

Matrix of Challenges Facing member countries in Implementing

Targeted Financial Sanctions



November 2025

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1. Background:

Based on the 2024-2025 Technical Committee's Action Plan for the Implementation of Targeted financial sanctions (TFS) adopted at the plenary, and to assist member states in overcoming the challenges and weaknesses they face in implementing TFS, this project prepares a matrix of ratings for member states of relevant FATF recommendations and Immediate outcomes. This involves compiling the relevant international standards and IOs related to TFS into a matrix and addressing the challenges and weaknesses identified in the MERs of the countries assessed (main conclusions and recommended actions).

In cooperation with the Chair of the Technical Committee (TC), the MENAFATF Secretariat established a small group of TC members to compile recommendations and IOs on TFS from MERs. By the end of February 2025, the Secretariat shared a draft matrix of IOs and technical compliance recommendations on TFS with member states that had completed their mutual evaluation. A small group of experts was established to finalize the matrix. It included Technical Committee experts from the Hashemite Kingdom of Jordan, the United Arab Emirates, the Republic of Iraq, the State of Palestine, the Kingdom of Saudi Arabia, and the Arab Republic of Egypt.

Members of the small project team: Talal Al-Nsoor from the Hashemite Kingdom of Jordan; Ahmed Al-Falasi from the United Arab Emirates; Turki Al-Bahli and Sulaiman Al-Shahri from the Kingdom of Saudi Arabia; Asaad Mahous from the Republic of Iraq; Samah Jarrar from the State of Palestine; Amr Rashed from the Arab Republic of Egypt; Raed Al-Rawashdeh and a number of experts from the Executive Office for Control and Non-Proliferation; and Sherif Hossam El Din El Areny from the Technical Assistance and Compliance Unit, representing the Secretariat of the Middle East and North Africa Financial Action Task Force (MENAFATF).

The small group finalized the document, adding a section outlining the challenges and weaknesses facing member states. The final document was circulated to the remaining members for their review and feedback. The Secretariat provided the small group with a preliminary study on the matter and detailed its work. An operational meeting was held, hosted and supported by the Chair of the Technical Committee for the Implementation of Targeted Financial Sanctions, at the Executive Office for Control and Non-Proliferation from **September 29 to October 1, 2025**, in Dubai, United Arab Emirates.

The small group prepared the final draft of the matrix in October 2025, which was circulated to member states and discussed at the 40th meeting of the Technical Assistance and Typology Working Group (TATWG). It was subsequently adopted at the MENAFATF 41st Plenary in November 2025, prior to its publication on the MENAFATF website.

Report Preparation Stages

▪ Preparation Stages

The project was implemented according to specific timelines from February 2025 to November 2025. The main stages included the following:

- **February 2025:** Establishment of the group and assignment of tasks
- **February-March 2025:** Data and case studies presented by experts, and completion of the first draft
- **May 2025:** Preparation of the first draft of the Manual
- **June-July 2025:** Review of the report and receipt of comments from Member States
- **September 2025:** In-person meeting with the small group of experts to finalize the matrix
- **October-November 2025:** Distribution of the matrix to Member States, feedback, and adoption of the matrix at the Plenary.

The two working groups prepared a preliminary draft of a Manual on best practices for the effective implementation of TFS requirements and combating sanctions evasion. This draft was based on the experiences of the jurisdictions reviewed during the seminar and TF/PF case studies.

The MENAFATF Secretariat finalized the document after working initially during the seminar on the first draft, which was distributed to the technical experts to be discussed further. The Secretariat's comments were taken into account leading to a final draft that the Secretariat was able to present to member states for adoption and dissemination at a later stage.

Introduction:

States implement TFS as a regulatory measure aimed at preventing the misuse of financial systems for TF and PF purposes. These sanctions are typically imposed by governments and international bodies to freeze assets, prohibit transactions, and restrict access to financial systems for individuals, entities, and groups listed on United Nations or national sanctions lists. TFS help in preventing the misuse of financial resources to support illicit activities.

The Financial Action Task Force (FATF) has established standards that jurisdictions should reflect in their national frameworks and ensure their effective implementation, particularly the requirements of Recommendations 1, 2, 6, and 7, as well as IO10 and IO11.

The FATF has also emphasized the need to assess TF and PF risks and how to protect states from such crimes. It has issued guidance to assist jurisdictions in implementing the necessary measures to ensure compliance with this framework and promote effectiveness and sustainability.

In this context, the FATF requires member states to have an effective mechanism in place to freeze funds and other assets belonging to listed individuals and entities immediately and without delay, to ensure they cannot access resources that could be used for TF and PF purposes. This is achieved through the strict implementation of UN Security Council resolutions, particularly those related to the TF, such as resolutions 1267, 1988, and 1373 (on local sanctions lists), and PF, namely

Security Council resolutions 1718 and 2231. It should be noted that, as of October 18, 2023, the TFS set out in Security Council resolution 2231 on Iran were suspended. However, regardless of any subsequent updates to that resolution, the FATF continues to consider Iran a high-risk jurisdiction and has kept it on its blacklist.

This matrix is a practical tool to complement the Manual on TFS implementation and combating sanctions evasion. It compiles and analyzes national practices and the most prominent challenges facing member states in implementing TFS, thereby contributing to identifying areas for development and enhancing effectiveness and compliance with FATF standards.

The matrix is the result of collaboration between the two expert groups established by the Technical Committee for the Implementation of TFS. The two groups prepared this study in accordance with the approved 2024–2025 work plan. The matrix provides a structured comparative reference to assist Member States in:

- Understanding the current state of TFS implementation in the region.
- Identifying strengths and challenges in national and regulatory frameworks.
- Sharing experiences on implementation the tools and procedures and detection of evasion.
- Supporting national capacity building in developing relevant electronic and monitoring systems.

The information contained in the matrix has been categorized according to key analytical themes, including:

- The legal and regulatory framework for TFS.
- Implementation mechanisms and the entities responsible for immediate asset freezes without delay.
- Coordination and information sharing among relevant national entities.
- Operational and supervisory challenges in tracking implementation and detecting evasion.
- Best practices and proposed solutions to enhance effectiveness and sustainability.

This matrix thus represents an interactive tool that Member States can use to assess their national readiness and develop mechanisms for implementing TFS, ensuring full compliance with the requirements of FATF Recommendations (6, 7, 1, and 2) and IOs (10 and 11).

Objectives

This document aims to achieve a set of strategic objectives that promote TFS implementation effectiveness, including the following:

- Analyzing TFS legal and operational gaps in MERs.
- Identifying best national, regional, and international practices in implementing TFS and preventing evasion.
- Developing practical and applicable recommendations to enhance the effectiveness of national systems.
- Supporting Member States in developing legal and regulatory frameworks and electronic systems for TFS implementation.
- Contributing to the development of an updated matrix for Member States to improve their national procedures.

First: TFS Challenges and Legal Shortcomings in MERs

Legal gaps related to Recommendations (6) and (7) in the MERs of Member States that received a non-compliant or partially compliant rating:

- Lack of a legal basis to implement TF-TFS without delay.
- Failure to designate a competent authority or court to propose individuals or entities to the Security Council Committees established pursuant to resolutions 1267/1989 and 1988 for designation, or clear mechanisms for identifying individuals or entities for designation.

- Failure to designate a competent authority or court responsible for designating individuals or entities that meet the criteria established pursuant to Security Council resolution 1373.
- The freezing obligation set out in the resolution on implementing UNSCRs does not apply to the domestic list.
- The definition of the term "without delay" in resolution 1373 is inconsistent with the FATF standards.
- Absence of procedures and supporting information for designation that should be provided to another jurisdiction to activate its freezing mechanisms.
- The definition of "funds" is not comprehensive and consistent with the FATF definition.
- Failure to disseminate lists and updates to natural and legal persons not subject to any specific supervisory body to enforce freezing obligations without delay.
- The absence of procedures to facilitate review by the 1988 Committee of designations, in accordance with UNSCR 1988.
- Some supervisory authorities do not require their reporting entities to respond to their email notifications (feedback).
- The absence or inadequacy of publicly available procedures for lifting the freeze, and a mechanism to notify entities immediately and without delay of the lifting of the freeze.
- The lack of specific procedures for submitting delisting requests when designation criteria are not met.
- The lack of specific procedures for submitting designation review requests (appeals).
- The absence of a standard of evidence based on sufficient grounds or a sound basis when deciding whether or not to submit a designation proposal.
- Failure to provide as much relevant information as possible about the proposed name and to submit an explanatory statement containing as much detail as possible about the grounds for listing.
- The absence or lack of clarity in the procedures for notifying FIs and certain DNFBPs of changes to relevant lists (whether new listings or de-listings).
- The failure of relevant authorities to provide clear guidance to FIs and other individuals or entities, including DNFBPs, holding targeted funds or other assets, regarding their obligations to take action under the freezing mechanisms.
- There is no legal obligation for FIs and DNFBPs to report frozen assets or attempted transactions to the Committee.

- The mechanism for automatically publishing decisions to include or remove entities from national terrorism lists and sanctions lists immediately after the competent authority or the relevant Security Council body adopts a decision is unclear.
- No effective dissuasive penalties for relevant entities in the event of non-compliance with TFS requirements.
- The decision-making process on the de-listing of individuals pursuant to UNSCR 1373 lacks independence.
- The competent authorities lack the legal authority to take unilateral action against any designated person or entity.
- There are no measures to protect the rights of bona fide third parties who act in good faith when fulfilling obligations related to the freezing of assets.
- There is no legal provision stipulating that proposals for designation are not contingent upon the existence of a criminal case.
- There is no legal provision regarding exceptional expenses in accordance with the requirements of Criterion 6.7, or any rules or procedures that allow for the use of frozen funds and economic resources, including for basic expenses.

Legal gaps analysis¹

- According to the study, 50% of jurisdictions in the region had legal shortcomings, including the absence or weakness of publicly announced procedures for lifting asset freezes and a mechanism for immediately notifying relevant parties of the lifting of a freeze without delay. Additionally, 50% of jurisdictions lacked specific procedures for submitting de-listing requests when designation criteria are not met. These are high-priority gaps that need to be addressed when legal reforms are introduced in these jurisdictions. Furthermore, 44.5% of jurisdictions had gaps related to the failure to disseminate lists and their updates to natural and legal persons not subject to any specific regulatory body, thus hindering the implementation of their freezing obligations without delay. The lack of clear legal provisions compelling

¹ The percentage for each gap reflects the extent/existence of deficiencies in the region's jurisdictions, according to a study of the MERs of 18 countries.

everyone to comply with the freezing obligation impedes the enforcement of freezing procedures by all relevant parties.

- The study also found that procedures for informing FIs and DNFBPs of changes to the lists were either absent or unclear in 22% of cases, and that relevant authorities failed to provide clear guidance on required obligations in another 22%. This leads to weak compliance with the required obligations. Other shortcomings include unclear mechanisms for automatically publishing listing or delisting decisions (16.67%) and the absence of feedback requirements (5.5%), which weakens effective communication and coordination.
- At the institutional level, the results highlighted the lack of a clear legal basis for the implementation of TF-TFS without delay (33%), indicating shortcomings in the legislative framework. Furthermore, the study revealed the absence of a designated competent authority or court responsible for proposing individuals or entities for designation under UNSCRs (33%), and the lack of a designated entity responsible for designating entities under UNSCR 1373 (22%). Additionally, the study found a lack of legal authority to take unilateral action against designated individuals or entities (22%), which limits the speed and effectiveness of national responses.
- The study also revealed shortcomings in the legal scope of asset freezes, as the obligation to freeze assets does not extend to jointly or indirectly owned funds (39%) in the region, creating loopholes that can be exploited to evade sanctions. The analysis also revealed shortcomings in the definition of funds (11%) and the non-application of the freezing obligation to the local list (5.5%). Furthermore, the definition of the term "without delay" was found to be inconsistent with FATF standards (5.5%), thus undermining accurate legal enforcement.
- The analysis also highlighted deficiencies in the evidentiary and transparency standards. Specifically, 33% of proposed names were not provided with sufficient information and data, along with a detailed explanation of the legal basis for listing. Additionally, 17% of the proposed names were not identified as having sufficient grounds or a sound basis for designation. This increases the likelihood of erroneous listings and weakens the legitimacy of the decisions.

- The study also revealed a lack of procedures and supporting information for designation that should be provided to other jurisdictions to activate their asset freezing mechanisms (33%). This weakens the effective collective response to UNSCRs and limits international coordination in CFT. The study highlights weaknesses in enforcement mechanisms, including the absence of a legal obligation for FIs and DNFBPs to report frozen assets or attempts to use them to the Committee (28%). Additionally, there is a lack of effective dissuasive penalties for entities that fail to comply with sanctions requirements (11%), and an absence of a legal provision regulating exceptional expenditures or allowing the use of frozen funds within the limits of basic expenses (5.5%), hindering practical implementation.
- The study demonstrated shortcomings in legal protection, specifically the lack of measures to protect the rights of bona fide third parties when implementing asset freezing obligations (16.6%). This could lead to undue harm to uninvolved parties. The absence of a legal text that explicitly states that designation proposals are not contingent on the existence of a criminal case was noted in 11% of cases, which could restrict the ability of authorities to act proactively in combating terrorist financing.

Legal Gaps in MERs of Jurisdictions in the Region Related to TFS

Recommendation 7

1. Failure to implement TFS related to the financing of weapons of mass destruction, due to the lack of obligation for natural and legal persons within the jurisdiction to freeze funds or other assets belonging to designated individuals and entities without delay and prior notice.
2. The absence of a legal and regulatory framework for implementing TFS.

3. Incomplete freezing obligations and their failure to extend to funds or other assets owned, controlled, or held, fully or jointly with others, by a person acting directly or indirectly on behalf of, or at the direction of, or under the control of a designated person or group, and the impact this has on the ongoing prohibition to make funds available.
4. Failure to implement TFS without delay, due to the lack of mechanisms to notify reporting entities of changes to the lists.
5. The lack of appropriate guidance on how to implement procedures under the freezing mechanisms.
6. The absence of supervisory measures to monitor compliance with PF-TFS obligations.
7. The failure to impose penalties for non-compliance with TFS.
8. The absence of publicly available procedures allowing individuals and entities with the same or similar names as designated individuals or entities to send a de-listing request to the focal point appointed pursuant to resolution 1730, or to notify the designated individuals or entities directly to submit a petition to the focal point.
9. The absence of procedures allowing access to frozen funds to enforce a court judgment.
10. The absence of measures to protect the rights of bona fide third parties acting in good faith when fulfilling freezing obligations.

Legal Gaps Analysis²

- The study revealed that 46.6% of jurisdictions in the region had legal shortcomings related to the non-implementation of PF-TFS. This was due to the failure to compel individuals and legal entities in the country to freeze funds or other assets belonging to designated individuals and entities without delay

² The percentage for each gap reflects the extent/existence of deficiencies in the region's jurisdictions, according to a study of the MERs of 15 countries

and prior notice. A similar percentage exhibited shortcomings related to the absence of a legal and regulatory framework for TFS implementation. These are high-priority gaps that need to be addressed through legal reforms in these jurisdictions, as the absence or inadequacy of the legal basis weakens the enforcement of freezing decisions and leaves implementing bodies with varying interpretations, which directly impacts the implementation of TFS without delay.

- The study also revealed that there are no publicly available procedures allowing individuals and entities with the same or similar names as designated individuals or entities to send a de-listing request to the focal point appointed pursuant to resolution 1730, or to inform listed individuals or entities directly of their right to submit such a request to the focal point. This deficiency was observed in 33.3% of cases.
- The study also revealed shortcomings in the legal scope of asset freezes, specifically their inability to extend to funds or other assets owned, controlled, or held, fully or jointly with others, by a person acting directly or indirectly on behalf of, or at the direction of, or under the control of, a designated individual or group. This insufficient scope affects the ongoing restrictions on making funds available, as observed in 26.67% of the jurisdictions in the region.
- The analysis also revealed that 20% of jurisdictions in the region lack or have deficiencies in their mechanisms for notifying relevant parties of changes to the lists. Regarding supervision and oversight, 20% of jurisdictions in the region failed to implement supervisory measures to monitor compliance with PF-TFS obligations. A similar percentage also failed to impose penalties for non-compliance with TFS.
- The study highlighted deficiencies in legal protection, specifically the lack of measures to protect the rights of bona fide third parties when implementing asset freeze obligations (20%). This could lead to undue harm to uninvolved parties. Furthermore, 6.67% of jurisdictions lacked legal provisions explicitly outlining procedures for accessing frozen funds to enforce a court judgment.

- Legal gaps related to Recommendation (8) in Member States that received a non-compliant (NC) or partially compliant (PC) rating in their MERs:
 - 28.5% of jurisdictions had legal gaps and did not ensure adequate procedures, including laws and regulations related to the NPO subsector that could be exploited for TF purposes. The same percentage of jurisdictions also did not periodically reassess the sector using new information on potential vulnerabilities that could be exploited for terrorist activities. Furthermore, 28.5% of jurisdictions did not review all their procedures, including laws, to enable them to take proportionate and effective measures to address identified risks.
 - 71% of jurisdictions had legal gaps related to the lack of information on whether the "competent authority" had collaborated with "NPOs" to develop and refine best practices to address TF risks and vulnerabilities, and thus to protect against exploitation for TF purposes. Furthermore, the NPO risk assessment in 28.5% of jurisdictions did not include an in-depth analysis or identification of the characteristics and types of NPOs vulnerable to terrorist exploitation.
 - Regarding regulatory measures, regulatory authorities in 43% of jurisdictions did not implement focused, proportionate, and risk-based measures for NPOs. Additionally, 71% of jurisdictions did not identify the nature of the threats posed by terrorist groups to these NPOs, nor did they consider how terrorist groups might exploit them.
 - Furthermore, 43% of jurisdictions lacked information on whether authorities had reassessed the sector by reviewing new information on potential vulnerabilities that could be exploited in terrorist activities. Additionally, 28.5% of jurisdictions lacked information on whether authorities had established clear policies to promote accountability, integrity, and public trust in the management of all NPOs, and 28.5% of jurisdictions did not encourage NPOs, through their relevant authorities, to conduct their transactions through regulated financial channels.
 - Regarding cooperation between institutions, 71% of jurisdictions lacked a mechanism for cooperation, coordination, and information exchange among the competent authorities possessing information on NPOs. Furthermore, 43% of

jurisdictions did not identify the NPO subsector covered by the FATF definition of NPOs, nor did they take appropriate and effective measures to address identified risks.

- With regards to outreach and awareness, 43% of jurisdictions did not review the adequacy of measures imposed on NPOs, and their outreach with the NPO sector was weak due to limited training workshops. Additionally, 28.5% of jurisdictions did not implement awareness and educational programs for NPOs and donors on vulnerabilities, risks, and preventive measures against TF exploitation.
- Regarding supervision and oversight, 28.5% of jurisdictions did not conduct supervision and oversight of NPOs based on TF risks, nor did they monitor these NPOs' compliance with Recommendation 8, including risk-based measures. Furthermore, the penalties stipulated in the laws governing associations in 28.5% of jurisdictions were not dissuasive and did not address violations of Recommendation 8.
- As for investigations, 14% of jurisdictions lacked the expertise and resources to investigate NPOs suspected of being exploited for TF purposes, and 28.5% lacked mechanisms to ensure the immediate exchange of relevant information in order to take preventive or investigative measures when an NPO is suspected of TF.
- At the international level, 71% of jurisdictions did not appoint focal points and adopt appropriate procedures for responding to international requests for information on NPOs suspected of TF. The same percentage also did not conduct periodic national reviews of the NPO sector.
- Regarding statistics, 100% of jurisdictions did not report having up-to-date information on existing NPOs, and 57% did not provide any reports or statistics to the assessors. Moreover, awareness-raising of TF for the civil society was not systematic in 57% of jurisdictions.
- Finally, in 43% of jurisdictions, no changes to the management staff were reported to the Secretary-General of the Government, and in 43% of jurisdictions, there were no qualitative measures for effective CFT investigation and inquiry on NPOs.

Second: Operational Challenges and Shortcomings in MERs Related to TFS:

IO10:

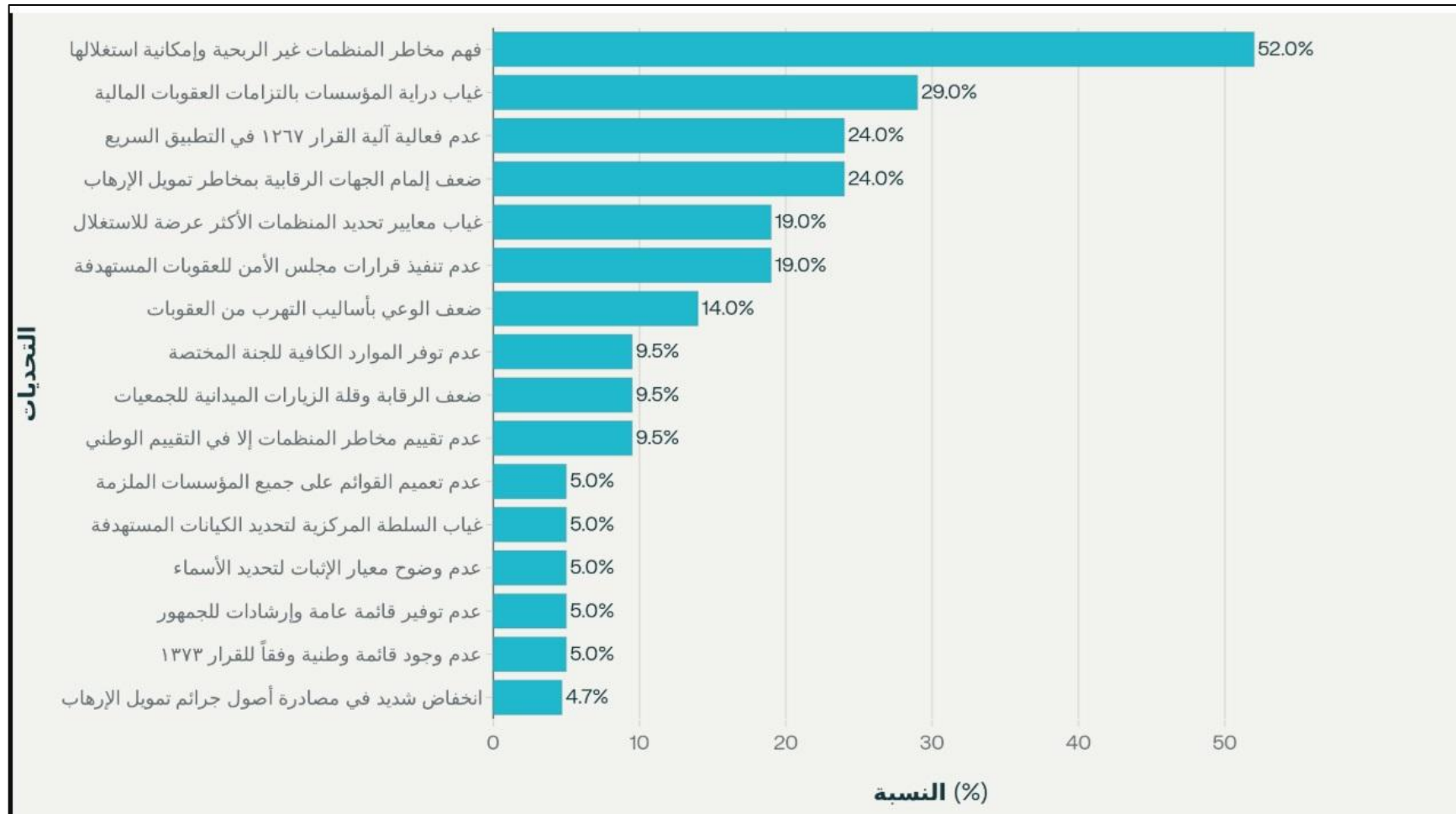
- 1- Lack of a clear and unified understanding of TF risks in the NPO sector.
- 2- Lack of clear and sufficient criteria for identifying the NPO subsector most vulnerable to misuse, in accordance with the FATF methodology definition.
- 3- UNSCRs on TF-TFS are not being effectively implemented.
- 4- Lack of awareness among DNFBPs supervisory authorities of TF risks.
- 5- Failure to conduct a risk assessment of the exploitation of NPOs in TF operations.
- 6- Weak oversight and supervision of the NPO sector.
- 7- Weak framework for confiscating TF assets and instrumentalities.
- 8- Low awareness among relevant authorities and the private sector of sanctions evasion methods and typologies.
- 9- TFS are not being implemented without delay.
- 10- The absence of a national list pursuant to Resolution 1373.
- 11- The lack of a mechanism for disseminating lists to all reporting entities.
- 12- The lack of awareness among reporting entities of their TFS obligations.
- 13- The absence of a publicly available list of designated individuals or entities, or guidance on implementation obligations.
- 14- Insufficient resources at the central authorities responsible for monitoring TFS implementation.
- 15- The absence of a central authority responsible for proposing individuals or entities for designation pursuant to UNSCR 1373 or to implement UNSCR 1276.

16- The lack of a clear basis for a sufficient or sound evidentiary standard when designating or listing individuals pursuant to UNSCRs.

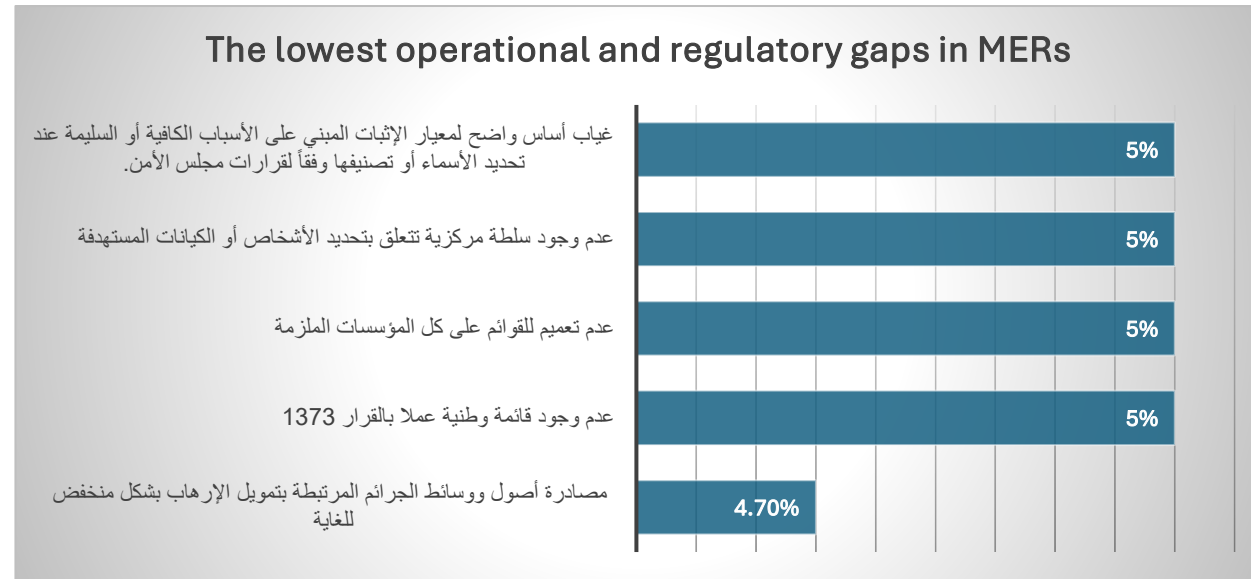
Results of the analysis of operational deficiencies and gaps in the MERs:

- The study revealed that 52% of jurisdictions in the region lacked a clear and unified understanding of TF risks in the NPO sector. This increases the potential for misuse of the sector, especially given influential factors such as the sector's size, weak supervision, and indicators of its potential misuse for TF. Furthermore, 19% of jurisdictions lacked clear and sufficient criteria for identifying the NPO subsector most vulnerable to misuse, as per the FATF methodology definition. Additionally, 19% of jurisdictions had shortcomings in the effective implementation of UNSCRs on TF-TFS, as the mechanisms and structures for TFS implementation were still nascent.
- Regarding supervision and risk awareness, 24% of jurisdictions in the region lacked awareness of TF risks among DNFBPs and NPOs supervisory authorities. The results also showed that 9.5% of jurisdictions did not assess the risks associated with NPOs except in the NRA. Furthermore, 9.5% of jurisdictions had weak supervision, as more than half of the NPOs did not undergo onsite inspection during the assessment. In addition, 14% of jurisdictions had a deficiency in the level of awareness within the private and public sectors, as well as a lack of awareness among authorities and private sector entities of sanctions evasion methods or typologies.
- The study also revealed that 4.7% of jurisdictions had a very low level of confiscation of TF-related assets and instrumentalities. Regarding TFS implementation, 19% of jurisdictions do not implement TFS without delay. Additionally, mechanisms under UNSCR 1267 in 24% of jurisdictions were ineffective and failed to ensure the implementation of TFS without delay. Furthermore, 5% of jurisdictions lacked a national list pursuant to UNSCR 1373, and another 5% failed to disseminate lists to all reporting entities.
- In terms of institutional compliance, reporting entities in 29% of jurisdictions lacked awareness of their obligations to implement TFS. Furthermore, 5% of jurisdictions did not provide a publicly available list of designated individuals and

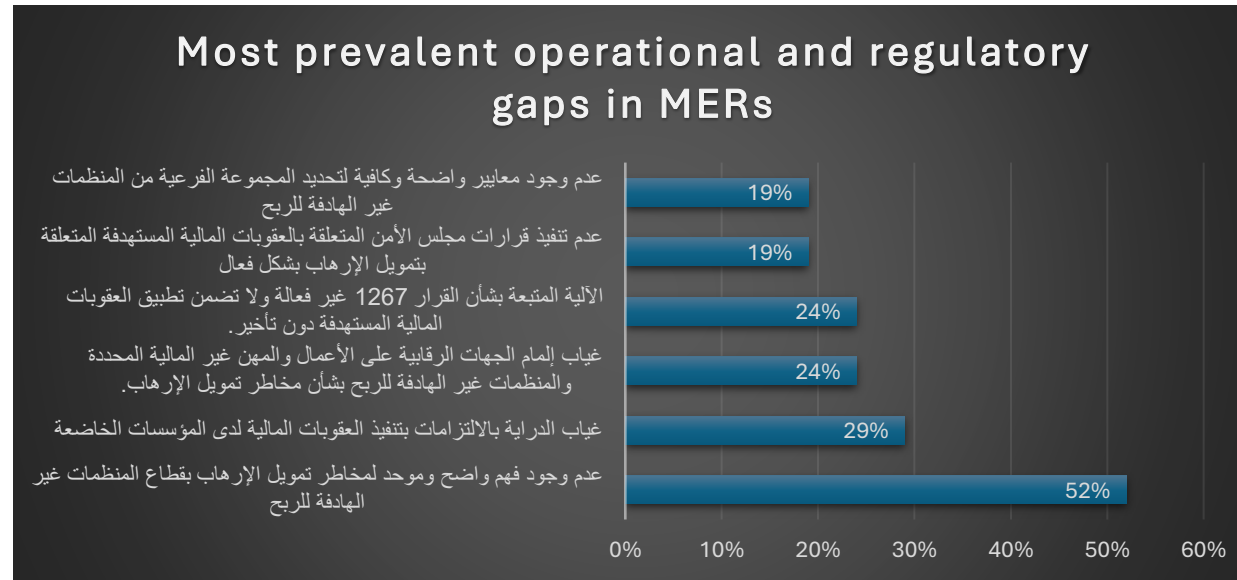
entities or guidance on TFS implementation obligations, hindering the effective and consistent implementation of TFS. With regards to institutional structure, the findings revealed that 9.5% of jurisdictions lacked sufficient resources within their relevant committees to fulfill all their responsibilities. Also, 5% of jurisdictions did not have a central authority to propose persons or entities for designation in accordance with UNSCR 1373 or to implement UNSCR 1276. Finally, 5% of jurisdictions lacked a clear basis for a standard of sufficient or sound evidence when identifying or designating names in accordance with UNSCRs.



(Figure 1: All operational gaps related to IO10 in the MERs)



(Figure 2: The lowest operational gaps related to IO10 in MERs)



(Figure 3: The highest operational and regulatory gaps to IO 10 in MERs³)

■ **IO11:**

1. Failure to implement relevant UNSCRs on CPF.
2. No system for the implementation of PF-TFS without delay.
3. No funds or assets subject to PF-TFS have been identified or frozen.
4. Low awareness of methods used to evade PF sanctions, both among government authorities and the private sector.
There are few instances of inter-agency cooperation in addressing cases of smuggling or transshipment of dual-use materials.

³ The regulatory authorities' awareness of risks in Figure (3) includes a lack of or weak understanding of some sectors.

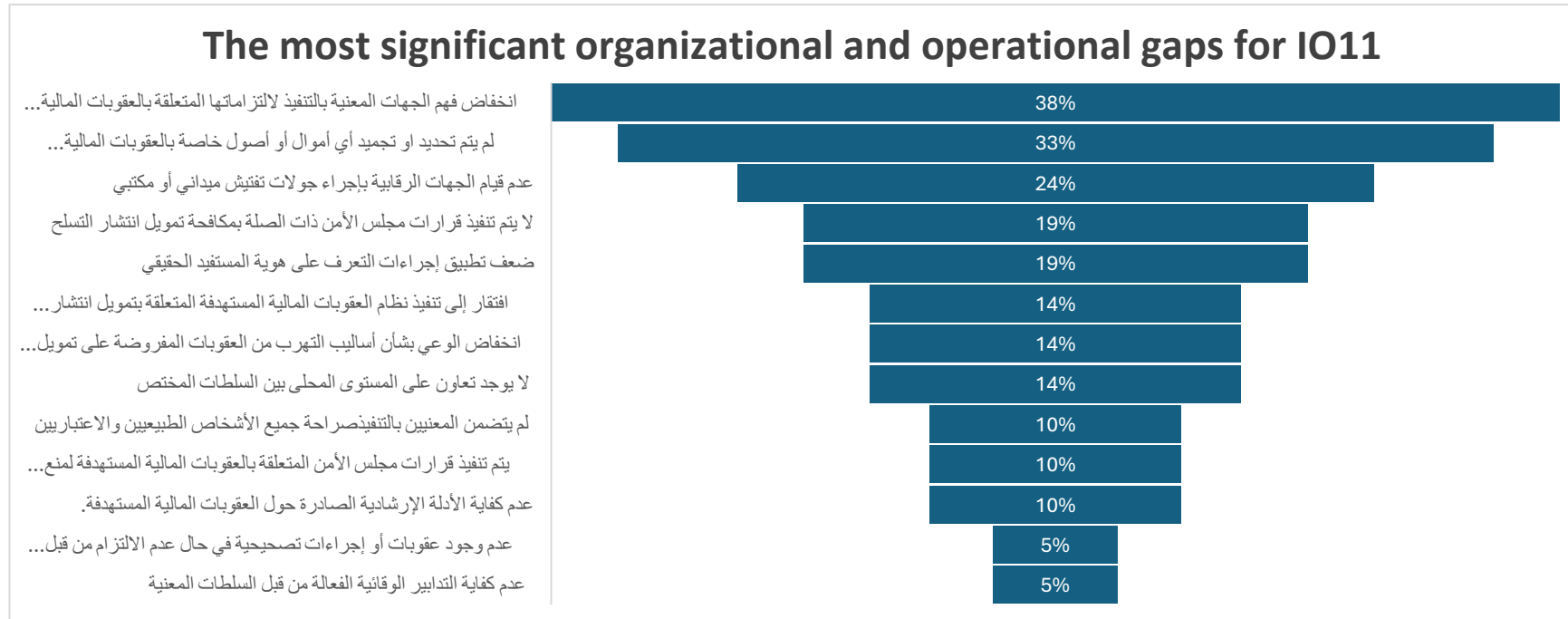
5. FIs and certain DNFBPs have a relatively low understanding of and compliance with their PF-TFS obligations. Most private sector entities are not fully aware of their freezing and reporting obligations.
6. Limited guidance on TFS.
7. Insufficient outreach by competent authorities and regulatory bodies with the private sector to explain TFS.
8. The parties responsible for implementing TFS obligations did not explicitly include all natural and legal persons.
9. UNSCRs on PF-TFS are being implemented in a limited manner.
10. There is no cooperation at the local level among the relevant authorities.
11. Supervisory authorities are not conducting onsite or offsite inspections of their supervised population to verify their compliance with PF-TFS requirements.
12. Weak implementation of BO identification procedures, which affects the implementation of PF-TFS.
13. No penalties or corrective measures in cases of non-compliance by reporting entities with their PF-TFS requirements.
14. Inadequate and ineffective preventive measures by relevant authorities regarding the implementation of PF-TFS.

Analysis of Deficiencies and Operational Gaps:

- The analysis revealed that 19% of jurisdictions in the region had deficiencies in the implementation of UNSCRs on CPF. Furthermore, 14% of jurisdictions in the region did not implement PF-TFS without delay. This was reflected in the practical implementation, as 33% of jurisdictions in the region failed to identify or freeze any funds or assets related to PF-TFS. It was also found that 14% of jurisdictions did not understand the methods used to evade PF sanctions, both among government entities and the private sector. Furthermore, few instances of inter-agency cooperation were observed in addressing cases of smuggling or transshipment of dual-use materials.
- Additionally, 38% of jurisdictions in the region demonstrated a deficiency in the understanding and compliance of FIs and DNFBPs with their PF-TFS obligations. Most private sector entities were not fully aware of their freezing and reporting obligations. In addition, 9.5% of jurisdictions lacked written guidance on TFS, while 4.7% experienced

insufficient outreach by competent and regulatory authorities with the private sector to clarify TFS. It was also noted that in 9.5% of jurisdictions, TFS obligations did not explicitly cover all natural and legal persons, and that 9.5% of jurisdictions had a deficiency related to PF risk exposure. Furthermore, implementation of UNSCRs on PF-TFS was limited in 9.5% of jurisdictions.

- The study also revealed that 14% of jurisdictions in the region lacked cooperation among competent authorities. Consequently, 24% of jurisdictions lacked on-site or offsite inspections for the private sector, including FIs and DNFBPs, to ensure their compliance with PF-TFS requirements. This was due to the absence of clear inspection standards or plans, and insufficient awareness among supervisory authorities of their responsibilities towards the private sector. As for practical procedures, 19% of jurisdictions showed weak implementation of BO identification procedures, which impacted the implementation of PF-TFS. Additionally, 4.7% of jurisdictions reported a lack of penalties or corrective measures in case of non-compliance, and finally, 4.7% of jurisdictions lacked effective preventive measures.



(Figure 4: The most relevant operational gaps for IO10 in MERs)

Third: Regional experiences and best practices at the group level:

Identifying the committees and authorities responsible for implementing TFS and their operational mechanisms.

The Hashemite Kingdom of Jordan:

Regarding the existence of a central authority responsible for implementing UNSCRs to ensure the effective implementation of TFS requirements:

The AML/CFT Unit chairs the Technical Committee for Implementing Security Council Resolutions Related to Terrorism, Terrorist Financing, and the Proliferation of Weapons of Mass Destruction. The Ministry of Foreign Affairs and Expatriates serves as Vice-Chair, and the Committee includes members from all relevant national entities: the Ministry of Interior, the Ministry of Justice, the General Intelligence Department, the Public Security Directorate, the Central Bank of Jordan, the General Customs Department, the Department of Lands and Survey, the Companies Control Department, the Securities Commission, the Ministry of Industry, Trade and Supply, and the Registry of Associations.

As for the legal basis for the implementation, the Technical Committee's mechanism, and the relevant instructions and decisions, pursuant to Article (41) of the AML/CFT Law, and upon the recommendation of the National AML/CFT Committee, the Prime Minister issued a decree to form a Technical Committee for Implementing Security Council Resolutions Related to Terrorism, Terrorist Financing, and the Proliferation of Weapons of Mass Destruction, chaired by the head of the AML/CFT Unit.

The National AML/CFT Committee issued instructions for implementing UNSCRs related to terrorism, terrorist financing, and the proliferation of weapons of mass destruction. These instructions detailed the working methods of the Technical Committee and the obligations of all reporting persons, entities, competent authorities, and other bodies. The Technical Committee also issued a Manual for implementing these instructions. It provides detailed guidance to all reporting persons,

entities, and competent authorities on fulfilling their obligations as outlined in the instructions. This includes assisting those holding targeted funds or other assets when freezing or unfreezing measures are taken to effectively implement these procedures. The manual covers mechanisms for handling cases of name similarity, requesting exceptions, communicating with relevant committees, and other details related to implementing the provisions of these instructions.

The AML/CFT Unit, as the chair of the Technical Committee, serves as the national coordinator among all supervisory authorities, local licensing authorities, and LEAs in Jordan for implementing TFS. It is responsible for publishing the sanctions lists, the national list, and any amendments thereto without delay through the Technical Committee's website and mobile application, in addition to other related tasks.

The Technical Committee for the Implementation of Security Council Resolutions is tasked with preparing and maintaining the national list, submitting designation requests on international sanctions lists and lists of other jurisdictions, and other related tasks and responsibilities.

To facilitate the work of the Technical Committee, its Chairman (Head of the AML/CFT Unit) established an executive secretariat supported by technical staff. This secretariat facilitates the work of the Technical Committee, coordinates its activities, and handles inquiries from reporting entities. It also monitors the publication of the sanctions lists, the national list, and any amendments on the Technical Committee's website immediately upon the issuance of a designation or amendment decision of the national list, and within eight hours of such a decision.

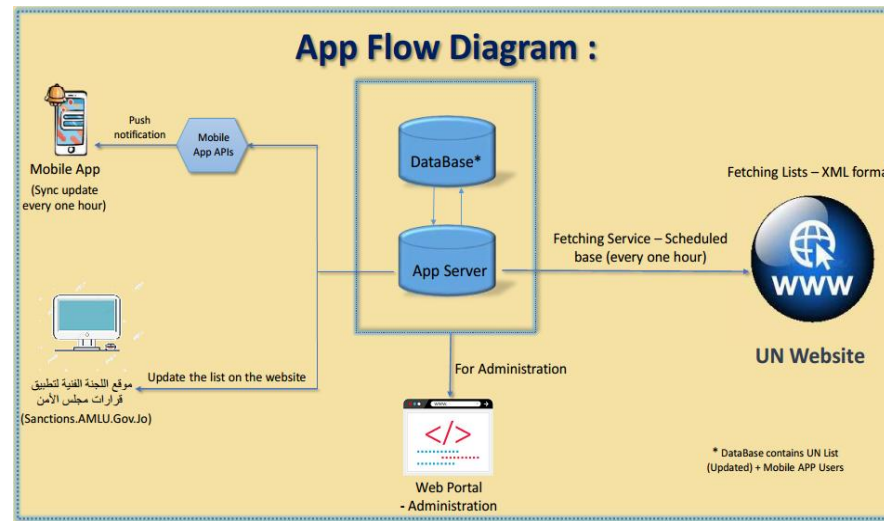
This includes monitoring and publishing these lists on the application, sending and receiving correspondence and requests related to the implementation of these instructions from national and foreign entities, and following up on correspondence sent through the Ministry of Foreign Affairs and Expatriates with the United Nations, particularly examining cases of name similarity and matches and taking the necessary actions.

Regarding the mechanism used to ensure effective implementation without delay, the Technical Committee is responsible for implementing and disseminating the listing decisions related to TFS.

The Technical Committee uses a mobile application to dissemination decisions. This application transmits updates to the sanctions lists and the national list directly to the relevant authorities, FIs, and DNFBPs. This ensures the immediate and fulfillment of their obligations without delay. The mobile application is available to all reporting and non-reporting entities, as well as any natural or legal person present in Jordan.

The system of the Technical Committee is directly linked to the Security Council website and regularly (every hour) monitors all updates to the Security Council website (listing, amendment, or delisting). The update is immediately sent to users of the mobile application as a notification/alert. Additionally, the update is immediately reflected on the Technical Committee's website. Regarding Security Council Resolution 1373, when the Technical Committee issues a decision to update the national list, the update, including all data, is entered into the system, which then sends a notification to application users and is reflected on the Technical Committee's website.

The diagram below illustrates the aforementioned mechanism:



Utilizing technology to facilitate the dissemination of information to the financial sector and DNFBPs

regarding any updates related to TFS lists

Establishing public-private partnerships to enable the sharing and exchange of information among stakeholders

The experience of the Hashemite Kingdom of Jordan:

Regarding the existence of public-private partnerships that enhance cooperation and coordination at the national level and allow for the rapid sharing and exchange of information, which in turn helps in tracking, freezing, and confiscating funds, the Hashemite Kingdom of Jordan's public-private partnership mechanism is as follows:

- Public-private committees have been formed. These committees aim to exchange expertise to promote TFS implementation.
- A Manual has been issued for all entities that have to implement Security Council resolutions. It primarily targets the private sector and assists them in fulfilling their obligations as outlined in the instructions. It provides detailed guidance to all implementing entities, including assistance to those holding targeted funds or other assets when a freeze is imposed or lifted, to effectively implement these measures. This includes mechanisms for dealing with cases of name similarity and other details related to implementing the instructions.
- Model answers to questions and inquiries received from the private sector have been adopted (entities that have to implement UNSCRs). To raise awareness, all approved questions and answers were compiled and circulated to all relevant entities, as well as published on the Technical Committee's website in a Q&A format.
- Accordingly, employees in both the financial and non-financial sectors receive continuous training to enable them to fulfill their obligations as outlined in the instructions.

- The Technical Committee for the Implementation of UNSCRs issued a decision to establish a coordination Sub-Committee consisting of the AML/CFT Unit, the Central Bank of Jordan, the Securities Commission, the Ministry of Interior, and the Department of Lands and Survey. It prepares comprehensive training plans to train all FIs and DNFBPs.
- Accordingly, employees in both the financial and non-financial sectors receive continuous training to enable them to fulfill their obligations as outlined in the instructions.
- Periodic meetings are held with the relevant supervisory authorities and representatives of the supervised private sector entities. The purpose of these meetings is to identify and address the challenges facing the sector and receive any proposals submitted by sector representatives.
- Joint training programs are conducted with the participation of the public and private sectors.
- Engaging and inviting the private sector to workshops held by the Technical Committee, the supervisory authority, or any international organization.
- A mechanism for continuous communication with the Technical Committee Secretariat is provided through a dedicated email address and a direct telephone line. This is to receive inquiries regarding instructions and guidelines, as well as reporting cases (matching and similarity/freezing and unfreezing/attempting to conduct a financial transaction by a listed person), and other matters. These inquiries will be answered immediately by the Technical Committee Secretariat.
- In addition, the aforementioned application is provided.

Regarding best practices for combating sanctions evasion, the National AML/CFT Committee issued instructions for implementing UNSCRs related to terrorism, TF, and PF.

The Technical Committee also issued a guide for implementing these instructions. It includes detailed instructions for all reporting entities, individuals, other entities, and competent authorities to fulfill their obligations as outlined in the instructions. It also details the procedures to be followed, primarily concerning TFS imposed under the relevant UNSCRs.

In addition, the Technical Committee is preparing a guide for supervisors, providing general guidance on supervising the effective implementation by supervised entities of UNSCRs related to terrorism, TF, and PF, as well as the adequacy and effectiveness of their programs in this regard.

Relevant guidance issued by the FATF is reflected on the websites of the AML/CFT Unit and the Technical Committee. This includes the report on prominent TF risks, the Guide on combating weapons of mass destruction, the Guide on criminalizing TF, and the Guide on implementing financial provisions related to UNSCRs concerning WMDs, among others.

Furthermore, the AML/CFT Unit, in cooperation with the supervisory and regulatory bodies that are members of the Technical Committee, continuously conducts training courses and specialized workshops for all relevant implementing entities. It also develops long-term training plans for the public and private sectors, covering all relevant topics.



The UAE Experience:

- **Updating Legislation to Align with Recommendations 6 and 7**

The Financial Action Task Force (FATF), through its recommendations and international standards, particularly Recommendations 6 and 7, has identified the requirements that jurisdictions must follow to build a system for implementing UNSCRs related to terrorism, proliferation, and their financing. The most prominent of these requirements are as follows:

- The need to have a mechanism to ensure the freezing of funds and other assets of terrorists and proliferation financiers without delay, in accordance with UNSCRs 1267, 1373, and 1718, and subsequent resolutions.
- Establishing reasonable grounds for designating individuals and entities on the national terrorism list.
- Having a central authority acting as a national coordinator to ensure the implementation of TFS.
- Establishing the necessary legal and technical frameworks to process appeals and authorize the use of frozen funds.

For best practices in addressing the legal requirements for implementing TFS, please refer to the MENAFATF Regional Guidelines, adopted in May 2025.

- **Promoting Private Sector Awareness of TFS**

The private sector is a key pillar in ensuring the freezing of funds and other assets belonging to financiers of terrorism and proliferation without delay. While most private sector awareness efforts in the past focused on AML/CFT in general, with a limited number of specialized training programs or guidelines on TFS, jurisdictions in the region, following the assessment, have adopted several tools and methods to raise awareness in the private sector.

- **Manuals and Educational Videos**

Many jurisdictions have issued guidance manuals and educational videos targeting both the public and private sectors. These aim to improve the implementation of TFS requirements by adopting appropriate tools (based on the size of the institution and the

number of its clients) for scanning the names of individuals listed on UN and local lists, freezing funds and other assets without delay, and reporting matches to the relevant authorities. Below are some online links to manuals and educational videos issued by several jurisdictions in the region.

The United Arab Emirates Experience

The website of the Executive Office for Control and Non-Proliferation (EOCN) is available at the following link:

<https://www.uaeiec.gov.ae/en-us/un-page?p=7>

- **E-learning Platform**

An E-learning platform for the private sector will contribute to familiarizing participants with the most important UNSCRs on terrorism, the proliferation of weapons, and their financing. It will also allow access for the widest possible range of stakeholders involved in combating financial crimes, including ML, TF, and PF. Furthermore, it will enhance the private sector's understanding of international requirements and best practices issued by the FATF, particularly R6 and R7 and IOs 10 and 11.

The UAE Experience

The EOCN has developed an e-learning platform aimed at enhancing capacity building and developing expertise related to TFS. The platform includes learning modules, exams, and certificates upon completion of all modules. These learning modules aim to raise awareness of the following topics:

1. UN and FATF Recommendations (Module 1), which focuses on UNSCRs and FATF recommendations related to preventing and suppressing the financing of terrorism and the proliferation of weapons of mass destruction, as well as recommendations for identifying, understanding, assessing, and mitigating ML and TF risks.
2. TFS guidance for FIs, DNFBPs, and VASPs (Module 2), which provides an overview of TFS obligations, ownership and control criteria, procedures for requesting delisting, accessing frozen funds, and lifting freezing measures.
3. The CPF Guide (Module Three), which provides an overview of the legal and institutional framework for CPF in the UAE, preventive and mitigating measures to reduce PF risks, and best due diligence practices in dealing with transactions related to dual-use materials.

- **Public-Private Dialogue**

An effective system for combating financial crimes and identifying and addressing challenges, cannot be developed and promoted without channels for dialogue and communication with the private sector, whether at the level of understanding risks and threats or at the operational level for sharing information, through holding seminars and dialogues and establishing specialized committees that include a representative sample from the private sector and national bodies that implement TFS.

Furthermore, the private sector faces challenges in addressing CPF requirements, particularly in CDD, BO identification, and recognizing dual-use materials.

The UAE Experience

In 2021, the AML/CFT Partnership Forum, formerly known as the Public-Private Partnership Committee, was established. Its purpose was to identify and disrupt criminal activities and mitigate any threats to the integrity of the UAE's financial system. The committee's key tasks include providing a common platform for information sharing and enhancing operational cooperation, as well as developing communication channels for capacity building, knowledge sharing, and risk understanding.

In 2022, the Forum established the TFS and CPF Working Group, chaired by the EOCN and comprising 35 representatives from the public and private sectors. Since its inception, the working group has held 10 meetings addressing key issues related to the implementation of TFS and CPF.

The working group's membership is diverse, representing various stakeholders, including the EOCN, supervisory authorities, and the FIU. From the private sector, FIs such as banks, exchange companies, insurance companies, financial brokerage firms, and registered money transfer service providers participated, along with representatives of DNFBPs, such as DPMS, company service providers, law firms, accountants, real estate brokerage firms, and VASPs. This diversity in membership enhanced the group's inclusiveness and its ability to address challenges from multiple perspectives.

The group's meetings yielded significant strategic outcomes that contributed to strengthening the institutional framework for implementing TFS. The institutional framework for TFS was updated to include the working group's advisory role, and guidance on asset freezing, CPF, and red flags was developed based on extensive consultations with the private sector. Furthermore, a two-day panel discussion was held with broad participation from private sector representatives, during which the most prominent practical challenges facing the sector were discussed, and practical recommendations for addressing them were formulated and submitted to the relevant authorities.

In terms of capacity building, the Executive Office conducted a survey of the group's members to identify training needs in various sectors. Based on the results, a comprehensive training and awareness plan for 2024 and 2025 was prepared and implemented. It included specialized training programs and workshops, with the help of the group's members themselves as experts and speakers, reflecting an effective partnership and real integration between the public and private sectors.

- **Developing supervisory and inspection tools for the private sector and imposing sanctions**

TFS supervisory and inspection tools by regulatory and supervisory authorities has become urgent. This requires strengthening human and technical resources in supervisory authorities and developing their technical capabilities, whether for onsite or offsite inspection, as well as imposing dissuasive, effective and proportionate sanctions on violating parties and ensuring their compliance.

The UAE Experience

In 2022, the Supervisory Authorities Subcommittee adopted the Manual for Inspection and Supervision of TFS Reporting Entities. This document aims to standardize TFS inspection procedures across supervisory authorities for all FIs, DNFBPs, and VASPs.

It includes inspection criteria that must be reviewed and applied by regulatory and supervisory authorities during TFS on-site inspections. These criteria include:

- **Registration:** Ensuring that reporting entities are subscribed to the EOCN Notification System and GoAML.
- **TFS Check:** This outlines when a check should be conducted, verified, and the results saved, as well as a dual-use materials check.
- **Internal Procedures:** Internal procedures include a mechanism for implementing TFS without delay, EDD for transactions involving high-risk jurisdictions, ensuring the necessary permits for transactions involving dual-use materials, and reporting suspicious transactions to the FIU.
- **Reporting on TFS:** This involves defining reporting requirements for full or partial compliance, ensuring sufficient information is available, and responding to any requests for additional information.
- **Training:** Mandatory attendance at internal training and awareness workshops on TFS requirements and sanctions evasion patterns.
- **TF/PF Risk Assessment:** Reporting entities are required to conduct and periodically update entity risk assessments of TF and PF.

The Manual also includes a table identifying types of deficiencies related to TFS compliance and the risk levels for each type of violation in a section dedicated to specific inspection standards, taking into account aggravating and mitigating factors when determining the appropriate type of sanction. Furthermore, the document stresses the role of enforcement units within regulatory and supervisory authorities in supporting strategic objectives and strengthening regulatory and supervisory frameworks.

- **National cooperation among competent authorities for CPF:**

The FATF indicated, through recommendation 2, that national cooperation should extend at the policy-making and operational levels to include CPF. Many jurisdictions have adopted effective mechanisms to develop the necessary national strategies to include CPF requirements, and the establishment of specialized committees, working groups, and electronic tools necessary for the exchange of information among government agencies.

The UAE Experience

The National AML/CFT Committee adopted the UAE National AML/CFT/CPF Strategy which includes a strategic objective to enhance the timely implementation of TFS by improving local cooperation among all relevant entities and sharing information related to TFS.

To achieve this strategic objective, the CFT/CPF Sub-Committee was established. Its responsibilities include, among other things, formulating CPF procedures, facilitating information exchange, and enhancing CPF coordination at both the national and international levels. The Sub-Committee comprises 22 members from government entities (LEAs, export control authorities, the FIU, and regulatory and supervisory authorities).

At the operational level, a working group was established by a decision of the Sub-Committee to be chaired by the EOCN and include representatives from LEAs, customs, export control authorities, and the FIU. The working group was tasked with discussing and adopting detailed operational procedures related to TFS requirements and combating sanctions evasion.

The Subcommittee also adopted the (Fawri-Tik) system, which is a platform for reporting transactions related to TFS by the government sector. It is also used for national operational coordination, and facilitates cooperation between different government agencies to share information related to the shipment of dual-use materials and to report suspicious activities related to sanctions evasion in a timely manner.

- **Understanding and Mitigating PF Risks**

The FATF has urged jurisdictions to identify, understand, assess, and mitigate PF risks. It has left it to jurisdictions to use methodologies that suit their specific economic and geographic circumstances to identify PF threats and risks and develop the necessary plans and strategies for allocating technical, financial, and human resources accordingly.

Many jurisdictions have adopted the NRA as a means of understanding PF risks, similar to national ML and TF risk assessments. In 2021, the FATF published a Manual to assist jurisdictions in assessing and mitigating PF risks.

The UAE Experience

The PF risk assessment in the UAE began in May 2022 and included five key phases: defining the scope, identifying relevant stakeholders in the UAE, collecting documents and questionnaires, and analyzing the results to determine the level of PF risks in the UAE.

The methodology used in the assessment was based on several sources, including FATF Guidance, particularly the 2021 guidance on assessing PF risks, as well as guidance from other experts. This resulted in a hybrid methodology tailored to the UAE context.

The hybrid methodology identified threats, vulnerabilities, and mitigating measures and controls as follows:

- Threats were divided into three main categories:
 - Threats related to financial products directly linked to trade in sensitive goods.
 - Threats related to fundraising activities or proceeds.
 - Threats related to the financial and institutional structure supporting the movement of cash and funds.
- Vulnerabilities were divided into five main categories:
 - Legal and institutional factors
 - Legal persons and arrangement factors
 - Geographical and environmental factors
 - Political and social factors
 - Economic and technological factors
- Mitigating measures and controls were divided into seven main categories:
 - Political commitment and priorities
 - Oversight and supervision
 - Business registration and establishment
 - Combating sanctions evasion at the national level
 - Powers of law enforcement and judicial authorities
 - Export control controls
 - Local and international cooperation

Following the completion of the assessment, a set of recommendations was included that aim to:

- Improve compliance with CPF requirements in accordance with international standards and best practices.
- Improve oversight and supervision to ensure compliance with CPF requirements.
- Promote customer due diligence (CDD/KYC) procedures to include indicators of suspicion related to PF and to consider PF risks.
- Improve export control measures and trade operations in accordance with international best practices to reduce PF risks.
- Strengthening the powers of LEAs to identify and uncover PF activities.

The Republic of Iraq's experience

First: Identifying the committees and authorities responsible for implementing TFS and their operational mechanisms.

- **Committees and authorities responsible for implementation:**

- Committee for the freezing of terrorist funds at the General Secretariat of the Council of Ministers.
- The Anti-Money Laundering and Counter-Terrorist Financing Office.

These entities are responsible for the immediate implementation of UNSCRs and for preparing and publishing the national list related to combating terrorism, TF, and PF. They are also responsible for implementing and disseminating designation decisions related to TFS and for coordinating with relevant authorities to ensure their full implementation.

- **Composition of the Committee for the Freezing of Terrorist Funds:**

The committee consists of the following members: the Deputy Governor of the Central Bank of Iraq (Chairman), the Director General of the Anti-Money Laundering and Counter-Terrorist Financing Office (Vice Chairman), and a representative from the following entities, who must be at least at the Director General or Brigadier General level (for military personnel): the Ministry of Finance, the Ministry of Interior, the Ministry of Foreign Affairs, the Ministry of Justice, the Ministry of Trade, the Ministry of Communications, the Ministry of Science and Technology, the Integrity Commission, the Counter-Terrorism Service, and the National Intelligence Service.

- **Implementing Entities:**

Article (1/Tenth) of the Terrorist Funds Freezing Regulation No. (6) of 2023 specifies the implementing entities: (Security, administrative, supervisory, and regulatory authorities; FIs; DNFBPs; NGOs; and any person residing in the Republic of Iraq).

- **Operational Mechanisms:**

- An electronic notification platform facilitates communication between all parties involved in implementation and helps ensure immediate action in applying the freeze without delay.
- A mobile application.
- Requiring implementing entities to directly access the UN website to fulfill their obligations.

Second: Using technology to facilitate the provision of information to the FIs and DNFBPs on any updates related to TFS implementation.

1. The electronic notification platform facilitates communication between all parties involved in implementation and helps ensure immediate action in applying asset freezes without delay.
2. IQTFS Mobile Application: As part of efforts to enhance the implementation of UNSCRs and the decisions of the Committee for the Freezing of Terrorist Funds, the AML/CFT Office developed an advanced mobile application in cooperation with the German Agency for International Cooperation (GIZ), and with support from the European Union and the German government.

This application aims to:



- Accessing Sanctions Lists via the App:

The app provides a quick and easy mechanism to access accurate and up-to-date information on sanctioned individuals and entities, ensuring the immediate implementation of asset freezes without delay, based on the AML/CFT Law No. (39) of 2015 and the Terrorist Funds Freezing Regulations No. (6) of 2023.

The app includes three main lists:

The Local List – issued by the competent national authorities.

The International List – which includes lists of counterpart entities and units.

The UN Security Council List – pursuant to Security Council resolutions related to combating terrorism and its financing.

UN Security Council sanctions list



Local and international sanctions lists



- **Push Notifications for Updates:**

The mobile application sends push notifications to users to ensure they are immediately informed of:

- ✓ Additions, deletions, or modifications to the names of individuals or entities on the sanctions lists.

- ✓ Official instructions and directives issued by:

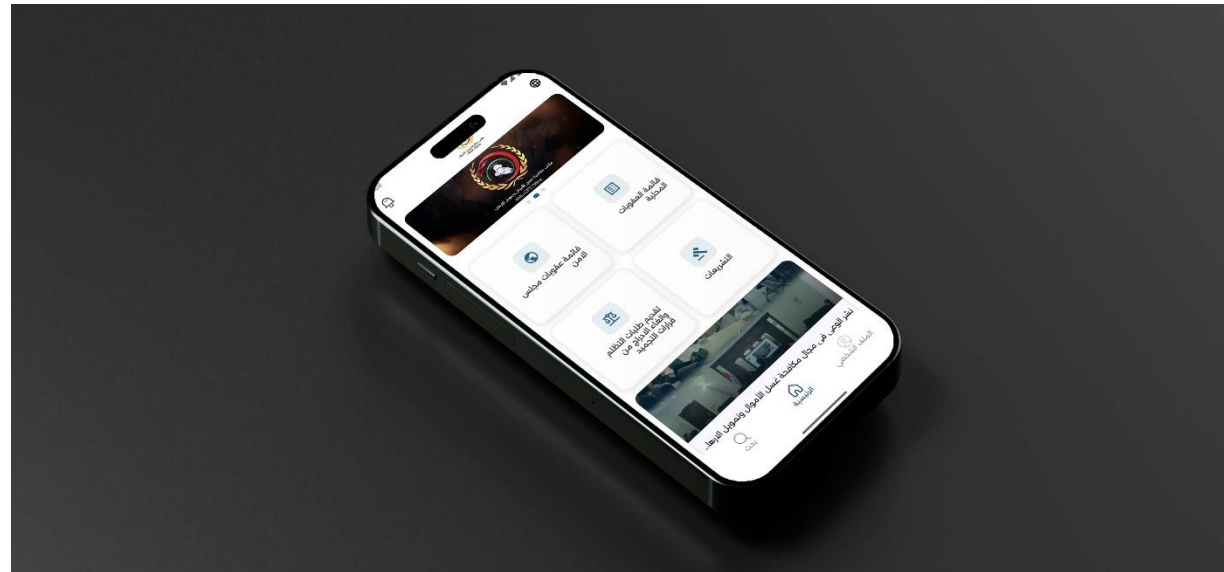
The AML/CFT Office

The Committee for the Freezing of Terrorist Funds

❖ **These notifications allow relevant authorities to take immediate action, in accordance with the aforementioned laws and regulations.**

- **News Feature:**

The application publishes the latest AML/CFT decisions, workshops, and training courses, as well as guidance and educational publications to raise awareness and enhance capabilities. This is done at the same time on the Office's website and on social media platforms.



Third: Establishing public-private partnerships to facilitate information sharing and exchange among relevant stakeholders.

Strengthening national cooperation and coordination through public-private partnerships allows for the rapid sharing and exchange of information, which in turn helps in tracking, freezing, and confiscating funds.

The public-private partnership mechanism in the Republic of Iraq includes the following:

- The aforementioned IQTFS mobile application.
- An electronic notification platform.
- Forming joint public-private committees aimed at exchanging expertise to enhance the implementation of TFS. One such committee is the National Coordination Mechanisms Committee.
- Conducting joint training programs with the participation of both the public and private sectors.

- Issuing a manual for all relevant implementing bodies. It targets both the public and private sectors, assisting them in fulfilling their obligations as outlined in the instructions. It provides detailed guidance to all implementing bodies, including assistance for those holding targeted funds or other assets when freezing or lifting the freeze. This includes effective implementation of these procedures, mechanisms for handling cases of name similarity, and other details related to implementing the instructions.
- Engaging and inviting the private sector to workshops held by the AML/CFT Office, the Technical Committee, the supervisory authority, or any other international body or organization.
- Raising awareness among the private sector through social media and the official websites of regulatory and supervisory bodies.
- The Technical Committee will hold regular and extraordinary meetings with the relevant supervisory bodies and representatives of the private sector subject to supervision to discuss the challenges and crises facing the sector, as well as to receive any proposals submitted by private sector representatives.

Fourth: The Role of Supervisory Authorities

- Imposing dissuasive and proportionate sanctions on non-compliant entities without delay.
- Effectively carrying out supervisory duties by developing a compliance plan for banking regulations to ensure that FIs and DNFBPs adhere to financial sanctions standards without delay.
- Including monitoring the compliance of entities with decisions issued by relevant authorities in inspection plans and procedures for examining the effectiveness of search and investigation systems in implementing TFS.
- Training relevant personnel within entities on mechanisms for implementing TFS, even during official holidays and weekends.

[The experience of the Kingdom of Saudi Arabia:](#)

In implementing TF-TFS, the Kingdom of Saudi Arabia established the Permanent Counter Terrorism Committee in 2001. Its responsibilities include:

- Receiving requests from states, bodies, and organizations regarding UNSCRs on combating terrorism or its financing. It develops and updates mechanisms and takes the necessary measures and procedures to implement relevant UNSCRs, as determined by the Head of State Security.
- Coordinating, periodically reviewing and updating national policies for combating terrorism and its financing, and taking the necessary measures to develop them based on international obligations, requirements, and developments. It also assesses terrorism and TF risks, including those of high-risk jurisdictions. The Head of State Security issues the internal regulations of the Permanent Counter Terrorism Committee.
- Identifying high-risk jurisdictions. This require FIs and DNFBPs to apply EDD to their business relationships and transactions with any person coming from or residing in a high-risk jurisdiction.
 - 1) Royal Decree No. (M/21) of November 1, 2017, was issued approving the Law on Combating Terrorism and its Financing.
 - 2) The legal foundation was laid for developing and updating mechanisms and identifying the entity concerned with national CPF classifications, policies, and risks. As per the system for combating terrorism and its financing, the Permanent Committee shall prepare, develop, and update the UNSCRs implementation mechanisms. These mechanisms are issued by a decision of His Excellency the Head of State Security, which provides flexibility for updating, mandatory implementation, sanction awareness, and participation in circulars and guidelines issued by supervisory authorities to FIs and DNFBPs, as specified, on the implementation of the mechanisms and accountability for non-compliance. Over the past two decades, the Permanent Committee issued and updated the implementation mechanisms for relevant UNSCRs on CFT at multiple intervals, taking into account the requirements and their updates.

- 3) In light of the KSA's CFT commitment, Cabinet Resolution No. (42) of September 25, 2018, was issued, approving the National AML/CFT Strategic Objectives, as well as the related National Action Plan. This plan included expanding the membership of the Permanent Committee to include entities concerned with TFS.
- 4) As part of the joint work between the Permanent Committee and the FI, DNFBP and NPO supervisory and regulatory authorities, several coordination agreements were signed between the Committee and the supervisory and regulatory authorities, and coordination working groups were formed to address:
- Promote the implementation of TFS related to CFT.
 - Share risk assessments.
 - Strengthen capacity building.
 - Share best practices related to CFT.

The Arab Republic of Egypt's Experience:

Best Practices in TF-TFS Implementation in the Arab Republic of Egypt:

- The Legislative Framework for TFS Implementation

The Arab Republic of Egypt attaches paramount importance to CFT through an integrated legislative and supervisory system aimed at cutting off the sources of funding for terrorist groups and protecting national security. The Egyptian legal framework in this regard is based on a set of key, complementary laws, most notably the AML Law No. 80 of 2002, the Anti-Terrorism Law No. 94 of 2015, and the Organizing the Lists of Terrorist Entities Law No. 8 of 2015.

TFS implementation is a fundamental pillar of this system. Under this system, Egypt commits to implementing relevant UNSCRs, particularly Resolutions 1267 and 1373, which mandate the freezing of assets of individuals and entities designated on international sanctions lists. Domestically, Law No. 8 of 2015 authorizes the Public Prosecution to prepare lists of terrorist

groups and individuals and submit them to the competent courts for approval, which legally entails the freezing of their funds and assets.

The responsibility for implementing freezing orders, whether issued under international or local lists, rests with all FIs, DNFBPs, and every natural or legal person in the country. They are obligated to freeze the funds and assets of those listed **immediately and without prior notice**. The AML/CFT Unit plays a pivotal role in receiving STRs, disseminating UNSC sanctions lists and local lists to all relevant parties, and monitoring compliance to ensure effectiveness. The following is the legislative framework supporting TFS implementation:

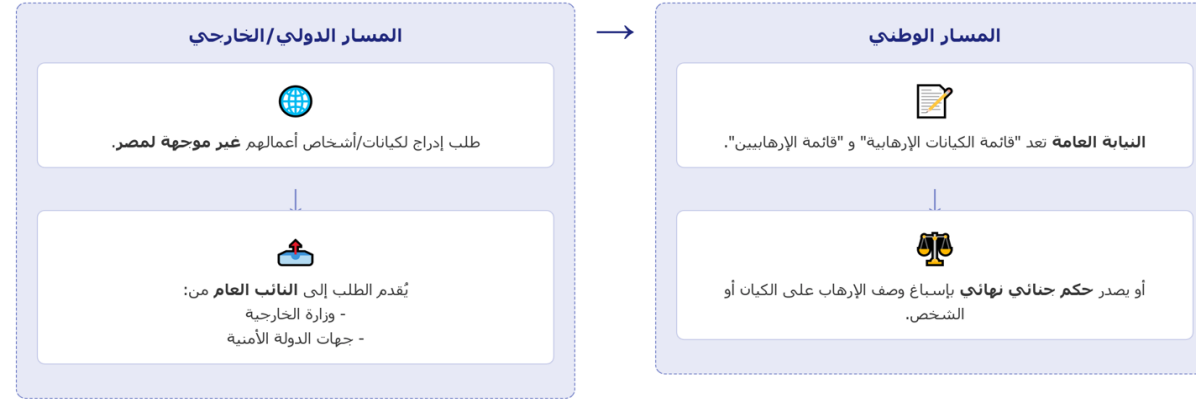
- Article 237 of the Constitution of the Arab Republic of Egypt stipulates that the State is committed to countering terrorism in all its forms and manifestations and tracking its sources of funding, considering it a threat to the nation and its citizens, while guaranteeing public rights and freedoms.
- Law No. 8 of 2015 organizing the lists of terrorist entities and its amendments, was issued to prevent terrorists and terrorist groups from accessing funds and other assets. It includes the legal basis for lists of terrorist groups and terrorists, as well as the obligations of different entities to freeze funds or assets. Designation on any terrorist list is contingent upon the natural person or legal entity being designated as a terrorist. The Egyptian legislator stipulated this in Article 2 of this law, which states: "The Public Prosecution shall prepare a list called the 'List of Terrorist Entities,' on which it shall include terrorist entities designated as such by the competent circuit stipulated in Article (3) of this law, and those against which final criminal judgments have been issued designating them as such."

The aforementioned law also includes a mechanism for submitting designation requests for entities and individuals whose activities are not directed against the Arab Republic of Egypt. Such requests are submitted to the Public Prosecutor by the Ministry of Foreign Affairs in coordination with the Ministry of Justice, or by state security agencies. The competent circuit shall issue a reasoning decision on the request within seven days of receiving it, provided it is accompanied by all necessary documents.

آلية الإدراج على قوائم الإرهاب والعقوبات المترتبة

وفقاً للقانون رقم 8 لسنة 2015 وتعديلاته

أولاً: مسارات طلب الإدراج



The designation entails, for its duration, a number of consequences, most notably the freezing of funds or other assets owned, in full or jointly, by the entity or its members, and the proceeds generated from them or controlled by the entity directly or indirectly. It also includes the freezing of funds or other assets belonging to individuals or entities operating through the designated entity, as well as a prohibition on financing or collecting funds or items for the entity, whether directly or indirectly, if it is a terrorist entity. With regard to terrorists, the designation entails freezing all funds or other assets owned, in full or jointly, by the terrorist, and the proceeds generated from them or controlled, directly or indirectly, by the terrorist as well as the freezing of funds and other assets belonging to individuals and entities operating through the terrorist. Furthermore, it prohibits financing or collecting funds or items for the terrorist, whether directly or indirectly, and prohibits receiving or transferring funds and other similar financial services.

ثالثاً: الآثار المترتبة على الإدراج (العقوبات المالية المستهدفة)

 <p>حظر التمويل والخدمات المالية</p> <p>حظر تمويل أو جمع الأموال (بشكل مباشر أو غير مباشر).</p> <p>حظر تلقي الأموال أو تحويلها.</p> <p>حظر تقديم أي خدمات مالية مشابهة.</p>	 <p>تجميد الأموال والأصول</p> <p>الأموال والأصول المملوكة (بالكامل أو حصة مشتركة).</p> <p>العائدات المتولدة من الأصول.</p> <p>الأصول التي يتم التحكم فيها بشكل مباشر أو غير مباشر.</p> <p>أموال وأصول الأشخاص والكيانات التي تعمل من خلاله.</p>
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- Article 21 of the AML Law No. 80 of 2002 and its amendments mandates the Egyptian AML/CFT Unit to take all necessary measures to implement the State's obligations under international agreements, treaties, and conventions related to TF. Furthermore, Article (9-bis-1) of the AML Law requires FIs, DNFBPs, and any natural or legal person who may possess funds or other assets related to individuals or entities listed under relevant UNSCRs on TF to implement the mechanisms issued by the Unit pursuant to those resolutions.
- The Executive Regulations of the aforementioned law, in Articles (50 bis A), (53 bis), and (53 bis A), stipulate the obligations of those responsible for implementing TFS.
- The AML/CFT Unit issued a mechanism to implement UNSCRs related to terrorism, TF, and PF, with the aim of freezing funds and assets owned by persons or entities listed on the relevant Security Council lists. The mechanism included a number of points, such as the obligation to freeze funds and assets of persons and entities listed on the UNSC sanctions lists, delisting procedures, procedures related to proposing names for designation, and how to submit requests to deduct basic and exceptional expenses.

[A central authority for monitoring the implementation of UNSCRs to ensure the effective implementation of TFS requirements:](#)

The AML/CFT Unit regularly monitors the implementation of TFS by publishing lists and updates on its website and disseminating them to supervisory authorities, which in turn disseminate them to FIs and DNFBPs. The Unit sends any updates to the lists via email. These updates are also made available on its website, www.mlcu.org.eg, as an Excel file – prepared specifically by a working group (established by the Unit to monitor TFS by tracking the UNSC sanctions lists daily) – to facilitate access for all stakeholders. This allows FIs, DNFBPs, and other stakeholders to easily search these lists without the need for complex automated systems, should they encounter difficulties searching the lists in PDF and XML formats available on the United Nations website. Those responsible for implementation are obligated to monitor the Security Council lists and any amendments, additions, or deletions made to them daily through the United Nations website to ensure compliance without delay. Furthermore, they are required to subscribe to the Unit's website. The unit also follows up on any alerts it receives regarding updates to local or international lists. It has allocated an email address to receive the actions taken by the relevant implementing bodies regarding lists, in order to ensure a quick response to inquiries.

Image of the update that subscribers receive on the unit's website

The screenshot shows an email update from the Egyptian AML/CFT Unit. The header includes the unit's name in Arabic: "وحدة مكافحة غسل الأموال وتمويل الإرهاب المصرية" and the logo of the Ministry of Economic Planning and Economic Research. The main text is in Arabic and discusses updates to the UNSC sanctions lists. It mentions that the unit has updated the lists based on the latest amendments from the Security Council. The update includes a list of three items: 1. Updates to the lists of entities and individuals, 2. Updates to the lists of entities and individuals, and 3. Updates to the lists of entities and individuals. The text also mentions that the unit has updated the lists based on the latest amendments from the Security Council. At the bottom, there is a button labeled "تقديم الاستبيان" (Submit Survey) and a link "مع الشكر" (With thanks).

The Unit has developed a notification system for sanctions lists on its website. This system now includes the ability to track participating entities on the website and sends notifications to the Unit's TFS Implementation Team once an entity opens emails regarding updates to the sanctions lists. This allows for communication with entities that fail to follow such updates. Additionally, implementing entities are required to complete a questionnaire after each update, detailing the action they have taken.

Raising Awareness about TFS

The Unit's awareness-raising efforts for all implementing entities rely on two main pillars:

- 1- Issuing, disseminating, and publishing guidance. The Unit has issued and updated guidance to facilitate implementation. These include, but are not limited to:
 - Detailed guidance on the mechanism for implementing UNSCRs on TFS related to terrorism, TF and PF.
 - A guide for FIs on CPF.
 - Obligations of implementing entities regarding the local terrorist lists



The unit recently updated the "Guidance on CPF" to include a clause **on how to establish a system for compliance with TFS**, so that implementing parties are required to have a system to mitigate and manage risks and comply with their stipulated responsibilities. Accordingly, they must take appropriate steps to develop, implement, and update their sanctions compliance system, particularly CPF related sanctions. It should be noted that this section includes the minimum key elements that a TFS compliance system should contain, as follows:

- **Obligations of the Board and senior management**
- **AML/CFT compliance officer**
- **Risk assessment and management**
- **Internal policies, procedures, and controls**
- **Screening and supervision**
- **False positives and negatives**
- **Transaction monitoring**
- **Sanctions evasion**
- **Control of dual-use materials**
- **Reporting and record keeping**
- **Training and awareness**

– **Auditing and review**

2- The unit does not merely issue guidance; it also holds meetings and provides training programs for employees of FIs, DNFBPs, and other stakeholders involved in implementation. This ensures a correct understanding of UNSCRs and their implementation mechanisms. Communication with these entities is maintained through meetings, telephone, and email.

Additional Measures in Coordination and Cooperation with Supervisory Authorities

- In coordination with the supervisory authorities of FIs and DNFBPs, additional measures have been taken to ensure TFS implementation without delay. These include the establishment, by decree of the Prime Minister, of a **Committee for DNFBPs supervisory authorities for AML/CFT within the AML/CFT Unit**. This Committee, chaired by the Chairman of the Unit's Board of Trustees and comprising high-level representatives from DNFBPs supervisory authorities, is responsible for cooperation and coordination of national efforts to ensure DNFBPs comply with AML/CFT requirements. It also promotes a unified understanding among DNFBPs of ML and TF risks. The committee has coordinated the publication of lists on the websites of DNFBPs supervisory authorities.
- A clause for inspecting negative lists has been included in the work of specialized inspection teams. The inspection manual outlines how to verify that entities subject to these sanctions are implementing TFS. Specialized inspection teams are obligated to review certain clauses related to TFS implementation.

Understanding and Mitigating PF Risks

The PF risk assessment for 2021-2023 is nearing completion. The overall framework of the assessment methodology is based on the FATF guidelines on conducting NRAs related to TF. Additionally, the methodology employed is based on the Royal United Services Institute for Defense and Security Studies (RUSI) methodology, which assesses risk levels by reviewing PF threats and vulnerabilities and their implications. The PF NRA aims to:

- Promote the understanding of Egypt's exposure to PF risks;
- Identify and address key vulnerabilities in the financial, commercial, and DNFBP sectors which could be exploited by arms proxies to finance PF-related activities or to evade UN Security Council sanctions;
- Develop appropriate strategies and recommend necessary measures to mitigate the identified risks and gaps in order to strengthen Egypt's CPF framework.
- Making information available to FIs and DNFBPs to use when assessing PF risks.

The State of Qatar's Experience:

The State of Qatar prioritizes TFS implementation as part of its commitments under Recommendations 6 and 7 of the FATF. As part of these efforts, Qatar has updated its legislative framework to align with the recommendations and ensure the required effectiveness. Qatar achieved a high level of compliance with Recommendation 6 (TFS related to terrorism and TF) and Recommendation 7 (TFS related to the proliferation of WMDs) during the second round of the MENAFATF's assessment. Minor shortcomings in these recommendations were identified, primarily concerning the rights of bona fide third parties.

Qatar's efforts to implement TFS are focused on the following pillars:

First Pillar: Aligned Legislative Amendments: These amendments include updating national legislation by issuing the following laws and decrees:

- 1- Law No. (23) of 2019 promulgating the AML/CFT Law of 2019.
- 2- Cabinet Resolution No. (41) of 2019 promulgating the Executive Regulations of the AML/CFT Law.
- 3- Law No. (27) of 2019 promulgating the Counter-Terrorism Law.
- 4- Attorney General's Resolution No. (1) of 2020 concerning the regulation of mechanisms for implementing TFS related to CFT and CPF, in accordance with the AML/CFT Law and the Counter-Terrorism Law, and in implementation of UNSCRs.

Second Pillar: Effective implementation mechanisms: The State of Qatar has sought to establish an effective regulatory and institutional framework for implementing TFS related to preventing TF and PF. This framework includes mechanisms set out in the Counter-Terrorism Law of 2019, namely: -

1. **The National Counter-Terrorism Committee**, established under Article 28 of the Law. The Committee is responsible for proposing all matters related to TFS implementation.
2. **The Terrorism Affairs and TFS Follow-up Office – Public Prosecution**, which is responsible for monitoring the implementation of the Attorney General's decisions related to TFS implementation.

Third Pillar: Effective National Coordination Measures: -

To ensure TFS implementation without delay and the adoption of a local list largely aligned with risk assessment, the State of Qatar has implemented several measures:

- 1- Understanding ML/TF/PF risks in the State through the participation of stakeholders involved in implementing TFS (the National Counter-Terrorism Committee, the Public Prosecution, supervisory authorities, and reporting entities) in NRA processes and updates, and strengthening partnerships with the private sector to understand the risks facing Qatar and reach a shared understanding of the risks and mechanisms for implementing TFS in the State.

- 2- The Consolidated Sanctions List: The State of Qatar has established a consolidated list, the "Sanctions List," of all individuals listed as per UNSCRs 1267, 1988, and 1373 and the local sanctions regime. This list is maintained by the National Counter-Terrorism Committee.
- 3- The National Counter-Terrorism Committee's Electronic Notification System: The Committee adopted an electronic system that allows government agencies, reporting entities, and individuals to register and receive notifications from the NCTC on TFS implementation. This facilitates rapid access to the Committee's decisions and ensures the effective implementation of TFS.
- 4- Continuous assessment of the effectiveness of the TFS system and national legislation, ensuring their alignment with international standards, and proposing necessary amendments to the National AML/CFT Committee for any required reforms.

Fourth: International Experiences and Best Practices across the Global Network:

Country	Recommendation 6	Recommendation 7	Immediate Outcome 10	Immediate Outcome 11
United States of America	The United States has dedicated mechanisms and resources to set targets for classification. All U.S. persons (natural and legal), including U.S. citizens and lawful permanent residents, all U.S. companies and their subsidiaries worldwide, and foreign entities and individuals are required to freeze the funds or assets of designated persons/entities without delay or	The U.S. has implemented 90% (138 out of 154) of the United Nations lists related to North Korea and Iran without delay (within a few hours). Rating: LC	The United States of America has a sophisticated system for applying targeted financial sanctions in combating the financing of terrorism. The U.S. system includes many of the elements recommended in the FATF's international best practices, including measures to combat the financing of terrorism and Recommendation 6. It also often	The United States of America has made domestic designations that, for certain UNSCRs, go beyond what is reflected on the UN lists. These designations are effectively communicated to financial institutions and DNFBPs. In addition, the Office of Foreign Assets Control (OFAC) sometimes sends emails to notify the relevant agencies, and publishes the

	<p>prior notice. The United States has implemented the targeted financial sanctions regime without delay against 88% of the persons/entities designated by the United Nations since 2010. These sanctions have been applied to all Taliban-related designations by the United Nations since 2006, and the Taliban have been classified as an entity that includes, in principle, anyone associated with them.</p> <p>Rating: LC</p>		<p>requires states to take domestic action in accordance with Security Council Resolution 1373 to encourage a global response, and since 2010 it has submitted 141 requests to other countries to take freezing measures in accordance with UNSCR 1373.</p> <p>Rating: HE</p>	<p>designations immediately on its website.</p> <p>Reflecting the size, complexity, and global reach of the U.S. financial system, and the requirements imposed on U.S. financial institutions, OFAC's sanctions regime has a positive impact on the implementation of UN sanctions in other countries. This makes it difficult for UN-listed individuals and entities to raise, move, or use funds, or to access financial services.</p> <p>In turn, this has a preventive effect and strengthens the United States' implementation of targeted financial sanctions (TFS), by helping to keep the funds and assets of listed persons/entities outside the United States. It also provides additional intelligence to</p>
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				<p>help identify networks and/or financing channels associated with weapons proliferators. The United States has achieved significant success in identifying other funds/assets of listed persons/entities and in preventing them from operating or conducting financial transactions related to proliferation financing.</p> <p>Rating : HE</p>
United Kingdom	<p>The evidentiary standard applicable to the designation proposal is 'reasonable ground' of the existence of a link to the terrorist organization concerned. The decision is not based on the existence of a criminal proceeding. All natural and legal persons in the United Kingdom, as well as citizens of the United Kingdom or bodies established under the law of the United Kingdom wherever they are, are required to freeze the funds</p>	<p>Rating: LC</p>	<p>The Office of Financial Sanctions Enforcement (OFSI) has an ongoing outreach program to raise and maintain awareness among financial institutions and DNFBPs of all sizes in an effort to ensure that financial sanctions are properly understood, implemented and enforced. It has also developed guidance on how to implement sanctions, including for charities. These extensive outreach efforts have led to improved</p>	<p>Rating : HE</p>

	<p>or economic resources of a particular person, without delay and without prior notice.</p> <p>Rating: LC</p>		<p>understanding and compliance with the industry. The UK has made significant efforts to identify non-profit organisations at risk of exploitation for terrorism financing purposes.</p> <p>Rating: HE</p>	
Switzerland	<p>Rating: LC</p>	<p>Financial brokers are notified of any amendment to the relevant appendices via the regulatory authorities. Amendments are also sent via email to all people and entities who subscribe to the automatic notification system.</p> <p>Rating: C</p>	<p>Switzerland has an anti-terrorism strategy aimed at preventing the financing of terrorism, and the size of Switzerland's frozen amounts shows an effective system in the application of targeted financial sanctions.</p> <p>Rating: SE</p>	<p>Rating: SE</p>
Uzbekistan	<p>Rating: LC</p>	<p>Rating: LC</p>	<p>The FIU lists the designated persons in a timely manner (within 16 hours) and informs the regulatory authorities, financial institutions, regulated non-financial entities and virtual assets service providers. Proportionate macromeasures are implemented for vulnerable nonprofits in general. Specific</p>	<p>Rating: SE</p>

			<p>controls are used in accordance with risk standards, while general controls are applied as part of a unified regulatory and supervisory framework. Applying these measures together allows dealing with the risk of nonprofits being used for terrorism financing purposes.</p> <p>Rating: SE</p>	
Guernsey	Rating: LC	Rating: LC	<p>Non-profit organizations have demonstrated a good level of awareness of their obligations and the risks of terrorism financing, as a result of the authorities' significant efforts in raising awareness and outreach, most notably through the Register of Organizations.</p> <p>Rating: HE</p>	<p>Compliance with counter-terrorism financing obligations and targeted financial sanctions (TFS) is commendable. The focus is on the effectiveness of corporate screening systems, including a thematic sanctions exercise, and on ongoing transaction monitoring. In several significant cases, swift supervisory actions were taken (e.g., surprise inspections, the imposition of licensing conditions, etc.).</p>

Fifth: Key recommendations and recommended actions for the countries of the Middle East and North Africa region

Relevant Legal Recommendations:

- a) Develop the necessary legal frameworks to implement targeted financial sanctions in line with the FATF recommendations (recommendations 6-7), focusing on but not limited to:
- Requiring the relevant competent authorities and implementing entities to apply TFS without delay, including by defining the term “without delay.”
 - Ensuring that laws and guidance set out a clear and comprehensive definition of certain key concepts in accordance with the FATF Methodology, such as funds, assets, the prohibition on making funds available, prohibition on dealing with / disposing of (funds or assets), and entity.
 - Requiring supervisory authorities to carry out specialized supervisory activities to verify the extent to which all entities under their supervision comply with TFS requirements.
 - Providing in law that supervisory authorities have the power to impose effective, proportionate and dissuasive sanctions in cases of non-compliance with TFS requirements, taking into account the legal consequences where a natural or legal person not subject to any supervision makes funds, services or economic resources available for the benefit of designated persons or entities.
 - Providing in law that the central authority responsible for monitoring TFS implementation has the power to issue the relevant mechanisms and guidance setting out the obligations and procedures for implementing TFS, including designation, freezing, prohibiting the provision of services, de-listing, and amending the scope of the freeze.

- b) Review national legislation and regulations to ensure that non-profit organizations are not exploited for terrorism financing, with a focus on applying a risk-based approach in line with FATF Recommendation 8;

Relevant Operational and Regulatory Recommendations:

Immediate Outcome 10:

- ❖ Supervisory authorities should conduct specialized supervisory activities to verify that all supervised entities comply with TFS requirements, and should apply appropriate and dissuasive sanctions against any breaches.
- ❖ Establish a publication and dissemination mechanism that ensures implementation of UN Security Council decisions without delay by the entities responsible for implementation, including all natural and legal persons not subject to any AML/CFT supervisor.
- ❖ Countries should develop a single, unified and comprehensive list of domestic designations pursuant to UNSCR 1373, and make it publicly available to all relevant implementing entities, to facilitate communication and the effective implementation of TFS.
- ❖ Relevant authorities should enhance awareness-raising and provide clear guidance on compliance with TFS implementation obligations to supervised entities.
- ❖ Deliver training for relevant stakeholders to raise awareness of the risk of terrorism financing abuse of NPOs, contributing to a consistent national understanding of these risks.
- ❖ Increase supervision and conduct an assessment of the risk of abuse of associations for terrorism financing, and raise awareness among AML/CFT supervisors of DNFBPs and NPOs regarding TF risks.
- ❖ Countries should organize workshops to increase awareness of terrorism financing risks for NPOs.
- ❖ Countries should identify the subset of NPOs that are most vulnerable to terrorism financing abuse, consistent with the definition in the FATF Methodology.
- ❖ Ensure the effective implementation of UN Security Council decisions related to TF-related TFS, without delay, and disseminate the designation mechanism to obligated implementing entities, alongside monitoring their compliance with these requirements.

- ❖ Ensure compliance with UNSCR 1373, including a clear mechanism providing that domestic designation is based on a clear evidentiary standard (e.g., “reasonable grounds”), and that there is a publicly available list and/or guidance on implementation obligations.
- ❖ Establish a central authority responsible for identifying persons or entities to be designated pursuant to UN Security Council decisions, with sufficient resources to monitor implementation of UN Security Council decisions.
- ❖ Increase awareness among relevant authorities and the private sector of their obligations to implement TFS, and of sanctions evasion typologies and practices.
- ❖ Develop frameworks for the confiscation of assets and instrumentalities of crimes related to terrorism financing.

Immediate Outcome 11:

- ❖ Raise awareness among financial institutions and DNFBPs of sanctions evasion typologies related to proliferation financing (PF).
- ❖ Develop red flags / indicators for financial institutions and DNFBPs to support detection/suspicion of terrorism financing and proliferation financing.
- ❖ Conduct training to raise awareness of proliferation financing risks, contributing to a consistent national understanding of these risks.
- ❖ Issue guidance on how to implement obligations relating to PF-related TFS.
- ❖ Establish a national coordination mechanism between relevant authorities regarding obligations for implementing PF-related TFS.
- ❖ Develop mechanisms that enable UN Security Council lists to be disseminated to all relevant entities without delay, and consider the suitability of using modern dissemination channels for this purpose.
- ❖ Supervisory authorities should conduct specialized supervisory activities to verify compliance of all supervised entities with PF-related TFS requirements, and apply appropriate and dissuasive sanctions for non-compliance.
- ❖ Relevant authorities should conduct outreach and provide clear guidance on compliance with PF-related TFS implementation obligations to supervised entities.
- ❖ Train customs officials on their obligations, including:
- ❖ Implementing PF-related TFS;

- ❖ Identifying dual-use goods and best practices for controlling them;
- ❖ Methods used by criminals to evade PF-related TFS; and
- ❖ Domestic and international cooperation mechanisms with counterparts for implementing PF-related TFS.
- ❖ Issue guidance on how to implement obligations relating to PF-related TFS.
- ❖ Establish a national coordination mechanism between relevant authorities regarding obligations for implementing PF-related TFS.

(Annex 1) Legal gaps relating to recommendations (6) and (7) in the Member States' Mutual Evaluation Reports

Description of the legal gaps related to Recommendation 6	Number (duplicate) by Member States in Mutual Evaluation Reports out of 18	Estimate in percentage
There is no legal basis for the implementation of targeted financial sanctions related to terrorism financing without delay.	(6)	33%
Failure to identify a competent authority or court responsible for proposing persons or entities to the Security Council Committee in accordance with resolutions 1989/1267 and 1988 for designation or clear mechanisms for identifying persons or entities targeted for designation.	(6)	33%
Failure to designate a competent authority or court responsible for designating persons or entities that meet the criteria established <u>in accordance with UNSCR 1373</u>	(4)	22%

The freezing obligation set out in the relevant decision implementing UN Security Council resolutions does not apply to the domestic sanctions list.	(1)	5.5%
The definition of the term without delay for Resolution 1373 is not in line with the FATF standards.	(1)	5.5%
Absence of procedures and supporting information that should be provided to another country to enable it to activate its own freezing mechanisms;	(6)	33%
The freezing obligation, or the ongoing prohibition, does not extend to funds owned jointly, directly or indirectly, by designated entities or persons together with others.	(7)	39%
The definition of funds is not comprehensive	(2)	11%
Failure to circulate the lists and updates thereto to natural and legal persons not subject to any specific supervisory body to implement their freezing obligations without delay	(8)	44.5%
Absence of procedures to facilitate review by the 1988 Committee in relation to designations in accordance with Security Council Resolution 1988.	(5)	28%
Some supervisory authorities do not require their reporting entities to respond to their email notifications. (Feedback)	(1)	5.5%

The absence or weakness of publicly available unfreezing procedures, and of a mechanism requiring entities to be notified of unfreezing immediately and without delay	(9)	50%
No specific procedures in place for submitting de-listening requests when the designation criteria are no longer met	(9)	50%
No specific procedures in place for submitting requests for review of a designation. (appeal)	(4)	22%
No evidentiary standard based on reasonable grounds or a reasonable basis is applied when deciding whether to propose a designation.	(3)	17%
Failure to provide the greatest possible amount of relevant information on the proposed name, together with a statement of case containing as much detail as possible on the basis for designation.	(6)	33%
Absence or lack of clarity of the procedures for informing financial institutions and certain DNFBPs of changes to the relevant lists, whether listing or delisting	(4)	22%

The competent authorities do not provide clear guidance to financial institutions and other persons or entities, including DNFBPs, holding targeted funds or other assets, regarding their obligations to take action under the freezing mechanisms.	(4)	22%
There is no legal obligation for financial institutions and DNFBPs to report frozen assets or attempted transactions to the Committee.	(5)	28%
The mechanism for publishing decisions to add or remove names from the national terrorism lists and the sanctions list automatically and immediately upon issuance of a decision by the competent authority or the relevant UN Security Council body is unclear.	(3)	16.67%
Lack of deterrent and effective sanctions on the authorities concerned with implementation in case of non-compliance with the requirements of the targeted financial penalties.	(2)	11.11%
The decision-making procedures for de-listing persons under UNSCR 1373 are not independent.	(1)	5.56%
Lack of legal authority on the part of the competent authorities to take unilateral action against any person or entity identified	(4)	22.22%

Lack of measures to protect the rights of bona fide third parties acting in good faith when implementing freeze obligations	(3)	16.67%
There is no legal provision that includes that proposals for designations are not conditional on the existence of a criminal case	(2)	11.11%
Lack of legal provision on the status of exceptional expenses in accordance with the requirements of Standard 6.7 or any rules or procedures that allow for the disposal of frozen funds and economic resources, including basic expenditures	1	5.56%

Description of the legal gaps related to Recommendation 7	Number (duplicate) by Member States in Mutual Evaluation Reports out of 15	Estimate in percentage
Failure to implement targeted financial sanctions related to the financing of weapons of mass destruction	(7)	47%
Lack of a legal and regulatory framework for the implementation of targeted financial sanctions	(7)	27%

The freezing obligation is not inclusive and does not extend to funds or other assets owned, controlled or held, wholly or jointly with third parties, by a person who directly or indirectly belongs, at the direction of or under the control of the designated person or group, which impacts the ongoing prohibition on making funds available	(4)	20%
Failure to implement targeted financial sanctions without delay, due to the absence of mechanisms for informing the obliged entities of changes in the lists	(3)	33%
Failure to provide appropriate guidance on how to apply procedures under freezing mechanisms.	(5)	20%
No supervisory measures are being implemented to monitor compliance with obligations related to the implementation of targeted financial sanctions concerning proliferation financing.	(3)	20%
No sanctions in case of non-compliance with targeted financial sanctions	(3)	33%
There are no publicly available procedures that allow persons and entities with the same name or names similar to that of designated persons or entities to submit a de-listing request to the relevant coordinator appointed under resolution 1730 or to notify the concerned persons or entities of the submission of a request for de-listing directly to the coordinator.	(5)	7%

No procedures allow access to frozen funds to fulfill the execution of a court ruling	1	20%
Lack of measures to protect the rights of bona fide third parties acting in good faith when implementing freezing obligations	(3)	47%

(Annex 2) Legal gaps related to Recommendation 8 in the Mutual Evaluation Reports of States with a Partially Compliant/ Non-Compliant rating

Description of the legal gap related to Recommendation 8	Number of gaps in Member States found through the analysis of the Mutual Evaluation Reports (for the second round)	Percentage
Failure to review the adequacy of measures, including laws and regulations, relating to the subset of the non-profit organizations sector that may be vulnerable to exploitation for terrorism financing.	2	28.5%
The sector has not been periodically reassessed by looking at new information about potential weaknesses in the sector that could be exploited for terrorism activities.	2	28.5%
Failure to review all its procedures, including laws, to be able to take proportionate and effective measures to address the identified risks.	2	28.5%
Lack of information on whether work has been done between the "competent authority" and the "organizations" to develop and refine best practices to address the risk of terrorism financing and vulnerabilities and	5	71%

thus to protect them from exploitation for the purpose of terrorism financing.		
The risk assessment of non-profit organizations does not include an in-depth analysis and identification of the characteristics and types of non-profit organizations that are at risk of exploitation for terrorism purposes.	2	28.5%
The supervisory authority does not apply focused, proportionate, and risk-based measures to non-profit organizations that are at risk of exploitation for terrorism purposes.	3	43%
Failure to determine the nature of the threats posed by terrorist entities to organizations and failure to consider how terrorist actors exploit these organizations.	5	71%
There is no information available on the authorities' reassessment of the sector by reviewing new information about potential vulnerabilities that could be exploited for terrorist activities.	3	43%
There is no information available on the authorities establishing clear policies to promote accountability, integrity and public trust in the management of all non-profit organizations.	2	28.5%
The authorities have not encouraged organizations to carry out their transactions through regulated financial channels.	2	28.5%
There is no mechanism for cooperation, coordination and exchange of information between the competent authorities that have information on non-profit organizations.	5	71%
Failure to identify the subset of organizations included in the FATF definition of non-profit organizations	3	43%

Failure to take appropriate and effective measures to address identified risks	2	28.5%
Lack of evidence of a review of the adequacy of measures imposed on non-profit organizations	3	43%
Poor communication with the non-profit sector due to the limited number of workshops.	3	43%
Failure to implement awareness programs for non-profit organizations and donors on: vulnerabilities that can be exploited for terrorism financing, terrorism financing risks, measures to be taken to protect against exploitation	2	28.5%
Failure to conduct supervision and monitoring of non-profit organizations based on terrorism financing risks	2	28.5%
Monitor the compliance of non-profit organizations to implement the requirements of Recommendation 8, including risk-based measures	2	28.5%
The violations provided for under the Associations Law do not cover breaches related to Recommendation 8, as the existing sanctions are not dissuasive.	2	28.5%
Lack of investigative expertise and capabilities to examine non-profit organizations suspected of being exploited for terrorism activities or by a terrorist organization.	1	14%
There are no mechanisms to ensure the prompt exchange of relevant information for the purpose of taking preventive or investigative actions where there are reasonable grounds to suspect that a non-profit organization is linked to terrorism financing, has been exploited by a terrorist organization or terrorist individual, or has attempted to disguise the purpose behind fundraising for a terrorism-related objective.	2	28.5%

Failure to identify focal points and appropriate procedures to respond to international requests for information on any non-profit organizations suspected of financing terrorism or any other forms of support for terrorism	5	71%
Failure to mention a Periodic National Examination of the Non-Profit Sector	5	71%
No indication that there is up-to-date information about the existing non-profit organizations	7	100%
Failure to submit any reports or statistical data to the evaluation team	4	57%
Raising awareness on terrorism financing among civil society is done irregularly.	4	57%
Any change affecting persons entrusted with management responsibilities must be formally declared to the Secretary-General of the Government.	3	43%
Lack of specific measures to conduct investigations and effectively gather intelligence on associations in relation to combating terrorism financing.	3	43%

(Annex 3) Immediate Outcomes related to targeted financial sanctions concerning Terrorism financing and Proliferation financing (IO 10 and IO 11).

Immediate Outcome 10

Terrorists, terrorist organisations and terrorist financiers are prevented from raising, moving and using funds, and from abusing the NPO sector.

Characteristics of an effective system Terrorists, terrorist organisations and terrorist support networks are identified and deprived of the resources and means to finance or support terrorist activities and organisations. This includes proper implementation of targeted financial sanctions against persons and entities designated by the United Nations Security Council and under applicable national or regional sanctions regimes. The country also has a good understanding of the terrorism financing risks and takes appropriate and proportionate actions to mitigate those risks, including measures that prevent the raising and moving of funds through entities or methods which are at greatest risk of being misused by terrorists. Ultimately, this reduces terrorism financing flows, which would prevent terrorist acts. This outcome relates primarily to Recommendations 1, 4, 6 and 8, and also elements of Recommendations 14, 15, 16, 30 to 32, 37, 38 and 40.

Immediate Outcome 11

Persons and entities involved in the proliferation of weapons of mass destruction are prevented from raising, moving and using funds, consistent with the relevant UNSCRs.

Characteristics of an effective system Persons and entities designated by the United Nations Security Council Resolutions (UNSCRs) on proliferation of weapons of mass destruction (WMD) are identified, deprived of resources, and prevented from raising, moving, and using funds or other assets for the financing of proliferation. Targeted financial sanctions are fully and properly implemented without delay; monitored for compliance and there is adequate co-operation and co-ordination between the relevant authorities to prevent sanctions from being evaded, and to develop and implement policies and activities to combat the financing of proliferation of WMD. This outcome relates to Recommendation 7 and elements of Recommendations 2 and 15.

Key updates to Immediate Outcome 11

In February 2025, the FATF issued an update highlighting the importance of countries assessing the growing risks of proliferation financing, particularly in light of increased financial interconnectedness with certain countries such as North Korea. The FATF stressed that countries should adequately assess these risks and apply enhanced measures to address them, in line with Recommendation 1 and Immediate Outcome 11.

In addition, in August 2024, the FATF updated its assessment methodology, which includes evaluating the effectiveness of countries' implementation of targeted financial sanctions related to proliferation financing, as specified under Immediate Outcome 11. **This update aims to strengthen countries' ability to prevent the financing of the proliferation of weapons of mass destruction by improving risk understanding and applying appropriate measures.**

These updates come within the framework of the FATF's fifth round of evaluations, which began in 2024 and aims to enhance the effectiveness of anti-money laundering, counter-terrorist financing, and counter-proliferation financing systems in member countries.

(Annex 4) The level of compliance of MENAFATF member States with Recommendations 6 and 7, and the effectiveness of their implementation of Immediate Outcomes 10 and 11.

	Recommendation 6	Recommendation 7	Immediate Outcome 10	Immediate Outcome 11
Hashemite Kingdom of Jordan	C. Compliant	C – Compliant	LE- Low level of effectiveness	LE- Low level of effectiveness
United Arab Emirates	C. Compliant	C. Compliant	ME- Medium level of effectiveness	LE- Low level of effectiveness
Kingdom of Bahrain	LC – Largely compliant	LC – Largely compliant	ME- Medium level of effectiveness	ME- Medium level of effectiveness
Republic of Tunisia	LC – Largely compliant	LC - Largely compliant	ME- Medium level of effectiveness	ME- Medium level of effectiveness
People's Democratic Republic of Algeria	PC- -Partially Compliant	NC- Non-Compliant	LE- Low level of effectiveness	LE- Low level of effectiveness
Republic of Djibouti	LC – Largely compliant	PC--Partially Compliant	LE- Low level of effectiveness	LE- Low level of effectiveness

Kingdom of Saudi Arabia	LC – Largely compliant	LC – Largely compliant	SE - Substantial level of effectiveness	LE-Low level of effectiveness
Republic of Sudan	-	-	-	-
Syrian Arab Republic	-	-	-	-
Federal Republic of Somalia	-	-	-	-
Republic of Iraq	LC – Largely compliant	LC – Largely compliant	ME- Medium level of effectiveness	LE- Low level of effectiveness
Sultanate of Oman	LC – Largely compliant	LC – Largely compliant	ME- Medium level of effectiveness	SE - Substantial level of effectiveness
State of Palestine	-	-	-	-
State of Qatar	LC – Largely compliant	LC – Largely compliant	SE - Substantial level of effectiveness	ME- Medium level of effectiveness
State of Kuwait	NC – Non-compliant	NC – Non-compliant	LE- Low level of effectiveness	LE- Low level of effectiveness
Lebanese Republic	LC – Largely compliant	LC – Largely compliant	ME- Medium level of effectiveness	ME- Medium level of effectiveness
State of Libya	-	-	-	-
Arab Republic of Egypt	LC – Largely compliant	LC – Largely compliant	ME- Medium level of effectiveness	ME- Medium level of effectiveness
Kingdom of Morocco	LC – Largely compliant	LC – Largely compliant	ME- Medium level of effectiveness	ME- Medium level of effectiveness
Islamic Republic of Mauritania	LC – Largely compliant	LC – Largely compliant	LE- Low level of effectiveness	LE- Low level of effectiveness

Republic of Yemen	-	-	-	-
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Annex 5: Weaknesses and challenges related to the implementation of targeted financial sanctions concerning terrorism financing and proliferation financing in member states, and the corresponding measures identified in mutual evaluation reports.

Recommendation 6- Weaknesses and Challenges	Recommendation 7- Weaknesses and challenges	Immediate Outcome 10 – Weaknesses and Challenges	Immediate Outcome 11- Weaknesses and Challenges	Relevant Recommended Action
<ul style="list-style-type: none"> - There is no legal framework governing the procedures for freezing funds and property of persons designated pursuant to UN Security Council Resolutions 1267 and 1373. - There are no effective laws or procedures for examining and implementing actions taken under freezing mechanisms in other countries. - There is no evidence demonstrating the effectiveness of freezing measures implemented pursuant to UN Security Council Resolutions. 	<ul style="list-style-type: none"> - A permanent national committee has been established to monitor the implementation of UN Security Council Resolutions, without specifying its mandate with respect to implementing resolutions related to preventing the financing and proliferation of weapons of mass destruction. - The country does not implement targeted financial sanctions without delay. 	<ul style="list-style-type: none"> - There does not appear to be a clear and common understanding of terrorism financing risks in the non-profit organisation (NPO) sector. The possibility of abuse of the sector is heightened by a number of contributing factors, including the size of the sector, weak oversight, and indicators suggesting potential abuse for terrorism financing purposes. - There are no clear and adequate criteria for 	<ul style="list-style-type: none"> - UN Security Council Resolutions relating to combating proliferation financing are not being implemented. 	<ul style="list-style-type: none"> - Supervisory and oversight authorities for financial institutions and DNFBPs should monitor the implementation of targeted financial sanctions (TFS) related to terrorism financing, and impose appropriate sanctions on non-compliant entities. - The country should: - assess the terrorism financing risks facing the non-profit organisation (NPO) sector and identify those organisations most

	<ul style="list-style-type: none"> - The authorities do not require natural or legal persons within the country to freeze, without delay and without prior notice, the funds or other assets of designated persons and entities. - In general, there is an absence of procedures, instructions, or mechanisms for implementing targeted financial sanctions related to proliferation financing. 	<ul style="list-style-type: none"> - identifying the subset of NPOs most vulnerable to abuse, in a manner consistent with the definition set out in the FATF Methodology. - UN Security Council Resolutions relating to targeted financial sanctions for terrorism financing are not being implemented effectively due to weak coordination among the authorities. - Supervisory authorities for DNFBPs lack adequate awareness of terrorism financing risks. 		<ul style="list-style-type: none"> - vulnerable to abuse for TF purposes; - implement risk-based mitigating measures proportionate to the identified risks and monitor their implementation; and - engage effectively with the NPO sector to enhance understanding of the terrorism financing offence and raise awareness of preventive measures. - UNSCR 1373 should be implemented effectively, and the lists of terrorist persons and entities should be updated and disseminated without delay. - The technical committees responsible for implementing UN Security Council
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				<p>Resolutions, together with all relevant authorities, should identify all entities not represented on those committees and establish mechanisms that allow UN Security Council lists to be disseminated to all relevant parties without delay, while also considering the appropriateness of using modern channels for dissemination.</p> <ul style="list-style-type: none"> - The level of understanding and awareness among all relevant authorities regarding the requirements for implementing TFS related to terrorism financing should be strengthened, including through training workshops.
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				<ul style="list-style-type: none"> - The committee responsible for implementing UN Security Council Resolutions, together with supervisory and oversight authorities, should prepare guidelines and guidance papers clarifying the mechanisms for implementing UN Security Council Resolutions and should raise awareness among financial institutions and DNFbps through training workshops. - The committee responsible for monitoring the implementation of UN Security Council Resolutions should establish working mechanisms and
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				<p>procedures to ensure implementation, without delay, of UN Security Council Resolutions relating to combating proliferation financing.</p> <ul style="list-style-type: none"> - The country should expand TFS obligations to cover DNFBPs and other relevant entities involved in combating proliferation financing, and should raise awareness among financial institutions and DNFBPs of their obligations to implement the relevant UN Security Council Resolutions on proliferation financing. - The mechanism used to disseminate UN Security Council Resolutions relating to combating proliferation financing to all relevant financial
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				<p>institutions should be reviewed to ensure that such resolutions reach all entities required to implement them.</p> <ul style="list-style-type: none"> - The necessary instructions and mechanisms should be issued to activate supervision and monitoring of financial institutions and DNFBPs to ensure compliance with obligations set out in UN Security Council Resolutions relating to proliferation financing, and to impose the necessary sanctions and/or corrective measures on non-compliant institutions. - Awareness of the relevant UN Security Council Resolutions should be enhanced among both
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				the competent authorities and financial institutions and DNFBPs through training courses and workshops in this area.
<ul style="list-style-type: none"> - There are deficiencies in the targeted financial sanctions (TFS) framework, as the freezing obligation under the relevant decision implementing UN Security Council Resolutions does not expressly apply to the domestic list, in addition to a number of other relatively minor shortcomings. - There are no requirements to enable a prompt determination in relation to a received foreign request. - There is no clear definition of the term “designated person” to whom the freezing measures apply, and the freezing obligation refers to funds linked to proliferation financing rather than terrorism financing. - It is unclear whether the new regime will operate without delay. 	<ul style="list-style-type: none"> - A number of obligations refer to the sanctions list, which, as defined in the relevant decision, does not include UNSCR 2231. - As a result, there is no obligation to freeze the funds or other assets that are owned, controlled or held, wholly or jointly, by a person acting, directly or indirectly, on behalf of, or at the direction of, or owned or controlled by, a person or entity designated under UNSCR 2231. - This also affects the continuing prohibition on making funds available, the publicly known procedures for submitting de-listing 	<ul style="list-style-type: none"> - The risks associated with non-profit associations were only assessed in the 2018 National Risk Assessment. - During the evaluation, more than half of these associations did not receive a field visit (weak supervision). Given the structure of terrorism financing risk in the country, and the number of terrorism financing cases prosecuted and convicted, the state deprives terrorists, terrorist organizations, and terrorist financiers of assets and 	<ul style="list-style-type: none"> - The country did not identify any funds or other assets held by designated persons, nor did it demonstrate that it had prevented such persons from operating. - The country identified individuals and one legal entity potentially linked to the relevant UN Security Council Resolutions concerning the Democratic People’s Republic of Korea (DPRK) 	<ul style="list-style-type: none"> - The country should improve its monitoring of sectoral awareness of risks, mitigation measures, and compliance. Supervisors should continue conducting comprehensive testing of institutions in line with the risk cycle and through thematic reviews. This should include entities that have not yet been supervised, and areas where weaknesses are particularly evident (targeted financial sanctions, enhanced due diligence, hawaladars, and higher-risk DNFBPs).

	<p>requests, unfreezing funds, permitting access to frozen funds, and the freezing measures that should not prevent a listed person or entity from making a payment due under a contract entered into before that person or entity was listed.</p>	<p>means to a relatively low extent.</p> <ul style="list-style-type: none"> - Given the number of terrorism financing cases investigated and prosecuted, and the number of successful terrorism financing convictions, the state has been relatively unsuccessful in the confiscation of the assets and instrumentalities of crimes related to the financing of terrorism. Efforts are generally inconsistent with what can be ascertained about the structure of terrorism financing risk in the country . - The structures and mechanisms for the implementation of financial sanctions are considered to be emerging 	<p>and Iran; however, the authorities did not identify or freeze any assets subject to targeted financial sanctions (TFS) related to proliferation financing during the five years preceding the assessment, including in the cases cited.</p> <ul style="list-style-type: none"> - The understanding of sanctions evasion typologies related to proliferation financing appears generally low, both among government authorities and among private sector participants of different types 	<ul style="list-style-type: none"> - The country should improve awareness and understanding of AML/CFT obligations and strengthen implementation of the risk-based approach, particularly among hawaladars and DNFBPs operating onshore. - Supervisors and the FIU should take more robust measures, including supervisory action, education, and outreach, to encourage non-bank financial institutions and DNFBPs to strengthen their transaction monitoring systems and ensure timely and good-quality reporting through suspicious transaction reports (STRs) across all reporting entities.
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		<p>(at the time of the field visit for mutual assessment).</p> <ul style="list-style-type: none"> - The level of awareness among the private and public sectors is still low. - Awareness of sanctions evasion methods or typologies among the authorities and the private sector entities are very low. 	<p>and locations (onshore and in the financial free zones), although a few instances of inter-agency cooperation in addressing the smuggling or re-shipment of dual-use goods were noted.</p> <ul style="list-style-type: none"> - The understanding by financial institutions and DNFBPs in the country of their obligations relating to proliferation financing TFS, and their level of compliance with those obligations, is considered somewhat low. 	<ul style="list-style-type: none"> - The country should provide more specific, sector-tailored guidance on the implementation of preventive measures, including the identification and application of TFS related to terrorism financing, for financial institutions and DNFBPs, in order to improve the application of enhanced due diligence.
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			<ul style="list-style-type: none"> - In cases of a true match with the UN lists, most private sector entities do not fully understand their obligations to freeze and report. - Written guidance on targeted financial sanctions is limited. - The competent authorities in the country ensure and monitor compliance by financial institutions and DNFBPs with proliferation financing-related TFS only to a limited extent. - Outreach conducted by the 	
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			competent authorities and supervisors to the private sector to clarify TFS obligations has been very limited.	
<ul style="list-style-type: none"> - The legal framework for the implementation of Security Council resolutions 1267 and 1988 and subsequent resolutions does not cover all natural and legal persons, lawyers, notaries and real estate brokers/agents, affecting a number of criteria under that recommendation. - Guidance on the proposal for designation on the Resolution 1988 Committee is not available. - Limited guidance is available for DNFBPs - The Ministry of Industry and Commerce does not require its reporting entities to respond to their email notifications. - The Ministry does not have procedures for access to funds. 	<ul style="list-style-type: none"> - There are no explicit legal obligations applicable to all natural and legal persons to prevent the availability of funds and other assets to designated persons and entities, affecting a number of criteria in this Recommendation. - There are no requirements for lawyers, notaries, and real estate brokers. - Limited guidance was provided by supervisory authorities to their reporting entities. - The Ministry of Industry and Commerce does not require reporting entities to 	<ul style="list-style-type: none"> - Targeted financial sanctions obligations do not explicitly cover all natural and legal persons in the country. - There is no clear and explicit commitment to targeted financial sanctions towards all natural and legal persons. - For DNFBPs, the obligation begins from the time the Ministry of Commerce, Industry and Tourism (which oversees them) receives changes to the UN lists. 	<ul style="list-style-type: none"> - Targeted financial sanctions obligations do not explicitly cover all natural and legal persons in the country. - There is no clear and explicit commitment to targeted financial sanctions towards all natural and legal persons. - There is a risk of exposure to proliferation financing due to the country's 	<ul style="list-style-type: none"> - The country should implement explicit measures to ensure that its citizens or any person within its territory, regardless of their nationality, makes any funds, financial assets or economic resources available to a person or entity designated on the United Nations sanctions list, either directly or indirectly; - Targeted financial sanctions obligations should be clearly expanded to include all DNFBPs

<ul style="list-style-type: none"> - It is not clear that a standard of proof based on "sufficient reasons" or "sound basis" should be applied. - The decision did not clarify providing as much relevant information as possible about the proposed name and providing a statement of explanation containing as much detail as possible on the grounds on which the designation was based. - Through the guidelines provided by the DNFBPs and the Financial Sector, a mechanism for informing financial institutions and certain DNFBPs of the changes made to lists is not detailed as required to fulfill the requirements of the Recommendation. - The Ministry of Justice, Islamic Affairs and Endowments does not have similar notifications for lawyers and notaries as other supervisory authorities. - RERA does not send similar notices to real estate agents/brokers. - It is not clear how to automatically disseminate decision to designate or delist from national terrorism lists and 	<ul style="list-style-type: none"> respond to email notifications and does not have procedures that allow access to funds. - A mechanism to inform financial institutions and certain DNFBPs of changes to the relevant lists is not as detailed as required to fulfill the requirements of the Recommendation. - It was not found that the Ministry of Justice, Islamic Affairs and Endowments provides lawyers and notaries with similar notifications as other supervisory authorities. - RERA does not send similar notifications to real estate agents/brokers. - It was not clear whether there were guidelines on its obligations to respect the 	<ul style="list-style-type: none"> - In practice, the ministry did not immediately report on the relevant changes. - Lawyers, notaries, and real estate brokers do not receive any notification of changes from the concerned supervisors. - Understanding and implementation are diverse and limited, particularly outside the financial sector. - A financial institution has allowed a designated person to access their account several times. - The country provided only two examples of asset freezes, which contradicts the Terrorism Financing Risk Statement and the number of provisions related to it. - The necessary measures are not applied to non- 	<ul style="list-style-type: none"> geographical location, but the relevant supervisors have not issued detailed guidance or awareness on proliferation financing to mitigate it. - 	<ul style="list-style-type: none"> - The Ministry of Justice and RERA must notify their registered entities of changes in the relevant UN lists. - The Central Bank should clarify the legal obligation of financial institutions to implement targeted financial sanctions without delay by defining "without delay" in line with the FATF's recommendations. - The enforcement obligation should be distinct in law from the independent obligation to respond to notifications from the Central Bank to report whether assets have been frozen. - The Central Bank should take measures to improve its supervisory activities
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<p>sanctions lists as soon as a decision is issued by the Council of Ministers or the relevant body in the Security Council.</p>	<p>de-listing and unfreezing procedure.</p> <ul style="list-style-type: none"> - The licensed entities supervised by the Ministry of Industry, Commerce and Tourism are not permitted to add to frozen accounts any interest or other earnings due thereon, nor to deduct from them any payments due under contracts, agreements or obligations. 	<p>profit organizations following a risk-based approach.</p> <ul style="list-style-type: none"> - Awareness based on the risk-based approach is not raised among the nonprofit sector. 		<p>related to targeted financial sanctions, including providing guidance and awareness on targeted financial sanctions obligations.</p> <ul style="list-style-type: none"> - It should also issue deterrent sanctions in cases of breaches of targeted financial sanctions. - It should consider posting future sanctions on such breaches. - Relevant ministries should raise awareness and provide guidance on compliance with terrorism financing and proliferation financing sanctions among supervised entities. - The Ministry of Labour and Social Development should conduct targeted outreach and provide
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				<p>guidance on how to identify and report terrorism financing, with a focus on non-profit organizations that have been assessed as having a high risk of potential exploitation for terrorism financing.</p> <ul style="list-style-type: none"> - The Central Bank, with the assistance of customs, should provide guidance to financial institutions regarding proliferation financing threats and typologies.
<ul style="list-style-type: none"> - There are no mechanisms for identifying persons and entities to be designated as required under UNSCR 1267. - The Ministry of Finance does not have the powers or mechanisms to request and collect information in order to identify persons or entities that meet the designation criteria on the basis of 	<ul style="list-style-type: none"> - The country has not put in place a targeted financial sanctions regime in response to Security Council resolutions on the proliferation of weapons of mass destruction - Measures must be taken to supervise the implementation of relevant 	<ul style="list-style-type: none"> - The absence of convictions and confiscation in terrorism financing cases, together with deficiencies in the regime for implementing UNSCR 1267, significantly constrain policies aimed at preventing the financing of terrorist organisations. 	<ul style="list-style-type: none"> - No specific mechanism has been adopted to implement targeted financial sanctions related to the financing of the proliferation of weapons of mass destruction. In 	<ul style="list-style-type: none"> - The state must address the expansion of activities carried out on its territory by multiple terrorist organisations (Ansar al-Sharia, ISIS). - The state needs to strengthen matters relating to special investigative techniques,

<p>reasonable grounds, and to take unilateral action.</p> <ul style="list-style-type: none"> - Contrary to what is required by the Methodology (criterion 6.5(b)), the legal text does not specify whether the category of relevant property includes assets controlled by designated persons or property of persons acting on behalf of designated persons. - The obligation is limited to entities subject to the AML Law and does not extend to all persons and entities in the country. - The regime does not set out specific procedures for de-listing based on a request submitted to the UN sanctions committees in accordance with the procedures adopted by the 1267/1989 Committee and the 1988 Committee. 	<p>Security Council resolutions on the prevention of proliferation financing by financial institutions and DNFBPs</p>	<ul style="list-style-type: none"> - In light of these systemic deficiencies, the measures in place appear inadequate to address what is considered a major risk, namely the development of terrorist activity and terrorism financing within the country. - The country faces significant threats that require substantial human, technical and financial resources to address. 	<p>particular, the lists of designated persons published on the Ministry of Finance website relate only to terrorism financing.</p>	<p>as shortcomings in this area hinder the speed and effectiveness of prosecutions.</p>
<ul style="list-style-type: none"> - The country does not impose targeted financial sanctions without delay. - There are many shortcomings in the organization and the new procedures, 	<ul style="list-style-type: none"> - The absence of a legal and regulatory framework for the application of these sanctions. 	<ul style="list-style-type: none"> - The country does not impose targeted financial sanctions without delay. - The mechanism adopted on Resolution 1267 is 	<ul style="list-style-type: none"> - The country shall not apply targeted financial sanctions related to 	<ul style="list-style-type: none"> - The authorities should amend the mechanism for the implementation of Security Council resolutions to allow them

<p>especially with regard to the application of targeted financial sanctions and the failure to ensure their implementation without delay and in a proper manner due to the weakness of the procedures followed for informing the authorities concerned with the UN lists and the national list.</p> <ul style="list-style-type: none"> - Failure to disseminate these lists to the authorities concerned with the application of sanctions. - The absence of a competent authority that proposes the designation of persons or entities to the relevant Security Council committees. - Lack of mechanisms for identifying the persons and entities targeted for designation as required by Resolution 1267. - There is no legal provision criminalizing the making available of funds or other assets to persons or entities designated on the UN lists and the domestic list. - The procedures governing notification to obliged entities of de-listings, as a 	<ul style="list-style-type: none"> - There is no monitoring of compliance by the relevant persons and entities with the required measures to freeze assets belonging to designated persons and entities. - Appropriate guidance has not been issued on how to implement measures under the freezing mechanisms. 	<p>ineffective and does not guarantee that targeted financial sanctions will be applied without delay.</p> <ul style="list-style-type: none"> - The publication of the lists and the ongoing updates thereon on the office's website before the decisions of the Minister of Finance are published in the Official Gazette does not oblige the concerned entities to perform their obligations to seize and/or freeze without delay. - The country has submitted a proposal to designate only one name to the 1267 Sanctions Committee and related resolutions, which does not sufficiently align with its terrorism and terrorism financing risk profile. - The National Committee decision to include the 	<p>proliferation without delay.</p> <ul style="list-style-type: none"> - There is no legal framework that gives effect, within the country, to the applicable UN Security Council Resolutions. - There is a significant delay in freezing the accounts of those designated on the list. - The country has not established any mechanism to ensure the implementation of all relevant resolutions. - There is no legal basis requiring financial institutions and 	<p>to be implemented without delay and to dispense with unnecessary procedures.</p> <ul style="list-style-type: none"> - The country should consider the automatic incorporation of Security Council resolutions. - The country should establish mechanisms to ensure that Security Council resolutions are immediately disseminated to all concerned authorities (e.g., by automatic notification or via email). - A competent authority should be designated to implement the relevant UN Security Council Resolutions, particularly with regard to the identification of persons and entities and the prioritization of their
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<p>precursor to the release of funds, are weak.</p>		<p>names of persons and entities in the National List was not published until 3 weeks after it was taken, due to the publication procedures followed by the Official Gazette.</p> <ul style="list-style-type: none"> - The country did not implement Resolution 1373 beyond national borders, despite the presence of designated persons on the national list outside the country. - It froze the postal accounts of certain individuals, but with delay, and also seized real estate belonging to them. - With respect to non-profit organisations, the country has not taken measures commensurate with the risks, as it has not identified the subset of NPOs that are likely to be 	<p>DNFBPs to implement targeted financial sanctions related to combating proliferation financing.</p> <ul style="list-style-type: none"> - There is no legal basis requiring supervisory authorities to monitor compliance by supervised entities with the relevant requirements. 	<p>designation when they meet the criteria set out in the relevant resolutions. Mechanisms should be established, or written procedures adopted, clarifying the role of the relevant authorities in this regard, particularly the security authorities.</p> <ul style="list-style-type: none"> - International cooperation mechanisms should be activated with respect to terrorists located abroad whose names appear on the domestic list, in order to deprive them of their assets outside the national territory, in implementation of UNSCR 1373. - Supervisory authorities should enhance the private sector's understanding of their
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		<p>vulnerable to abuse for terrorism financing purposes.</p> <ul style="list-style-type: none"> - It has not identified the threats facing NPOs or the ways in which they may be exploited by terrorists. - As regards supervisory and inspection activities, reliance is placed primarily on off-site inspections, and to a lesser extent on on-site inspections, which target all domestic associations nationwide without focusing, in accordance with the risk-based approach, on those associations most vulnerable to abuse for terrorism financing purposes. 		<p>obligations to implement targeted financial sanctions without delay.</p> <ul style="list-style-type: none"> - Following a terrorism financing risk assessment, consideration should be given to whether risk-based adjustments are needed to bring private institutions under the supervision of a public authority, in order to reduce the likelihood of their abuse for terrorism financing purposes. In addition, consideration should be given to amending the Law on Associations to grant supervisory authorities the powers necessary to oversee domestic associations. - A comprehensive assessment and study of
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				<p>the non-profit organization sector should be conducted in order to identify the subset of NPOs vulnerable to abuse for terrorism financing purposes, determine the nature of the threats posed by terrorist entities or groups to the sector, and assess how terrorist groups may exploit the sector.</p> <ul style="list-style-type: none"> - Accordingly, the country should appropriately mitigate the identified terrorism financing threats by taking risk-based measures proportionate to the identified TF risks, while ensuring that such measures do not disrupt or discourage legitimate charitable activities.
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				<ul style="list-style-type: none"> - The supervisory authorities responsible for the NPO sector should develop outreach programmes to raise awareness among NPOs and donor groups of the threats that terrorist entities may pose to the sector, and of the measures that should be taken to mitigate those threats. - The necessary legislation should be introduced to implement targeted financial sanctions related to combating proliferation financing within the country without delay, in line with Recommendation 7. - Appropriate mechanisms and procedures should be established to ensure that the relevant entities
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				<p>are made aware of their obligation to apply seizure and/or freezing measures pursuant to the relevant UN Security Council Resolutions and updates to the sanctions lists, so as to ensure implementation without delay.</p> <ul style="list-style-type: none"> - A supervisory regime should be established for financial institutions and DNFBPs to monitor their implementation of requirements relating to targeted financial sanctions concerning proliferation financing, based on a proper legal basis for such requirements. - Supervisory authorities should provide sufficient guidance to all financial institutions and DNFBPs
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				<p>on how to implement targeted financial sanctions related to combating proliferation financing, and should strengthen the understanding of supervised entities in this regard, including how to identify sanctions evasion techniques, through ongoing training courses, specialised workshops, and other outreach activities.</p>
<p>- Some of the procedures related to the implementation of the texts are general, especially with regard to informing financial institutions and DNFBNs of the designation and de-listing decisions. The Technical Committee did not develop the procedures and forms for submitting a request for de-listing and the appeal forms.</p>	<p>- The State has not implemented any supervisory measures to ensure that financial institutions and DNFBNs comply with the applicable binding laws and means to implement the obligations set out in Recommendation 7.</p>	<p>- In the absence of an appropriate legal and institutional framework, the country has not implemented targeted financial sanctions (TFS), without delay and without prior notice, pursuant to UNSCRs 1267 and 1373. In</p>	<p>- In the absence of an appropriate legal and institutional framework, the country has not taken any measures enabling it to implement targeted financial sanctions without delay, in accordance with the</p>	<p>- The competent authorities should develop certain procedures necessary for the practical implementation of the more general principles set out in the regulatory texts, particularly with regard to notifying financial institutions</p>

	<p>- The laws do not provide for the imposition of any sanctions in case of non-compliance, and some procedures for the practical implementation of the more general principles set out in the regulatory texts, in particular those related to the notification of DNFBPs of listing and de-listing decisions, still need to be developed by the competent authorities.</p>	<p>particular, it has not frozen the funds of designated persons and entities.</p> <ul style="list-style-type: none"> - The authorities did not notify reporting entities or the public, in a timely manner, of the lists of designated persons and entities and updates thereto, nor did they establish mechanisms to raise awareness among reporting entities and disseminate information regarding their obligations to implement TFS. - Financial institutions, particularly those forming part of large international groups that apply a group-wide compliance policy, are aware of their obligations to screen customers and transactions against lists of 	<p>UN Security Council Resolutions adopted under Chapter VII of the UN Charter relating to the prevention of the proliferation of weapons of mass destruction, as well as terrorism and their financing.</p> <ul style="list-style-type: none"> - The country does not have a good understanding of proliferation financing risks, and has no mechanisms to identify and prevent proliferation financing, nor measures aimed at raising awareness among the various stakeholders involved in 	<p>and DNFBPs of listing and de-listing decisions.</p> <ul style="list-style-type: none"> - The necessary supervisory measures should be implemented to ensure that financial institutions, companies and DNFBPs comply with the laws and binding instruments applicable to the implementation of the obligations set out in Recommendation 7. - It is necessary to provide for sanctions in cases of non-compliance, and to clarify the procedures required for the practical implementation of the more general principles set out in the regulatory texts, particularly those relating to the notification by the
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		<p>designated persons and entities.</p> <ul style="list-style-type: none"> - Most financial institutions apply the lists in an automated manner, without distinguishing between TFS under UN Security Council Resolutions and other types of financial sanctions, and also without fully understanding their obligations to freeze the funds of designated persons and entities. - DNFBPs and insurance companies are not aware of their obligations relating to the implementation of TFS and do not have mechanisms in place to implement them. - The authorities have not identified the non-profit 	<p>combating proliferation financing regarding the risks of proliferation and its financing.</p> <ul style="list-style-type: none"> - Reporting entities that form part of large international groups use the same mechanisms for screening customers and transactions as those used in implementing TFS related to terrorism financing; however, their understanding of their exposure to breaches of TFS related to proliferation 	<p>competent authorities of financial institutions and DNFBPs of listing and de-listing decisions and related updates.</p> <ul style="list-style-type: none"> - The authorities should implement the new legal framework relating to targeted financial sanctions, in particular by considering the appropriateness of proposing the designation of persons and entities pursuant to UNSCR 1267, and the appropriateness of designating Djiboutian individuals and entities that are members of terrorist organisations, or operating in Djiboutian territory, pursuant to UNSCR 1373.
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		<p>organisations (NPOs) exposed to terrorism financing risks, nor have they put in place supervisory and outreach measures proportionate to those risks.</p> <ul style="list-style-type: none"> - The authorities have not demonstrated an ability to identify and confiscate assets linked to the commission of a terrorist act, or assets and instrumentalities related to terrorism financing activities, given the relatively recent focus on terrorism financing as a standalone issue. - The absence of measures to keep funds out of the reach of actual or potential terrorists, through preventing the abuse of 	<p>financing is very limited.</p> <ul style="list-style-type: none"> - Other relevant actors are not aware of their obligations relating to the implementation of TFS related to proliferation financing. - The competent authorities do not monitor reporting entities' compliance with obligations relating to the implementation of TFS related to proliferation financing. 	<ul style="list-style-type: none"> - The country should transpose UNSCR 1267 designations into the national legal system without delay. - The authorities should make available to obliged entities and the public, without delay, the lists of persons designated under UNSCRs 1267, 1373 and 1718, and should notify reporting entities and the public of their obligations relating to TFS, including through the issuance of guidance, and should systematically monitor the implementation of TFS by reporting entities in order to identify potential deficiencies. - The country should conduct a risk analysis of
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		<p>NPOs and implementing TFS, is not consistent with the country's overall terrorism financing risk profile, including both external and domestic threats.</p>	<p>the non-profit organisation sector in order to identify the categories most vulnerable to abuse for terrorism financing, and put in place awareness-raising and supervisory measures for those entities in line with the identified risks.</p> <ul style="list-style-type: none"> - Law enforcement authorities should pay particular attention to identifying, seizing and confiscating assets related to terrorism financing. - The country should implement the new legal framework relating to TFS and, in particular, should transpose UNSCR 1718 designations into the
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				<p>national legal system without delay.</p> <ul style="list-style-type: none"> - The authorities should establish a mechanism for cooperation, information-sharing and awareness-raising among the authorities concerned with proliferation financing, in order to understand the national context in terms of the country's exposure to proliferation risks, detect cases of proliferation, and identify relevant typologies.
<p>- It is not clear whether the measures in place ensure that sanctions are applied without delay in all cases. Not all natural and legal persons in the Kingdom of Saudi Arabia are obliged to freeze the funds and assets of designated persons.</p>	<p>It is unclear how the relevant supervisory authorities that are not represented on the Committee will implement the relevant obligations.</p>	<ul style="list-style-type: none"> - Although local designations are largely communicated to DNFBPs, there is no publicly available list of those designated or guidance on enforcement obligations, which hinders effective and 	<ul style="list-style-type: none"> - The state has not frozen any assets or suspended any transactions as a result of targeted proliferation-related financial sanctions. 	<ul style="list-style-type: none"> - The country should develop a single, unified and comprehensive list of domestic designations under UNSCR 1373, and make it available to all supervisory authorities, financial institutions,

<p>TFS mechanisms specifically targeted to citizens and persons under its jurisdiction do not prohibit the making available of any funds or other assets to designated individuals and entities, although criminal legislation partially mitigates this problem. The procedures for de-listing and lifting the funds freeze are also unclear.</p>		<p>consistent implementation of sanctions.</p> <ul style="list-style-type: none"> - Authorities consider these measures to be more effective and deterrent than targeted financial sanctions, but they do not provide legal procedures that comply with targeted financial sanctions and the FATF standards, and they may not be communicated to all domestic and foreign relevant authorities. Assets and instruments related to terrorism and the financing of terrorism are effectively confiscated after prosecution. - The Permanent Committee for Counter Terrorism does not have sufficient resources to carry out all its tasks. 	<ul style="list-style-type: none"> - There are significant delays in the implementation and delivery of new funding standards for proliferation financing— both within the public sector (from the Chapter VII Committee to the relevant authorities) and with the private sector. 	<p>DNFBPs, and natural and legal persons, in order to facilitate communication and the effective implementation of TFS. The country should also make guidance available to the public so that all natural and legal persons understand their obligations to implement TFS, and to ensure that relevant individuals are aware of their rights as bona fide third parties.</p> <ul style="list-style-type: none"> - Given that the country uses its power to impose domestic designations, it should independently nominate individuals and entities for designation at the United Nations, and should submit requests to other countries to consider designation under UNSCR 1373, in
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				<p>order to enhance the effect of sanctions beyond the country's jurisdiction.</p> <ul style="list-style-type: none"> - In order to maximise the impact of TFS, the country should reduce its reliance on watchlist-based financial restrictions, giving preference to targeted financial sanctions as a means of depriving terrorist financiers of access to their assets. - Additional resources should be provided to the Permanent Committee for Counter Terrorism in order to mitigate the capacity challenges that impede the effective implementation of TFS. - Supervisory authorities should monitor and enforce the effective
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				<p>implementation of TFS by real estate agents and dealers in precious metals and stones.</p> <ul style="list-style-type: none"> - Awareness and supervision of smaller DNFBPs should be strengthened to ensure the implementation of TFS without delay. - The risk-based supervisory approach should be fully implemented, and information derived from compliance visits to NPOs should be used to identify measures that may be streamlined for certain organisations, thereby supporting legitimate NPO activities. - Guidance should be provided to financial institutions and DNFBPs indicating that NPOs are
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				<p>considered lower risk in relation to terrorism financing, in light of the measures already in place.</p> <ul style="list-style-type: none"> - A system should be established to ensure the full implementation, without delay, of proliferation-related targeted financial sanctions by financial institutions and DNFBPs. Remaining technical deficiencies should also be addressed. - The current coordination mechanism among all relevant authorities, including the FIU, should be reviewed to ensure effective information-sharing, and the effective detection of and response to threats related to
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				<p>proliferation-related sanctions.</p> <ul style="list-style-type: none"> - Clear directions and guidance should be provided to financial institutions and DNFBPs to support the proper implementation of targeted financial sanctions related to proliferation financing. - Awareness-raising campaigns should be conducted to increase understanding among financial institutions and DNFBPs of the characteristics and typologies of sanctions evasion related to proliferation financing.
<ul style="list-style-type: none"> - The mechanism relating to requests for the removal of names from the UN list is not consistent with the mechanism established under UNSCR 1730. 	<ul style="list-style-type: none"> - The country has not established publicly available procedures enabling persons or entities bearing the same name, or names similar to those of 	<ul style="list-style-type: none"> - The mechanism for notifying implementing entities in writing of updates to the UN lists showed an average delay of 6.5 days, which affected the 	<ul style="list-style-type: none"> - The country implements UN Security Council Resolutions relating to targeted financial sanctions for 	<ul style="list-style-type: none"> - The Committee should consult the proposing government or governments before recommending de-listing,

<ul style="list-style-type: none"> - There are no detailed procedures to facilitate consideration of the review process by the Security Council Committee under UNSCR 1988, or of the Committee's role in de-listing through consultation with the proposing State or States. - There is no guidance on notifying the financial sector and DNFBPs of the circulation of the name of a person removed from the domestic list to all relevant parties immediately upon issuance of the decision, for the purpose of taking the necessary measures to unfreeze that person's funds and economic resources. 	<p>designated persons or entities, to submit a request for de-listing to the Focal Point for De-listing appointed pursuant to UNSCR 1730, nor does it inform such designated persons or entities that they may submit a petition directly to the Focal Point.</p>	<p>effectiveness of implementing targeted financial sanctions without delay, given that some implementing entities rely on receiving the circular as an alternative to monitoring updates on the UN Security Council website.</p> <ul style="list-style-type: none"> - The new complementary mechanism allows the relevant authorities, financial institutions and DNFBPs to be notified without delay through alerts. However, this mechanism has not been extended to cover all DNFBPs and other entities in the country responsible for applying freezing measures, including the Companies Registry and the Land Registry, and it was not demonstrated to 	<p>the prevention of proliferation financing only to a limited extent, even though the relevant UNSCRs become effective in the country from the date of their publication on the official website of the UN Security Council Sanctions Committee. This is because some obliged entities rely on receiving a notification or circular as a substitute for directly accessing the UN website in order to implement their obligations, and it was not demonstrated that Customs and certain other relevant entities are notified of updates to the relevant lists.</p>	<p>and may contact the Focal Point to facilitate contact with the proposing State where the latter agrees. The Committee should also follow all other procedures referred to in UNSCR 1730.</p> <ul style="list-style-type: none"> - Detailed procedures should be established to facilitate the review process by the UN Security Council Committee under UNSCR 1988, and to clarify the Committee's role in de-listing through consultation with the proposing State or States. - Guidance should be issued on notifying the financial sector and DNFBPs of the circulation
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		<p>the assessment team that TFS are implemented within 24 hours and without delay.</p> <ul style="list-style-type: none"> - It was not demonstrated that freezing is carried out without delay. In addition, weaknesses in the implementation of beneficial ownership identification measures at the level of financial institutions (other than banks) and DNFBPs affect the effectiveness of implementing TF-related TFS. - The time taken by the Terrorist Asset Freezing Committee to decide on requests and approve the release of basic expenses ranges from 36 to 141 days, even though the 	<ul style="list-style-type: none"> - The country has not been able to identify, seize, or freeze any funds or assets belonging to any person or entity designated under proliferation financing sanctions lists, and no positive matches with any listed names have been detected. - There is no cooperation among competent authorities, such as the General Customs Authority, the Central Bank, and the relevant law enforcement authorities, in 	<p>of the name of a person removed from the domestic list to all relevant parties immediately upon issuance of the decision, for the purpose of taking the necessary measures to unfreeze that person's funds and economic resources.</p> <ul style="list-style-type: none"> - Publicly available procedures should be established to enable persons and entities bearing the same name, or names similar to those of designated persons or entities, to submit a de-listing petition to the Focal Point for De-listing appointed pursuant to UNSCR 1730, or alternatively to inform
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		<p>procedures provide that requests for basic expenses should be decided within no more than 15 days.</p> <ul style="list-style-type: none"> - Most financial institutions and DNFBPs demonstrated a weak understanding of their obligations relating to the implementation of TFS without delay, with the exception of banks, which had an acceptable understanding of TFS requirements. - The NGO Directorate has an emerging understanding of the nature of terrorism financing threats and risks. In addition, it has not effectively applied focused and proportionate supervision, on a risk-based approach, to non-profit organisations vulnerable to 	<p>addressing proliferation financing risks.</p> <ul style="list-style-type: none"> - Weak implementation of beneficial ownership identification measures at the level of financial institutions (other than banks) and DNFBPs affects the effectiveness of implementing proliferation-related TFS. - With the exception of the Central Bank, supervisory authorities have not carried out any on-site or off-site inspections of 	<p>such persons or entities that they may submit a petition directly to the Focal Point.</p> <ul style="list-style-type: none"> - The implementation of targeted financial sanctions without delay should be strengthened, and the registration of all relevant authorities, including the Companies Registry, the Land Registry, and DNFBPs responsible for implementation, on the electronic notification system should be completed. - A mechanism should be established to proactively notify the private sector, in a timely manner, of ongoing updates to sanctions lists, in order to
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		<p>abuse for terrorism financing purposes.</p> <ul style="list-style-type: none"> - There is no approved mechanism for managing organisations that have been dissolved or suspended in a manner that ensures that associational or charitable activity is not disrupted. Cooperation between the NGO Directorate and the non-profit sector in the area of combating terrorism financing is limited. - The training courses provided to organisations are few and insufficient, and the criteria used to classify the risk of associations within the sub-group are considered insufficient and unclear. 	<p>private sector financial institutions and DNFBPs to verify their compliance with the requirements for implementing and applying proliferation financing-related TFS. This is due to the absence of clear inspection criteria or plans, and the lack of sufficient awareness among supervisory authorities of their responsibilities toward the private sector.</p> <ul style="list-style-type: none"> - Customs does not effectively monitor 	<p>ensure the immediate freezing of funds and other assets subject to sanctions under the freezing mechanisms. This mechanism should also ensure that relevant parties are notified of updates even during weekends and public holidays. In addition, proliferation financing-related designation decisions and related updates should be disseminated to government entities, including Customs, as well as to the private sector.</p> <ul style="list-style-type: none"> - Supervisory authorities should strengthen the capacity of financial institutions (other than
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		<ul style="list-style-type: none"> - The measures taken by the country are only partially consistent with the level of terrorism financing risk: they range from reasonable in respect of the temporary measures taken to deprive terrorists of funds, assets and criminal instrumentalities, to weak in respect of the measures taken to protect non-profit associations from abuse for terrorism financing purposes. 	<p>the relevant UN sanctions lists, and it was not demonstrated that it receives notifications of updates from the Committee. Nor does it have adequate procedures for inspecting shipments and goods through border points in order to monitor international trade relating to shipping, import and export, particularly with Iran.</p> <ul style="list-style-type: none"> - Most financial institutions (except banks and 	<p>banks) and DNFBPs with respect to the implementation of TFS requirements, through training programmes and awareness materials.</p> <ul style="list-style-type: none"> - The competent Committee should observe the prescribed time limits when deciding on requests for the release of basic or extraordinary expenses. - The NGO Directorate should strengthen its understanding of the nature of threats and risks relating to non-profit organisations (NPOs), and engage with NGOs in order to obtain more accurate and comprehensive information on their
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			<p>insurance companies), as well as all categories of DNFBPs in the country, have a weak understanding of the requirements for implementing proliferation financing-related TFS and of sanctions evasion.</p>	<p>activities and financial operations. It should also take focused and risk-based supervisory measures to detect violations committed by NGOs, so as to ensure that the non-profit sector is not abused for terrorism financing purposes.</p> <ul style="list-style-type: none"> - A mechanism should be adopted for the management of organisations that have been dissolved or suspended, in a manner that ensures that associational and charitable activities in the country are not disrupted. - The NGO Directorate should provide training
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				<p>courses and guidance, with a particular focus on higher-risk NPOs, and should clarify the threats and typologies involved in order to protect the non-profit sector from any potential abuse for terrorism financing purposes.</p> <ul style="list-style-type: none"> - The authorities should increase awareness of counter-proliferation financing requirements and sanctions evasion through specialised training programmes and the development of guidance materials setting out the characteristics and typologies of proliferation financing evasion, in order to
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				<p>educate both the public and private sectors.</p> <ul style="list-style-type: none"> - The authorities should strengthen capacity-building efforts for financial institutions and DNFBPs regarding the requirements for implementing TFS related to proliferation financing, and should develop detailed procedures and guidance to assist implementing entities in meeting their obligations under Recommendation 7. - Supervisory authorities, other than the Central Bank, should strengthen their human resources in order to carry out supervision and oversight effectively, and should
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				<p>establish a risk-based supervisory plan to ensure that financial institutions and DNFBPs implement TFS without delay. Supervisors should also impose effective, proportionate and dissuasive sanctions on non-compliant entities.</p> <ul style="list-style-type: none"> - Customs should review its procedures for inspecting shipments and goods at border points, including by strengthening its technical and human capacities for inspection in order to detect dual-use materials that could be used in proliferation programmes, and should ensure effective monitoring of the
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				<p>relevant UN sanctions lists.</p> <ul style="list-style-type: none"> - Enhanced measures should be applied to monitor international trade, particularly shipping, import and export operations with Iran.
<ul style="list-style-type: none"> - The mechanism for identifying targets to be designated under UNSCR 1373 does not allow for a prompt decision upon receipt of a request. In addition, the country's decision-making procedures for de-listing persons under UNSCR 1373 are not fully independent. 	<ul style="list-style-type: none"> - There are minor deficiencies, in that there is no procedure allowing access to frozen funds to fulfill the enforcement of a judicial decision (UNSCR 1718, paragraph 9(c)). 	<ul style="list-style-type: none"> - The country remains reluctant to propose names proactively and on its own initiative for inclusion on the domestic list, and to propose names for designation to other countries, in line with regional terrorism financing risks. - The terrorism financing risk assessment and the NPO risk assessment are not sufficiently comprehensive to determine the extent to which non-profit 	<ul style="list-style-type: none"> - The country has a system for obtaining basic information in a timely manner, and—though to a lesser extent—beneficial ownership information on legal persons, which could affect its implementation of proliferation financing-related 	<ul style="list-style-type: none"> - The country should develop a mechanism that allows for a prompt decision upon receipt of designation requests under UNSCR 1373, and ensures that decisions on de-listing persons under the Resolution are taken independently. - The country should develop procedures that allow access to frozen funds for the purpose of satisfying the

		<p>organisations are exposed to terrorism financing.</p> <ul style="list-style-type: none"> - The country does not apply risk-based measures and instead treats all NPOs as reporting entities, applying excessive measures to all of them in order to avoid the risk of abuse for terrorism financing purposes. - The Ministry of Social Development does not fully apply risk-based supervision. - The country has conducted outreach campaigns for all NPOs falling within the FATF definition, without targeting those NPOs that are at risk of abuse for terrorism financing purposes. More generally, these shortcomings may 	<p>targeted financial sanctions where complex structures are involved. However, this is not considered a significant concern given the limited number of complex structures in the country, according to the thematic risk assessment on legal persons.</p> <ul style="list-style-type: none"> - Reporting entities have a varying level of understanding of their obligations relating to proliferation financing TFS, but they generally comply with them in a manner 	<p>enforcement of a judicial decision.</p> <ul style="list-style-type: none"> - The country should make greater use of domestic TFS designations as a preventive and disruptive tool to mitigate regional terrorism financing risks. - The country should improve its NPO risk assessment by including more detailed information on the characteristics and types of the subset of NPOs that are likely to be vulnerable to terrorism financing abuse by virtue of their activities or characteristics. - In line with the requirements of Recommendation 8, the country should remove
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		<p>hinder and disrupt legitimate NPO activities.</p>	<p>proportionate to their risks.</p> <ul style="list-style-type: none"> - It has not been demonstrated that supervisors of DNFBPs comprehensively oversee compliance with obligations relating to the implementation of TFS. 	<p>the requirement that NPOs operate as reporting entities.</p> <ul style="list-style-type: none"> - The Ministry of Social Development should ensure the implementation of a risk-based approach, including supervision and awareness-raising, particularly for NPOs at risk of abuse for terrorism financing purposes, without disrupting or discouraging their legitimate activities. - Outreach and training programmes should be strengthened to raise the awareness of reporting entities regarding obligations related to proliferation financing
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				<p>TFS and the possibility of sanctions evasion.</p> <ul style="list-style-type: none"> - Supervisors of DNFBPs should exercise more comprehensive supervision over obligations relating to proliferation financing TFS. - Timely access to beneficial ownership information should be improved.
<ul style="list-style-type: none"> - It is possible to publicly disclose the country as the country proposing the designation. - Lack of measures to protect the rights of bona fide third parties acting in good faith when implementing freezing obligations. 	<ul style="list-style-type: none"> - Lack of measures to protect the rights of bona fide third parties acting in good faith when implementing freezing obligations. 	<ul style="list-style-type: none"> - Further outreach to the business sector and the DNFBPs can be done to enhance the implementation of the relevant sanctions. - The state should focus its efforts on non-profit organizations that are most 	<ul style="list-style-type: none"> - The country has not frozen any funds linked to proliferation financing. - No implementation measures have been taken in relation to 	<ul style="list-style-type: none"> - The country should enhance its ability to more accurately monitor all phases of terrorism financing (i.e., fund collection, transfer, and use), as well as a more diverse set of channels (e.g., banks, exchange

		<p>at risk of exploitation for terrorism financing to ensure that the regulatory measures implemented are proportionate and do not apply to the entire sector.</p>	<p>countering proliferation financing, which is inconsistent with the country's potential exposure to proliferation financing risks from Iran.</p> <ul style="list-style-type: none"> - There are supervisory gaps and deficiencies in access to accurate and up-to-date beneficial ownership information, as well as in the system for monitoring trade finance flows with Iran, which may hinder the ability to identify funds linked to designated persons and entities. 	<p>houses, non-profit organizations, etc.) and methods used by individuals and entities on behalf of terrorist organizations, to ensure that all types of terrorism financing cases can be proactively identified and pursued according to the country's terrorism financing risk profile.</p> <ul style="list-style-type: none"> - The country should focus on promoting its intelligence, investigation and prosecution efforts to align these efforts with the country's terrorism financing risk profile, based on identified risks related to the exploitation of licensed nonprofit organizations or individual donations for non-charitable purposes.
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				<ul style="list-style-type: none"> - The country should target and prioritise investigations and prosecutions involving designated individuals or entities in terrorism financing cases who are present in the country and/or have assets or funds there. Prosecutors in the country should prioritise the most serious, complex and targeted cases involving individuals and entities engaged in terrorism financing activity. - The country should strengthen the understanding, knowledge, specialization and training of the judicial authorities and prosecutorial authorities with respect to terrorism financing and financial
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				<p>investigations in terrorism cases, in line with their respective mandates.</p> <ul style="list-style-type: none"> - The country should consider undertaking legal reforms or creating legal tools that facilitate the use and admissibility of information or witness statements protected by confidentiality, as well as evidence capable of proving the intent element in the offence of terrorism financing. In addition, prosecutors should coordinate more closely, at an early stage of investigations, with the State Security Service and the FIU in order to generate financial intelligence that can be converted into, or used to provide, the evidence
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				<p>required before a case is referred for prosecution.</p> <ul style="list-style-type: none"> - The country should continue to strengthen operational coordination between the State Security Service, prosecutors, and other competent authorities. - The country should seek to pursue proactive and informal international cooperation with foreign counterparts in order to ensure the identification of suspicious cross-border terrorism financing transactions and evolving terrorist networks, in line with the country's risk profile. - The country should make greater use of designation decisions under UNSCR 1267 and consider designating and
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				<p>proposing a greater number of foreign-linked terrorist entities, in line with the risks identified in the national risk assessment.</p> <ul style="list-style-type: none"> - The country should ensure that the measures applied to all non-profit organisations are fully risk-based and do not disrupt, hinder or discourage their legitimate activities. - The country should continue developing its plans to increase the capacity of NPOs to operate outside the country in line with appropriate AML/CFT controls, while also clarifying and finding solutions for NPOs whose licenses have been denied, and providing
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				<p>further support to the sector so that such organisations are not prevented from carrying out their activities.</p> <ul style="list-style-type: none"> - The country should continue raising awareness among financial institutions and DNFBPs regarding targeted financial sanctions related to countering proliferation financing, in order to ensure understanding and implementation of the obligations arising from those sanctions. Resources should also be increased and prioritized by the Ministry of Commerce and Industry and the Ministry of Justice, and compliance by DNFBPs with their relevant TFS obligations
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				<p>should be monitored more effectively.</p> <ul style="list-style-type: none"> - Coordination among all relevant authorities in relation to countering proliferation financing should be improved in order to better detect potential cases involving breaches of TFS obligations or sanctions evasion. - As a priority, the country should monitor and manage its exposure to proliferation financing risks arising from Iran, and ensure a consistent understanding among competent authorities of the relevant sanction evasion methods and schemes, as well as how potential vulnerabilities relating to access to beneficial ownership
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				information may be exploited for proliferation financing or sanctions evasion purposes.
<ul style="list-style-type: none"> - There is no legal basis for the implementation of targeted financial sanctions related to terrorism financing, and the Permanent Committee for Counter Terrorism has not taken decisions to implement targeted financial sanctions. - The freezing and prohibition mechanisms are limited so that if targeted financial sanctions related to the financing of terrorism are implemented on a legal basis, they will have a limited impact as they do not apply to all natural and legal persons and have a limited scope. 	<ul style="list-style-type: none"> - The country does not have a legal basis for implementing targeted financial sanctions related to proliferation financing, and the Permanent Committee for Counter Terrorism has not taken decisions to implement such sanctions. - The freezing mechanism is limited and prohibition does not apply to the relevant targeted financial sanctions. 	<ul style="list-style-type: none"> - The country has a legal framework for implementing targeted financial sanctions (TFS) related to terrorism financing; however, the measures it takes to do so are not based on that framework. As a result, the measures applied lack both a proper legal basis and enforceability. - For example, the relevant committee, the Counter-Terrorism Committee, has not formally adopted the sanctions decisions required for the implementation of UN sanctions. Despite this lack of legal basis, terrorism financing-related TFS are implemented in Kuwait on an informal basis. 	<ul style="list-style-type: none"> - The country faces the same issues (lack of legal basis, delay) identified in Immediate Outcome 10 with respect to the implementation of the proliferation financing-related targeted financial sanctions regime without delay. - The scope of application of proliferation financing-related targeted financial sanctions is limited. Freezing measures apply only to the funds and assets of the designated natural or legal person, and to the proceeds derived therefrom, 	<ul style="list-style-type: none"> - The country should reassess the process for implementing the legal designations related to terrorism financing and the measures required to combat terrorism financing, in order to ensure a proper legal basis for the implementation and enforcement of targeted financial sanctions related to terrorism financing. - The country should address the technical deficiencies in its legal framework for TFS (both terrorism financing- and proliferation financing-related) in order to bring its framework into line with the FATF Standards.

		<ul style="list-style-type: none"> - Authorities applied freezing measures without legal basis to individuals and entities that should be designated, resulting in the freezing of assets worth millions of US dollars. There have been some communication problems within the Permanent Committee for Counter-Terrorism, and the use of information that has been communicated delays informal implementation. - The scope of application of terrorism financing-related TFS is limited. Moreover, even if the freezing measures are lawfully implemented, they will be solely applied to the funds and assets of the designated natural or legal person and the proceeds arising therefrom. - It is not clear whether all natural and legal persons are 	<p>where there is a legal basis for such freezing measures. There is no general prohibition preventing citizens or other persons within Kuwait from making funds or other assets available to designated natural or legal persons.</p> <ul style="list-style-type: none"> - Funds or other assets in the country may be identified only where they are owned directly by a designated natural or legal person. No assets have yet been frozen under the proliferation financing TFS regime. 	<ul style="list-style-type: none"> - The country should ensure the implementation of TFS without delay, including by considering a mechanism for notifying obliged entities of both UN sanctions and the domestic list implementing UNSCR 1373. - The country should make its domestic list publicly available in order to facilitate communication and the effective implementation of Terrorism Financing-related TFS. - The country should make more proactive use of intelligence and other information, in particular by developing
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		<p>required to freeze assets. If lawfully enforced, the general prohibition will apply to any person who provides funds or provides financial services or other services to or for the benefit of a designated natural or legal person, but will not prohibit these persons from doing business with persons or entities that exercise indirect control or act on behalf of sanctioned persons.</p> <p>- On a practical level, the country adopts an ineffective approach to terrorism financing-related targeted financial sanctions and the authorities have never considered local designations of national sanctions under UN Security Council Resolution 1373, although there are opportunities to do so.</p>	<ul style="list-style-type: none"> - The lack of available beneficial ownership information, the low level of available intelligence, and the uneven level of awareness among financial institutions and DNFBPs regarding TFS may undermine the detection of assets used or intended for terrorism financing, as well as the pursuit of possible sanctions evasion. - Financial institutions and DNFBPs have demonstrated a 	<p>leads/indicators from domestic sources as well as information obtained from international partners, when considering designations. This could include examining criminal terrorism financing cases and persons residing in the country who have links to terrorism financing.</p> <ul style="list-style-type: none"> - The process for determining whether there are reasonable grounds to give effect to sanctions requests from third countries should be reassessed. - A comprehensive terrorism financing risk assessment of the non-profit organisation sector
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		<p>- The state has not proposed any names to the UN committees. The authorities have also received and studied hundreds of triggering events and requests from third-party countries under UN Security Council Resolution 1373 in recent years, and the state has not taken any affirmative action on any of these cases. Either because all of them contain errors, or because the individual or entity does not exist in the country, or because the state has not been able to obtain further information that may lead to the designation.</p> <p>- The country has identified the number of non-profit organizations and conducted a risk assessment of them, with an almost exclusive focus on risks related to the countries in which the organization has projects. A</p>	<p>varying degree of understanding of their TFS obligations. There is continuing non-compliance with the implementation of TFS obligations across all sectors in the country.</p>	<p>should be conducted, going beyond the core risk factor relating to countries/jurisdictions. This assessment should include consultation with the sector.</p> <ul style="list-style-type: none"> - Measures should be taken to review and remove unnecessary barriers to entry that discourage NPOs, as well as measures that disrupt their legitimate activities. - The country should significantly expand the financial investigations conducted in terrorism cases in order to identify assets and terrorism financing networks, and should seek international cooperation where appropriate, to improve
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		<p>risk assessment based on such limited factors has led to the misapplication of measures to address terrorism financing risks within the non-profit organization sector.</p> <ul style="list-style-type: none"> - Licensing measures and their application do not appear to be based on the terrorism financing risk profile and are not targeted. - The country has implemented certain measures in response to the only major risk factor it has identified, namely the jurisdictional risk (i.e., country-related risk) of terrorism financing. However, these measures are capable of disrupting, and have in fact been shown to disrupt, the legitimate activities of non-profit organisations. - The country is not taking the necessary measures, in line with 		<p>efforts to trace, seize and confiscate funds linked to terrorism financing.</p> <ul style="list-style-type: none"> - The country should reassess the process for implementing the legal designations related to proliferation financing and the measures required to combat proliferation financing, in order to ensure a proper legal basis for the implementation and enforcement of TFS related to proliferation financing. - Domestic cooperation and coordination efforts to combat proliferation financing among the competent authorities, including in relation to
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		<p>its risk profile, to prevent terrorists, terrorist organisations and terrorist financiers from raising, moving and using funds.</p>		<p>dual-use goods, should be strengthened.</p> <ul style="list-style-type: none"> - Proliferation financing-related TFS should be implemented without delay, including through enhanced outreach and communication with both authorities and private sector entities to ensure that they are aware of their obligations in relation to such TFS. - The competent authorities should strengthen the knowledge and vigilance of obliged entities regarding proliferation financing controls, and should issue specific guidance on Proliferation Financing-related TFS that provides context on
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				<p>Kuwait's exposure to proliferation financing, including typologies and/or indicators of sanctions evasion.</p> <ul style="list-style-type: none"> - Supervisory authorities should distinguish in their statistics and activities between Terrorism Financing-related TFS and Proliferation Financing-related TFS, and should impose effective, proportionate and dissuasive sanctions in cases of non-compliance with Proliferation Financing-related TFS requirements.
<ul style="list-style-type: none"> - The requirement of without delay is not met in the context of the formal process for implementing targeted financial sanctions. 	<p>Deficiencies in the mechanism, in particular:</p> <ul style="list-style-type: none"> - The central body responsible for 	<ul style="list-style-type: none"> - There is inconsistency in how some financial institutions and most DNFBPs monitor updates and reflect them promptly. 	<ul style="list-style-type: none"> - Only banks, exchange institutions, and money remitters among financial 	<ul style="list-style-type: none"> - The supervisory and oversight authorities, each within its remit, should remind financial institutions and DNFBPs

<ul style="list-style-type: none"> - Financial services and other related services are not covered within the scope of the prohibition on making funds available. - No legal consequences are provided for where a natural or legal person not subject to any supervision makes funds, services or economic resources available for the benefit of designated persons or entities. - Certain key concepts are not defined, such as the prohibition on making funds available, prohibition on dealing with / disposing of funds or assets, and entity. 	<ul style="list-style-type: none"> - implementing proliferation financing-related TFS has not been given the appropriate legal mandate. - The requirement of without delay is not met in the context of the formal process for implementing TFS. - Certain key concepts are not defined, such as the prohibition on making funds available and prohibition on dealing with / disposing of funds or assets, and the legal effects of these measures are not specified in the text of the mechanism. 	<ul style="list-style-type: none"> - There are gaps in the practical implementation of requirements relating to tracking updates to the domestic list, freezing, and reporting to the Authority by financial institutions and DNFBPs, particularly among Category B exchange companies and across all DNFBPs. - A category of the organisations concerned has no understanding whatsoever of the nature of the risks to which the sector may be exposed in this regard. 	<ul style="list-style-type: none"> - institutions ensure that updates are followed in a timely manner. - As for DNFBPs, they are entirely unaware of their obligations in this area and do not interact in any way with updates to the lists. 	<ul style="list-style-type: none"> - of the requirements of the national mechanism to follow updates to the international UN lists directly on the UN Security Council website, so as to take immediate freezing measures without delay. - The authority should carry out special and separate supervisory activities to verify the extent to which all financial institutions and DNFBPs comply with targeted financial sanctions requirements, and should impose appropriate and dissuasive sanctions on all those who breach these requirements. - The competent authorities should strengthen supervision of
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				<p>organisations receiving foreign support or soliciting public benevolence (i.e., cash and in-kind donations), and should apply the risk-based approach to organisations falling within the relevant sub-set.</p> <ul style="list-style-type: none"> - The competent authorities should continue strengthening the understanding of financial institutions and DNFBPs of TFS requirements related to UNSCRs 1718 and 2231 concerning North Korea and Iran, and should urge them to follow updates to these lists directly on the UN Security Council website in accordance with the national mechanism. This is to
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				<p>ensure immediate freezing without delay and the application of a risk-based approach when screening persons acting on behalf of sanctioned persons and entities.</p> <ul style="list-style-type: none"> - The competent authorities should continue monitoring financial institutions (except banks, money remitters and Category A exchange companies) and DNFBPs, and should impose appropriate and dissuasive sanctions on those in breach of TFS requirements. - Customs and other competent authorities should continue strengthening their technical and technological capacities
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				in order to identify individuals and entities involved in sanctions evasion, and to detect and seize prohibited goods at border points.
<ul style="list-style-type: none"> - Lack of guidance on the procedures adopted by the relevant Committee. - The lists and updates thereto are not disseminated to natural and legal persons not subject to any supervisory authority to implement their freezing obligations without delay. 	<ul style="list-style-type: none"> - The deficiencies lie in the fact that UN Security Council updates become binding on financial institutions and DNFBPs only once they receive the lists and updates from the supervisory authorities, rather than immediately upon their publication by the Security Council. - There are no procedures to prevent funds from being made available to designated persons and entities during weekends or official holidays, due to time-zone differences. - The mechanism does not address the legal effect or 	<ul style="list-style-type: none"> - There is some delay in disseminating certain updates, although this does not affect the implementation of obligations by supervised entities, since a large proportion of them use electronic systems that allow direct and regular access to the UN Security Council lists. - Some of the measures taken, which resulted in the freezing of the accounts of certain associations, may not always be proportionate. 	<ul style="list-style-type: none"> - Goods traded with Iran do not fall within the category of prohibited goods, and the volume of trade with Iran remains limited. - No funds or assets have been frozen in implementation of UN Security Council Resolutions relating to proliferation financing. 	<ul style="list-style-type: none"> - The National Security Sector should continue to cooperate with the Anti-Money Laundering and Counter-Terrorism Financing Unit, other competent authorities, and the private sector to identify terrorism financing activities, investigate them, and pursue and prosecute terrorist financiers, while ensuring compliance with Article 2 of the International Convention for the Suppression of the Financing of Terrorism. - The National Security Sector should make

	<p>sanction applicable where a natural or legal person not subject to supervision by any supervisory authority fails to refrain from making funds available to designated persons or entities.</p>			<p>greater proactive use of special investigative techniques, in particular controlled delivery and other covert operations, given their importance in detecting terrorism financing offences and tracing all sources of funding.</p> <ul style="list-style-type: none"> - The State Security Prosecution and the National Security Sector should give due attention to investigating the sources of terrorism financing when investigating terrorism offences, and should regularly conduct a stand-alone financial investigation into terrorism financing in order to prevent the re-financing of further terrorist acts.
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				<ul style="list-style-type: none"> - The State Security Prosecution and the judiciary should make use of the possibilities offered by formal international cooperation in order to obtain the evidence needed to uncover links between domestic terrorist organisations and their foreign counterparts. - The competent authorities should reconsider the publication and dissemination mechanism so as to ensure the implementation of UN Security Council Resolutions without delay by the entities responsible for implementation, including all natural and
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				<p>legal persons not subject to any AML/CFT supervisory authority.</p> <ul style="list-style-type: none"> - The competent authorities should seek to propose the designation of terrorist persons and entities to the UN Security Council Sanctions Committee on their own initiative. - Supervisory authorities should disseminate the UN and domestic lists, and updates thereto, without delay. In addition, the Bar Association and the Commercial Chamber should adopt an appropriate mechanism for disseminating lists and updates to lawyers and accountants, and for verifying that accountants implement
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				<p>their obligations without delay.</p> <ul style="list-style-type: none"> - The competent authorities should require obliged entities to monitor updates to the UN lists directly on the UN Security Council website or on the Unit's website, and, with respect to updates to the domestic lists, to monitor them on the Unit's website. - The competent authorities should review the practical measures relating to charitable work and ensure that they are proportionate to the risks and do not disrupt the activities of associations engaged in legitimate work. - The Committee for Precautionary Measures
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				<p>and the Management and Disposal of the Funds of Terrorist Groups and Terrorists, together with the relevant authority, should develop procedural guidance on the steps to be taken to unfreeze the assets of associations, in order to minimize disruption to their activities.</p> <ul style="list-style-type: none"> - Guidance should be issued to expedite the review of requests to allow access to frozen funds and their use for basic and extraordinary expenses. - A risk-based approach should be applied in the supervision and oversight of associations, particularly those falling within the relevant sub-set.
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				<ul style="list-style-type: none"> - Awareness should be raised among associations, especially those within the relevant sub-set, regarding the risk of their abuse for terrorism financing purposes. - The competent authorities should review the publication and dissemination mechanism so as to ensure that UN Security Council Resolutions are implemented without delay by the entities responsible for implementation. - The Central Bank should disseminate updates to supervised entities immediately and without delay. - All supervisors of DNFBPs, as well as the
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				<p>Commercial Chamber and the Bar Association, should disseminate updates using appropriate channels that ensure all reporting entities are informed of such updates without delay.</p> <ul style="list-style-type: none"> - The Unit and supervisory authorities should provide guidance to DNFBPs regarding the implementation of targeted financial sanctions related to proliferation financing, and should strengthen outreach in this regard. - Efforts should continue to strengthen policy coordination and operational coordination in the implementation of targeted financial sanctions concerning
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				<p>North Korea and Iran, in order to enhance the ability to identify individuals and entities involved in sanctions evasion.</p> <ul style="list-style-type: none"> - The Financial Regulatory Authority should strengthen insurance companies' understanding of their obligations relating to proliferation financing.
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<ul style="list-style-type: none"> - No explicit reference is made to the implementation of UNSCRs 1988, 1989 and 1267; instead, a general reference to the relevant UN Security Council Resolutions has been adopted. 	<ul style="list-style-type: none"> - No explicit reference is made to the fact that the authority tasked with proposing persons or entities to the UN Security Council also covers UNSCRs 1718 and 2231; instead, a general reference to the relevant UN Security Council Resolutions has been adopted. - No explicit reference is made to the application, through the UN website, of the requirements of the UN Security Council Resolutions relating to proliferation financing, since the designation of the special committee responsible for implementing the relevant sanctions. 	<ul style="list-style-type: none"> - There are deficiencies in the legal frameworks necessary to implement targeted financial sanctions to combat terrorism financing and create practical and effective mechanisms within national authorities to implement the Security Council resolutions related to terrorism. - Lack of a national list for the implementation of UNSCR 1373. - Not all supervisory authorities and law enforcement agencies have a significant role to play in the implementation of these resolutions. - The mechanism for publishing lists is ineffective and does not guarantee that all entities 	<ul style="list-style-type: none"> - No legal framework and practical and effective mechanisms among national authorities to implement proliferation financing-related targeted financial sanctions without delay. - No national cooperation and coordination mechanism for the implementation of the relevant Security Council resolutions. - No legal frameworks for the implementation of the relevant targeted financial 	<ul style="list-style-type: none"> - The country should establish the legal frameworks for the implementation of targeted financial sanctions without delay. - Verify compliance by financial institutions and DNFBPs with their obligations to implement the relevant decisions relating to terrorism financing, and issue the necessary guidance. - Update the sectoral risk assessment of the non-profit organization sector, identify a sub-set of NPOs that may be vulnerable to abuse for terrorism financing purposes in line with the FATF definition, and apply risk-based mitigating measures
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		<p>will check the Unit's website.</p> <ul style="list-style-type: none"> - Unlike the banking sector, there is no indication that these decisions are disseminated to other financial institutions and DNFBPs. - Lack of outreach and awareness-raising programs for associations and the donor community regarding potential vulnerabilities through which these organizations can be exploited for terrorism financing. - No centralized digital database to account for the large number of these associations. - The country does not adequately implement a targeted and proportionate approach to oversight of 	<p>sanctions, which has significantly impacted the understanding of financial institutions and DNFBPs of their obligations in this regard.</p> <ul style="list-style-type: none"> - Supervisory and oversight authorities do not monitor and follow up on the compliance of financial institutions and DNFBPs with the relevant obligations. - No sanctions or corrective measures are imposed in case of non-compliance. 	<p>proportionate to the risks identified.</p> <ul style="list-style-type: none"> - Conduct targeted outreach and provide guidance on how to identify and prevent terrorism financing, with a particular focus on the identified sub-set. - Activate supervision and oversight of NPOs in accordance with the risk-based approach. - The authorities should establish the legal frameworks necessary to implement targeted financial sanctions related to countering proliferation financing. - Establish practical and effective mechanisms among national authorities to ensure implementation of the relevant sanctions.
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		<p>high-risk non-profit organizations.</p> <ul style="list-style-type: none"> - Communication with financial institutions, DNFPs, and non-profit organizations is not risk-based. 	<ul style="list-style-type: none"> - There are no matches or freezes related to proliferation financing. 	<ul style="list-style-type: none"> - Train law enforcement authorities on investigations related to proliferation financing cases. - Strengthen cooperation with the FIU in requesting information related to proliferation financing. - Establish the necessary frameworks and mechanisms to activate the supervisory role of supervisory authorities over financial institutions and DNFBPs to ensure implementation of the obligations set out in the relevant UN Security Council Resolutions. - Impose sanctions and corrective measures in cases of non-compliance. - Supervisory authorities should raise the level of awareness among
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				financial institutions and DNFBPs regarding their obligations in this respect, and issue guidance on how to implement them, particularly with regard to the freezing of funds and assets of persons and entities designated on the relevant UN lists.
<ul style="list-style-type: none"> - It is not clear whether the relevant authorities have provided clear guidance to financial institutions and other persons or entities, including DNFBPs in possession of targeted funds or other assets, regarding their obligations to take action under the freezing mechanisms. - Financial institutions and DNFBPs are not required to apply freezing mechanisms on their own initiative 	<ul style="list-style-type: none"> - No measures have been issued by the supervisory authorities for financial institutions and DNFBPs, other than those issued by the Central Bank, to ensure their compliance with the relevant laws. - There is insufficient information as to whether the competent authorities have provided clear 	<ul style="list-style-type: none"> - The system generally suffers from a number of shortcomings that significantly affect the effectiveness of the measures that have been taken. - There is a lack of comprehensive legal tools for the implementation of the Security Council 	<ul style="list-style-type: none"> - Significant shortcoming in understanding proliferation financing risks. - Lack of effective preventive measures. - Financial institutions, DNFBPs and businesses do not search for 	<ul style="list-style-type: none"> - Identify and assess money laundering and terrorism financing risks at the national level and at the level of various sectors, especially banking and finance, and ensure the comprehensive implementation of the assessment results.

<p>unless they have received a notification from the competent authorities.</p>	<p>guidance to financial institutions and other persons and entities regarding their obligations to take action under the freezing mechanisms.</p> <ul style="list-style-type: none"> - Financial institutions and DNFBPs are not required to apply the freezing mechanisms on their own initiative unless they receive a notification from the competent authorities. 	<p>resolutions related to terrorism financing.</p> <ul style="list-style-type: none"> - It seems that many entities under the supervision of the Central Bank do not implement these decisions, despite the fact that there is a decision by the Central Bank to implement them. - Authorities do not take risk-appropriate measures, including measures that prevent the collection or transfer of funds through entities that are at risk or vulnerable to exploitation by terrorists. - There is no central authority for the identification of persons or entities targeted for designation in accordance with relevant resolutions 1373 or for the implementation of UNSCR 1276. 	<p>designated names and thus do not immediately freeze without delay.</p> <ul style="list-style-type: none"> - There is no authority responsible for the National Coordination Mechanism. - Lack of effective supervision over the implementation of relevant Security Council resolutions. - Failure to complete the relevant legal and operational framework. 	<ul style="list-style-type: none"> - Identify and complete the list of DNFBPs required to be covered under the requirements of the Anti-Money Laundering and Combating the Financing of Terrorism Law in accordance with the FATF standards, refer them to the supervisory and oversight authorities and define their obligations. - Oblige all financial institutions and DNFBPS to apply customer due diligence on the basis of materiality and risk. - Promote ongoing cooperation with those subject to the AML/CFT law and supervisory authorities and provide them with adequate feedback.
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		<ul style="list-style-type: none"> - There is no clear basis for a standard of proof based on sufficient or sound reasons when identifying or classifying names in accordance with Security Council resolutions. - Follow-up on the implementation of those resolutions remains weak, as not all relevant entities are aware of the resolutions, the names designated thereunder, or the obligations imposed on them pursuant to those resolutions. - Financial institutions and DNFBPs are not aware of the requirements and responsibilities incumbent upon them, do not process any lists, and most of them do not have the necessary technical and technological tools to do so. 		
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		<ul style="list-style-type: none"> - The non-profit organization sector requires a comprehensive AML/CFT risk assessment through the program launched by the authority in 2016. - The authorities do not use targeted financial sanctions to deprive terrorists and terrorist financiers of assets linked to terrorism financing activities. - The country has not carried out a terrorism financing risk assessment. - There is no supervision of entities associated with the non-profit sector. - The threats posed by terrorist entities or terrorist persons to the sectors in the country have not been identified. 		
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		<ul style="list-style-type: none"> - The ways in which those entities may be exploited have not been identified. - There is no mechanism setting out how the measures taken by banks and financial institutions are to be operationalized, or whether such measures also extend to the other relevant sectors. - There is no indication of the detailed procedures to be followed, whether the measures concern persons and accounts subject to targeted financial sanctions pursuant to a UN Security Council Resolution, or other designations made by the competent authorities in the country in implementation of UNSCR 1373, including the assets frozen, transactions 		
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		rejected, the time taken to designate individuals, and the time taken to apply asset-freezing following designation.		
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Annex 6

Interpretive Note to Recommendation 6

Objective:

Recommendation 6 requires each country to implement targeted financial sanctions to comply with the United Nations Security Council resolutions that require countries to freeze, without delay, the funds or other assets, and to ensure that no funds and other assets are made available to or for the benefit of:

- (i) any person or entity designated by the United Nations Security Council (the Security Council) under Chapter VII of the Charter of the United Nations, as required by Security Council resolution 1267 (1999) and its successor resolutions; or
- (ii) (ii) any person or entity designated by that country pursuant to Security Council resolution 1373 (2001).

It should be stressed that none of the obligations in Recommendation 6 is intended to replace other measures or obligations that may already be in place for dealing with funds or other assets in the context of a criminal, civil or administrative investigation or proceeding, as is required by Recommendation 4 (confiscation and provisional measures). Measures under Recommendation 6 may complement criminal proceedings against a designated person or entity, and be adopted by a competent authority or a court, but are not conditional upon the existence of such proceedings. Instead, the focus of Recommendation 6 is on the preventive measures that are necessary and unique in the context of stopping the flow of funds or other assets to terrorist groups; and the use of funds or other assets by terrorist groups. In determining

the limits of, or fostering widespread support for, an effective counter-terrorist financing regime, countries must also respect human rights, respect the rule of law, and recognise the rights of innocent third parties.

Identifying and designating persons and entities financing or supporting terrorist activities

For resolution 1267 (1999) and its successor resolutions, designations relating to Al-Qaida are made by the 1267 Committee, and designations pertaining to the Taliban and related threats to Afghanistan are made by the 1988 Committee, with both Committees acting under the authority of Chapter VII of the Charter of the United Nations. For resolution 1373 (2001), designations are made, at the national or supranational level, by a country or countries acting on their own motion, or at the request of another country, if the country receiving the request is satisfied, according to applicable legal principles, that a requested designation is supported by reasonable grounds, or a reasonable basis, to suspect or believe that the proposed designee meets the criteria for designation in resolution 1373 (2001), as set forth in Section E.

Countries need to have the authority, and effective procedures or mechanisms, to identify and initiate proposals for designations of persons and entities targeted by resolution 1267 (1999) and its successor resolutions, consistent with the obligations set out in those Security Council resolutions. Such authority and procedures or mechanisms are essential to propose persons and entities to the Security Council for designation in accordance with Security Council list-based programmes, pursuant to those Security Council resolutions. Countries also need to have the authority and effective procedures or mechanisms to identify and initiate designations of persons and entities pursuant to S/RES/1373 (2001), consistent with the obligations set out in that Security Council resolution. Such authority and procedures or mechanisms are essential to identify persons and entities who meet the criteria identified in resolution 1373 (2001), described in

Section E. A country's regime to implement resolution 1267 (1999) and its successor resolutions, and resolution 1373 (2001), should include the following necessary elements:

- (a) Countries should identify a competent authority or a court as having responsibility for:
 - (i) proposing to the 1267 Committee, for designation as appropriate, persons or entities that meet the specific criteria for designation, as set forth in Security Council resolution 1989 (2011) (on Al-Qaida) and related resolutions, if that authority decides to do so and believes that it has sufficient evidence to support the designation criteria;
 - (ii) proposing to the 1988 Committee, for designation as appropriate, persons or entities that meet the specific criteria for designation, as set forth in Security Council resolution 1988 (2011) (on the Taliban and those associated with the Taliban in constituting a threat to the peace, stability and security of Afghanistan) and related resolutions, if that authority decides to do so and believes that it has sufficient evidence to support the designation criteria; and
 - (iii) designating persons or entities that meet the specific criteria for designation, as set forth in resolution 1373 (2001), as put forward either on the country's own motion or, after examining and giving effect to, if appropriate, the request of another country, if the country receiving the request is satisfied, according to applicable legal principles, that a requested designation is supported by reasonable grounds, or a reasonable basis, to suspect or believe that the proposed designee meets the criteria for designation in resolution 1373 (2001), as set forth in Section E.
- (b) Countries should have a mechanism(s) for identifying targets for designation, based on the designation criteria set out in resolution 1988 (2011) and resolution 1989 (2011) and related resolutions, and resolution 1373 (2001) (see Section E for the specific designation criteria of relevant Security Council resolutions). This includes having authority and effective

procedures or mechanisms to examine and give effect to, if appropriate, the actions initiated under the freezing mechanisms of other countries pursuant to resolution 1373 (2001). To ensure that effective cooperation is developed

among countries, countries should ensure that, when receiving a request, they make a prompt determination whether they are satisfied, according to applicable (supra-) national principles, that the request is supported by reasonable grounds, or a reasonable basis, to suspect or believe that the proposed designee meets the criteria for designation in resolution 1373 (2011), as set forth in Section E.

(c) The competent authority(ies) should have appropriate legal authorities and procedures or mechanisms to collect or solicit as much information as possible from all relevant sources to identify persons and entities that, based on reasonable grounds, or a reasonable basis to suspect or believe, meet the criteria for designation in the relevant Security Council resolutions.

(d) When deciding whether or not to make a (proposal for) designation, countries should apply an evidentiary standard of proof of “reasonable grounds” or “reasonable basis”. For designations under resolutions 1373 (2001), the competent authority of each country will apply the legal standard of its own legal system regarding the kind and quantum of evidence for the determination that “reasonable grounds” or “reasonable basis” exist for a decision to designate a person or entity, and thus initiate an action under a freezing mechanism. This is the case irrespective of whether the proposed designation is being put forward on the relevant country’s own motion or at the request of another country. Such (proposals for) designations should not be conditional upon the existence of a criminal proceeding.

(e) When proposing names to the 1267 Committee for inclusion on the Al-Qaida Sanctions List, pursuant to resolution 1267 (1999) and its successor resolutions, countries should:

- (i) follow the procedures and standard forms for listing, as adopted by the 1267 Committee;
- (ii) provide as much relevant information as possible on the proposed name, in particular, sufficient identifying information to allow for the accurate and positive identification of individuals, groups, undertakings, and entities, and to the extent possible, the information required by Interpol to issue a Special Notice;
- (iii) provide a statement of case which contains as much detail as possible on the basis for the listing, including: specific information supporting a determination that the person or entity meets the relevant criteria for designation (see Section E for the specific designation criteria of relevant Security Council resolutions); the nature of the information; supporting information or documents that can be provided; and details of any connection between the proposed designee and any currently designated person or entity. This statement of case should be releasable, upon request, except for the parts a Member State identifies as being confidential to the 1267 Committee; and
- (iv) specify whether their status as a designating state may be made known.

(f) When proposing names to the 1988 Committee for inclusion on the Taliban Sanctions List, pursuant to resolution 1988 (2011) and its successor resolutions, countries should:

- (i) follow the procedures for listing, as adopted by the 1988 Committee;
- (ii) provide as much relevant information as possible on the proposed name, in particular, sufficient identifying information to allow for the accurate and positive identification of individuals, groups, undertakings, and entities, and to the extent possible, the information required by Interpol to issue a Special Notice; and

(iii) provide a statement of case which contains as much detail as possible on the basis for the listing, including: specific information supporting a determination that the person or entity meets the relevant designation (see Section E for the specific designation criteria of relevant Security Council resolutions); the nature of the information; supporting information or documents that can be provided; and details of any connection between the proposed designee and any currently designated person or entity. This statement of case should be releasable, upon request, except for the parts a Member State identifies as being confidential to the 1988 Committee.

(g) When requesting another country to give effect to the actions initiated under the freezing mechanisms that have been implemented pursuant to resolution 1373 (2001), the initiating country should provide as much detail as possible on: the proposed name, in particular, sufficient identifying information to allow for the accurate and positive identification of persons and entities; and specific information supporting a determination that the person or entity meets the relevant criteria for designation (see Section E for the specific designation criteria of relevant Security Council resolutions).

(h) Countries should have procedures to be able to operate ex parte against a person or entity who has been identified and whose (proposal for) designation is being considered.

Freezing and prohibiting dealing in funds or other assets of designated persons and entities

There is an obligation for countries to implement targeted financial sanctions without delay against persons and entities designated by the 1267 Committee and 1988 Committee (in the case of resolution 1267 (1999) and its successor resolutions), when these Committees are acting under the authority of Chapter VII of the Charter of the United Nations. For resolution 1373 (2001), the obligation for countries to take freezing action and prohibit the dealing in funds or other assets of designated persons and entities, without delay, is triggered by a designation at the (supra-)national level, as put forward either on the country's own motion or at the request of another country, if the country receiving the request is

satisfied, according to applicable legal principles, that a requested designation is supported by reasonable grounds, or a reasonable basis, to suspect or believe that the proposed designee meets the criteria for designation in resolution 1373 (2001), as set forth in Section E.

Countries should establish the necessary legal authority and identify domestic competent authorities responsible for implementing and enforcing targeted financial sanctions, in accordance with the following standards and procedures:

(a) Countries should require all natural and legal persons within the country to freeze, without delay and without prior notice, the funds or other assets of designated persons and entities. This obligation should extend to: all funds or other assets that are owned or controlled by the designated person or entity, and not just those that can be tied to a particular terrorist act, plot or threat; those funds or other assets that are wholly or jointly owned or controlled, directly or indirectly, by designated persons or entities; and the funds or other assets derived or generated from funds or other assets owned or controlled directly or indirectly by designated persons or entities, as well as funds or other assets of persons and entities acting on behalf of, or at the direction of, designated persons or entities.

(b) Countries should prohibit their nationals, or any persons and entities within their jurisdiction, from making any funds or other assets, economic resources, or financial or other related services, available, directly or indirectly, wholly or jointly, for the benefit of designated persons and entities; entities owned or controlled, directly or indirectly, by designated persons or entities; and persons and entities acting on behalf of, or at the direction of, designated persons or entities, unless licensed, authorised or otherwise notified in accordance with the relevant Security Council resolutions (see Section E below).

(c) Countries should have mechanisms for communicating designations to the financial sector and the DNFBPs immediately upon taking such action, and providing clear guidance, particularly to financial institutions and other persons

or entities, including DNFBPs, that may be holding targeted funds or other assets, on their obligations in taking action under freezing mechanisms.

(d) Countries should require financial institutions and DNFBPs to report to competent authorities any assets frozen or actions taken in compliance with the prohibition requirements of the relevant Security Council resolutions, including attempted transactions, and ensure that such information is effectively utilised by the competent authorities.

(e) Countries should adopt effective measures which protect the rights of bona fide third parties acting in good faith when implementing the obligations under Recommendation 6.

De-listing, unfreezing and providing access to frozen funds or other assets

Countries should develop and implement publicly known procedures to submit de-listing requests to the Security Council in the case of persons and entities designated pursuant to resolution 1267(1999) and its successor resolutions that, in the view of the country, do not or no longer meet the criteria for designation. In the event that the 1267 Committee or 1988 Committee has de-listed a person or entity, the obligation to freeze no longer exists. In the case of de-listing requests related to Al-Qaida, such procedures and criteria should be in accordance with procedures adopted by the 1267 Committee under Security Council resolutions 1730 (2006), 1735 (2006), 1822 (2008), 1904 (2009), 1989 (2011), and any successor resolutions. In the case of de-listing requests related to the Taliban and related threats to the peace, security and stability of Afghanistan, such procedures and criteria should be in accordance with procedures adopted by the 1988 Committee under Security Council resolutions 1730 (2006), 1735 (2006), 1822 (2008), 1904 (2009), 1988 (2011), and any successor resolutions.

For persons and entities designated pursuant to resolution 1373 (2001), countries should have appropriate legal authorities and procedures or mechanisms to de-list and unfreeze the funds or other assets of persons and entities that no longer meet the criteria for designation. Countries should also have procedures in place to allow, upon request, review of the designation decision before a court or other independent competent authority.

For persons or entities with the same or similar name as designated persons or entities, who are inadvertently affected by a freezing mechanism (i.e. a false positive), countries should develop and implement publicly known procedures to unfreeze the funds or other assets of such persons or entities in a timely manner, upon verification that the person or entity involved is not a designated person or entity.

Where countries have determined that funds or other assets of persons and entities designated by the Security Council, or one of its relevant sanctions committees, are necessary for basic expenses, for the payment of certain types of fees, expenses and service charges, or for extraordinary expenses, countries should authorise access to such funds or other assets in accordance with the procedures set out in Security Council resolution 1452 (2002) and any successor resolutions. On the same grounds, countries should authorise access to funds or other assets, if freezing measures are applied to persons and entities designated by a (supra-)national country pursuant to resolution 1373 (2001) and as set out in resolution 1963 (2010).

Countries should provide for a mechanism through which a designated person or entity can challenge their designation, with a view to having it reviewed by a competent authority or a court. With respect to designations on the Al-Qaida Sanctions List, countries should inform designated persons and entities of the availability of the United Nations Office of the Ombudsperson, pursuant to resolution 1904 (2009), to accept de-listing petitions.

Countries should have mechanisms for communicating de-listings and unfreezings to the financial sector and the DNFBPs immediately upon taking such action, and providing adequate guidance, particularly to financial institutions and other persons or entities, including DNFBPs, that may be holding targeted funds or other assets, on their obligations to respect a de-listing or unfreezing action.

United Nations Designation Criteria

The criteria for designation as specified in the relevant United Nations Security Council resolutions are:

(a) Security Council resolutions 1267 (1999), 1989 (2011) and their successor resolutions:

- (i) any person or entity participating in the financing, planning, facilitating, preparing, or perpetrating of acts or activities by, in conjunction with, under the name of, on behalf of, or in support of; supplying, selling or transferring arms and related materiel to; recruiting for; or otherwise supporting acts or activities of Al-Qaida, or any cell, affiliate, splinter group or derivative thereof; or
- (ii) any undertaking owned or controlled, directly or indirectly, by any person or entity designated under subsection 13(a)(i), or by persons acting on their behalf or at their direction.

(b) Security Council resolutions 1267 (1999), 1988 (2011) and their successor resolutions:

(i) any person or entity participating in the financing, planning, facilitating, preparing, or perpetrating of acts or activities by, in conjunction with, under the name of, on behalf of, or in support of; supplying, selling or transferring arms and related materiel to; recruiting for; or otherwise supporting acts or activities of those designated and other individuals, groups, undertakings and entities associated with the Taliban in constituting a threat to the peace, stability and security of Afghanistan; or

(ii) any undertaking owned or controlled, directly or indirectly, by any person or entity designated under subsection 13(b)(i) of this subparagraph, or by persons acting on their behalf or at their direction.

(c) Security Council resolution 1373 (2011):

(i) any person or entity who commits or attempts to commit terrorist acts, or who participates in or facilitates the commission of terrorist acts;

(ii) any entity owned or controlled, directly or indirectly, by any person or entity designated under subsection 13(c) (i) of this subparagraph; or

(iii) any person or entity acting on behalf of, or at the direction of, any person or entity designated under subsection 13(c) (i) of this subparagraph.

Annex 7

Interpretive Note for Recommendation 7

Objective:

Recommendation 7 requires countries to implement targeted financial sanctions to comply with United Nations Security Council resolutions that require countries to freeze, without delay, the funds or other assets of, and to ensure that no funds and other assets are made available to, and for the benefit of, any person or entity designated by the United Nations Security Council under Chapter VII of the Charter of the United Nations, pursuant to Security Council resolutions that relate to the prevention and disruption of the financing of proliferation of weapons of mass destruction.

It should be stressed that none of the requirements in Recommendation 7 is intended to replace other measures or obligations that may already be in place for dealing with funds or other assets in the context of a criminal, civil or administrative investigation or proceeding, as is required by international treaties or Security Council resolutions relating to weapons of mass destruction non-proliferation. The focus of Recommendation 7 is on preventive measures that are necessary and unique in the context of stopping the flow of funds or other assets to proliferators or proliferation; and the use of funds or other assets by proliferators or proliferation, as required by the United Nations Security Council (the Security Council).

Designations on terrorism lists

Designations are made by the Security Council in annexes to the relevant resolutions, or by the Security Council Committees established pursuant to these resolutions. There is no specific obligation upon United Nations Member States to submit proposals for designations to the Security Council or the relevant Security Council Committee(s). However, in practice, the Security Council or the relevant Committee(s) primarily depends upon requests for designation by Member States. Security Council resolution 1718 (2006) provides that the relevant Committee shall promulgate guidelines as may be necessary to facilitate the implementation of the measures imposed by this resolution and its successor resolutions. Resolution 2231 (2015) provides that the Security Council shall make the necessary practical arrangements to undertake directly tasks related to the implementation of the resolution.

Countries could consider establishing the authority and effective procedures or mechanisms to propose persons and entities to the Security Council for designation in accordance with relevant Security Council resolutions which impose targeted financial sanctions in the context of the financing of proliferation of weapons of mass destruction. In this regard, countries could consider the following elements:

- (a) identifying a competent authority(ies), either executive or judicial, as having responsibility for:
 - (i) proposing to the 1718 Sanctions Committee, for designation as appropriate, persons or entities that meet the specific criteria for designation as set forth in resolution 1718 (2006) and its successor resolutions, if that authority decides to do so and believes that it has sufficient evidence to support the designation criteria (refer to paragraph (e) on designation criteria related to relevant UN Security Council resolutions).

(ii) proposing for designation, as appropriate, persons or entities that meet the criteria for designation as set forth in resolution 2231 (2015) and any future successor resolutions, if that authority decides to do so and believes that it has sufficient evidence to support the designation criteria (refer to paragraph (e) on designation criteria related to relevant UN Security Council resolutions).

(b) establishing a mechanism(s) for identifying targets for designation, based on the designation criteria set out in resolutions 1718 (2006) and 2231 (2015), and their successor and any future successor resolutions (refer to paragraph (e) on designation criteria related to relevant UN Security Council resolutions). Such procedures should ensure the determination, according to applicable (supra-)national principles, whether reasonable grounds or a sound basis exists to propose a designation.

(c) having appropriate legal authority, and procedures or mechanisms, to collect or solicit as much information as possible from all relevant sources to identify persons and entities that, based on reasonable grounds, or a reasonable basis to suspect or believe, meet the criteria for designation in the relevant Security Council resolutions.

(d) when deciding whether or not to propose a designation, taking into account the criteria in Section E of this interpretive note. For proposals of designations, the competent authority of each country will apply the legal standard of its own legal system, taking into consideration human rights, respect for the rule of law, and in recognition of the rights of innocent third parties.

(e) when proposing names to the Sanctions Committee established pursuant to resolution 1718 (2006) and its successor resolutions, or to the Security Council, pursuant to resolution 2231 (2015) and any future successor resolutions, providing as much detail as possible on:

- (i) the proposed name, in particular, sufficient identifying information to allow for the accurate and positive identification of persons and entities; and
- (ii) specific information supporting a determination that the person or entity meets the relevant criteria for designation (refer to paragraph (e) on designation criteria related to relevant UN Security Council resolutions).
- (f) having procedures that enable countries, where necessary, to operate ex parte against a person or entity who has been identified and whose proposal for designation as a terrorist entity is being considered.

Freezing and prohibiting dealing in funds or other assets of designated persons and entities

There is an obligation for countries to implement targeted financial sanctions without delay against designated persons and entities:

- (a) in the case of resolution 1718 (2006) and its successor resolutions, issued by the Security Council in annexes to the relevant resolutions, or by the 1718 Sanctions Committee of the Security Council; and
- (b) in the case of resolution 2231 (2015) and any future successor resolutions by the Security Council, when acting under the authority of Chapter VII of the Charter of the United Nations.

Countries should establish the necessary legal authority and identify competent domestic authorities responsible for implementing and enforcing targeted financial sanctions, in accordance with the following standards and procedures:

- (a) Countries should require all natural and legal persons within the country to freeze, without delay and without prior notice, the funds or other assets of designated persons and entities. This obligation should extend to: all

funds or other assets that are owned or controlled by the designated person or entity, and not just those that can be tied to a particular act, plot or threat of proliferation; those funds or other assets that are wholly or jointly owned or controlled, directly or indirectly, by designated persons or entities; and the funds or other assets derived or generated from funds or other assets owned or controlled directly or indirectly by designated persons or entities, as well as funds or other assets of persons and entities acting on behalf of, or at the direction of designated persons or entities.

(b) Countries should ensure that any funds or other assets are prevented from being made available by their nationals or by any persons or entities within their territories, to or for the benefit of designated persons or entities unless licensed, authorised or otherwise notified in accordance with the relevant Security Council resolutions (refer to paragraph (e) below).

(c) Countries should have mechanisms for communicating designations to financial institutions and DNFBPs immediately upon taking such action, and providing clear guidance, particularly to financial institutions and other persons or entities, including DNFBPs, that may be holding targeted funds or other assets, on their obligations in taking action under freezing mechanisms.

(d) Countries should require financial institutions and DNFBPs to report to competent authorities any assets frozen or actions taken in compliance with the prohibition requirements of the relevant Security Council resolutions, including attempted transactions. Countries must also ensure that such information is effectively utilized by the competent authorities.

(e) Countries should adopt effective measures which protect the rights of bona fide third parties acting in good faith when implementing requirements under recommendation 7.

(f) Countries should adopt appropriate measures for monitoring, and ensuring compliance by financial institutions and DNFBPs with relevant laws or obligations under Recommendation 7. Failure to comply with such laws or obligations should be subject to civil, administrative or criminal sanctions.

De-listing, unfreezing and providing access to frozen funds or other assets

Countries should develop and implement publicly known procedures to submit de-listing requests to the Security Council in the case of designated persons and entities that, in the view of the country, do not or no longer meet the criteria for designation. Once the Security Council or the relevant Sanctions Committee has de-listed the person or entity, the obligation to freeze no longer exists. In the case of resolution 1718 (2006) and its successor resolutions, such procedures and criteria should be in accordance with any applicable guidelines or procedures adopted by the Security Council pursuant to resolution 1730 (2006) and any successor resolutions, including those of the Focal Point mechanism established under that resolution.

Countries should enable listed persons and entities to petition a request for de-listing at the Focal Point for de-listing established pursuant to resolution 1730 (2006), or should inform designated persons or entities to petition the Focal Point directly.

For persons or entities with the same or similar name as designated persons or entities, who are inadvertently affected by a freezing mechanism (i.e., a false positive), countries should develop and implement publicly known procedures to unfreeze the funds or other assets of such persons or entities in a timely manner, upon verification that the person or entity involved is not a designated person or entity.

Where countries have determined that the exemption conditions set out in resolution 1718 (2006) and resolution 2231 (2015) are met, countries should authorise access to funds or other assets in accordance with the procedures set out therein.

Countries should permit the addition to the accounts frozen pursuant to resolution 1718 (2006) or resolution 2231 (2015) of interests or other earnings due on those accounts or payments due under contracts, agreements or obligations that arose prior to the date on which those accounts became subject to the provisions of this resolution, provided that any such interest, other earnings and payments continue to be subject to these provisions and are frozen.

Freezing action taken pursuant to resolution 1737 (2006) and continued under resolution 2231 (2015), or taken pursuant to resolution 2231 (2015), shall not prevent a designated person or entity from making or receiving any payment due under a contract entered into prior to the listing of such person or entity, provided that:

- (a) The relevant countries have determined that the contract is not related to any of the prohibited items, materials, equipment, goods, technologies, assistance, training, financial assistance, investment, brokering, or services referred to in resolution 2231 (2015) and any future successor resolutions;
- (b) The relevant countries have determined that the payment is not directly or indirectly received by a person or entity subject to the measures, in accordance with the procedures in paragraph 6 of Annex B related to resolution 2231 (2015); and
- (c) The relevant countries have submitted prior notification to the Security Council of the intention to make or receive such payments or to authorise, where appropriate, the unfreezing of funds, other financial assets or economic resources for this purpose, ten working days prior to such authorisation.

Countries should have mechanisms for communicating de-listing and unfreezing actions to the financial sector and DNFBPs immediately upon taking such action, and providing adequate guidance, particularly to financial institutions and other persons or entities, including DNFBPs, that may be holding targeted funds or other assets, on their obligations to respect a de-listing or unfreezing action.

United Nations Designation Criteria

The criteria for designation as specified in the relevant United Nations Security Council resolutions are:

(a) On DPRK – Resolutions 1718 (2006), 2087 (2013), 2094 (2013) and 2270 (2016):

- (i) any person or entity engaged in the DPRK's nuclear-related, other WMD-related and ballistic missile-related programmes;
- (ii) any person or entity providing support for such programmes, including through illicit means;
- (iii) any person or entity acting on behalf of or at the direction of a person or entity designated pursuant to subsection 13 (a)(1) or subsection 13 (a)(2);
- (iv) any legal person or entity owned or controlled, directly or indirectly, by a person or entity designated pursuant to subsection 13 (a)(1) or subsection 13 (a)(2);
- (v) any person or entity that has assisted in the evasion of sanctions or in the violation of the provisions of resolutions 1718 (2006) and 1874 (2009);

(vi) any person or entity that has contributed to DPRK's prohibited programmes or activities pursuant to resolutions related to the DPRK, or to the evasion of the provisions of such resolutions;

(vii) any entity of the Government of the Democratic People's Republic of Korea (DPRK) or the Worker's Party of Korea, or person or entity acting on their behalf or at their direction, or any entity owned or controlled by them, that countries determine are associated with the DPRK's nuclear or ballistic missile programmes or other activities prohibited by resolution 1718 (2006) and successor resolutions.

(b) On Iran – Resolution 2231 (2015)

(i) Any person or entity involved in, directly associated with, or providing support for Iran's proliferation-sensitive nuclear activities in violation of Iran's commitments in the Joint Comprehensive Plan of Action (JCPOA), or the development of nuclear weapon delivery systems, including through involvement in the procurement of prohibited items, goods, equipment, materials, and technologies as specified in Annex B of Resolution 2231 (2015).

(ii) Any person or entity that assists designated persons or entities in evading or acting in a manner inconsistent with the JCPOA or Resolution 2231 (2015).

(iii) Any person or entity acting on behalf of or at the direction of any person or entity designated under subsection 13(b)(1), subsection 13(b)(2), and/or subsection 13(b)(3), or through any entities owned or controlled by such designated person or entity.