

Mutual Evaluation Report

4th Follow-Up Report for Saudi Arabia

Anti-Money Laundering and
Combating the Financing of Terrorism

17 June 2014

The Kingdom of Saudi Arabia

This report provides an overview of the measures that Saudi Arabia has taken to address the major deficiencies relating to Recommendations rated NC or PC since its last mutual evaluation. The progress shown indicates that sufficient action has been taken to address those major deficiencies, and in particular those related to R5, R35, R40, SRI, SRII, SRIII, and SRV. It should be noted that the original rating does not take into account the subsequent progress made by the country.

The 4th Follow-Up Report for the Kingdom of Saudi Arabia

Application to Move from Follow-Up to Biennial Updates

A. Introduction

1. The 11th Plenary Meeting adopted the mutual evaluation report (MER) of the Kingdom of Saudi Arabia (Saudi Arabia) in 4 May 2010. As a result, Saudi Arabia was placed under the regular follow-up according to the paper on mutual evaluation process procedures. Saudi Arabia submitted its 1st follow-up report in April 2012, its 2nd follow-up report in April 2013 and its 3rd follow up report in November 2013. Saudi Arabia expressed its hope that the 19th Plenary Meeting considers its application to move from regular follow-up to biennial updates.

2. This paper is based on the procedures for removal from the regular follow-up, as agreed by the 12th Plenary Meeting (November 2010) and on the amendments made to the procedures during the electronic Plenary Meeting (August - September 2013). This report contains a detailed description and analysis of the action taken by Saudi Arabia in respect of the Core¹ and Key² Recommendations rated Non Compliant (NC) and Partially Compliant (PC) in the above mentioned MER. The report also includes a description and analysis of the other Recommendations rated PC or NC. In Annex 1, we are including a list of the major laws and documents relating to the AML/CFT system in Saudi Arabia.

3. The procedures require that the Plenary Meeting considers the removal of the country from the regular follow-up if it has, at the discretion of the Plenary Meeting, an effective AML/CFT system in force, under which the country has implemented the core and key recommendations at a level essentially equivalent to a C (Compliant) or LC (Largely Compliant) taking into consideration that there would be no re-rating.

4. Saudi Arabia was rated PC and NC on the following 18 recommendations:

<i>Core Recommendations rated PC or NC</i>
R5 and SRII
<i>Key Recommendations rated PC or NC</i>
R35, R40, SRI, SRIII and SRV
<i>Other Recommendations rated PC</i>
R6, R11, R21, R25, R32, R38, SRVII and SRIX
<i>Other Recommendations rated NC</i>
R12, R16 and R24

5. As prescribed by the procedures of exiting the regular follow-up, Saudi Arabia provided MENAFATF Secretariat (the Secretariat) with a full report on its progress since the adoption of the MER. The Secretariat has accordingly drafted a detailed analysis of the progress made by Saudi Arabia with respect to the Core and Key recommendations rated NC or PC, including

¹ Core Recommendations according to the FATF rating are: R1, R5, R10, R13, SRII, and SRIV.

² Key Recommendations according to the FATF rating are: R.3, R4, R23, R26, R35, R36, R40, SRI, SRIII, and SRV.

an analysis of the other Recommendations rated NC or PC. A draft analysis was provided to the Saudi authorities (with a list of additional questions) for its review, and comments from Saudi Arabia have been taken into account in the final draft. During the process, Saudi Arabia has provided the Secretariat with all information requested.

6. As a general note on all applications for removal from regular follow-up: This procedure is described as a *paper based desk review*, and by its nature, it is less detailed and thorough than a mutual evaluation report. The analysis focuses on the Recommendations that were rated NC or PC, which means that only a part of the AML/CFT system is reviewed. Such analysis essentially consists of looking into the main laws, regulations and other material to verify the technical compliance of domestic legislation with the FATF standards. In assessing whether sufficient progress has been made, effectiveness is taken into account to the greatest extent possible in a paper based desk review and primarily through a consideration of data provided by the country. It is also important to note that these conclusions do not prejudge the results of future assessments, as they are based on information which has not been verified through an on-site process and was not, in every case, as comprehensive as would exist during a mutual evaluation.

B. Main conclusion and recommendations to the Plenary

Core Recommendations:

7. **R5 (Customer Due Diligence):** Deficiencies related to this recommendation were corrected by amending AML law and its Implementing Regulations; FIs are prohibited from keeping numbered accounts; the regulations provide for ongoing CDD measures, requiring FIs to terminate business relationships when failing to apply CDD measures or when FIs have doubts about the accuracy or adequacy of the customer identification data that were obtained, undertaking CDD measures on existing customers on basis of materiality and risk, the need to obtain information on the beneficial owner, undertaking CDD measures on all cash transactions in banks and exchange companies, updating data of customers; adequate instructions were also issued to banks, exchange companies, insurance companies, financing companies and licensed individuals. The KSA has taken many measures to foster effectiveness of CDD measures by FIs which is revealed in the statistics provided with regard to inspections conducted by the supervisors, detection of violations and requiring FIs to correct such violations, as well as monitoring on part of supervisors in order to correct the violations that were detected.

8. **SRII (Criminalization of terrorism financing):** Deficiencies related to this recommendation were corrected by issuing the Law of terrorism crimes and terrorism financing issued in 2013 and Royal Decree No (A/44) to include criminalizing the collection and submission of funds to terrorist acts, terrorist organizations and terrorist individuals, by any means, whether funds from licit or illicit sources and imposing sanctions related thereto, extending the criminal liability to natural and legal persons, defining funds in a manner to be in line with the international conventions and consider it as ML predicate offense.

9. As a general result, the level of compliance of Saudi Arabia with respect to these recommendations can be rated as equivalent to "LC".

Key Recommendations:

10. **R35 (Conventions):** Deficiencies related to this recommendation were addressed by fully implementing Palermo Convention, through the procedures issued by the Ministerial Resolution in 2012, implementing UN convention for the Suppression of Terrorism Financing, through TF criminalization, via the law of terrorism crimes and terrorism financing and issuing procedures on implementing the International Convention in 2012.
11. **R40 (Other Forms of Cooperation):** KSA addressed the deficiencies related to this recommendation by establishing a legal foundation for some forms of international cooperation on part of the LEAs, as well as signing many MOUs with counterparts supervisors, and some supervisors joined international organizations involved in the exchange of information.
12. **SRI (Implementation of UN instruments):** Deficiencies were addressed by implementing the Convention for the Suppression of Terrorism and issuing special measures on implementing S/RES/1373 issued in 2012 and addressing deficiencies related to the mechanism of implementing S/RES/1267.
13. **SRIII (Freezing and confiscating terrorist assets):** The deficiencies related to adopting special measures on implementing UNSCR 1373 and deficiencies related to the legal framework for implementing UNSCR 1267 were corrected.
14. **SRV (International Cooperation):** The deficiencies related to the requests of MLA were corrected through the amendments introduced to AML law and its implementing regulations, issuing the Law of terrorism crimes and terrorism financing, expanding the mandate of the committee established to execute MLA requests and adopting the working mechanism of the committee, as well as special measures on implementing the MLA requests to include MLA requests on confiscation and freezing, information exchange among competent authorities and foreign counterparts.

Other Recommendations:

15. Saudi Arabia has addressed the deficiencies relating to other recommendations. It is worth noting that the decision for removal of Saudi Arabia from the follow-up process is primarily based on the core and key recommendations. This report does not provide a detailed analysis with regard to the other recommendations.

Conclusion

16. The follow-up procedures indicate that, for a country to have taken sufficient action to be considered for removal from the process, it must have an effective AML/CFT system in force, under which it has implemented the core and key recommendations at a level essentially equivalent to C or LC, taking into account that there would be no re-rating. The Plenary meeting does, however, retain some limited flexibility with regard to the key recommendations if significant progress has also been made on the overall set of Recommendations that have been rated "PC" or "NC".
17. With regard to Core Recommendations, it can be said that the level of compliance of Saudi Arabia with respect to these recommendations can be rated at a level which is, at a minimum, equivalent to "LC".

18. With regard to Key Recommendations, the level of compliance of Saudi Arabia on the overall set of Recommendations can be rated at a level which is, at a minimum, equivalent to "LC".

19. With regard to other recommendations where Saudi Arabia was rated NC or PC, the overall level of compliance of Saudi Arabia on these recommendations is equivalent to "LC", at a minimum.

20. With respect to effectiveness; during the period 2010-2013, KSA issued 158 ML convictions and did not issue any TF convictions in accordance with the current Law as it was recently issued. Saudi Arabia, however, issued a large number of TF convictions before issuing the current regime, based on Islamic Sharia'a rules and principles and on the AML law. With respect to STRs (Suspicious Transaction Reports), the statistics provided by the FIU reveal a large number of STRs from the reporting entities as well as supervisors, in cases suspected to be linked to ML/TF crimes; however, the STRs submitted by Non Banking FIs compared to the STRs provided by Banking FIs are low, which may be due to many reasons, among others, some non banking financial activities being recent such as the insurance and financing sector and the need for those sectors to develop internal systems to trace and detect suspicious transactions and increase awareness level to identify suspicious cases.

21. With respect to the effectiveness of the regulatory bodies that oversee financial and non-financial institutions, the capacities of such entities were reasonably enhanced: the staff was increased and specialized AML/CFT departments were established; a reasonable number of staff was provided along with providing ongoing training as well. The data provided by the Saudi Authorities reveal that supervisors have increased the inspection visits conducted to FIs and NFBPs, detecting and monitoring the comments made through the inspection visits, imposing sanctions on violating institutions, which is an indicator to improved effectiveness of FIs and NFBPs with their obligations. KSA has as well enhanced the capacities of LEAs, improved training provided to such entities in order to introduce staff with ML/TF methods and techniques. With respect to declaration of cash money and precious metals, the system was largely implemented, which is clear in the number of cases declared, whether inside or outside the Kingdom, and imposing a series of sanctions against those who breach the declaration system.

22. As a result, and since the level of compliance of Saudi Arabia to the core recommendations is rated at a level which is, at a minimum, equivalent to "LC" and the level of compliance with respect to the key recommendations is rated at a level equivalent to "LC" at a minimum, the Plenary meeting decided to approve KSA's request to move from regular follow up to biennial updates. Consequently, Saudi Arabia will have to provide the 23rd plenary (April/May 2016) with an update report on any update in its AML/CFT regime and any relevant information or statistics.

C. Overview of the Kingdom of Saudi Arabia's progress

Overview of the main changes since the adoption of the MER:

23. Since the adoption of the MER, Saudi Arabia has focused on amending the AML Law and putting in place a system for countering terrorism crimes and the financing of terrorism in order to address the deficiencies indicated in the MER as well as issuing a number of ministerial decisions related to the implementation of Security Council resolutions and international conventions.

The legal and regulatory framework:

24. The legal framework of the AML/CFT system in Saudi Arabia draws on the AML system established by virtue of the Royal Decree No. (M/31) dated 3 April 2012, which is based on the Cabinet Decree No. (145) dated 2 April 2012 and which includes introducing some amendments to the previous law issued in 2003, and on the law of terrorism crimes and financing issued by virtue of the Royal Decree No. (M/16) dated 27 December 2013 and based on the Cabinet Decree No. (63) dated 17 December 2013. Saudi Arabia issued the implementing regulation of the AML system pursuant to the Ministerial Decision No. (52021) dated 17 March 2013. The Cabinet approved the expansion of the Permanent Committee responsibilities to execute mutual legal assistance requests by virtue of the decision No. (78) dated 14 April 2012 and approved the mechanisms for the implementation of SC Resolutions No. (1267), (1988) and (1373) pursuant to Resolution No. 25505 dated 14 April 2012. Ministerial decision No. (1697) was issued on 14 March 2012 approving the procedures for implementing the International Convention for the Suppression of the Financing of Terrorism. In addition, Ministerial decision No. (2063) was issued on 17 April 2012 approving the procedures for implementing the United Nations Convention against Transnational Organized Crime (Palermo Convention). The regulatory bodies that oversee Financial Institutions (FIs) and Designated Non Financial Businesses and Professions (DNFBPs) updated AML/CFT databases for its subject entities and the Ministry of Justice issued AML/CFT rules related to the practice of law pursuant to Circular No. (13/T/4446) dated 4 December 2011.

D. Review of the measures taken in relation to the Core Recommendations

R5: Rating (PC)

Deficiency 1: CDD requirements for insurance companies and authorized persons have been recently circulated (at the time of the On-site visit) which suggest that the effectiveness could not be properly addressed.

25. Saudi Arabian Monetary Agency (SAMA), the regulatory body that oversees insurance companies, has adopted a plan and program of action to verify the effectiveness of insurance companies' implementation of the AML/CFT rules, including CDD requirements imposed on insurance companies. A handbook of inspection to verify compliance of insurance companies to AML/CFT rules was issued in October 2011. This program is designed to verify that appropriate controls and procedures relating to insurance companies' compliance to AML/CFT rules are in place, review AML/CFT measures taken by insurance companies, and check the quality and thoroughness of AML/CFT programs including identifying suspicious transactions. The following table indicates the number of inspection visits undertaken by the Saudi Arabian Monetary Agency to insurance companies over the past years; which explains that all insurance

companies were subject to inspection operations during the past years and that many violations were detected; although no accurate statistics are available on the number of comments that were detected; yet, the Saudi authorities confirmed that they have taken the required corrective measures to address such remarks.

Table 1: Number of Insurance Companies Inspected by SAMA

Year	No. of companies visited	Overall number of insurance companies	No. of sanctions imposed
2011	7	31	Comments were made and violations detected were corrected
2012	33	33	Comments were made and violations detected were corrected
2013	44	35	Comments were made and violations detected were corrected

26. On the other hand, the Capital Market Authority (CMA) – the supervisory body over authorized persons - issued inspection manual of the authorized persons on 1st January 2010. With respect to implementing customer acceptance rules and CDD measures, the guide of inspection was updated; it was adopted by the CMA on 18 November 2013 and includes all measures to verify the compliance of the authorized persons with everything issued by the AML/CFT authority. The following table indicates the number of inspection visits undertaken by the CMA to most of the subjected entities with a view to verify the implementation of AML/CFT requirements; the inspection programs reflect that they have undertaken periodic or adhoc inspection programs, on an ongoing basis, over the last years and they have detected some violations to the instructions as well as to AML/CFT requirements.

Table 2: Number of Inspection Visits by the CMA to the authorized persons

Year	No. of inspection visits	No. of persons visited	Total number of subject persons	No. of sanctions imposed
2010	18 periodic/ 48 Special visits	66	90	25
2011	20 periodic/82 Special visits	102	81	9
2012	16 periodic/65 Special visits	81	80	20
2013	74 periodic/74 Special visits	91	84	No decisions issued yet

27. In order to raise awareness and promote the efficiency of employees of the authorized persons, the CMA held quarterly meetings during 2011, 2012 and 2013 to discuss all the matters related to AML/CFT rules issued by the CMA. To this effect, the following measures were re-stated and re-confirmed: the Authorized Persons should meet the related legal requirements; a self-review of the customer identity verification procedures and policies should be made and appropriate risk management procedures should be taken. The CMA has established 5 committees in 2014 which work as a forum for securities in order to discuss related issues and come out with standard proposals and recommendations, analyze them to

reach out the CMA with a view to achieve a higher level of transparency and competence in the CMA work under all its elements, and everything related to the regulations issued by the CMA, such as AML/CFT rules.

Deficiency 2: No specific guarantee, in primary or secondary legislation, that numbered accounts are maintained in such a way that full compliance with the FATF Recommendations can be achieved.

28. Saudi Arabia addressed the deficiency specified in this recommendation via the AML law; article (5) thereof prohibits financial institutions from conducting financial, commercial or any other transaction under a fictitious or anonymous name, opening or dealing with numbered accounts. Additionally, article (5) requires financial institutions to continuously verify the identity of the involved parties based on official documents. Article (5/1) of the implementing regulation requires the financial institutions to comply with the instructions issued by the regulatory bodies with respect to implementing "Know Your Customer" (KYC) principle and taking CDD measures. Article (39) of the law of terrorism crimes and financing stipulates that provisions of AML law and implementing regulation shall apply to financial institutions with respect to crimes of terrorism financing, terrorist acts, terrorist organizations or those who finance terrorism.

29. Instructions issued by the regulatory bodies that oversee financial institutions prohibit also using anonymous or fictitious names in financial, commercial or other transactions, as well as opening or dealing through numbered accounts. According to AML/CFT rules, updated by SAMA in February (2012), banks are prohibited from opening or dealing through numbered accounts, and banks and exchange companies are required to verify the identity of the customer and beneficial owner based on the official documents provided. Amendments made by the Saudi Arabian Monetary Agency relating to financing companies in (2012) stressed on prohibiting financing companies from conducting any financial, commercial or other transactions or business relationships under anonymous or fictitious names or maintaining any numbered accounts. AML/CFT rules issued by the SAMA in February 2012 also require insurance companies to take all the steps necessary to obtain complete and correct data on any customer and his insurance objectives, and prohibit them from providing products and services to anonymous or fictitious persons or banned persons. With respect to CMA Authorized Persons, article (8) of the AML/CFT rules issued by the CMA in October (2011) and updated in December 2013, states that an authorized person shall take all the steps necessary to obtain full and correct information on any customer, his financial position and investment objectives and that such authorized person shall not open anonymous accounts or accounts under false or fictitious names or accounts for persons reported banned by the CMA.

Deficiency 3: No explicit provisions on ongoing CDD requirements were included in the primary or secondary legislation.

Deficiency 9: Financial institutions, other than banks, may not be scrutinizing transactions for consistency with due diligence data. The reported reliance of many banks on specialized software to monitor transactions for such scrutiny does not include matching customer identification data.

30. Article (5) of the AML law stipulates that the identity of permanent customers should be verified based on official documents at the beginning of the relationship with the customers or when conducting any transaction with them or on their behalf; the official documents of the

corporate entities shall be verified, and ongoing due diligence measures should be taken as stated in the implementing regulation. It had been also stated that provisions related to financial institutions and stated in the AML regime shall apply to crimes of terrorism financing. Article (5/1/1) of the implementing regulation stipulates that financial institutions shall continuously verify the identity of all the permanent and occasional customers of financial institutions and that original valid documents approved for identity verification shall be reviewed. Article (5/7) also states that financial institutions shall undertake ongoing CDD measures.

31. Instructions issued by regulatory bodies that oversee financial institutions included the details of applying ongoing CDD measures. AML/CFT rules issued for banks and exchange companies require that banks and exchange companies to identify and verify, on an ongoing basis, all permanent or occasional customers as well as the beneficial owner; to take due measures necessary for updating customer information on an ongoing basis; to monitor all activities and transactions undertaken throughout the course of that relationship to ensure that they are consistent with the bank or the exchange office's knowledge of the customer. Rules issued for financing companies, on the other hand, require that such companies should undertake the following: updating customers data on ongoing basis; applying ongoing due diligence measures to all existing customers; matching customer data with their transactions, re-classifying them on the basis of materiality and risk, necessarily monitoring customer transactions, and non-reliance on software only as transactions should be associated with customer's data.

32. Rules issued for insurance companies stipulate that they should obtain information on the purpose and nature of the business relationship depending on the customer type, the business relationship or the transaction, so that a company can perform CDD measures on an ongoing basis and update the data previously obtained to verify their accuracy and veracity; they should undertake to perform CDD measures, on ongoing basis, such as ongoing investigation of all the transactions conducted throughout the business relationship insuring that all transactions are consistent with the KYC principle and their knowledge of the customer. Article (8) of AML/CFT rules issued for CMA Authorized Persons stipulates that an authorized person shall obtain information on the purpose and nature of the business relationship depending on the customer type, the business relationship or the transaction, in order to undertake, on ongoing basis, CDD measures and verify ongoing application of CDD measures; such as continuous scrutiny of all the transactions conducted and accounts opened during the course of the business relationship to ensure that all transactions are consistent with the institution's knowledge of the customer, information on customer and the source of wealth and funds.

33. Inspection programs targeting banks, exchange companies, branches of foreign banks operating in KSA, implemented by SAMA on subjected institutions include the data on verifying how the institutions undertake accurate control to the data provided by the customer and verify them on a regular basis, as well as how a specialized department in a FI follows up the application of instructions of the KYC principle, due diligence and monitoring the operations. The procedures of onsite inspection cover as well AML/CFT compliance of insurance companies to the measures to verify that insurance companies scrutinize the data provided by the customer, monitor the operations to see if they match with the data provided by the customer as well as the regulations pertaining to the inspection manual for the Authorized Persons by the CMA.

Deficiency 4: Insurance companies are not explicitly required to terminate the business relationship and submit a suspicious transaction report in case required CDD measures could not be applied to existing customers and in such cases whereby the institution has doubts about the veracity or adequacy of previously obtained customer identification data.

34. Paragraph (17) of the AML/CFT rules issued by SAMA in February 2012 for insurance companies, stipulates that if the insurance companies fail to apply CDD measures, such companies shall terminate the business relationship and submit a STR. Paragraph (17) states that in case an insurance company has reasons to suspect the veracity of any information submitted by a customer, such company shall use all the means possible to verify the veracity of such information, terminate the business relationship and submit a STR in case CDD could not be applied. Paragraph (25) of the rules also stipulates that companies shall verify the identity of the customer and the beneficial owner in due time and on a regular basis, before and during the establishment of a business relationship. The paragraph also states that in case companies are unable to verify, on an ongoing and enhanced basis, the identity of customers, they should not conduct the transaction required from the customer when establishing the relationship and should terminate the business relationship with existing customers or in case companies have suspicions regarding the accuracy or adequacy of the data previously obtained from customers, they should submit a STR. The company should not, under any circumstances, proceed with a customer before completing all measures related to identifying and verifying the customer.

Deficiency 5: Banks, exchange companies, insurance companies and authorized persons are not explicitly required to apply CDD requirements to existing customers on basis of materiality and risk.

35. Article 5/2 of the implementing regulation of the AML law stipulates that financial institutions apply CDD measures to all customers on basis of materiality and risk. AML/CFT rules for banks and exchange companies included details on the implementation via risk management and risk reduction. Additionally, they stipulate that a bank or exchange office should develop the procedures of customer verification, gather information on customers, monitor their transactions and develop a program for customer identification in line with his risk profile related to AML/CFT. AML/CFT rules further require to have specific criteria for the type of evidence, documents, technologies and safeguards related to a third party; to obtain additional information on customers in line with customer-specific AML/CFT risks related and to monitor such activities and transactions conducted by customers.

36. With respect to insurance companies, article (23) of the AML/CFT rules stipulates that such companies should apply CDD requirements to existing customers on basis of materiality and risk; apply specific developed measures that allow for enhanced customer verification and risk level assessment. Article (9) of the AML/CFT Rules for persons authorized by the CMA also requires all customers to be subject to CDD measures on basis of materiality and risk. Similarly, AML/CFT Rules for financing companies require the same obligation to be applied to financing companies.

Deficiency 6: CDD measures are not undertaken based on suspicions about the veracity of previously obtained information in most financial institutions.

37. The implementing regulation of the AML system as well as the obligations imposed on financial institutions with respect to financing terrorism provide that customer data should be

updated and verified; ongoing CDD measures should be taken as well as requiring to undertake CDD measures, in case there are doubts regarding the accuracy and adequacy of the data previously obtained during any phase of dealing with the customer or the beneficial owner; or in case of suspecting ML or TF operation regardless of the thresholds. Rules issued by SAMA and CMA (the supervisory bodies over financial institutions) stipulate that in case of doubting the veracity, accuracy or adequacy of the data, information or documents previously obtained, companies shall undertake CDD measures.

38. Supervisory bodies that oversee financial institutions carry out examination and inspection programs on financial institutions. Such programs include verifying that such requirement is met whether through the regulations and policies applied by the FIs and the extent to which such institutions apply the requirement. It is worth to note that the Saudi authorities have provided some statistics which reveal the number of inspection and control rounds that were applied to FIs; those statistics do not reveal the number of violations that were detected neither their type. However, the statistics show that most of the FIs are subject to the inspection rounds undertaken by the supervisory bodies, which helps to believe that those visits cover verifying the FIs compliance with the requirement, particularly that the inspection rounds include requesting sample or specific testing from some documents that show FIs compliance with the imposed requirements. Below are the tables that reveal the number of inspection rounds undertaken by SAMA to local banks, branches of foreign banks operating in KSA as well as exchange offices; in addition to the content of tables 1 and 2 of this report on the statistics of inspection rounds to insurance companies and authorized persons.

Table 3: Examination Programs and Visits Carried Out by SAMA to Banks and Exchange Companies

Year	Examination programs to verify requirements	Onsite inspection visits with the purpose of checking the application of requirements
2010	26	80
2011	84	125
2012	29	71
2013	63	112
3/2014	10	31

Table 4: Statistics on the institutions that were subject to Examination Programs Carried Out by SAMA since 2010 and until 31 March 2014

Category	Number	Visits
Local Banks	12	All banks were subject to examination programs
Branches of foreign banks	12	All banks were subject to examination programs
Exchange companies Category (A)	4	All companies were subject to examination programs
Exchange companies/institutions Category (B)	51	15 were subject to examination programs and 36 visits within the scope of comprehensive examination as such companies or institutions are recently established.

39. On another part, the Saudi authorities stated that the activity of financing companies is considered new in the Kingdom. A new department was established in SAMA to handle the supervision of financing companies. New licenses for such type of companies are being issued, 14 companies were licensed until the end of the first quarter of 2014.

Deficiency 7: The process of customer identification and verification is insufficiently carried out in some financial institutions; as for exchange companies, it appeared possible to conduct business transactions once a copy of identity has been submitted.

Deficiency 12: At some financial institutions, some customer files do not contain key documents pertaining to the identification process: It is not clear whether this situation reflects a failure in performing timely identification and/or a failure in satisfying the requirement to refuse or terminate the relationship and report accordingly.

40. The Implementing Regulation of AML laws together with the CFT obligations on financial institutions provide that financial institutions shall verify the identity of all their permanent and occasional customers by reviewing original effective documents approved as an identity verification system. The said Regulation determines the minimum requirements for proving identity, whereas the rules issued by the supervisory bodies provide in detail that financial institutions shall determine and verify customer identity; as well as continuously keep all documents relating to customer identification in the customer's file. In February 2012, SAMA updated the rules of opening bank accounts and the general rules for their operation which stress that banks shall not conduct any transaction for any customer unless having reviewed and verified the original ID card according to original documents that are valid and approved as a proof of identity and set forth in the rules and shall make sure that the bank employee has reviewed the original ID card, photo copied it by himself, and sealed it with the bank's seal; and that he has verified the original ID, determined the purpose of the photo copy and signed it attesting to the validity of the original and copy ID.

41. Supervisory bodies over financial institutions examine and follow up the application of AML/CFT requirements through the inspection programs they apply. Those programs should include verifying that CDD measures exist and they are applied to all customers, there are adopted instructions on dealing with customers of all types to ensure that all requirements are available, and they are consistent with AML/CFT rules, including sample testing or regular testing to ensure instructions and rules are applied. The authorities stated that those programs have indicated a variance in compliance with some AML/CFT requirements and customer identification as well as CDD measures between financial institutions. Such programs were carried out during (2010) to (2012). Supervisory bodies continued during the years (2013 – March 2014) to implement inspection programs and follow up to verify that such institutions apply the corrective measures required to address the comments detected. Some financial fines and administrative measures have been imposed on said institutions, such as holding meetings with senior management officials; requesting periodical regular reports on the corrective measures taken by a financial institution to address some of the remarks mentioned; and suspending some of the approvals to open accounts or provide products to specific activities.

42. As previously indicated, the statistics submitted do not include a statement on the type of violations detected by FIs; however, as the inspection and examination programs require verifying compliance with AML/CFT requirements as well as instructions issued from supervisors, taking sample testing to verify such compliance, which may lead to believe that

KSA has taken measure to address the shortcomings related to FIs compliance with the obligations imposed on those institutions.

43. The Saudi authorities have provided statistics on the number of sanctions/fines imposed to FIs with respect to breaching AML/CFT requirements by such institutions. (See Table 1 and 2) as well as the below table:

Table 5: the number of institutions and financial fines that were imposed by SAMA to the subjected institutions

Year	Number of institutions	Total fines imposed
2010	2	91,500 SR
2011	26	3,887,000 SR
2012	91	8,000,000 SR
2013	58	456,433 SR

Deficiency 8: Many financial institutions do not obtain information on directors of legal entities. There is evidence that proof of incorporation of these entities have not been retained in several instances. Financial institutions apparently have insufficient understanding of the requirement to obtain and verify information on the beneficial owner. Some institutions did not seem to inquire the client about it. When some financial institution proved to be verifying ownership, it stated to perform it “up to the third level”, and in other instances “up to first level”; as for understanding the control structure of legal entities, it seems that most institutions knew little about it. It was frequently noted that adopted KYC forms do not contain fields by which such information can be retained; institutions appeared to be satisfied with reliance on received copies of official documents (mainly commercial registration and Articles of Association) to collect the information required above (which does not make it possible to identify shareholders of joint-stock companies).

44. Article (5/6) of the Implementing Regulation to the AML Law provides that financial institutions shall determine the natural persons who own or actually control the customer, including the persons who exercise full effective control on the legal person; FIs should verify whether or not the customer acts on behalf of another person; take measures to identify and verify the identity of such other person as well as pay special attention to accounts and business relationships managed by a power of attorney. Rules issued by regulatory bodies also provide that financial institutions shall verify and obtain information on persons managing legal entities and beneficial owners whether natural or legal persons. SAMA has modified rules on opening and operating banking accounts to include an explanation of the "concept of beneficial owner"; information obtained from the customer should include information on board members, information on legal person's managers according to their status, information on those authorized to sign on behalf of the account owner, as well as explicitly asking customers about the account beneficial owner, obtaining and verifying information about such person, tracking the ownership back to the beneficial owner and verifying the structure of control and ownership.

45. To increase FIs efficiency and raise their awareness about the beneficial owner concept, the Financial Crimes & Money Laundering Committee (FCML) held a meeting with compliance officials in local banks where they explained the beneficial owner concept and promoted local banks' knowledge of the requirements to identify the beneficial owner according to the best practices and best implementation methods. As previously indicated, the examination and inspection programs applied by FIs include verifying the compliance with this requirement; however, supervisory bodies should highlight more this requirement and apply it in FIs in such a manner to help promote FIs' effectiveness in applying such requirement.

Deficiency 10: As For banks and money exchange companies, the transactions monitoring threshold parameter of SAR 60.000 means that most customer relationships may stay under monitoring, which would exclude the requirement to undertake CDD measures when there is a suspicion of money laundering or terrorism financing conducted below this threshold. The quality and frequency of updating CDD data appeared to be questionable concerning many financial institutions.

Deficiency 13: The extent (mainly for official documents) and quality of updating was not appropriate at some financial institutions. The updating process has not often been completed. CDD information for existing business relationships at many financial institutions other than banks is apparently not up-to-date.

46. Saudi Arabia has addressed the deficiency related to the transactions monitoring threshold parameter of SAR (60.000); since AML/CFT rules for banks and exchange companies now state that all cash transactions conducted throughout the contract term, particularly such transactions that are complex by definition or that have no economic purpose, shall be monitored taking into account the importance of being bound by the requirements of enhanced CDD measures and reporting any transaction suspected of being related to money laundering or terrorism financing to the FIU. Rules also stipulate that there shall be enhanced monitoring of all high-risk transactions conducted throughout the business relationship, taking into account the importance of being bound by the requirements of customer identity verification and CDD measures and monitoring transactions irrespective of their nature and value. Thus, Saudi Arabia has addressed the deficiency related to classifying some transactions under the designated threshold and obliging financial institutions to apply CDD measures to such transactions.

47. Rules issued by supervisory bodies stipulate that customer information and data obtained by virtue of CDD measures shall be updated to insure their accuracy and veracity. The said Rules also state that such data shall be reviewed periodically, and shall include examination and inspection programs carried out by the supervisory bodies to verify the update process of data obtained by financial institutions. Inspection rounds and examination programs conducted by supervisory bodies to verify that data of customers are regularly updated as well as conduct sample testing to verify compliance with such requirement.

Deficiency 11: Due diligence measures are not satisfactorily applied by many financial institutions (limited perception of who could be a high-risk customer, no classification of customers according to risk). Enhanced CDD measures are not satisfactorily applied in some sectors.

48. AML/CFT Rules issued by SAMA for banks and exchange companies have modified such rules to stipulate that banks and exchange companies should classify their customers

based on risks; the rules on opening and operating banking accounts, after update, stipulate that monitoring customer accounts and transactions shall be on basis of materiality and risk. AML/CFT Rules issued for insurance companies also stipulate that customer acceptance policies shall be set and developed to identify applicants who have the features of money launderers and terrorism financers. Such features shall be summarized in the applicant/customer-related risk document. The rules also require companies to record a number of elements, as a minimum, in the document on customer-related risks such as the nature of insurance policy, activity frequency and volume, customer background, customer's business profile and nature, degree of complexity in the ownership structure of customer and legal beneficiary owner, the source of customer funds and income among others. Companies shall also develop policies and procedures for customer acceptance aiming at determining the type of the customer whose acceptance may entail higher than medium-level risks related to money laundering and terrorism financing. In addition, Rules stipulate that companies shall establish comprehensive and detailed policies and procedures on the CDD measures applied to high-risk customers, including internal policies for approving business relationships with customers.

49. Rules issued by the CMA for authorized persons require the institutions under the Authority's supervision to develop policies and procedures for customer acceptance aiming to identify the type of high-level risk customers, and establish comprehensive and detailed policies and procedures including internal policies for approving business relationships with high-level risk customers. The said rules include considerations of determining high-level risk customers that institutions must take into account when identifying those customers. Such considerations represent the minimum for institutions; in parallel, such institutions should reassess customer risk rating, if the customer's pattern of activity after accepting to deal with him is not consistent with the information obtained by the institutions.

50. With the aim of enhancing supervision dependant on a risk-based approach, SAMA, on the other hand, approved a Handbook of Risk-Based On-Site Inspection (Police Framework & Procedures) in 2011 as well as another Handbook of Risk-Based On-Site Inspection in 2012 on the review and evaluation of policies and procedures approved by the institutions governed by SAMA (i.e. banks, exchange companies, insurance companies and finance companies) in order to address the risks of money laundering and terrorism financing within such institutions. The Commission on Combating Financial Crimes and Money Laundering (FCML), formed among banks in 2012, prepared and adopted a study related to the assessment of risks associated with customers and transactions involved in money laundering and terrorism financing in banks operating in the KSA. Inspection and examination programs conducted by supervisory bodies verify, among other tasks, that there are programs to assess risks undertaken by FIs; they verify whether AML program is comprehensive for any new information and developments on the level of ML/TF risks, if programs to assess customers and operations based on ML/TF risks do exist, if there exist as well categories for products and services provided based on risk degree and other points to verify that FIs implement such requirement.

SRII: Rating: (PC)

Deficiency 1: No stand alone crime of terrorism financing

Deficiency 2: TF not criminalized in accordance with the related Conventions

Deficiency 7: The term “financing” does not clearly cover the collection of funds.

Deficiency 10: Financing a terrorist organization or individual terrorists for any purpose (i.e. not related to a terrorist act) is not covered by the Law.

51. The legal framework of terrorism financing crime in Saudi Arabia is dependent on the Law of Terrorism Crimes and Financing, issued pursuant to the Royal Decree No. (M/16) dated 27 December 2013; whereas Article (1) of said Law states the definition of a terrorism financing crime as follows: " Any act involving collecting, providing, receiving, allocating, transporting or transferring of funds or proceeds, wholly or partially, for any individual or collective terrorist activity, organized or otherwise, within the Kingdom or abroad, directly or indirectly, from a legitimate or illegitimate source; carrying out for the benefit of such activity or its elements any banking, financial or commercial transaction; collecting, directly or through an intermediary, funds to be utilized for its benefit; promoting its ideologies; arranging for training sites; sheltering its members or providing them with any type of weapons or forged documents; knowingly providing any other means of support and financing as well as any act that constitutes a crime within the scope of the agreements mentioned in the appendix to the International Convention for the Suppression of the Financing of Terrorism and as defined in said agreements". In addition to the content of Royal Decree No. (A/44) paragraph 1 which provides for punishing whoever commits any of the following acts: among others...2) belonging to groups- or the like- religious or intellectual extremist or categorized as terrorist organizations whether locally or regionally or internationally or supporting them.... **Or providing any form of financial or moral support.** Paragraph 3 of the same Order stipulated that the provision of the law on terrorism crimes and terrorism financing should apply to the actions mentioned in paragraph” first” of the Royal Decree.

52. In accordance with the law, criminalization includes the elements of TF criminalization set forth in the international standards. Para. (B) of Article (1) states that a crime of terrorism financing extends to any act that includes the collection or provision of funds –along with other forms stated by the law such as receiving, allocating, moving or transferring funds or their proceeds - whether directly or indirectly - knowing that they will be used by an individual or groups or for a terrorist activity, organized or otherwise. The law does not include a specific definition of a terrorist activity; however, the terrorist activities may be defined as acts that were defined in the Law and Royal Order being acts to constitute terrorist crimes, and which were mentioned in other paragraphs of the law and the Royal Order, as in the definition of the terrorist crime³; criminalizing the participation in hostilities⁴, belonging to terrorist groups, as well as the forms included in paragraph (b) of article (1) and the forms included in article (3) thereof; in such a way that it can be concluded that the financing act extends to include the financing of terrorist acts described in the law and Royal Decree; It extends as well to include financing terrorist organizations as indicated clearly in the Royal Decree indicated above and being classified on the local or international level as being terrorist organizations; With respect to financing the terrorist individual, the definition of the financing crime extends to cover the

³ See following paragraph no (53) on the definition of terrorist crime as indicated in the law.

⁴ Royal Order No. A/44 indicated the criminalization of participation in hostilities outside the Kingdom as described in the Preamble of the Order; the Preamble covered the operations that target breach of order, security, stability, safety, public order and causing damage to the country standing and its relations with other countries, including offending and insulting the country and its symbols.

individual who carried out a terrorist act, whether such act was organized or not. It is worth to indicate that the scope of crime expands to cover any form of financing for any other purposes, such as the invitation or promotion to the ideologies or arranging the training sites, or providing a shelter for the members or any form of financial or financing means.

53. On the other hand, Para. (A) of Article (1) of the said Law defines a terrorist crime as: "*any criminal act committed, individually or collectively, directly or indirectly, by a perpetrator, with the intention to disturb public order, destabilize national security or state stability, endanger national unity, suspend the Basic Law of Governance or some of its articles, undermine state reputation or status, cause damage to state facilities or natural resources, attempt to coerce any of its authorities into a particular action or inaction or threaten to carry out acts that would lead to any of the aforementioned objectives or instigate such acts*". Para. (B) of Article (1) also states that acts which constitute a crime according to the definition set forth in any of the conventions attached to the International Convention for the Suppression of the Financing of Terrorism shall be deemed terrorist crimes. It is worth noting that the definition of terrorist acts in the said Law does not clearly refer to acts that result in the death or serious bodily injury of a civil person or any other person, when such other person is not a participant in aggressive acts in cases of armed conflicts, according to the definition of terrorist acts stated in the Convention for the Suppression of the Financing of Terrorism. However, "destabilize national security" can be interpreted as such. KSA provided some convictions issued that include providing for considering the acts that lead to killing innocents and targeting them with arms, as terrorist acts that aim at destabilizing national security and state stability.

54. The material element stated in the definition of terrorism financing crimes extends, according to the definition set forth in Para. (B) or Article (1) (knowingly) to sufficiently and adequately include the material elements stated in Paragraphs A and B of Article (2) of the International Convention for the Suppression of the Financing of Terrorism.

55. It is worth noting that Saudi Arabia has addressed the deficiency related to the criminalization of terrorism financing as a separate crime from money laundering. The legislative authorities omitted the reference that considered TF crime as a ML form from the previous law; the current law for TF criminalization treats it as a stand-alone crime. In addition, TF crime is considered a ML predicate offense.

56. The law does not explicitly state the criminalization of attempting, participating, organizing, involving, inciting or assisting to commit the said crime. However, Article (3) of said Law stipulates that the provisions of this law, notwithstanding the territorial (territoriality) principle, apply to everyone, whether Saudi national or foreigner, who commits, assists in, attempts to commit, incites or participates in one of the crimes included in said Law outside the country and has not been subject to trial procedures for the crime. The Saudi authorities believe that such crimes are punishable by law and the provision here is an exception to the territorial (territoriality) principle due to its seriousness and not being an exception to the punishment/sanction. And therefore, criminalizing the attempt to committing a financing crime or participating as a partner therein or inciting or assisting in its commitment inside the Kingdom, would be punishable as an application of the rules adopted by the Justice.

57. The Royal Decree No. (M/16) by virtue of which the Law of Terrorism Crimes and their Financing was issued, stipulates that provisions stated in the AML Law dated 1424 A.H (2003 A.D) and related to penalties for crimes of terrorism financing, terrorist acts and terrorist

organizations shall continue to apply and which include, among others: punishing the perpetrator of the said crimes with a maximum of 10 years imprisonment, or a financial fine of 5 million SAR or both, in addition to confiscating funds, proceeds and instrumentalities, subject of the crime; the judge may increase the penalty depending on the cases included by the Law. The Royal Order No (A/44) as well provides for imprisonment for a period of 3 years at least but does not exceed 20 years against whoever commits the acts provided for in the Royal Decree, without prejudice to any sanctions approved by law or regulation to the acts mentioned in the Order.

Deficiency 3: Terrorism financing, as a money laundering crime, does not extend to include all legal entities.

58. It has been noted that TF criminalization has been separated from ML crime; thus, TF has become a stand-alone offense. The said Law focuses on the criminalization of acts stated therein, and subjecting anyone, natural or legal person, who commits such acts to criminal liability. It is worth noting that Royal Decree No. (M/16), by virtue of which the law on Terrorism Crimes and their Financing was issued, indicates that provisions stated in the AML Law dated 1424 A.H (2003) on penalties for crimes of terrorism financing, terrorist acts and terrorist organizations shall continue to apply. The texts set out in the AML law do not provide for special sanctions to legal persons, other than FIs, DNFBPs and NPOs. In addition, Article (39) of the Law of Terrorism Crimes and their Financing requires FIs, DNFBPs and NPOs to comply with combating provisions stated in the AML Law and its Implementing Regulations. Accordingly, it can be concluded that imposing sanctions to TF crimes extends to cover only FIs, DNFBPs and NPOs. However, it is not clear whether sanctions are imposed against the remaining legal bodies.

Deficiency 4: Definition of funds is not as sufficient as required by the Convention for the Suppression of the Financing of Terrorism

Deficiency 6: Unclear if funds have to be used for a specific terrorist act or linked to a specific terrorist act.

59. Para. (C) of Article (1) of the Law of Terrorism Crimes and their Financing includes a definition of funds; the definition covers assets or property, of any value or type, whether material or immaterial, tangible or intangible, movable or immovable as well as documents, deeds or instruments in any form, including electronic and digital systems and bank credits evidencing title to or interest in such assets or property, including but not limited to, all types of checks, transfers, shares, securities, bonds, drafts and letters of credit. The definition of TF criminalization also refers to funds as funds generated from a legitimate or illegitimate source. The definition in the said Law does not stipulate that such funds must have been actually used to commit or attempt to commit a terrorist act; the said Law does not require that funds should be linked to a specific act of terrorism in order for the TF offense to exist.

Deficiency 5: TF as a ML offence applies to acts carried out by terrorist organizations of less than 3 persons

60. It has already been noted that Saudi Arabia has separated TF criminalization from ML crimes: TF criminalization has become now a standalone crime. However, it should be noted that Royal Order no. (A/44) includes under paragraph” fourth” the establishment of a committee from the Ministries of Interior, Foreign Affairs, Ministry of Islamic Affairs, Endowments, Call and Guidance, Ministry of Justice, Grievances Court (Diwan Al Mazalem), Investigation Authority and Public Prosecution, to establish a list – updated regularly - on all

movements and groups that are considered as terrorists and submitted to the King to be adopted as terrorist organization. Thus, it can be concluded that KSA has addressed the deficiency related to this recommendation.

Deficiency 8: The term "terrorism or terrorist act" does not explicitly include acts stated by Article (2) (1) (B) of the TF Convention.

Deficiency 9: The Law does not include financing terrorist acts stated in Article 2(b) of the TF Convention and related to conventions not yet ratified by the KSA.

61. The term "Terrorist Acts" has been previously mentioned in the definition of terrorist crimes as stated by the Law. On the other hand, such Law defines "terrorism financing crimes" as "criminal acts which fall within the scope of any of the conventions attached to the International Convention for the Suppression of the Financing of Terrorism and the definition set forth therein. KSA ratified all 9 conventions set out in the annex of international agreements.

Deficiency 11: Effectiveness cannot be adequately assessed since TF crime is not criminalized as an independent offence.

62. Saudi Arabia has provided statistics on the number of rulings issued in cases of terrorism financing over the past years, including the rulings issued before enacting the current law, as shown in the below table:

Table 6: No. of cases on TF offenses where judgments were rendered

Year	No. of Cases	Number of Parties	Saudi Nationals	Foreigners
1430 A.H. (2009)	32	71	60	11
1431 A.H. (2010)	11	19	12	7
1432 A.H. (2011)	32	77	64	13
1433 A.H. (2012)	151	239	211	28
1434 A.H. (2013)	207	517	449	68

E. Review of the measures taken in relation to Key Recommendations

R35: Rating (PC)

Deficiency 1: Palermo Convention not fully implemented.

63. Saudi Arabia has adopted executive procedures to implement the United Nations Convention against Transnational Organized Crime (Palermo Convention) via the Ministerial Decision No. (2036) dated 15, Jumada al-Awwal 1433 A.H. (7 April 2012) which is based on the Royal Order No. (17032) dated 19, Rabie Al-Awal 1433 A.H. (12 February 2012), the MOI

has established necessary procedures to implement Palermo Convention in coordination with the concerned entities. This is in addition to the content of AML Law which criminalizes Money laundering; considering organized crimes stated in the Convention as ML predicate offenses and confiscation rulings. The issued procedures consider the acts stated in Articles (5-8-23) a crime in the KSA according to the criminal descriptions specified in the Ministerial Decision; and subject legal entities to penal, civil or administrative liability in case of their participation in one of the crimes stated in the procedures and without prejudice to the penal liability of natural persons. Said procedures further require that competent authorities shall take appropriate measure to provide assistance, protection and indemnification for victims and witnesses, as well as provide physical protection and set special measures for witnesses to insure their safety. Thus, Saudi Arabia has addressed the deficiency related to this recommendation.

Deficiency 2: TF Convention not implemented

64. In addition to criminalizing TF separately by Law as a standalone crime, Saudi Arabia has adopted executive procedures to implement the International Convention for the Suppression of the Financing of Terrorism via the Ministerial Decision No. (1697) dated 20, Rabih Al-Thani 1433 A.H. (14 March 2012) which is based on the Royal Order No. (1804) dated 7, Muharram 1433 A.H. (3 Dec. 2011) whereas the MOI has established necessary procedures to implement said Convention in coordination with concerned entities. Such procedures consider crimes referred to in Article (2) as crimes committed in KSA, and subject all legal entities to penal, financial or administrative liability provided that such crimes are committed by one of the officials or representatives of those entities. The procedures also include confiscation rulings in TF crimes; extradition of criminals rulings; mutual legal assistance; measures taken by law enforcement bodies with respect to investigation and inspection; controlled delivery of funds; rulings related to jurisdiction and protection of victims. It is also worth to note that the obligations imposed on financial and non-financial Institutions; designated professions and NGOs with respect to AML such as the prohibition of opening anonymous accounts, measures of verifying permanent or occasional customers are obligations imposed on financial institutions by virtue of the Law of Terrorism Crimes and Financing (Article 39).

R40: Rating (PC)

Deficiency 1: International cooperation by supervisory bodies (SAMA, CMA, FIU and Customs authority) is not sufficient.

65. According to the AML Law (Article 25) and its Implementing Regulations (Article 25/1), the supervisory and regulatory bodies in Saudi Arabia are authorized to exchange information with counterpart foreign bodies by means of agreements, treaties, memoranda of understanding that are valid or subject to the principle of reciprocity; such mutual information shall not be used unless for the purpose they have been requested for and shall not be provided for a third party unless having obtained the approval of the concerned local authorities. Further, there shall be coordination with the FIU during the exchange of financial or non-financial information related to persons or entities revealed in accordance with the provisions of this Law.

66. The FIU joined the Egmont Group during the 17th plenary meeting in 2009, where the FIU signed Memoranda of Understanding with counterpart bodies as follows:

Table 7: Number of Memoranda of Understanding signed by the FIU

Year	No. of memoranda signed
2010	4
2011	12
2012	3
2013	6

67. The MOI also signed a number of memoranda of understanding with counterpart bodies in the field of cooperation and exchange of information. The General Directorate of Investigations signed also a number of MOUs and exchange of international information related to TF. The Bureau of Investigation and Public Prosecution (BIP) also signed a Memorandum of Understanding with South Korea in the field of exchange of information with counterpart bodies. The CMA has joined a number of regional and international organizations such as: The Union of Arab Securities Authorities, the International Organization of Securities Commissions (IOSCO) and the Securities Authorities in the Cooperation Council for the Arab States of the Gulf to the extent that allows for the exchange of information with a number of counterpart bodies.

Deficiency 2: There is no clear legal basis for some forms of international cooperation by some law enforcement bodies.

68. The FIU inquires within the database of other entities on behalf of their foreign counterparts based on article 25 of AML law and its implementing regulations which provide for (the competent authorities may exchange information which are revealed by FIs, DNFBPs and NPOs with foreign counterparts in other countries linked to the Kingdom via applicable agreements or conventions or MOUs or based on the principle of reciprocity and according to the adopted regulatory procedures, without prejudice to the rules and customs related to the confidentiality of information).

Deficiency 3: Lack of statistics to confirm effectiveness of most forms of international co-operation, especially by supervisory bodies and the FIU.

69. Saudi Arabia has presented several statistics on a number of international co-operation forms and submitted them to counterpart bodies over the past period as follows:

Table 8: Number of Outgoing and Incoming Requests to the FIU in relation to ML Crimes

Year	Request Type	Number	Status
2010	Incoming Requests	80	Replied
	Outgoing Requests	54	Replies received from counterparts
2011	Incoming Requests	171	Replied

	Outgoing Requests	85	Replies have been received from counterpart bodies
2012	Incoming Requests	107	Replied
	Outgoing Requests	84	Replies have been received from counterpart bodies
2013	Incoming Requests	268	Replied
	Outgoing Requests	185	Replies have been received from counterpart bodies

Table 9: Number of international co-operation cases submitted by the Ministry of Interior (General Directorate of Narcotics Control) and counterpart agencies

Year	No. of Cases
2010	6
2011	37
2012	5
2013	10

Table 10: Number of international cooperation cases between the Bureau of Investigation, the General Prosecution and counterpart bodies.

Year	Request Type	Number
2010	Incoming from counterpart bodies	3
	Outgoing from the KSA	1
2011	Incoming from counterpart bodies	1
	Outgoing from the KSA	2
2012	Incoming from counterpart bodies	2
	Outgoing from the KSA	4
2013	Incoming from counterpart bodies	2
	Outgoing from the KSA	6

SRI: Rating (NC)

Deficiency 1: Terrorism Financing Convention not implemented

70. It has been previously mentioned that Saudi Arabia has taken measures to implement CFT Convention, in accordance with the law of Terrorism crimes and Financing, which criminalizes terrorism financing, and the executive measures issued by the Ministry of Interior to implement the International Convention for the Suppression of the Financing of Terrorism; thus, Saudi Arabia has addressed the deficiency specified in this recommendation.

Deficiency 2: The failures related to implementing UNSCRs 1267, 1373 and successor resolutions have a negative impact on this Special Recommendation.

71. How Saudi Arabia has addressed the deficiencies related to UNSCRs 1267 and 1373 shall be discussed in details in the context of discussing SR.III.

SR.III: Rating (PC)

Deficiency 1: UNSCR No. 1373 has not been implemented (no legal basis, no procedure.)

72. Saudi Arabia has set the legal basis for implementing UNSCR 1373 in accordance with article (32) of the Law of Terrorism Crimes and Financing; the Permanent Committee on Combating Terrorism affiliated to the Ministry of Interior has established the mechanisms required for implementing the requirements of UNSCRs 1267 and 1373 and the related resolutions, and which were issued by the Minister of Interior's decision. Saudi Arabia has developed the mechanism which was approved by the Royal Order No. 25505 dated 14 April 2012.

73. The said mechanism includes procedures taken by Saudi Authorities to categorize Saudi or resident individuals and entities that own or conduct financial activities involved in terrorism or its financing, in addition to procedures for Saudi and Non-Saudi individuals and entities included by a foreign body or country on the national lists. A request is submitted to the KSA to take similar procedures pursuant to Resolution 1373.

74. According to the mechanism, each one of the bodies competent to freeze and stop transactions (Ministry of Interior; Ministry of Justice; Ministry of Finance (Customs Authority); Ministry of Commerce and Industry; SAMA; CMA; financial and non-financial institutions; as well as businesses and professions) shall prohibit and cease financing terrorist acts; and freeze without delay funds and any assets or economic resources owned by persons who commit, try to commit, participate in or facilitate terrorist acts; belonging to entities owned or controlled, directly or indirectly, by such persons; owned by persons and entities that work for or under guidance of said persons and entities; as well citizens who deliberately provide or collect funds by any means, whether directly or indirectly or inside the KSA territories, to be used in terrorist acts.

75. The Permanent Committee on Combating Terrorism receives requests from countries, authorities, international or national organizations with respect to listing the names of individuals or entities on their national lists pursuant to UNSCR 1373. The Committee receives the requests directly or through the Ministry of Foreign affairs or the Ministry of Interior (FIU or International Police Liaison Office) or from any other governmental body involved in

external cooperation. Then, the committee considers the requests according to its own mechanism which consists of checking with the respective authorities about the name mentioned in the request, along with his financial activities in Saudi Arabia, according to the mechanism mentioned in the procedures; as well, issue a freezing decision if it was established that the person mentioned in the request owns financial activities, or otherwise inform the inquiring/requesting authority and cooperate with the requesting party regarding any information on the subject of the request.

76. Procedures followed by the Saudi authorities with respect to identifying persons and entities on their national lists include: During the initial suspicion phase, there shall be, without delay and without prior notice, and within three working days maximum, precautionary seizure of accounts or termination of dealings conducted by financial and non-financial institutions as well as businesses and professions directly by the Ministry of Interior (General Directorate of Investigation) and SAMA according to the procedure followed through the communication channel between them and the FIU according to the tasks assigned thereto. In case investigations have proved the suspicions to be true, the Ministry of Interior shall address the competent authorities within 5 working days, requiring them to freeze and cease financial transactions on investment portfolios and properties, including companies and real estate owned by those individuals or entities.

77. The mechanism defines funds and assets as: any funds and financial assets or economic resources, directly or indirectly, owned or controlled by persons or entities; or those of persons or entities that work for or at the direction of such persons and entities, including funds derived from property owned by terrorists and persons or entities associated with them; funds generated by such property; funds or assets directly or indirectly, fully or jointly, owned or controlled by such persons and entities; as well as funds and assets derived or generated from other funds and assets directly or indirectly owned or controlled by said persons or entities. It has already been noted that the definition of funds according to the Law of Terrorism Crimes and Financing is so comprehensive that it includes all types of funds, assets and properties in accordance with the definition of funds stated in the International Convention.

78. Furthermore, the mechanism sets out the steps that the parties inadvertently affected by freezing accounts or assets may take, and the procedures of bona fide third party protection; and requires supervisory bodies on financial and non-financial institutions to provide clear instructions to financial institutions, individuals and other entities that may hold the targeted funds and other assets in relation to their obligations to take actions under freezing and unfreezing mechanisms. The procedures also include the mechanism of unfreezing or terminating the transactions.

79. On another part, the rules and instructions issued by the supervisors to FIs and DNFBPs included a special chapter under those instructions related to the statement of obligations of those institutions towards applying UNSCRs. SAMA issued instructions addressed to banks within the rules and regulatory procedures of the SROs work adopted in October 2013. The CMA issued a circular to the licensed persons on their obligations towards implementing UNSCRs.

80. These are statistics produced by the Kingdom of Saudi Arabia on the procedures adopted for implementing S/RES/1373 including accounts, investment portfolios, commercial registers and property seized over the past years in addition to other statistics on the requests received or issued by the Kingdom over the past years:

Table 11: Statistics on the Freezing Procedures made by Saudi Arabia

Year	Accounts	Investment Portfolios	Property	Commercial Registers
1430 A.H. (2009)	Seizure of 144 Accounts	Seizure of 11 Persons & one company	Seizure of one person and one company	Suspend work on one company activity and seizure of one person and one company
1431 A.H. (2010)	Seizure of 61 Accounts			
1432 A.H. (2011)	Seizure of 174 Accounts	Seizure of one company		
1433 A.H. (2012)	Seizure of 48 accounts	Seizure of one persons		Seizure of 19 individuals, 13 companies and 24 institutions
1434 A.H. (2013)	Seizure of 13 accounts			

Table 12: Number of the Requests Received by the KSA and the related Replies

Year	Received Requests	Replies
2010	29	26
2011	14	14
2012	15	12
2013	15	15

Deficiency 2: With respect to S/RES/1267: Freezing actions do not sufficiently apply to a broad range of funds or other assets.

81. The Kingdom of Saudi Arabia amended the mechanism of implementing S/RES/1267 by separating the mechanism adopted for the implementation of SC Resolution No. 1267 (Al Qaeda) from the implementation of SC Resolution No. 1988 (Taliban) where Saudi Arabia issued a separate implementation mechanism for said Resolutions individually. As for Resolution 1267, the mechanism gives a broad definition for assets to include funds, financial assets, or other economic resources owned by listed groups, institutions and persons including funds generated from property owned by them or individuals acting on their behalf or at their direction or those who directly or indirectly control those funds. The mechanism also states that such funds, any financial assets or other economic resources shall not be made available for those individuals listed, whether directly or indirectly, or through citizens or persons based in the KSA. The mechanism adopted for the implementation of SC Resolution No. 1988 includes a definition of assets in the same manner set out in the mechanism relating to Resolution No. 1267. The Law for Terrorism Crimes and its Financing includes a broad definition incorporating assets or funds of any type or value, documents, deeds or instruments, in any form, including electronic and digital system and bank credits evidencing title to or interest in such assets or property.

Deficiency 3: With respect to S/RES/1267: No mechanism for communication between financial institutions (other than banks) and Designated Non-financial Businesses and Professions.

82. The issued mechanism also identifies the entities in charge of the freezing action i.e. the Ministry of Interior, Ministry of Finance (Customs), Ministry of Commerce and Industry, Saudi Arabian Monetary Agency, Capital Market Authority, Financial and Non Financial Institutions and Designated Businesses and Professions. The entities in charge of the confiscation shall follow up the ongoing update of the unified list in accordance with Resolution No. 1267 and relevant resolutions including the names of individuals and entities associated with or linked to Al-Qaida together with considering all amendments to Unified List such as any data addition, deletion, or modification through the website of 1267 Committee. These competent bodies shall immediately, without any delay and without further prior notice, freeze funds, financial assets and economic resources owned by the groups, entities and individuals mentioned in the list. However, the bodies in charge of freezing shall take the necessary measures for unfreezing the assets and properties of any de-listed name; notify the competent entity to receive requests from the countries, institutions and organizations concerned with combating terrorism and its financing (Permanent Committee on Combating Terrorism) of any measures taken such as freezing assets or properties or totally or partially unfreezing funds or assets of de-listed persons according to Resolution No. 1452; or notify that there are no financial transactions for those names. This notice shall be served, on an ongoing basis, within a maximum of five business days following any update to the list.

83. The mechanism adopted for implementing S/RES/1988 also incorporated a mechanism for communication between the bodies in charge of freezing and the competent authority (Permanent Committee on Combating Terrorism) in the Ministry of Interior.

84. The Kingdom of Saudi Arabia submitted statistics on bank and investment accounts, properties, as well as companies and institutions that were frozen pursuant to SC Resolution No. 1267 as follows:

Table 13: Number of Persons and Frozen Funds Pursuant to SC Resolution 1267

Number & Type of Persons	Freezing Type
9 Saudi Nationals	(35) Current Accounts, (2) Investment Portfolios, (6) Credit Cards, and (8) Transfer Memberships
Two Non-Saudi Nationals	(7) Current Accounts
(4) Entities	(9) Current Accounts
9 Saudi Nationals	(12) Companies and Branches, the dealings of which were terminated
9 Saudi Nationals	128 seized deeds

Deficiency 3: As for the implementation of S/RES/1267: No instructions addressed to the Financial Institutions and Designated Non-financial Businesses and Professions other than those related to banks.

85. The mechanisms issued with respect to implementing SC Resolutions 1267 & 1988 stipulate that the bodies overseeing Financial and Non-Financial Institutions, Professions and Businesses shall provide clear guidance to financial institutions, persons and other entities that may be holding targeted funds and assets concerning their obligations in taking action under freezing mechanisms. On another part, the rules and instructions issued by the supervisors to FIs and DNFBPs included a special chapter under those instructions related to the statement of obligations of those institutions towards applying UNSCRs. SAMA issued instructions addressed to banks within the rules and regulatory procedures of the SROs work adopted in October 2013. The CMA issued a circular to the Authorized Persons on their obligations towards implementing UNSCRs.

Deficiency 4: As for the implementation of S/RES/1267: Protection does not extend to a sufficiently broad range of bona fide third parties.

86. The mechanism applied by KSA in this area, included on the practical level, relying on the national card number of the person concerned with freezing; the concerned body will take the detailed information of the person concerned with the freezing in a manner that largely provides protection to bona fide third parties.

Deficiency 5: Regarding the implementation of S/RES/1267: No clear procedures on monitoring the implementation, acceptance and verification of the freezing requests.

87. The mechanisms determined for the implementation of SC Resolutions (1267 & 1988) stipulate that in the event of any negligence or delay for any reason whatsoever, the entity or person in default shall be accountable for the implementation of the procedures set forth in said mechanisms. The entities concerned with the freezing shall follow up the update of the standard list immediately and without prior notice to take the measures required for freezing and follow up the execution of the requests by FIs and DNFBPs.

SRV: Rating (PC)

Deficiency 1: Deficiencies relating to Recommendations 36 to 40 have a negative impact on the rating of this recommendation.

88. Article (34) of the Law on Terrorism Crimes and Financing stipulates that the Committee on the Mutual Legal Assistance affiliated to the Ministry of Interior shall have the powers to receive MLA requests in relation to TF crimes. The Kingdom of Saudi Arabia expanded the duties of said committee composed of a number of bodies including the Ministry of Interior, Ministry of Foreign Affairs, General Intelligence Presidency (GIP), Ministry of Justice, Ministry of Finance (Customs Authority), Board of Grievances, Bureau of Investigation and Public Prosecution, General Directorate of Narcotics Control, Communications and Information Technology Commission (CITC) and Saudi Arabian Monetary Agency in accordance with the Cabinet Decree No. (78) dated 21 Rabi' Al-Awal of 1433 A.H corresponding to 14 February 2012. The Committee shall be in charge of executing the mutual legal assistance requests received from foreign countries or legal assistance request made by the Kingdom of Saudi Arabia to foreign countries on all offences without prejudice to relevant

laws and international conventions. Accordingly, the mutual legal assistance requests on terrorism financing crime are included within the powers of the Permanent Committee on Mutual Legal Assistance.

89. The Minister of Interior issued Decree No. (5446) dated 18 Shawal 1434 A.H corresponding to 28 August 2013 to approve the working mechanism of the Permanent Committee on Mutual Legal Assistance in accordance with the powers vested in him as set out in Paragraph (d) of the Clause: (First) of the said Cabinet Decree. The said mechanism detailed the powers of the Committee from considering the requests, in terms of form, making sure they meet the conditions, data and documents required and indicating discrepancies, if any, or any inquiries, clarifications or data with the aim of facilitating the execution of the request; and communicating with the requesting countries to state the extent to which the request satisfies the laws and regulations in force in the Kingdom of Saudi Arabia. The Committee further coordinates with the bodies concerned with the execution of the requests of assistance and cooperate with them with a view to consider the merits of the requests and how far it is possible to execute them and complete the regulatory procedures. The Committee is also vested with the powers of enhancing the coordination role to execute and trace MLA requests.

90. The Committee holds two meetings per month in addition to an extraordinary meeting, when necessary. The mechanism also sets out the scope of the mutual legal assistance provided by the Committee including but not limited to, procurement of witness, evidence and statements; service of judicial papers and instruments including witness summons, search, arrest and freezing procedures; items and sites inspection; provision of relevant original documents and registers including governmental, banking, financial or commercial registers or production of authenticated copies thereof; determination of the sites and persons associated with the crime together with identifying their identities; identifying or tracing the movement of crime proceeds, properties or other instruments with a view to securing evidence or seizing said items for confiscation thereof in addition to any other legal assistance not provided for in the bilateral or multilateral agreements to which the Kingdom is a party provided that they do not conflict with the local laws and regulations.

91. The mechanism includes the data to be generally available in the mutual legal assistance requests in addition to any other data associated with specific forms of mutual legal assistance. Further, the mechanism provides the requesting countries with the additional conditions required for specific forms of legal assistance; and secures flexibility to the Committee to be able to provide the legal assistance in cases where the request does not contain some of the information set out in the mechanism in a way that does not affect the validity or acceptance of the request or execution thereof. The mechanism states that the requests submitted to the Committee shall be executed in accordance with the laws in force in the Kingdom of Saudi Arabia and that the specific requirements included in such requests may also be executed if they do not conflict with the laws and regulations. Furthermore, the mechanism stipulates that requests shall be executed as soon as possible subject to the deadlines proposed by the requesting country; the latter shall be notified of any circumstances that may cause substantial delay in executing the request.

92. In providing mutual legal assistance on confiscation and freezing, the Anti-Money Laundering Law stipulates that the judicial authority may, upon a request from a court or a competent authority in another country which is a party with the KSA to an agreement or treaty in force or subject to the principle of reciprocity, order seizure of funds, proceeds or instrumentalities associated with ML crime in accordance with the laws in force in the

Kingdom of Saudi Arabia, the Implementing Regulations of the Anti-Money Laundering Law and the above Cabinet Decree which stipulates that the power of the Permanent Committee on Mutual Legal Assistance includes all crimes; accordingly, the requests submitted by other countries on seizure or tracing of funds, proceeds or instrumentalities are included in the PCMLA powers where the requests relating to seizure of funds, proceeds or instrumentalities associated with the money laundering offense shall be referred to the Board of Grievances (being the legally competent authority to enforce foreign rulings) to issue judicial rulings for enforcement by the competent supervisory authorities (Article 26/2 of the Implementing Regulations); the requests relating to tracing funds, proceeds or instrumentalities associated with money laundering crime shall be referred to the Bureau of Investigation and Public Prosecution (Article 26 of the Law and Article 26/3 of the Implementing Regulations). Based on the foregoing, it can be concluded that MLA requests on TF offenses are subject to the same procedures adopted for ML crimes.

93. As for the extradition of criminals, Article (38) of the Law of Terrorism crimes and Financing stipulates that TF offences are extraditable offenses where criminals convicted with TF crimes shall be extradited to other countries. For extradition, the law requires as well dual criminality; it should be also an application to a (bilateral, regional, or multilateral) agreement in force between the Kingdom of Saudi Arabia and the requesting country or on the basis of the reciprocity. The Kingdom of Saudi Arabia entered into several bilateral, regional and international agreements that constitute a basis for the extradition of the wanted persons.

94. As a general rule, the Kingdom of Saudi Arabia does not extradite its nationals accused of terrorism financing offences. The KSA shall extradite the criminals in TF crimes, other than Saudi nationals, based on the bilateral agreements and the principle of reciprocity. Nevertheless, the Saudi Law stipulates that persons accused of TF crimes shall be tried in case the request of extradition was rejected; and the investigations conducted by the requesting country may be used to this effect. The Saudi authorities provided statistics on the number of extradited individuals to other countries; it has extradited 4 persons to other countries; against which 47 Saudi and 1 non Saudi were extradited by other countries to KSA.

95. As for the exchange of information between the Saudi competent authorities and foreign counterparts, Article (30) of the Law of Terrorism Crimes and Financing stipulates that information may be exchanged between competent authorities in the Kingdom and their counterparts in another country which is a party with the KSA to an agreement or treaty in force or subject to the principle of reciprocity. Furthermore, Article (35) of the Law stipulates that the Financial Investigation Unit may exchange information with a foreign counterpart in accordance with the provisions of Article (25) of the AML law provided that the exchanged information is used for the purpose for which it was requested and shall not be disclosed to a third party without the approval of the competent authority. Kindly find hereunder statistics relating to the FIU's international cooperation on the crimes of terrorism financing:

Table 14: Number of outgoing and incoming requests to FIU in relation to TF offences during the previous years

Year	Request Type	No.	Status
2010	Number of incoming requests	5	Replied

	Number of outgoing requests	3	Replies received from counterparts
2011	Number of incoming requests	6	Replied
	Number of outgoing requests	1	Replies received from counterparts
2012	Number of incoming requests	57	Replied
	Number of outgoing requests	31	Replies received from counterparts
2013	Number of incoming requests	154	Replied
	Number of outgoing requests	29	Replies received from counterparts

F. Review of the measures taken in relation to other Recommendations rated PC or NC.

R6: Rating (PC)

96. Article (5/9) of the Implementing Regulations require Financial Institutions, Designated Non-Financial Businesses and Professions and Non-profit Organizations to develop an appropriate risk management system to determine whether a customer or potential customer or the beneficial owner is a Politically Exposed Person; take appropriate measures to establish the source of wealth and funds of customers and beneficial owners designated as Politically Exposed Persons; to classify such relations as high risk relationships which require the approval of the senior management and conduct enhanced ongoing monitoring on that relationship. Article (39) of the Law of Terrorism Crimes and Financing provides for the same obligations for FIs, DNFBPs and NPOs set out in Anti-Money Laundering Law and its Implementing Regulations in relation to the crimes of terrorism financing, terrorism acts, terrorist organizations or those who finance terrorism.

97. The bodies supervising the financial institutions amended the definition of the “Politically Exposed Person” to specifically include the concept of political persons in order to address the deficiencies relating to Politically Exposed Persons; the definition of the Politically Exposed Persons set out in the AML/CFT Rules for banks and exchange businesses (Para 4-6-4), the Rules issued for financing companies and Rules issued for insurance companies in accordance with the Circular issued by SAMA dated 21 January 2013 together with the amendment of PEP definition set out in the rules issued for the authorized persons.

98. The rules issued by the supervisory authorities stipulate that the financial institutions shall comply with the obligations prescribed under Anti-Money Laundering Law and its Implementing Regulations: the Rules issued for the financing companies require those companies to undertake CDD measures and put in place appropriate risk management systems to determine whether a potential customer, a customer or the beneficial owner is or may become a Politically Exposed Person. Further, insurance companies, authorized persons and financing companies should be required to seek senior management approval for continuing the business relationship in cases where the beneficial owner is subsequently found to be or becomes a Politically Exposed Person. The Rules also require insurance companies and financing companies to determine the source of funds and wealth for customers and beneficial owners identified as Politically Exposed Persons in accordance with the provisions of law for

all financial institutions and the rules issued for insurance companies. The supervisory and monitoring authorities control compliance with such requirement via examination and inspection programs they conduct as it was previously indicated when discussing Recommendation 5.

R11: Rating (PC)

99. Article (8) of the AML Law and Article (39) of the Law of Terrorism Crimes and Financing require the Financial Institutions, Non-financial Businesses and Professions and NPOs to pay special attention to all complexes, large and unusual transactions and all unusual patterns of transactions which have no apparent economic or visible lawful purpose. Those institutions are also required to fully examine the background and purpose of such transactions and to set forth in writing their findings. They are also required to keep such findings available to the competent authorities upon request, for at least 10 years.

100. The issued supervisory rules asserted the concept of controlling unusual transactions together with providing an explanation thereof to the financial institutions: the provisions on requiring FIs to control all transactions were amended; disclosing any remarks or unusual changes that may contradict the AML Law and the Law of Terrorism Crimes and their Financing; and cancelling the threshold set out in the rules issued for banks, exchange businesses and insurance companies. In addition, the supervisory rules include some instructions on strengthening and enhancing the control over transactions in order to increase effectiveness of those companies. The banking committee made a presentation to compliance officers on the difference between the concept of supervision requirements and reporting requirements with a view to make the best use of the statistics submitted by the banking sector on the internal transactions in local banks that seem to be unusual, and the number of STRs submitted to the FIU. The Institute of Banking provided AML/CFT training to (5067) employees until the end of 2013. Furthermore, the number of employees of local banks and branches of foreign banks licensed to operate in the Kingdom of Saudi Arabia, the employees of exchange businesses and finance lease companies who attended training sessions, within or outside the Kingdom of Saudi Arabia, including training in-house or outsourced as well as electronic courses during the year 2010 reached (16421) and (22783) in 2011. The number of employees who attended training courses in 2012 reached (22991) and (16428) in 2013.

101. Furthermore, the KSA studied and analyzed the number of unusual transactions reported by the central units in banks and exchange businesses and compared them with the number of STRs submitted to the FIU where it became evident that STRs submitted constitute only (12.00%) of the number of unusual transactions reported by the central units i.e. the cases that the central units have studied and concluded that they may be linked to ML/TF operations. The following table shows the number of unusual transactions reported by the central units in banks and exchange businesses, and the number of STRs submitted to the FIU by banks and exchange businesses:

Table 15: Number of Unusual Transactions Reported by the Central Units in Banks and Exchange Businesses Compared to those Reported by Such Units to the FIU

Year	Number of Unusual Transactions	Number of STRs
2009	4860	923

2010	6822	1111
2011	8769	1663
2012	19839	1888
2013	7773	2045

R12: Rating (NC):

102. Saudi Arabia has amended the AML Law whereas the obligations imposed on FIs are similar to those imposed on DNFBPs; as well, based on the law of Terrorism crimes and financing (article 39), DNFBPs are subject to the same requirements imposed by the AML law. It is clear in the provisions of AML Law (Article 5) and the Law of Terrorism Crimes and Financing (Article 39) which require Designated Non-Financial Businesses and Professions to verify, on an ongoing basis, the identity of customers based on official documents at the commencement of any business relationship with customers or when conducting any transaction directly with them or on their behalf together with verifying the official documents of the corporate entities indicating the establishment's name, address, name of its owners and authorized signatories as well as undertaking ongoing due diligence measures.

103. Article (5/1/1) of the Implementing Regulation requires DNFBPs to verify the identity of the natural and legal persons using the official documents stipulated by said Regulation in addition to the specific conditions and instructions issued by the supervisory authorities in relation to the application of the due diligence principle. Further, Article (5/2) of the Regulations requires the application of CDD measures to all customers on basis of materiality and risk; enhance due diligence measures for high risk customers, business relationships and transactions (Article 5/3); identify customers and beneficial owners as well as verify the legal status of all natural persons that ultimately own or control the customer or those who conduct the transactions on their behalf (article 5/5); determine the natural persons that ultimately own or control the customer including those persons who exercise ultimate effective control over the legal person. Those entities shall also update customer data and apply ongoing CDD measures (Article 5/7).

104. The regulations issued by the Ministry of Justice for attorneys (Para 5-B) stipulate that attorneys shall obtain sufficient information on customer's business nature and ownership structure in accordance with the conditions set forth in said rules; verify the identity of the customer and beneficial owner based on original documents; obtain information on the purpose and nature of the business relationship in accordance with the type of customer, business relationship and transaction; continuously apply CDD measures to insure that the information submitted by the customer is consistent with the transactions he carries out; terminate the business relationship when failing to apply CDD measures or when there are any doubts about the accuracy and veracity of the information already submitted by the customer; and consider submitting a STR. Circular (267/3/1/7/P) dated 28 November 2011 requires the institutions under its supervision to understand the ownership and control structure of any customer, who may be a legal person or legal arrangement; obtain information relating to the purpose and nature of the business relationship; determine the data required from the natural or legal customer to verify the identity thereof; access the data and information of the customer and beneficial owner such that the FIs is satisfied that it knows the beneficial owner; verify, on an ongoing basis, all transactions made throughout the relationship term to make sure that the information and data submitted with the transactions conducted by the customer are consistent

with their business and risk profile; submit a STR when failing to apply CDD measures and terminate the business relationship.

105. Article (9) of the AML Law and Article (39) of the Law of Terrorism crimes and Financing stipulate that DNFBPs should inform the FIU when suspecting or having reasonable grounds to suspect that all or part of the funds are proceeds of criminal acts or involve money laundering, terrorism financing, terrorism acts, terrorist organizations or terrorism financiers or that those funds may be used in money laundering, terrorism financing, terrorist acts, terrorist organizations or terrorism financiers including attempts to carry out said transactions irrespective of their amounts. Designated Non-Financial Businesses and Professions are also required to develop a detailed report including all data and information available for them on the case and the parties involved and submit same to the FIU.

106. Article (8) of the AML Law and Article (39) of the Law of Terrorism Crimes and Financing stipulate that DNFBPs should pay special attention to all complexes, large and unusual transactions and all unusual patterns of transactions which have no apparent economic or visible lawful purpose. Those institutions shall fully examine the background and purpose of such transactions, set forth their findings in writing and keep such findings for a period of 10 years.

107. Article (5/9) of the Implementing Regulations require DNFBPs to put in place an appropriate risk management system to determine whether a customer or potential customer and the beneficial owner is, was or may become a Politically Exposed Person; take appropriate measures to establish the source of wealth and source of funds of Politically Exposed Persons (PEPs), classify such relationship as high risk relationships that require the approval of the senior management and conduct enhanced ongoing monitoring of those relations. Regulations on attorneys stipulate that any attorney shall develop internal policies, procedures and safeguards for enhanced due diligence towards PEPs defined according to said regulations as high risk people. Attorneys shall further obtain written declarations from the beneficial owners about the identity of the directors and major shareholders and the relationship with them; obtain full information on the customer; e.g. additional information on the reason and purpose of the relation, information about business, employment background and expected customer activity; regularly hold direct interviews with the senior management of the customer through the course of the relationship. The Circular issued by the Ministry of Commerce and Industry also includes the obligations specified in the AML Law and its Implementing Regulations in addition to the thorough follow-up of the transactions of such persons with the establishment.

108. Article (5/10) of the Implementing Regulations require DNFBPs relying on intermediaries and third parties to apply some CDD elements; to obtain immediately from third parties the information required on due diligence. They shall further take adequate steps to satisfy themselves that copies of relevant documentation will be made immediately available, without any delay, from the third party upon request; that the third party is regulated and supervised together with having measures in place to comply with the CDD requirements. Moreover, the Regulations issued for attorneys defined the third party concept, being the natural or legal person who deals with or introduces customers to the attorney on behalf of the customer; the Circular issued by the Ministry of Commerce and Industry gives a similar definition to the third party.

109. The rules issued for attorneys require them not to establish business relationships with non face to face customers and to verify the original documents. The Ministry of Commerce and Industry requires its subject authorities to develop specific and effective CDD procedures

to be included within the risk management measures that apply to non- face- to- face customers.

110. In verifying the proper application of the requirements and promoting effectiveness, the Ministry of Justice conducts inspection visits to law firms in accordance with the Directive issued by the Minister of Justice on 25 December 2011 to verify that the attorneys comply with the provisions of the issued rules. Further, the Directorate General of Law in coordination with the AML/CFT Department developed an integrated action plan for the inspection and control on attorneys to ensure effective application. Moreover, the Directorate conducted inspection visits as set out in the following table with reports being developed about those visits in addition to the follow-up visits made following the inspections visits. Total number of law firms is 2045 offices; the number of employees specialized in inspecting law firms in the area of AML/CFT is 3 persons who received many training sessions.

Table 16: No. of inspection visits to Lawyers

Year	No of Visits
2011	75
2012	115
2013	250

111. The aforementioned Circular issued by the Ministry of Commerce and Industry requires the subjected authorities to train AML/CFT staff in order to build their AML/CFT capacities and skills; to develop programs and plans with a view to spread awareness on ML/TF risks, their modern methods and techniques together with the measures on how to combat them. The Chamber of Commerce organized (14) training courses during the years (2011 - 2012 - 2013); the Ministry of Commerce and Industry trained (16) employees during the years (2010/2011) in addition to having trained (25) employees in 2012. The Ministry of Commerce and Industry carries out inspection visits to the subjected entities; the Ministry has more than (500) onsite inspectors who carry out supervisory tasks, including the inspection over AML/CFT requirements. The following table indicates the number of inspection visits undertaken by the Ministry over the past years:

Table 17: Number of the Inspection Visits made by the Ministry of Commerce and Industry

Year	Number of Visits to Chartered Accountants	Number of Visits to dealers in precious metals and dealers in precious stones and real estate offices
2011	180	800
2012	21	2475
2013	45	2749

R16: Rating (NC):

112. Article (9) of AML Law requires DNFBPs, upon suspecting or having reasonable grounds to suspect that all or part of the funds are proceeds of a criminal act or involve money laundering or terrorism financing, or that those funds may be used in money laundering or terrorism financing, to inform the FIU as well as develop a detailed report including all data and information available. It shall be noted that the definition of DNFBPs defined in the AML Law and its implementing regulations includes the following activities: (a) real estate dealings; (b) dealing in precious metals, precious stones or rare goods such as archeological monuments; (c) trade in high value goods such as luxury vehicles and auction displays; and (d) law, accounting and auditing firms.

113. The Ministry of Justice issued AML/CFT Rules on the practice of law profession by virtue of Circular No. (13/V/4446 dated 4 December 2011) in addition to several other circulars such as Circular No. 13/V/4295 dated 20 May 2012 requiring attorneys to report more effectively any suspicious transactions and to increase cooperation between the FIU and the Ministry of Justice with the purpose of obtaining information on persons suspected to be involved in money laundering and terrorism financing in terms of immovable properties, real estate agencies, property management and all documents and deeds including all documents, instruments and agreements available to the attorneys that may be linked to the existing suspicion on part of the FIU. They shall further, through annual statistics, provide the FIU with conviction rulings and the rulings on the absence of prima facie evidence issued on money laundering and terrorism financing claims. In addition, an electronic link shall be made between the FIU and the Ministry of Justice so the Unit would have direct access to the statistics. Circular No (13/V/4483) dated 9 January 2012 issued by the Ministry of Justice on the procedures required to deal with the entities in countries which do not apply or insufficiently apply FATF recommendations; circular No (13/V/4239) issued by the Ministry of Justice on 13 April 2011 on the typologies report on ML/TF indicators and trends issued by MENAFATF.

114. Further, the Ministry of Commerce and Industry updated, in January 2013, the guiding AML/CFT Handbook including the definition of the various aspects of money laundering and terrorism financing together with their objectives and reasons for their spread in addition to the circulars issued by the Ministry of Commerce and Industry in the field of AML/CFT, directives and guidelines on real estate trade and development, as well as directives and guidelines on the dealers in jewelry, precious metals and precious stones. The Ministry also issued Circular No (267/3/1/7) dated 28 November 2011 on taking a number of precautionary measures to prevent the misuse of professional companies, institutions and businesses in illegal transactions and circular No (268/1/291/P) dated 24 January 2012 on taking AML/CFT precautionary measures on the local and international level.

115. The Ministry of Justice held a number of training sessions during the years (2010/2011/2013) where (190) persons participated in addition to the training courses held for (60) public notaries during 2012. The Ministry provided training as well to 80 public notaries in 2013. A number of the Ministry employees participated in the training sessions organized by the FIU/Ministry of Interior. The Ministry urges and encourages attorneys to seek training and awareness on ML/TF risks. In addition, the Ministry issued a Handbook on “Money Laundering Crime and the Role of the Ministry of Justice in Combating such crime” with an annex on AML/CFT Law and its Implementing Regulations and FATF recommendations. The Handbook also included also a definition of ML/TF risks and how to combat them.

116. The Kingdom of Saudi Arabia has presented statistics including the number of reports (STRs) submitted by non-financial businesses and professions during the past years which reflect their awareness with AML/CFT requirements in addition to increasing effectiveness. However, authorities shall exert more efforts to increase awareness of the subjected entities and to hold more training for them:

Table 18: Number of STRs Received from Designated Non-Financial Businesses and Professions (DNFBPs)

Year	Number of STRs
1430 A.H.(2009)	11
1431 A.H.(2010)	1
1432 A.H.(2011)	10
1433 A.H.(2012)	6
1434 A.H.(2013)	5

R21: Rating (PC):

117. The Kingdom of Saudi Arabia has amended AML/CFT rules issued by the supervisory authorities to require FIs to take counter measures for businesses relationships and transactions conducted from or in countries where FATF recommendations are not applied or insufficiently applied. Reference to the list of non-cooperative countries and territories was replaced by the reference to countries that have weaknesses in AML/CFT systems or those do not apply or insufficiently apply FATF recommendations.

118. The Regulations issued for banks and exchange businesses (Para. 5-2) require banks and exchange businesses to take some measures and procedures to mitigate the risks of dealing with entities located in countries or regions that have weaknesses in AML/CFT systems or that do not apply or insufficiently apply FATF recommendations. The Regulations provide for some measures taken by some banks and exchange offices such as, paying special attention to business relationships and transactions with customers located in or from those countries (including legal persons and other financial institutions); classifying risk level of the countries set out by all international organizations including FATF, Security Council and others for which warnings bulletin are released, in a manner consistent with the risk profile designated by those entities as a minimum classification of those organizations; determining the procedures that shall be taken on monitoring transactions with those countries and minimizing business relationships and financial transactions with such countries or respective persons together with taking other measures including stringent requirements for identifying customers and immediate limitation of business relationships or financial transactions with such entities, persons or institutions, performing enhanced due diligence when entering into any new transaction or opening accounts for correspondent banks, immediately updating AML/CFT requirements and performing enhanced CDD measures for all banking dealings with relevant parties in those countries. SAMA has issued Circular No (MAV/9540) dated 3 April 2011 asserting the previous procedures and measures set out in the AML Rules.

119. As for financing companies, the issued rules require financing companies to pay special additional attention to all high risk relationships and transactions which shall be continuously controlled; obtaining the senior management approval before entering into or renewing said

relationship. Those relationships include the information that indicates the customer or beneficial owner in countries that do not apply or insufficiently apply FATF recommendations. SAMA regularly circulates the warning bulletins issued by FATF to insurance companies and requires them to pay special attention to existing relationships therewith. The rules issued for insurance companies include a classification of customers and beneficiaries in or from countries that do not apply or insufficiently apply FATF recommendations as high risk customers; such companies should pay special attention in their relationship and transactions with them, including ongoing monitoring.

120. The rules for authorized persons require them to pay special attention to high risk entities including customers from countries designated by FATF or by some countries that they do not apply adequate and appropriate AML/CFT standards. Further, the authorized persons should pay special attention to companies and branches operating in countries which do not apply or insufficiently apply FATF recommendations.

R24: Rating (NC):

121. With a view to improve the supervisory framework for Designated Non-Financial Businesses and Professions, the Ministry of Justice issued AML/CFT Rules in relation to the law profession according to Circular No. 1/V/4446 dated 8/1/1433 A.H and the Directive of His Excellency Minister of Justice No (166357/33) dated 29/1/1433A.H to the Directorate General of Lawyers and Law firms to conduct inspection visits to attorneys in order to ensure that they comply with all rules and requirements of AML Law and its Implementing Regulations in addition to requirements set out in the issued rules. Furthermore, the Ministry of Justice established an AML/CFT unit by virtue of the Minister of Justice Decree No (4598) dated 7/4/1432 A.H. The unit is provided with experts and experienced staff, whose number reached 10 specialized employees; the mandate include among others; follow up the recent matters; provide the General Directorate of Lawyers and Law firms with directives to convey them to law firms and supervise them to ensure their compliance therewith. In coordination with AML/CFT unit, the General Directorate of Lawyers and Law firms has developed an inspection and control plan over the lawyers to ensure the effective application of the Rules. Accordingly, the Directorate conducted inspection visits to law firms operating in the Kingdom of Saudi Arabia. Table 16 shows the number of inspection visits made by the Ministry of Justice to law firms.

122. The Ministry of Commerce and Industry represented by the AML Unit made intensive inspection and supervision visits to chartered accountants, dealers in precious metals and precious stones and real estate offices to verify that those entities apply and comply with the directives, laws and regulations issued by AML/CFT authorities. Table (17) shows the number of inspection visits made by the Ministry of Commerce and Industry to this effect. Furthermore, the Ministry of Commerce and Industry issued several circulars related to AML/CFT requirements.

123. In terms of increasing the experience of the entities supervising the non-financial businesses and professions, the Ministry of Justice organized a number of training sessions for its employees as previously stated. The Ministry of Commerce and Industry sent (16) employees to attend training courses during the years (2010-2011); (25) employees to join 10 training sessions during the year 2012 and delegated 20 employees in training sessions during 2013.

R25: Rating (PC):

124. The Saudi FIU signed Memoranda of Understanding with a number of entities concerned with AML/CFT including: the Customs Authority, Ministry of Commerce and Industry, Capital Market Authority (CMA), Bureau of Investigation and Public Prosecution, Ministry of Justice, General Directorate of Narcotics Control, Public Security and (Saudi Arabian) General Investment Authority (SAGIA). Those memoranda included the mechanisms of providing feedback from the FIU to the reporting entities, the supervisory bodies, means of cooperation between the FIU and supervisory entities in relation to cases suspected to be involved with money laundering or terrorism financing. The Unit developed an analytical report on the STRs submitted by financial and non-financial institutions, and which was provided to the supervision and regulatory bodies including several criteria as indicators on the efficiency of reporting to the reporting entities so that the supervisory and regulatory bodies can follow same and correct such remarks. The Ministry of Interior issued Note No. (10315/1/5/4) dated 19/2/1432 A.H instructing the security authorities and the Bureau for Investigation and Public Prosecution to develop detailed annual statistics and provide feedback on money laundering and terrorism financing cases and provide the FIU with the same. The authorities reported that they are currently working to effect an electronic link between the FIU and the Bureau of Investigation and Public Prosecution, through which, it will provide feedback on each case. The following table shows the feedback provided by the Financial Investigation Unit over the past years:

Table 19: Number of Feedback Cases Provided by the Unit

Year	No of cases
2009	1230
2010	1368
2011	2044
2012	2294
2013	2478

125. On developing guiding principles which will help the non-financial businesses and professions apply AML/CFT requirements, the FIU circulated the typologies report issued by MENAFATF (ML/TF trends and Indicators) to all relevant bodies pursuant to the Note No (14967) issued by the Minister of Interior on 12/3/1432 A.H. Moreover, the CMA added a number of directives on money laundering and terrorism financing to Annex No. (1) of the Rules to Authorized Persons. The CMA also issued Circular No. 1/2012 dated 3 January 2012 which adds a number of indicators to ML/TF suspicion.. The Ministry of Commerce and Industry issued an updated version of the AML/CFT guiding handbook in January 2013. Such update incorporates guidelines for relevant sectors that are supervised and regulated by the Ministry, on ML/TF methods and techniques and how to combat them.

126. In accordance with the Circular No. MAV/5403 dated 6/3/1432 A.H, the Saudi Arabian Monetary Agency updated ML/TF suspicion indicators set out in the AML/CFT Rules addressed for banks and exchange offices. As for updating the rules of funding companies, the update covered the indicators referring to money laundering and terrorism financing operations when commencing the financing transaction and thereafter, together with the indicators of the

company's employees. The Ministry of Justice issued a handbook on "Money Laundering Crimes and the Role of the Ministry of Justice in combating such crimes".

R32: Rating (PC):

127. The Saudi Authorities provided a large number of statistics associated with several aspects of Anti-money Laundering and Terrorism Financing which demonstrates the availability of useful statistics with the supervisory bodies. However, the need for more regulation remains, with respect to obtaining adequate statistics information, on a regular basis, and providing them in a detailed manner that helps review the effectiveness of AML/CFT regime.

R38: Rating (PC):

128. The Kingdom of Saudi Arabia extended the scope of the permanent committee duties to execute mutual legal assistance by virtue of the Cabinet Decree No (78) dated 12/3/1433 to include the requests received from foreign countries or made by the Kingdom of Saudi Arabia to the countries on all crimes. In addition, the Kingdom of Saudi Arabia criminalized terrorism financing in accordance with the provisions of Article (34) of the Law of Terrorism Crimes and Financing which provides for the powers of the mutual legal assistance committee to receive MLA requests on TF crimes. The Implementing Regulations of article (26/1) stipulates that the Committee shall have the power to receive the requests received from other countries in relation to seizing or tracing the funds, proceeds or instrumentalities associated with ML crime. Those requests are referred to the Board of Grievances in order to issue judicial rulings; while Article (27) of the Law stipulates that the requests to confiscate funds, proceeds or instrumentalities associated with the crime of money laundering issued by foreign competent courts shall be exclusively carried out by the Board of Grievances after having received the same from the Permanent Committee. The deficiencies with respect to the confiscation or seizure of assets of corresponding value and to the international cooperation have not been addressed by Saudi Authorities.

SRVII: Rating (PC):

129. SAMA updated AML/CFT Rules addressed to banks and exchange offices to require category (A) banks and exchange offices to adopt effective risk based procedures to determine the wire transfers that lack full information on the originator; take actions towards same; determine whether or not they are suspicious transactions; and consider reporting same to the FIU. The Agency further requires Category (A) banks and exchange offices to consider limiting or even terminating the business relationship with the financial institutions that do not comply with the wire transfer standards and rules. On the other part, the rules on opening bank accounts and exchange offices require that transfer requests may only be accepted from customers who entered into account opening agreement or any other relation (such as: express money transfer). In addition, the rules governing banks and exchange offices detailed the obligations imposed on the entities when conducting transfer operations in a manner that addresses the deficiencies associated with this recommendation.

SRIX: Rating (PC):

130. Article (16) of the AML/CFT Law and its Implementing Regulations include the declaration system of the cash amounts and bearer negotiable instruments, precious metals and

precious stones and the like upon entering or leaving the Kingdom of Saudi Arabia. Article (23) of the Law stipulates that whoever breaches the provisions of this Law shall be sentenced to a minimum of six-month imprisonment and a financial fine not exceeding 100,000 Riyals or both of them. This Article applies to all provisions contained in the Law including the provisions on declaration. The Saudi authorities have provided two cases associated with the judgments of non-disclosure where a ruling was issued by Sharia'a Courts.

131. In order to address the deficiencies related to statistics, the Ministry of Justice issued Circular No. 13/V/4470 dated 25/1/1433 stipulating that courts shall inform the Customs Authority about any disclosure cases and feedback; and develop statistics of the cases under investigation or consideration at courts together with the rulings issued in relation thereto. The Customs Authority shall in turn collect, follow up and maintain such statistics for future use. The Bureau of Investigation and Public Prosecution issued a circular addressing all its directorates to provide the Customs Authority with feedback on the cases under investigation.

132. The Saudi Authorities produced statistics indicating the number of declarations submitted upon entering or leaving the Kingdom of Saudi Arabia as follows:

Table 20: Number of Declarations submitted to the Customs Authority when Entering/Exiting the KSA

Year	No. of Declarations (Entry)	No. of Declarations (Exit)
1430 A.H.(2009)	5233	6683
1431 A.H.(2010)	3302	5684
1432 A.H.(2011)	5357	9332
1433 A.H.(2012)	12107	7488
1434 A.H.(2013)	7788	11003

Table 21: Statistics on the total number of declared amounts regarding the entry of cash amounts and precious metals during 2009/2013 to the Customs Authority (SR)

Year	Entry			Total amount of "Entry"
	Cash	Precious Metals	Traveler's Checks	
1430 A.H. (2009)	35,596,532,968.00	967,074,467.00	4,969,883.00	36,568,577,318
1431 A.H. (2010)	12,062,009,699.00	770,381,818.00	8,524,325.00	12,840,915,842
1432 A.H. (2011)	50,149,693,153.46	907,439,995.30	10,648,860.00	51,067,782,008.76
1433 A.H. (2012)	87,350,004,805.59	1,593,438,486.93	6,911,204.00	88,950,354,496.52

1434 A.H. (2013)	134,092,755,668.00	9,012,697,924.89	906,826.00	143,106,360,418.89
---------------------	--------------------	------------------	------------	--------------------

Table 22: Statistics on the total number of declared amounts regarding the exit of cash amounts and precious metals during 2009/2013 to the Customs Authority (SR)

Year	Entry			Total amount of "Entry"
	Cash	Precious Metals	Traveler's Checks	
1430 A.H. (2009)	9,882,020,449.00	2,163,771,163.00	457,500.00	12,046,249,122
1431 A.H. (2010)	14,184,298,894.00	1,714,415,441.00	3,927,450.00	15,902,641,785
1432 A.H. (2011)	7,108,776,195.86	2,647,630,794.92	10,380,203.00	9,766,787,193.78
1433 A.H. (2012)	11,625,417,350.16	22,915,395,296.02	794,297.00	34,541,606,943.18
1434 A.H. (2013)	8,287,626,340.28	3,309,917,574.48	16,125,360.00	11,613,669,274.76

Annexes

Annex No. (1): AML law issued by virtue of the Royal Decree No. (M/31) dated 3 April 2012 and its Implementing Regulations.

Annex No. (2): Law of Terrorism Crimes and Financing issued by virtue of Royal Decree No. (M/16) dated 27 December 2013.

Anti-Money Laundering Law

Article 1

The following terms and phrases – wherever mentioned in this Law – shall have the meanings assigned thereto unless the context requires otherwise.

1- Money Laundering: Committing or attempting to commit any act with the intention to conceal or disguise the true origins of funds acquired by means contrary to *Sharia* or law in order to make such funds appear as if they were from a legitimate source.

2- Funds: Assets or properties of any value or type, whether material or immaterial, tangible or intangible, movable or immovable, along with documents, deeds and instruments of any form, including electronic or digital systems and bank credits that indicate ownership or interest therein, including, for example, all types of checks, transfer, stocks, securities, bonds, promissory notes and letters of credit.

3- Proceeds: Any funds directly or indirectly obtained or acquired by committing a crime punishable pursuant to the provisions of *Sharia* or this Law, if such funds are transferred or converted wholly or partially into assets, properties or investment returns.

4- Means: Anything used or prepared for use in any form for committing a crime punishable pursuant to the provisions of *Sharia* or this Law.

5- Financial Institutions: Any institution in the Kingdom engaging in one or more banking activities, money transfer, currency exchange,

investment, securities, insurance and financing. The Implementing Regulations of this Law shall specify the financial activities to be engaged in by said institutions.

6- Designated Non-Financial Businesses and Professions: Any institution in the Kingdom engaging in one or more commercial or professional activities. The Implementing Regulations of this Law shall specify the types of designated non-financial businesses and professions engaged in in the Kingdom.

7- Non-Profit Organizations: Any legal entity that collects, receives, or expends funds for charitable, religious, cultural, educational, social or cooperative purposes or for any other charitable work.

8- Transaction: Any action involving funds, properties or proceeds in cash or in-kind including, for example, deposit, withdrawal, transfer, sale, purchase, lending, exchange or use of safe deposit boxes and the like, as specified by the Implementing Regulations of this Law.

9- Criminal Activity and Original Crime: Any activity constituting a crime punishable by *Sharia* or law.

10- Provisional Seizure: Temporary ban on transport, transfer, exchange, disposal, or movement of funds and proceeds, or temporary possession or seizure thereof, pursuant to an order issued by a competent court or authority.

11- Confiscation: Permanent dispossession and deprivation of funds, proceeds or means used in a crime, pursuant to a judicial ruling issued by a competent court.

12- Monitoring Agency: A government agency in charge of granting licenses to financial institutions, designated non-financial businesses and professions and non-profit organizations as well as monitoring or supervising such institutions.

13- Competent Authority: All administrative authorities, law-enforcing agencies and monitoring agencies related to combating money laundering.

14- Corporate Person: Commercial bodies, establishments, entities, companies, societies or any other similar body capable of establishing a permanent business relationship or holding assets.

Article 2

A person committing any of the following acts shall be deemed a money launderer:

- 1- Carry out any transaction involving funds or proceeds, knowing that they are derived from a criminal activity or an unlawful or illegitimate source;
- 2- Transport, acquire, use, keep, receive, or transfer funds or proceeds, knowing that they are derived from a criminal activity or an unlawful or illegitimate source;
- 3- Conceal or disguise the nature of funds or proceeds or their source, movement, ownership, place, or manner of disposal, knowing that they are derived from a criminal activity or an unlawful or illegitimate source;

- 4- Complicity by means of agreement, assistance, incitement, counsel, advice, facilitation, collusion, or cover-up or the attempt to commit any of the acts provided for in this Article.

The Implementing Regulations shall specify criminal activities as well as unlawful and illegitimate sources where the use of funds derived from such activities or sources constitutes a money laundering crime in accordance with the provisions of this Article.

Article 3

A person or entity shall be deemed a money launderer if the person or entity carries out or participates in any of the acts provided for in Article 2 of this Law, including financial institutions, designated non-financial businesses and professions as well as non-profit organizations, chairmen and members of boards of directors, owners, employees, authorized representatives, auditors or hired hands of said entities who act under these capacities, without prejudice to the criminal liability of such entities if the crime is committed in their names or on their behalf.

Article 4

A money laundering crime shall be deemed a crime separate from the original crime, and any penalty enforced against the perpetrator of the original crime shall not preclude punishment for a money laundering crime committed within the Kingdom or abroad, if such act is deemed a crime according to the law of the state where the crime was committed and the law of the Kingdom.

Article 5

Financial institutions, designated non-financial businesses and professions as well as non-profit organizations shall not carry out any financial or commercial transactions or other activities under an anonymous or fictitious name, nor shall they open or deal with digital accounts. The identities of clients shall be constantly verified according to official documents upon initiating transaction or upon concluding commercial deals with such clients, whether directly or on their behalf. These institutions shall verify the official documents of corporate entities, showing the name and address of the institution as well as the names of its proprietors and managers authorized to sign on their behalf, and shall continuously take the necessary due diligence measures, as specified by the Implementing Regulations of this Law.

Article 6

Financial institutions, designated non-financial businesses and professions, and non-profit organizations shall keep all records and documents for a period not less than ten years from the date of concluding the transaction or closure of account, for the purpose of indicating domestic or foreign financial dealings as well as commercial and monetary transactions. They shall also keep account files, commercial correspondences and photocopies of personal identification documents.

Article 7

Competent monitoring agencies shall issue directives, rules, guidelines or any other instruments to entities under their supervision in

implementation of the provisions of this Law. Said agencies shall ensure the compliance of said entities with anti-money laundering requirements. Financial institutions, designated non-financial businesses and professions, and non-profit organizations shall set precautionary measures and internal monitoring to detect and abort any of the crimes specified in this Law and shall comply with the directives issued by the monitoring agencies in this regard.

Article 8

Financial institutions, designated non-financial businesses and professions, and non-profit organizations shall give due diligence to complex and unusually large transactions and all types of unusual transactions that have no clear economic or legal objective, examine the circumstances and purpose of such transactions to the extent possible and keep records of the findings for a period of ten years and make them available to competent authorities upon request.

Article 9

- 1- If financial institutions, designated non-financial businesses and professions, and non-profit organizations suspect or have reasonable grounds to suspect that funds or parts thereof are proceeds of a criminal activity or they are related to transactions of money laundering, financing of terrorism, acts of terrorism, terrorist organizations, terrorist financiers, or if such funds, regardless of their amounts, would be used in transactions of money laundering, financing of terrorism, acts of terrorism,

terrorist organizations, terrorist financiers, including attempts to engage in such transactions, they shall take the following measures:

- a- Report said transaction to the Financial Intelligence Unit immediately;
- b- Provide the Financial Intelligence Unit with a detailed report including all available data and information on said transaction and the parties involved therein.

2- The Financial Intelligence Unit shall take necessary legal measures upon verifying that the suspected transaction involves any of the crimes related to financing of terrorism, acts of terrorism, terrorist organizations, terrorist financiers, punishable in accordance with the provisions related to crimes of terrorism and financing thereof.

Article 10

As an exception to provisions relating to confidentiality, financial institutions, designated non-financial businesses and professions, and non-profit organizations shall submit documents, records and information to the Financial Intelligence Unit, the competent investigation authority or the judicial authorities upon request by the monitoring agency.

Article 11

Financial institutions, designated non-financial businesses and professions, and non-profit organizations as well as their staff and others bound by the provisions of this Law shall not alert clients or allow them to be alerted of any suspicions regarding their activities.

Article 12

Financial institutions, designated non-financial businesses and professions, and non-profit organizations shall set up programs for combating money laundering transactions, provided that said programs include the following as a minimum:

- 1- Set internal policies, measures and controls for combating money laundering and inform staff thereof, including due diligence measures, record keeping, detection of unusual and suspicious transactions and reporting suspicious transactions;
- 2- Avail the compliance department with adequate resources and appoint a compliance officer in charge of meeting anti-money laundering standards at the execution level. Said officer shall work independently and may communicate with senior management and have timely access to clients' identification data, due diligence information and other relevant transaction records;
- 3- Establish an independent audit unit with adequate resources for verifying compliance with said measures, policies, and controls in accordance with the risk-based approach;
- 4- Set ongoing training programs for relevant employees to acquaint them with laws, directives and updates in the area of combating money laundering in a way that enhance their abilities to identify such transactions, their patterns as well as methods of dealing with them;
- 5- Apply measures to ensure competency of staff upon appointment.

Article 13

The Financial Intelligence Unit at the Ministry of Interior shall enjoy adequate practical independence and shall act as a national central agency to receive, analyze and publish reports, and direct and channel notifications on suspicious transactions and other information related to money laundering activities. The Implementing Regulations of this Law shall specify the location, formation, powers and affiliation of said unit as well as manner of carrying out its duties.

Article 14

If reasonable suspicion of a money laundering crime is established, the competent investigation authority may, of its own accord or upon request by the Financial Intelligence Unit, order enforcement of provisional seizure of the funds, properties and means associated with the crime of money laundering for a period or periods not exceeding thirty days. Should there be a need for the seizure to be extended for a longer period, this shall be pursuant to a judicial order by the competent court, without prejudice to the rights of bona fide third parties.

Article 15

Information disclosed by financial institutions, designated non-financial businesses and professions, and non-profit organizations, according to the provisions of Article 10 of this Law, may be exchanged between such institutions and the competent authorities where such information relates to a violation of the provisions of this Law. The competent authorities shall keep such information confidential and not disclose it, except as

necessary for use in investigations or suits relating to a violation of the provisions of this Law.

Article 16

The Implementing Regulations of this Law shall set rules and procedures for declaration of cash amounts, bearer negotiable instruments as well as precious metals and stones entering or exiting the Kingdom, and shall determine the amounts and weights that must be declared.

Article 17

If a judgment is rendered to confiscate funds, proceeds or means used or intended to be used, pursuant to the provisions of this Law, and they are not required to be destroyed, the competent authority may dispose of the same according to the law or share them with countries that are parties to valid agreements or treaties with the Kingdom.

Article 18

Without prejudice to the rights of bona fide third parties, a person committing a crime of money laundering, provided for in Article 2 of this Law, shall be punished by a term of imprisonment not exceeding ten years and a fine not exceeding five million riyals or by either penalty, together with the confiscation of funds, proceeds and means subject of the crime. In case the funds and proceeds are commingled with funds acquired from legitimate sources, said funds shall be subject to confiscation within the limits equivalent to the estimated value of the illegitimate proceeds.

The competent court may invalidate or prohibit certain acts, whether contractual or otherwise, if one or more of the parties know or is ought to know that such acts could influence the ability of the competent authorities to recover the property subject to confiscation.

The competent court may exempt from such penalties the owner, possessor or user of funds or proceeds subject of the criminal violation if he notifies the authorities prior to their knowledge of the sources of said funds or proceeds and the identity of the parties involved, without him benefiting from their proceeds.

Article 19

A person committing a money laundering crime shall be punished by a term of imprisonment not exceeding fifteen years and a fine not exceeding seven million riyals, if he:

- 1- commits the crime through an organized crime syndicate;
- 2- uses violence or weapons;
- 3- occupies a public office and the crime is connected thereto or if he exploits his powers in committing the crime;
- 4- deceives and exploits women or minors;
- 5- commits the crime through a correctional, charitable, or educational institution or in a social service facility; or
- 6- has prior convictions pursuant to domestic or foreign judgments, especially in similar crimes.

Article 20

Without prejudice to other laws, any of the chairmen of the boards of directors or board members, owners, managers, employees, authorized representatives, and hired hands who act under such capacities, of financial institutions, designated non-financial businesses and professions, and non-profit organizations, shall be punished by a term of imprisonment not exceeding two years and a fine not exceeding five hundred thousand riyals or by either penalty, if they violate any of the obligations stipulated in Articles 5, 6, 7, 8, 9, 10, 11 and 12 of this Law. The penalty shall apply to any person engaging in said activities without obtaining the required license.

Article 21

Based on a judgment and upon referral by the competent authority, financial institutions, designated non-financial businesses and professions, and non-profit organizations shall be subject to a fine not less than one hundred thousand riyals and not exceeding the value of the funds, subject of the crime, if their liability is established according to the provisions of Article 3 of this Law.

Article 22

Upon commission of any of the criminal acts set forth in Article 2 of this Law, the following shall apply:

- 1- A Saudi national who has served his term of imprisonment shall be barred from travelling outside the Kingdom for a period equal to the term of imprisonment served. Such period shall not be less than

two years. The Minister of Interior, or his designee, may grant said person permission to travel during such period when necessary.

- 2- A non-Saudi shall be deported from the Kingdom upon execution of the penalty imposed against him. He may not return to the Kingdom save as permitted by *Hajj* and *Umra* directives.

Article 23

Except for the penalties set forth in this Law, a person violating its provisions shall be punished by a term of imprisonment not exceeding six months and a fine not exceeding one hundred thousand riyals, or by either penalty.

Article 24

Penalties stipulated in this Law shall not apply against persons violating its provisions in good faith.

Article 25

The competent authorities may exchange information disclosed by financial institutions, designated non-financial businesses and professions, and non-profit organizations with their foreign counterparts in other countries which are signatories with the Kingdom to valid agreements, treaties or memorandums of understanding, or on the basis of reciprocity, pursuant to applicable statutory procedures, without prejudice to the provisions and customs related to confidentiality of information.

Article 26

Upon the request of a competent court or authority in another country which is a signatory with the Kingdom to a valid agreement or treaty or

on the basis of reciprocity, the judicial authority may order seizure of funds, proceeds or means associated with the money laundering crime, according to laws in force in the Kingdom.

Upon the request of a competent authority in another country which is a signatory with the Kingdom to a valid agreement or treaty or on the basis of reciprocity, the competent authority may order tracking of funds, proceeds or means associated with a money laundering crime, according to laws applicable in the Kingdom.

Article 27

A final judgment providing for the confiscation of funds, proceeds or means related to a money laundering crime, issued by a competent court in another country which is a signatory to a valid agreement or treaty with the Kingdom or on the basis of reciprocity, may be acknowledged and enforced if the funds, proceeds or means subject of the judgment can be confiscated, according to laws applicable in the Kingdom.

Article 28

Relevant authorities and their employees, financial institutions, designated non-financial businesses and professions, and non-profit organizations as well as the chairmen and members of their boards of directors, owners, employees, hired hands or authorized representatives shall be exempted from criminal, civil or administrative liability that may result from the implementation of the duties provided for in this Law or upon infringement of any restriction imposed to ensure confidentiality of

information, unless it is established that their actions were carried out in bad faith for the purpose of harming the person subject of the transaction.

Article 29

The competent court shall have jurisdiction to decide on all crimes provided for in this Law.

Article 30

The Bureau of Investigation and Public Prosecution shall investigate and prosecute crimes stipulated in this Law before the competent court.

Article 31

The Minister of Interior, upon agreement with the Minister of Finance, shall issue the Implementing Regulations of this Law within ninety days from the date of its issuance.

Article 32

- 1- This Law shall supersede the Anti-Money Laundering Law, issued by Royal Decree No. M/39, dated 25/6/1424H;
- 2- This Law shall come into force sixty days from the date of its publication in the Official Gazette.

Law of Terrorism Crimes and Financing

Chapter One

Definitions

Article 1

The following terms and phrases – wherever mentioned in this Law – shall have the meanings assigned thereto unless the context requires otherwise:

a. Crime of Terrorism

Any criminal act committed, individually or collectively, directly or indirectly, by a perpetrator, with the intention to disturb public order, destabilize national security or state stability, endanger national unity, suspend the Basic Law of Governance or some of its articles, undermine state reputation or status, cause damage to state facilities or natural resources, attempt to coerce any of its authorities into a particular action or inaction or threaten to carry out acts that would lead to any of the aforementioned objectives or instigate such acts.

b. Crime of Terrorism Financing

Any act involving collecting, providing, receiving, allocating, transporting or transferring of funds or proceeds, wholly or partially, for any individual or collective terrorist activity, organized or otherwise, within the Kingdom or abroad, directly or indirectly, from a legitimate or illegitimate source; carrying out for the benefit of such activity or its elements any banking, financial or commercial transaction; collecting, directly or through an intermediary, funds to be utilized for its benefit; promoting its ideologies; arranging for training sites; sheltering its members or providing them with any type of weapons or forged documents; knowingly providing any other means of

support and financing as well as any act that constitutes a crime within the scope of the agreements mentioned in the appendix to the International Convention for the Suppression of the Financing of Terrorism and as defined in said agreements.

c. Funds

Assets or property of any value or type, whether material or immaterial, tangible or intangible, movable or immovable as well as documents, deeds or instruments in any form, including electronic and digital systems and bank credits evidencing title to or interest in such assets or property, including, but not limited to, all types of checks, transfers, shares, securities, bonds, drafts and letters of credit.

d. Provisional Seizure

Temporary ban on transport, transfer, exchange, disposition, movement, confiscation or temporary seizure of funds, proceeds and means, pursuant to an order issued by a competent court or authority.

e. Facilities and Public or Private Property

Real property and movables owned by the state or public corporate persons or dedicated to serve public interest as well as existing installations owned or constructed by the state, activities offered for realizing public interest, including real property and movables owned by individuals, private corporate persons, or diplomatic bodies and international and humanitarian organizations operating in the Kingdom.

f. Competent Authority

The authority having the power to combat, collect evidence, arrest, investigate, prosecute or try, as the case may be, under the provisions of this Law.

Chapter Two

General Provisions

Article 2

The crimes of terrorism and its financing are considered major crimes requiring detention.

Article 3

Notwithstanding the principle of territoriality, the provisions of this Law shall apply to any person, Saudi or non-Saudi, who commits, aids, attempts, instigates, participates or conspires to commit - outside the Kingdom – a crime provided for in this Law, and is not tried for, if such crime aims to:

1. change the government system in the Kingdom,
2. suspend the Basic Law of Governance or some of its articles,
3. coerce the State into a particular action or inaction,
4. assault Saudi citizens abroad,
5. cause damage to State properties abroad, including embassies or other diplomatic or consular premises,
6. carry out a terrorist act on board any means of transport registered in the Kingdom or carrying its flag, or
7. undermine the interests of the Kingdom, its economy or national or societal security.

Chapter Three

Procedures

Article Four

The Minister of the Interior may issue a warrant of arrest against any person suspected of committing a crime provided for in this Law and may delegate such power in accordance with controls set by him.

Article 5

The investigating authority may detain any person accused of a crime provided for in this Law for a period, or successive periods, not exceeding six months, and may extend such period(s) for six months if the investigation so requires. In the cases where the investigation requires longer periods of detention, the matter shall be referred to the specialized criminal court to decide on the extension.

Article 6

Without prejudice to the right of the accused to inform his family of his arrest, the investigating authority may issue an order barring contact with the accused for a period not exceeding ninety days if the investigation so warrants. If the investigation requires a longer period, the matter shall be referred to the specialized criminal court for decision thereon.

Article 7

The accused may not be provisionally released except by order of the Minister of Interior or his designee.

Article 8

The specialized criminal court shall decide on crimes set forth in this Law, as well as on claims for annulment of decisions and claims for compensation in connection with the application of this Law. Judgments rendered by such court may be appealed before the specialized court of appeals, and may be challenged before a specialized circuit at the Supreme Court.

Article 9

The court may issue a default judgment against a person accused of committing a crime set forth in this Law if he was duly notified through process service or through official media. The convicted person shall have the right to challenge the judgment.

Article 10

A person accused of a crime set forth in this Law may seek the assistance of a licensed lawyer to defend him before filing the case with the court, in ample time determined by the investigating authority.

Article 11

If multiple interrelated crimes were committed and one of which is a crime set forth in this Law, the specialized criminal court shall have jurisdiction to decide on all crimes attributed to the accused, unless such crimes were filed separately prior to their filing with said court.

Article 12

The court may seek the assistance of experts and may summon officials from the apprehending and investigating authorities for testimony. Where necessary, testimony

of experts and witnesses may be conducted in the absence of the accused person and his lawyer and in coordination with the public prosecutor. The accused or his lawyer shall be informed of the content of the expert report without disclosing the identity of the expert. Necessary protection must be provided as required by the state of the witness or expert, the circumstances of the case and the types of potential risks.

Article 13

Notwithstanding the provisions related to banking confidentiality, the Minister of Interior, in exceptional cases at his discretion, may enable the investigating authority, through the Saudi Arabian Monetary Agency, to access or obtain data or information related to accounts, deposits, trusts, safe boxes, transfers or movements of funds at banking institutions, if the investigating authority has sufficient evidence to connect them to crimes set forth in this Law. The Minister of Interior shall, in coordination with the Governor of the Saudi Arabian Monetary Agency, issue relevant regulations.

Article 14

All entities shall enable the competent authority – represented by preliminary criminal investigation officers and investigators – to access information and data relating to the crime of financing terrorism, as required by the preliminary investigation results at the discretion of the competent authority.

Article 15

Investigation proceedings or filing of criminal cases relating to crimes provided for in this Law or crimes related thereto shall not be conditional upon a complaint by the victim, his representative or his heirs. The civil claimant may file his case before the

specialized criminal court after the completion of the investigation relating to public right.

Article 16

The Minister of Interior, or his designee, may permit entry into homes and offices for search and arrest in relation to a crime set forth in this Law at any time within the period specified in the search warrant. In exigent circumstances, no permit is required for such purpose, provided that a report is prepared providing grounds for such exigency.

Article 17

The Minister of Interior, or his designee, may issue a reasoned order for the monitoring, seizure and recording of all forms of communication, including messages, correspondences, publications, packages and telephone conversations, in relation to a committed or plotted crime, if deemed useful.

Article 18

The Minister of Interior, or any person acting on his behalf, may urgently order expeditious provisional seizure, for a period of three months renewable for similar periods, of funds, proceeds or means suspected of being used in committing any of the crimes set forth in this Law, pending completion of the investigation conducted in this respect. Such seizure shall be promptly executed by the competent authority without delay.

Article 19

The specialized criminal court may, during the hearing, order a provisional seizure of funds, proceeds or means or the continuation of a seizure pending completion of trial. The seizure shall be executed by the competent monitoring and supervisory authorities without delay.

Article 20

Chairmen and members of the boards of directors of financial institutions, designated non-financial businesses and professions, and non-profit organizations as well as their owners, employees, hired hands and authorized representatives shall be exempted from criminal liability resulting from execution of the duties set forth in this Law or the violation of any restriction imposed to maintain confidentiality of information, unless it is established that the actions were maliciously carried out to harm the person subject of the transaction.

Chapter IV

Concluding Provisions

Article 21

The specialized criminal court may, on reasonable grounds that the convict will not repeat any of the crimes provided for in this Law, stay the execution of the penalty, provided such stay does not exceed half the term, unless he is a repeat offender.

The court shall provide grounds upon which such partial stay of execution is rendered. Its decision shall be appealable. If the convict repeats the crime, the stay of execution

shall be revoked and the stayed penalty shall be executed without prejudice to the penalty prescribed for the new crime.

Article 22

A conspiracy between two persons or more to commit any one of the crimes provided for in this Law shall be deemed an aggravating circumstance.

Article 23

Without prejudice to civil right, the Minister of Interior may stay prosecution against any person who reports a crime provided for in this Law, prior to or after its commission, and cooperates with the competent authorities during the investigation for the purpose of apprehending the remaining perpetrators of said crime or of another crime similar in kind and gravity, or leads the authorities to wanted persons or persons plotting to commit similar crimes.

Article 24

The Minister of Interior may, on reasonable grounds and during the execution of sentence, order the release of a person detained for or convicted of any of the crimes provided for in this Law.

Article 25

A person accused or convicted of one of the crimes provided for in this Law, who sustains damage due to prolonged detention or imprisonment, may petition the Minister of Interior or his Deputy seeking indemnification prior to filing before the specialized criminal court. The petition shall be reviewed by a settlement committee formed for such purpose, pursuant to a decision by the Minister. Said committee shall

comprise at least three members, including a *Sharia* counselor and a legal counselor. Committee decisions shall be taken by majority within a period not exceeding sixty days from the date of filing the petition.

Article 26

Specialized centers shall be set up to educate persons detained for or convicted of any of the crimes provided for in this Law, so as to enhance patriotism and correct any misconceptions they have. Committees' work procedures, formation and remunerations of members and experts shall be determined pursuant to a decision by the Minister of Interior. Instead of detention, the investigating authority may commit to such centers persons arrested or reported as suspects.

Article 27

The Ministry of Interior shall establish centers named "Correction and Rehabilitation Centers" to provide care to persons detained for or convicted of any of the crimes provided for in this Law, facilitate their integration in the community, enhance their patriotism and correct any misconceptions they have. The Minister of Interior shall issue rules governing these centers and determine remunerations of staff and persons providing service thereto.

Article 28

The Minister of Interior shall issue regulations setting forth security measures, rights, duties, violations and penalties as well as classification of detainees and inmates within detention centers and prisons designated for the implementation of the provisions of this Law. Such regulations shall provide for measures to correct and improve the social and health conditions of detainees and inmates.

Article 29

Any person concerned with the implementation of the provisions of this Law shall maintain the confidentiality of information he becomes privy to, and such information may not be disclosed except for the use of the competent authorities. Unless justified, no disclosure may be made to any person of any of the reporting, inquiry, investigation or trial procedures, or of data related thereto, in respect of any of the crimes set forth in this Law.

Article 30

The competent authorities in the Kingdom may exchange information with counterpart authorities in other countries with which the Kingdom has valid agreements or treaties, or on the basis of reciprocity.

Article 31

- 1 – Crimes set forth in this Law shall not be subject to statute of limitations.
- 2 – Incompetent persons accused in crimes of terrorism and its financing must be referred to the specialized criminal court to take necessary action in accordance with *Sharia*.

Article 32

The Standing Committee on Combating Terrorism at the Ministry of Interior shall put in place necessary mechanisms for the implementation of Security Council Resolutions No. 1267 and No. 1373 and other related resolutions. Such mechanisms shall be specified pursuant to a decision by the Minister of Interior.

Article 33

The Standing Committee on Combating Terrorism at the Ministry of Interior shall receive requests from states, agencies and organizations relating to Security Council resolutions on combating terrorism financing.

Article 34

The Committee for Mutual Legal Assistance at the Ministry of Interior shall receive requests for mutual legal assistance concerning crimes of terrorism financing.

Article 35

The Financial Intelligence Unit at the Ministry of Interior shall – in its capacity as a central national agency – receive reports on suspected terrorism financing crimes; collect, analyze and disseminate information, and request imposition of provisional seizure in accordance with Article 18 of this Law. Said Unit may exchange information with counterpart agencies in accordance with Article 25 of the Anti-Money Laundering Law.

Article 36

Without prejudice to the rights of *bona fide* parties, the investigating authority shall have the authority to identify and track funds, properties, assets and means used in the commission of a terrorism financing crime which may be subject to confiscation.

Article 37

The information disclosed by financial institutions, designated non-financial businesses and professions, and non-profit organizations may be exchanged among the competent authorities in the Kingdom providing that the confidentiality of such

information be fully maintained, and no disclosure thereof may be made except to the extent necessary for use in investigations or actions relating to the crime of terrorism financing.

Article 38

An accused person convicted of a crime related to terrorism financing may be extradited to another state provided that such extradition be pursuant to a valid agreement between the Kingdom and the requesting state, or on the basis of reciprocity. If the extradition request is denied, he shall be tried before the competent courts in the Kingdom, using investigations provided by the state requesting extradition.

Article 39

Financial institutions, designated non-financial businesses and professions and non-profit organizations shall be subject to the provisions of the Anti-Money Laundering Law and its Implementing Regulations, with respect to crimes of terrorism financing, terrorist operations, terrorist organizations or terrorist financiers.

Article 40

The provisions of the Criminal Procedures Law shall apply in cases not provided for in this Law.

Article 41

This Law shall enter into force on the day following the date of its publication in the Official Gazette.