islamic Banks and relevant to combating money laundering and terror financing transactions.

I would like to specifically refer to Item No. (20) of the said circulars, by which the Central Bank requested local banks to supply it with a statement including all cash transactions equivalent to or exceeding KD 3000/-, whether the transaction is conducted in KD or in foreign currency, using the form attached to the subject circular.

Taking into account the online system for electronically receiving those data, and which was tested with local banks during the period 30/9/2003 till 31/3/2004 pursuant to the Central Bank of Kuwait circular of 27/8/2003, we would like to notify you as follows :

- 1- Discontinue supplying the statement of cash transactions with effect from the third quarter of the current year.
- 2- With effect from 1/7/2004, the cash transactions statement shall be supplied electronically (CSV File) on a daily basis.

As regards foreign currency transfers monitoring system, established according to our circular of 12/5/2002, and since the transfers notified to us do not include minimum limits for the amounts, it has been decided that, with effect from 1/7/2004, notification shall be limited to the amounts equivalent to or exceeding KD 3000/- or its equivalent in foreign currency, on a daily basis.

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F) Circular No. (2/BS,IBS/165/2004) regarding commencement of the application of the automated system for acquisition of cash transaction data, on a daily basis.

In case you have any inquiries on the above, kindly do not hesitate to instruct your respective officers to directly contact the Head of Coordination and Information System Supervision Unit on Tel No. 22409738 or 1814444 Ext: (2722).

Best regards,

Ibrahim Ali Al-Qadhi

Executive Director, Supervision Sector

GOVERNOR

*Ramadhan 5,1425 H
October 19, 2004*

THE CHAIRMAN,

**Circular to All Local Banks,
Investment Companies & Exchange Companies**

With reference to Central Bank's Circular concerning the freezing of the assets and funds of some entities and individuals pursuant to the Security Council's resolutions relating to combating terror financing, as received from the Kuwaiti Ministry of Foreign Affairs, and in line with the Central Bank's desire to unify the form of letters received from you in this regard, we have attached the following:

- 1) The form of the reply which must be filled in and forwarded to us, in cases where accounts/transactions do not exist for the entities and individuals whose names are listed in the circular.
- 2) The form of the reply which must be filled in and forwarded to us, in cases where accounts/transactions exist for the entities and individuals whose names are listed in the circular, and the data and documents to be provided in this regard.

The Central Bank would like to emphasize the importance of giving utmost attention to following up the subject lists of frozen accounts and to applying them to all types of transactions with your bank. The mentioned circulars are applicable to all of your current and future transactions, and extreme attention should be paid to providing us with your replies to those circulars within a maximum period of 5 days from the date of the respective circular.

With my best wishes,

SALEM ABDUL AZIZ AL-SABAH

**The Executive Director of Supervision Sector
Central Bank of Kuwait**

Dear Sir,

In reply to your letter reference No. ----- dated ----- concerning the Ministry of Foreign Affairs letter dated ----- requesting the freezing of the assets of the entities and individuals mentioned in your subject letter, we would like to advise you that , after checking our records, we found (financial assets, accounts, financial activities) for the following entities / individuals:

- Name of (entity / individual) account / transaction holder: -----
- Identity Documentation : * -----
- Relevant accounts Number : -----
- Total frozen assets : -----

Please note that we will not conduct any transaction with the entities / individuals mentioned in your subject letter until further notice from your part.

Best regards,

GENERAL MANAGER

* Copy of the identity documentation

16 - INSTRUCTIONS ISSUED BY CENTRAL BANK OF KUWAIT REGARDING MONEY LAUNDERING.

G) Circular dated 19/10/2004 regarding the unification of the form of replying to Central Bank's concerning the freezing of the assets and funds of some entities and individuals

**The Executive Director of Supervision Sector
Central Bank of Kuwait**

Dear Sir,

In reply to your letter reference No. ----- dated ----- concerning the Ministry of Foreign Affairs letter dated ----- requesting the freezing of the assets of the entities and individuals mentioned in your subject letter, we would like to advise you that , after checking our records, we found no financial assets, accounts or financial activities belonging to the individuals / entities mentioned in your subject letter .

Please note that we will not conduct any transaction with the entities / individuals mentioned in your subject letter until further notice from your part.

Best regards,

GENERAL MANAGER

GOVERNOR

*Rabi Al-Awal 12, 1427 H
April 10, 2006*

THE CHAIRMAN,

**Circular to All Local Banks
No. (2/BS, IBS/188/2006)**

We would like to advise you that the Central Bank of Kuwait Board of Directors has resolved, at its meeting of 9/4/2006, to amend item No.(10)⁽¹⁾ of the Central Bank of Kuwait instructions No. (2/BS/92/2002) issued to local banks, and the Central Bank of Kuwait instructions No. (2/IBS/103/2003) issued to Islamic Banks with regard to combating money laundering and terror financing transactions, to read as follows:

“Banks must pay special and exceptional attention to all complex and unusual large transactions, and to all unusual patterns of transactions which have no apparent economic or lawful purposes and objectives, or which are inconsistent with the customer’s nature of business or the size of debit and credit balances in his account, or raise doubts on their essential nature, objectives or the source of their funds. We also particularly refer to the large or repeated sums of cash money which owners try to exchange, or the internal and foreign transfers of large or repeated amounts.

In the above mentioned cases, the bank must investigate the case and collect the data on the suspicious transaction and the parties having relation to the transaction. However, such actions taken may not be disclosed to such parties, whether expressly or implicitly. The bank must also record the outcome of the research and investigation, in writing.

In case the bank finds out that the subject transfer and its amount is sound and substantiated by supporting documents, the bank must process the transaction in accordance with established banking procedures.

If the results of the investigation and detection conducted by the bank confirm the suspicion over such transaction and the funds associated with it, the bank must notify the Public Prosecution of the details of the suspected transaction, sending at the same time a copy of the notification and its details to the Central Bank of Kuwait for info.

(1) This item was replaced pursuant to circular No. (2/BS, IBS/300/2010) issued on 9/6/2010 and which is included in this section as Item “K”.

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H) Circular No. (2/BS,IBS/188/2006) concerning the amendment of item (10) of Central Bank of Kuwait instructions issued to all local banks on combating money laundering and terror financing transactions.

In all cases, the bank must prepare a report including all the details of the transaction and the bases on which the bank relied in passing the transaction or referring it to the Public Prosecution, while taking into account that the bank will be fully responsible for its decisions and their consequences, which may make the bank accountable before the competent authorities in case the bank is found to be negligent in taking the appropriate actions for ensuring the integrity of the subject transaction.

Your bank is required to observe the above from this letter's date.

With my best wishes,

SALEM ABDUL AZIZ AL-SABAH

GOVERNOR

*Rabi Al-Awal 19, 1430 H
March 16, 2009*

THE CHAIRMAN,

**Circular to all local banks
(2/BS, IBS/240/2009)**

In line with the constant endeavor to cope with the developments relating to AML/CFT areas, we hereby emphasize that it is essential to comply with the Central Bank of Kuwait's instructions regarding AML/CFT No. (2/BS/92/2002) dated 22/10/2002, and to Islamic banks No. (2/IBS/103/2003) dated 15/6/2003, concerning the services extended to customers, including the safe deposit boxes with your bank. In this context, your bank should take the following measures when any of the customers requests the lease of safe deposit boxes, or when existing customers request renewal of the safe deposit boxes lease agreements with you:

1. Identify customer based on the official documents stated under the above-mentioned the Central Bank of Kuwait's instructions.
2. Obtain a declaration by the customer, stating that the contents of the safe deposit box belong to him, and that he deposited its contents personally, and that he declares not to misuse the service for acts in violation of the relevant statutes, laws and regulations.
3. In case your bank has any doubts about the customer's misuse of the safe deposit box, and following investigations to judge the seriousness of such suspicion, and pursuant to the provisions of Law No. 35 of the year 2002 regarding AML, this must be reported to the Public Prosecution, with copy of such report to be sent to the Central Bank of Kuwait.

With my best wishes,

SALEM ABDUL AZIZ AL-SABAH

16 - INSTRUCTIONS ISSUED BY CENTRAL BANK OF KUWAIT REGARDING MONEY LAUNDERING.

- 1) Circular No. (2/BS,IBS/240/2009) concerning the procedures to be adopted when a customer applies for leasing, or renewing the contract of safe deposit boxes.

GOVERNOR

*Jumada Al-Aula 4, 1430 H
April 29, 2009*

THE CHAIRMAN,

**Circular No. (2/BS, IBS, IS, IIS/242/2009) on the manner of
dealing with political persons non-resident in Kuwait,
and who represent risks in the area of AML/CFT.**

I would like to advise you that the Board of Directors of the Central Bank of Kuwait approved, during its meeting held on 12/4/2009, the instructions No. (2/BS, IBS, RS, IRS/242/2009) in respect of dealing with politicians – non-residents in Kuwait – representatives of risk in the area of AML/CFT. It has been resolved to act according to these instructions with effect from this date.

Therefore, I am attaching herewith copy of these instructions to act accordingly. Your bank/company should adopt all measures necessary to deal with this category of customers in accordance with the controls covered in the attached instructions.

With my best wishes,

SALEM ABDUL AZIZ AL-SABAH

Instructions local banks and investment companies in respect of dealing with politicians – non-residents in Kuwait – representatives of risk in the area of AML to all CFT No. (2/BS, IBS, RS, IRS/242/2009)

In line with the constant endeavor to cope with the developments in the international standards regarding AML/CFT, and in consistence with those standards, the need arises for setting up a mechanism for local banks and investment companies' dealings with politicians, non-residents in the State of Kuwait, who are assessed as of high risk, as they may use their authority in realizing illicit gains, whether directly in their names or through the names of some of their relatives or close persons. Therefore, the matter requires following specific and strict procedures to deal with those persons, including setting up the necessary policies and procedures, performing appropriate periodic updating, and continually monitoring the transactions made to their favor. Those politicians, representing risk, are defined as "The persons assigned, or will be assigned with prominent public tasks in foreign countries, such as top politicians, top government, judicial, and military officials, top executive officers in state-owned companies, and top political parties officials. Consideration should be given to the fact that the business relations with the family members of those persons, or their close partners, also involve risks, such as those involved in dealing with those specific persons, without this being applied to the persons occupying middle or lower positions as stated above.

Therefore, and in consistence with the Central Bank of Kuwait's instructions No. (2/BS/92/2002) to local banks, dated 22/10/2002, as amended, No. (2/IBS/103/2003) to the Islamic banks, dated 15/6/2003, as amended, and No. (2/RS, IRS/180/2005), dated 12/9/2005 to investment companies, regarding AML/CFT. In dealing with this category of customers, banks and investment companies should observe the following:

1. Providing a written policy, approved by the Board of Directors, in the area of dealing with risk politicians in AML/CFT, defining and identifying those persons, and requiring prior approval by top management levels with specific approval authority to deal with those persons, opening accounts/portfolios in their favor with the bank/investment company, while specifying the parties falling with the scope of this customer category.

2. Providing specific work procedures to be followed while dealing with the accounts/portfolios opened for those persons, including periodic updating of their data. These procedures should be applied to any existing customers, once they become among the risk politicians (immediately after this comes to the knowledge of the bank/investment company). These procedures should require a periodic audit of the accounts and dealings of those persons, so as to ensure compliance with those procedures, thus providing proper control to mitigate the risk associated with the transactions of those persons.
3. While dealing with those persons, and in accordance with foregoing the Central Bank of Kuwait's instructions regarding AML/CFT, their identification documentation should be collected.
4. If any of those listed as risk politicians, with whom the bank/investment company deals, leaves office, their names should not be excluded from the list. Their names should be kept for a proper period, depending on their tenor in office, but for at least 6 months, in all cases. Names of persons shall be excluded only upon the approval of the top management of the bank/investment company.
5. Banks and investment companies may use the lists of names and positions of the politicians, which are more accurately available through data and information firms.

These instructions shall apply with effect from the date of their issuance.

29/4/2009

GOVERNOR

*Jumada Al-Akhir 26, 1431 H
June 9, 2010*

THE CHAIRMAN,

**Circular No. (2/BS,IBS/300/2010)
to All Local Banks**

We would like to advise you that the Central Bank of Kuwait Board of Directors, at its meeting of 8/6/2010, resolved to amend certain clauses of the instructions No. (2/BS/92/2002), dated 22/10/2002 to local (conventional) banks, and instructions No. (2/IBS/103/2003) dated 15/6/2003 to Islamic banks, regarding the combating of money laundering and terror financing transactions (AML/CFT), and their amendments, as follows:

Replacement of the text of Article (2) to read as follows:

- 2) Banks should have a written policy, approved by their boards, relating to the Know your Customer “KYC” principle, covering the following:
 - 2.1 Minimum information and data that should be fulfilled prior to approving dealing with customers, including: customer identification, customer’s profession or activity, sources of income, purpose of opening the account, and other information.
 - 2.2 Update of the information and data referred to in 2.1 above on an adequate periodic basis. In this context, we would like to specifically indicate that customer’s identification documents should be always valid, and that any notable changes to the customer’s activity or accounts should be highlighted.
 - 2.3 The actions to be taken against any customer who fails to provide the bank with the above-mentioned information and data, whether at the outset of the relationship or while updating such information and data.”

Replacement of the text of Article (3) to read as follows:

- 3) Banks are prohibited from opening any of the accounts mentioned in Clause 1 above, unless upon obtaining copies of the official customer identification documents, as follows:

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K) Circular No. (2/BS,IBS/300/2010) regarding the amendment of certain clauses of the instructions No. (2/BS/92/2002) regarding AML/CFT.

- 3.1 Civil ID as for Kuwaiti individuals, and non-Kuwaiti individuals residing in the State of Kuwait, provided that such documents are valid.
- 3.2 Travel document as for non-Kuwaitis not residing in the State of Kuwait, provided that such documents are valid.
- 3.3 The license issued by the Ministry of Commerce and Industry as for sole proprietorship, in addition to the civil ID of the business owner, provided that such documents are valid.
- 3.4 The license issued by the Ministry of Commerce and Industry, as well as the specimen signature form, as for the commercial companies, provided that such documents are valid.
- 3.5 The supporting documents approved by the state competent authorities as for the non-resident companies and institutions.
- 3.6 Papers, documents and court judgments legally proving that the person acting on behalf of third parties is authorized to represent the principal.

For other customers not mentioned above, banks should obtain the official identification documents approved by the accredited competent authorities issuing such documents.

Amendment of Paragraph (2) of Article (5) to read as follows:

- “In the event that the customer opens an account on behalf of third party, the necessary legal documents supporting the nature and scope of legal representation, as well as the name(s) of customers, beneficiaries of the account, must be obtained.”

Replacement of the text of Article (6) to read as follows:

- 6) Banks, while carrying out their transactions, whether for their customers or for their own account, through correspondents in other countries, must comply with the following:
 - 6.1 Execution of those transactions must be limited to correspondents licensed to carry out such transactions by the competent authorities in the countries where those correspondents are located. Banks should abstain from dealing with shell banks.

- 6.2 The relationship between banks and correspondents must be governed by approved contracts and agreements that regulate the relationship between both parties. Their agreements with correspondents must contain the term of obtaining the customer identification documents prior to proceeding on the transaction, and keeping those documents for access, if needed. Approval of the bank's board of directors must be obtained prior to concluding new agreements with correspondents.
- 6.3 Sufficient information should be made available about those correspondents, and no dealing should take place with correspondents or entities dealing with, or allowing shell banks, to access their accounts.
- 6.4 Reasonable actions must be taken to ensure that the correspondent has adequate AML/CFT systems, and that such correspondent is subject to a regulatory system covering the combating of the aforementioned transactions.

Replacement of the text of Article (9) to read as follows:

- 9) Banks should pay utmost attention to the circulars received from the Central Bank of Kuwait regarding the lists containing the freezing of assets, accounts, and financial accounts and activities belonging to certain individuals or entities. The following should be complied with:
 - 9.1 Sending the responses to the Central Bank of Kuwait with regard to those circulars within five working days.
 - 9.2 Adopting adequate automated systems to ensure that all assets, accounts, financial activities or balances of the aforementioned individuals and entities are frozen, and to ensure that no dealing will take place with them in the future.

In the event that any of the banks carries out transactions resulting in settlement or utilization of correspondent accounts (within the regional boundaries of another country), whether for their account or for their customers, they will be responsible for satisfying the requirements of the competent authorities in those countries with regard to any lists for freezing the assets, accounts, funds and activities belonging to certain individuals or entities, which may be applied in this respect.

Replacement of the text of Article (10) to read as follows:

10) Banks should take special, exceptional care, as for the sophisticated large deals, and all patterns of unusual deals, which have no clear economic or legal goals and objectives, or which do not fit the customer's activity or the level of debit and credit amounts in his/her account, or those raising suspicions with regard to their existence, purpose, and source of their funds. We specifically refer to the large cash amounts, the amounts that the holders frequently attempt to exchange, or the inbound or outbound transfers in large and repeated amounts.

In the above-mentioned events, the bank should conduct research and investigation, and should gather the information pertinent to the suspicious transaction, and the parties related to the transaction, without these actions resulting in the related party's knowledge, or having hints to the actions taken by the bank. Also, the findings of the research and investigation made by the bank should be registered in writing.

In the event that that bank finds out that the transaction, subject of research, and the funds related thereto, is sound in accordance with the supporting documents, the bank should complete the transaction in accordance with the normal banking procedures.

However, if the findings of the research and investigation conducted by the bank confirm the suspicions about that transaction and the related funds, the bank should report the details of the suspicious transaction to the public prosecution.

In all cases, the bank should prepare a report covering full details of the transaction, and the basis of the decision to pass the transaction or refer it to the public prosecution, while keeping those reports for at least 5 years, which should be accessible by the competent authorities, taking into consideration that the bank shall be fully responsible for its decisions and their effects, which may hold it accountable by the competent authorities in case it was noticed that the bank is delinquent in taking the adequate actions towards ensuring the soundness of the transaction subject of the research.

Replacement of the text of Article (13) to read as follows:

13) The annual internal audit plan shall constantly highlight the adequacy of the actions taken by the bank, and how far it is compliant with the AML/CFT requirements and the Central Bank of Kuwait regulations in this respect. In this context, the prepared report, covering the findings of the examination, should be referred to the board of directors or the audit committee of the bank, for any actions required in this regard.”

Replacement of the text of Article (14) to read as follows:

14) In support of the internal control systems, banks should comply with the following:

14.1 Prepare clear, accurate policy and procedures, which should be approved by the board of directors, covering the bank’s policy with regard to AML/CFT, in compliance with the relevant local legislation, ministerial resolutions, and the Central Bank of Kuwait regulations in this respect. The policy should also contain a clear definition of those transactions, their various patterns, methods of detection and tracing of such transactions, as well as the minimum actions that the concerned employees should take upon detecting any case suspected to be among the aforementioned transactions.

14.2 The external auditor’s report on the bank’s internal control systems should contain a clear opinion on the extent of the bank’s compliance with the local laws, ministerial resolutions, and the Central Bank of Kuwait regulations relevant to AML/CFT, in addition to the compliance with the bank’s policies and controls in this respect.

14.3 Upon appointment of employees, they must satisfy the minimum requirements of adequate qualifications, together with conducting investigations on the new job applicants to ensure that no new suspicious employee will be appointed, which may expose the bank to the risk of money laundering or financing of terrorism.”

Amendment of Article (18) to read as follows:

18) These instructions shall apply to all internal and external branches, and subsidiaries of banks, especially if they operate in countries that do not comply with the international resolutions and recommendations in this regard. Banks should ensure, at their own discretion, that the branches and subsidiaries are compliant with these instructions. In the event that it is not

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K) Circular No. (2/BS,IBS/300/2010) regarding the amendment of certain clauses of the instructions No. (2/BS/92/2002) regarding AML/CFT.

possible to comply with the implementation of these instructions, the bank shall report to the Central Bank of Kuwait accordingly.

Special and exceptional care must be taken with regard to any dealing with a person or entity from the aforementioned countries, to ensure soundness of the transactions. Banks should prepare a written policy, approved by the board of directors, as for how to deal with the persons and entities from the aforementioned countries, and the additional precautionary measures that must be adopted in this regard.

Amendment of Article (20) to read as follows:

20) Banks should provide the Central Bank of Kuwait, via online system, and on a daily basis, with the data relating to the following dealings:

20.1 All cash transactions equal to, or exceeding KD 3,000, or the equivalent in foreign currency, per customer, per day, on LCT system.

20.2 All foreign currency transfer transactions equal to, or exceeding KD 3,000 per customer, per day, on FCT system.

All ministries and local government departments are excluded from the above requirement.

Amendment of Article (22) to read as follows:

22) The bank should take all legal actions and impose adequate penalties against any bank employee, including the CEO, his deputies and assistants, as well as the chairman and members of the board of directors, who are proven to be delinquent in the performance of their responsibility specified in the application of the bank's policy and procedures with regard to AML/CFT, and should notify the Central Bank of Kuwait of the details of the incident attributed to the employee or board member, as well as the results of the bank's actions in this respect, without conflict with Clause 10 of these regulations.

With my best wishes,

SALEM ABDUL AZIZ AL-SABAH