

# **2<sup>nd</sup> Enhanced Follow-Up Report for The State of Kuwait**

*TC re- Rating*

**Anti-Money Laundering and  
Combating the Financing of Terrorism**

**May 2026**

**The State of Kuwait**

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*This document contains the second Enhanced FUR for the State of Kuwait, which includes TC re-rating for Seven Recommendations (6, 7, 8, 24, 26, 28, 38). This report reflects the efforts made by the state of Kuwait since the adoption of the Mutual Evaluation Report in June 2024 by the FATF (which was adopted through passing procedures by MENAFATF in October 2024) and the first enhanced follow-up report, which was adopted in November 2025. provided that the Kuwait remained in the enhanced follow-up process and submitted the third enhanced follow-up report to the 43<sup>rd</sup> MENAFATF plenary in November 2026.*

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**2<sup>nd</sup> Enhanced Follow-Up Report for the State of Kuwait  
With Technical Compliance Re-Rating Request**

**First: Introduction:**

1. The State of Kuwait was jointly assessed by the Financial Action Task Force (FATF) and the Middle East and North Africa Financial Action Task Force (MENAFATF), according to the FATF Recommendations adopted in 2012 and the Methodology for assessing technical compliance with the FATF Recommendations and the effectiveness of AML/CFT systems adopted in 2013. The Mutual Evaluation Report (MER) for the State of Kuwait was adopted by the FATF Plenary Meeting held in June 2024 in the Republic of Singapore and it was adopted by the MENAFATF in written process in September 2024.<sup>1</sup>
2. According to the MER, the State of Kuwait was rated “Compliant” in (9) Recommendations, “Largely Compliant” in (20) Recommendations, “Partially Compliant” in (9) Recommendations and “Non-Compliant” in (2) Recommendations out of the forty Recommendations. The MER also showed that the country achieved a “Moderate level of effectiveness” in (7) Immediate Outcomes and a “Low level of effectiveness” in (4) Immediate Outcomes out of the eleven Immediate Outcomes (IOs).
3. The State of Kuwait submitted the 1<sup>st</sup> Enhanced Follow-Up Report (EFUR) in November 2025 which did not contain a technical compliance re-rating request. The 41<sup>st</sup> Plenary Meeting has exceptionally agreed that the State of Kuwait submits its 2<sup>nd</sup> FUR in May 2026.
4. The following is a summary of the technical compliance and effectiveness ratings:

**Table No.(1): Technical Compliance Ratings**

R.1	R.2	R.3	R.4	R.5	R.6	R.7	R.8	R.9	R.10
LC	LC	LC	LC	LC	NC	NC	PC	C	LC
R.11	R.12	R.13	R.14	R.15	R.16	R.17	R.18	R.19	R.20
LC	LC	C	C	PC	LC	PC	PC	PC	C
R.21	R.22	R.23	R.24	R.25	R.26	R.27	R.28	R.29	R.30
LC	LC	LC	PC	LC	PC	C	PC	LC	LC
R.31	R.32	R.33	R.34	R.35	R.36	R.37	R.38	R.39	R.40
C	C	C	C	LC	LC	LC	PC	LC	LC

Note: There are five possible technical compliance ratings: (compliant (C), largely compliant (LC), partially compliant (PC), and non-compliant (NC)).

<sup>1</sup>It was adopted in written process according to article 4 of the MENAFATF Rules and Procedures related to “the MENAFATF Plenary Meetings and Decisions” and to paragraph (b) of the same article regarding the Plenary decisions adopted in written process.

**Table No.(2): Effectiveness Ratings**

Immediate Outcomes	1	2	3	4	5	6	7	8	9	10	11
Rating:	ME	ME	ME	ME	LE	ME	ME	ME	LE	LE	LE

Note: There are four possible ratings for effectiveness (High level of effectiveness (HE); Substantial level of effectiveness (SE); Moderate level of effectiveness (ME); and Low level of effectiveness (LE)).

5. This report includes the 2<sup>nd</sup> enhanced follow-up process for the State of Kuwait, as Kuwait requested a re-rating of technical compliance for (7) Recommendations: (6, 7, 8, 24, 26, 28, 38)<sup>2</sup>. In coordination with the MENAFATF Secretariat, the information provided by the country was reviewed and the level of technical compliance with the Recommendations was analyzed by the follow-up experts: **Mr. Bassem Dabouan**, (*Chief of Yemeni FIU*), (*Yemen Financial Intelligence Unit*), *the Republic of Yemen*, **Mr. Abdul Kareem Furaiji** (*Head of policies and studies, AML permanent committee*), *the Saudi Central Bank, the Kingdom of Saudi Arabia*, supported by the following members of the MENAFATF Secretariat: **Mr. Sherif Hossam El-Areny**, *Senior Officer, Technical Assistance and Typologies Division*, and **Mr. Omar Rbeihat**, *Senior officer, Mutual Evaluation Division*.

**Priority Actions:**

6. The MER for the State of Kuwait identified some deficiencies relating to technical compliance with the forty Recommendations and the Immediate Outcomes regarding the effectiveness of the Anti-Money Laundering and Combating Terrorist Financing (AML/CFT) system. The report included recommendations to take some corrective steps that should be prioritized by Kuwait, as follows:

- Kuwait should update its risk assessment, particularly in relation to TF threats and vulnerabilities. The updated risk assessment should include: reliance on a wider range of factors for the assessment of ML and TF threats, not limited to convictions; a comprehensive assessment of risks relating to the misuse of different types of legal persons; proper analysis of cross border risks; and consider a wider range of ML/TF methods and typologies and how they may be adopted in Kuwait.
- Kuwait should investigate and prosecute the different types of TF activities in line with the country’s risk profile to ensure TF risks are mitigated and all terrorist

<sup>2</sup> Recommendations (8, 24, 38) were re-rated according to the FATF Recommendations adopted in 2012 and the Methodology for assessing technical compliance with the FATF Recommendations and the effectiveness of AML/CFT systems adopted in 2013. The assessed country will be assessed under the revised standards in its next mutual evaluation/ FU exercise.

financing activities are detected. Efforts should also be increased to detect and identify potential TF activities related to cross-border movements of currency and Bearer Negotiable Instruments (BNIs).

- Kuwait should ensure the legal implementation of TFS without delay by addressing technical deficiencies in the legal framework. Kuwait should implement and make use of a domestic process to identify targets for designation, ensure that third party requests are followed-up in a meaningful and timely fashion, proactively utilize TF TFS as a means to deprive terrorists of their assets and publish a full list of those subject to TFS measures to ensure complete implementation.
- Kuwait should conduct a comprehensive TF risk assessment of the NPO sector. Based on this assessment, Kuwait should adapt accordingly the mitigating measures so that they are proportional with the TF risks identified and targeted to mitigate those risks. Based on the results of this updated risk assessment, Kuwait should take steps to evaluate whether other existing measures mitigate risks, and reconsider and remove unnecessary barriers to market entry that discourage NPOs and measures which disrupt the legitimate activities of NPOs.
- Kuwait should take steps to deepen its understanding of proceeds generating offenses for ML and implement measures to better detect and proactively investigate ML through a wide range of predicate offenses beyond fraud, corruption, forgery and usury, including predicate, stand-alone and third-party ML.
- Kuwait should ensure that both supervisory authorities and obliged entities have a robust understanding of the concept of BO and ensure that competent authorities have a timely access to adequate, accurate and current BO information, for example by ensuring the BO registry is populated as a matter of priority.

## Second: Overview of the progress made to implement the Recommendation for which a re-rating is requested.

7. This section presents the measures taken by the State of Kuwait to comply with the Recommendations for which it requested a re-rating. Kuwait addressed some technical compliance deficiencies identified in the MER, in relation to the Recommendations under review, namely (6, 7, 8, 24, 26, 28, 38). As a result, the technical compliance ratings for some Recommendations were reconsidered.

### **Recommendation 6 – Targeted Financial Sanctions Related to Terrorism and Terrorist Financing (NC)**

8. The MER stated that the State of Kuwait had no effective legal basis for the implementation of TF TFS, as the Counter Terrorism Committee (CTC) is the competent authority responsible for taking listing decisions. However, the decision-making process was complex and no actual decisions were issued, which led to the lack of practical implementation of these sanctions. In addition, the scope of the freezing and prohibition mechanisms was limited and they are not applicable to all natural and legal persons, which would have led to a limited impact even if implemented. In order to address these deficiencies, the State of Kuwait issued

ministerial decision No.(8) of 2025 on the Executive Regulation of the Special Committee for the Implementation of Security Council Resolutions under Chapter VII of the United Nations Charter on Combating Terrorism and the Financing of the Proliferation of Weapons of Mass Destruction and executive annexes, in order to establish an integrated legal and regulatory framework for the implementation of TFS.

**Criterion 6.1.a (Met):** The Special Committee for the Implementation of United Nations Security Council Resolutions under Chapter VII of the UN Charter (hereinafter “the Special Committee”) was identified as an authority having responsibility for proposing persons and entities to the UN sanctions committees for designation, including UNSCRs 1267, 1988 and 1718 and successor resolutions. Articles (19) and (20) set out the procedures for preparing and submitting listing requests, including collecting relevant information and providing supporting information according to the forms and procedures adopted by the UN. (Articles 18-20 of ministerial decision No.(8) of 2025).

**Criterion 6.1.b (Met):** Articles (18-20) of ministerial decision No.(8) of 2025 stipulate that there is a mechanism in place for identifying targeted persons and entities for designation, based on the designation criteria set out in the relevant UNSCRs, including UNSCR 1267, 1988 and 1718 and the successor resolutions, and indicated in the Annex to this Decision. (Articles 18-20 of ministerial decision No.(8) of 2025).

**Criterion 6.1.c (Met):** An evidentiary standard of proof of “reasonable grounds to believe” is applied when proposing a designation, without requiring the existence of a prior criminal proceeding against the person or entity proposed for designation. (Article 18 and article 19/1 of ministerial decision No.(8) of 2025).

**Criterion 6.1.d (Met):** The Special Committee is required to follow the procedures and designation forms, as adopted by Security Council or the relevant sanctions committees when submitting the listing requests. Article 19/2 of ministerial decision No.(8) of 2025).

**Criterion 6.1.e (Met):** The Special Committee shall submit as much information as possible related to the proposed designee, including a statement of case, details and supporting information based on which the Special Committee submits the listing request. (Article 19/3 of ministerial decision No.(8) of 2025).

**Criterion 6.2.a (Met):** The Special Committee identifies and designates persons and entities pursuant to UNSCR 1373, either on its own motion or at the request of another country, based on reasonable grounds to believe that they meet the designation criteria. (Article 12 of ministerial decision No.(8) of 2025).

**Criterion 6.2.b (Met):** The Special Committee identifies persons and entities targeted for designation pursuant to UNSCR 1373, either on its own motion or at the request of another country or a local authority, based on the designation criteria set out in UNSCR 1373. The internal procedures of the Special Committee regulate the mechanism for identifying potential targets for designation, including receiving and processing the relevant information and evaluating the extent to which the designation criteria are met. (Article 12 of ministerial decision No.(8) of 2025). The internal operating procedures of the Special Committee, in particular paragraphs 8 to 25, regulate the national mechanisms for identifying persons or entities that may be designated pursuant to Security Council resolution 1373 (2017).

**Criterion 6.2.c (Met):** The Special Committee immediately considers listing requests received from other countries and takes a decision determining whether the designation criteria are met without delay. The internal procedures of the Special Committee further strengthen this obligation by requiring that a meeting be held once the relevant information or requests are received and that a decision be taken determining whether the designation criteria are met. (Article 14 of ministerial decision No.(8) of 2025, and paragraphs 10, 11, and 19 of the internal procedures of the Special Committee).

**Criterion 6.2.d (Met):** The Special Committee designates persons and entities based on the standard of “reasonable grounds to believe” without requiring the existence of prior criminal proceedings against the person or entity proposed for designation. (Article 12 and article 15 of ministerial decision No.(8) of 2025).

**Criterion 6.2.e (Met):** The Special Committee may request another country to implement the listing decision it has issued pursuant to UNSCR 1373, provided that it includes as much identifying information and supporting information, as possible, allowing for the accurate identification of the person or entity and evaluating whether the designation criteria are met. (Article 16 of ministerial decision No.(8) of 2025).

**Criterion 6.3.a (Met):** The Special Committee has the authority to collect or solicit relevant information from any public authority, person or entity within the State of Kuwait, enabling to evaluate whether the designation criteria are met, based on reasonable grounds to believe so. The internal procedures of the Special Committee further strengthen this authority by regulating the receiving and processing of the relevant information. (Articles 13, 18 and 20 of ministerial decision No.(8) of 2025, and paragraphs 8-15, 22-25 of the internal procedures of the Special Committee).

**Criterion 6.3.b (Met):** The Special Committee prohibits the notification of the person or entity under consideration for listing, whether in the context of national designation pursuant to UNSCR 1373 or in the context of listing on the United Nations lists, thereby ensuring that listing measures are taken without prior notice. Any violation of this prohibition is subject to the sanctions provided for in the AML/CFT law. (Article 19/a of ministerial decision No.(8) of 2025 and article 33 of the amended AML/CFT law).

**Criterion 6.4 (Met):** Article (21) of ministerial decision No.(8) of 2025 requires all persons to freeze the funds and economic resources of designated persons or entities without delay and without prior notice. This obligation covers all natural and legal persons, along with a definition of the term “without delay” ensuring implementation within a period not exceeding 24 hours from the designation date. Any violation of this obligation is subject to the sanctions provided for in the AML/CFT law. (Article 21 of ministerial decision No.(8) of 2025 and article 33 of the AML/CFT law amended by decree-law No.(76) of 2025). Ministerial Decision No. (8) of 2025 also provides an immediate implementation mechanism for TFS issued by the Security Council, as these Decision acquire direct legal effect in the State of Kuwait without the need to issue an additional national decision(s), thus ensuring implementation without delay.

**Criterion 6.5.a (Met):** Article (21) of ministerial decision No.(8) of 2025 requires all persons to freeze the funds and economic resources of designated persons or entities without delay and without prior notice. This obligation

applies to all natural and legal persons. (Article 21 of ministerial decision No.(8) of 2025). Therefore, the scope of the freezing obligation clearly includes all persons, including legal persons, without exception.

**Criterion 6.5.b (Met):** The freezing obligation covers all funds and economic resources of designated persons or entities, and not just those that are tied to a terrorist act. It also extends to cover funds or economic resources owned or controlled, directly or indirectly, wholly or partially, including funds of persons or entities acting on behalf of, at the direction of, or under the control of the designated person. The obligation extends to cover funds or economic resources generated or derived from such funds or resources. (Articles 21 and 22 of ministerial decision No.(8) of 2025).

**Criterion 6.5.c (Met):** It is prohibited for any person in Kuwait or any Kuwaiti national abroad to provide or to make funds or economic resources available, or provide financial or other related services, for the benefit of designated persons or entities, whether directly or indirectly, wholly or jointly, or through persons or entities acting on behalf of, at the direction of, or under the control of designated persons or entities. (Article 23 of ministerial decision No.(8) of 2025).

**Criterion 6.5.d (Mostly Met):** FIs and DNFBPs undertake to sign up with the Special Committee's automatic alert system which allows to immediately notify them of any updates made to the sanctions lists. The relevant regulatory provisions also impose clear operational requirements on those entities, including continuously monitoring the updates, screening their databases and taking freezing measures without delay. (Article 35 of ministerial decision No.(8) of 2025). Minor shortcomings remain represented by the provision of guidelines to Financial Institutions and DNFBPs to initiate freezing mechanisms - when funds and other assets are in their possession.

**Criterion 6.5.e (Met):** FIs and DNFBPs undertake to inform the Special Committee as soon as they know or suspect that a designated person is related to a customer or a transaction, including attempted transactions. Any person implementing the freezing measure shall notify the Special Committee of that fact within 24 hours, while providing relevant information on the frozen funds or economic resources. (Article 35/3 and article 24 of ministerial decision No.(8) of 2025).

**Criterion 6.5.f (Met):** Any person, including FIs and DNFBPs or any person acting on their behalf, who in good faith implements freezing measures or refrains from making funds or economic resources available or from providing relevant services, pursuant to the provisions of this Decision, shall be exempt from any criminal, civil, or administrative liability. (Article 38 of ministerial decision No.(8) of 2025).

**Criterion 6.6.a (Met):** Persons designated on the UN lists that hold the Kuwaiti nationality or have a place of residence or business in Kuwait may submit a request for revocation of the listing to the Special Committee. The Special Committee shall examine the request and determine whether the person still meets the designation criteria. In this case, it may submit a de-listing request to the UN Sanctions Committee in line with the applicable procedures. The designated person may also submit the de-listing request directly through the Ombudsman or the focal point, while the Special Committee facilitates the relevant review procedures. (Article 34 of ministerial decision No.(8) of 2025). Information regarding the process of removing the country's name from the list is available to

the public through the Ministry of Foreign Affairs' website, which enhances transparency and ease of access (<https://www.mofa.gov.kw/ar/pagesdelisting>).

**Criterion 6.6.b (Met):** The Special Committee reviews the listing decisions, periodically, at least every two years to ensure that the designation criteria are still met, with the possibility to remove the designation in case reasonable grounds for designation no longer exist. The relevant provisions allow for removing or amending the freezing measures, including in cases of false positives or when bona fide third parties are inadvertently affected, thereby ensuring de-listing or amendment of the measures when the criteria are no longer met. (Articles 17 and 25 of ministerial decision No.(8) of 2025). Continued listing is not subject to any formal time constraints, as the name is not automatically delisted due to the passage of time. Rather, the decision is based on an objective assessment of the continued compliance with listing criteria, with the possibility of conducting customized reviews when new information becomes available or based on requests for delisting.

**Criterion 6.6.c (Met):** The relevant provisions allow for the review of listing and de-listing decisions through periodical review and also provide a mechanism for requesting a de-listing or amending the freezing measures. The decisions of the Special Committee may be appealed before the competent court which shall issue final judgments in their regard, thereby enabling to review the listing decisions before an independent authority. (Articles 17, 25 and 28 of ministerial decision No.(8) of 2025).

**Criterion 6.6.d (Met):** Persons designated on the UN lists that hold the Kuwaiti nationality or have a place of residence or business in Kuwait may submit a de-listing request directly to the Ombudsman or the focal point, as the case may be. The Special Committee facilitates the relevant review procedures according to the procedures adopted by the UN. (Article 34 of ministerial decision No.(8) of 2025).

**Criterion 6.6.e (Met):** Persons designated on the UN lists may submit de-listing requests through the Ombudsman or the focal point, according to the procedures adopted by the UN and the Special Committee facilitates the relevant review procedures. (Article 34 of ministerial decision No.(8) of 2025).

**Criterion 6.6.f (Met):** The relevant provisions allow for removing or amending the freezing measures in cases of error, including cases of false positives or when bona fide third parties are affected, thereby ensuring the un-freezing of funds or economic resources which should not have been subjected to freezing. (Article 25 of ministerial decision No.(8) of 2025).

**Criterion 6.6.g (Mostly Met):** FIs and DNFBSs undertake to sign up with the Special Committee's automatic alert system which allows to immediately notify them of any updates made to the sanctions lists, including de-listings and un-freezings, thereby enabling them to take the necessary actions without delay. The relevant regulatory provisions also impose enforceable operational requirements obliging those entities to monitor the updates, screen their databases and take appropriate measures, including un-freezing actions when necessary, while being verified for their compliance by the competent supervisory authorities. (Articles 35/7, 36 and 37 of ministerial decision No.(8) of 2025). Minor shortcomings remain represented by the provision of guidelines to Financial Institutions and DNFBSs to respect delisting or unfreeze - when funds and other assets are in their possession.

**Criterion 6.7 (Met):** The relevant provisions authorize access to the frozen funds to cover basic and extraordinary expenses, while designating the Special Committee as a competent authority responsible for receiving and examining the relevant requests, according to the procedures set out in the relevant UNSCRs. (Articles 26 and 27 of ministerial decision No.(8) of 2025).

**Conclusion:** The above analysis shows that the State of Kuwait met most of the requirements of this Recommendation. Minor shortcomings remain, relating to the lack of guidelines to Financial Institutions and DNFBPs regarding the implementation of freezing mechanisms of funds held thereby, respecting delisting, or unfreeze.

**Accordingly, the technical compliance rating for Recommendation 6 is “Largely Compliant”.**

### **Recommendation 7 - Targeted Financial Sanctions Related to Proliferation (NC)**

9. The MER stated that the State of Kuwait had no effective legal basis for the implementation of TF TFS, as the Counter Terrorism Committee (CTC) is the competent authority responsible for taking listing decisions. However, the decision-making process was complex and no actual decisions were issued, which led to the lack of practical implementation of these sanctions. In addition, the scope of the freezing and prohibition mechanisms was limited and they are not applicable to all natural and legal persons, which would have led to a limited impact even if implemented. In order to address these deficiencies, the State of Kuwait issued ministerial decision No.(8) of 2025 on the Executive Regulations of the Special Committee for the Implementation of Security Council Resolutions under Chapter VII of the United Nations Charter on Combating Terrorism and the Financing of the Proliferation of Weapons of Mass Destruction and executive annexes, in order to establish an integrated legal and regulatory framework for the implementation of TFS.

**Criterion 7.1 (Met):** Ministerial decision No.(8) of 2025 provides a legal basis for implementing targeted financial sanctions related to the prevention of the proliferation of weapons of mass destruction. Article (21) requires all persons to freeze the funds and economic resources of persons and entities designated pursuant to the relevant UNSCRs, including UNSCRs 1718 and 1737 and successor resolutions, without delay and without prior notice. This obligation includes funds or economic resources owned or controlled, directly or indirectly, wholly or partially, including funds or economic resources of persons or entities acting on behalf of, at the direction of, or under the control of the designated person. The definition of “person” and “funds and economic resources” ensures a broader scope of the obligation, while the definition of “without delay” sets a period not exceeding 24 hours, which supports the immediate implementation. The legal framework does not require any additional national measure or decision to be taken to activate the freezing, as the obligation takes effect by force of law once the relevant UNSCRs are issued. (Article 21 of ministerial decision No.(8) of 2025). Implementing the TFS does not require any additional national action, as these measures take force of law immediately upon the issuance of Security Council resolutions, thus ensuring immediate implementation without delay.

**Criterion 7.2.a (Met):** Article (21) of ministerial decision No.(8) of 2025 requires all persons to freeze the funds and economic resources of persons or entities designated pursuant to the UNSCRs related to the prevention of proliferation of weapons of mass destruction, without delay and without prior notice. This obligation includes

funds or economic resources owned or controlled, directly or indirectly, wholly or partially, including funds or economic resources of persons or entities acting on behalf of, at the direction of, or under the control of the designated person. (Article 21 of ministerial decision No.(8) of 2025).

**Criterion 7.2.b (Met):** The freezing obligation covers all funds and economic resources of persons or entities designated pursuant to the UNSCRs related to the prevention of proliferation of weapons of mass destruction, and not just those that are tied to a particular activity. It also extends to cover funds or economic resources owned or controlled, directly or indirectly, wholly or partially, including funds or economic resources of persons or entities acting on behalf of, at the direction of, or under the control of the designated person. The obligation extends to cover funds or economic resources generated or derived from such funds or resources. (Articles 21 and 22 of ministerial decision No.(8) of 2025).

**Criterion 7.2.c (Met):** It is prohibited for any person in Kuwait or any Kuwaiti national abroad to provide or to make funds or economic resources available, or provide financial or other related services, for the benefit of persons or entities designated pursuant to the UNSCRs related to the prevention of proliferation of weapons of mass destruction, whether directly or indirectly, or through persons or entities acting on behalf of, at the direction of, or under the control of designated persons or entities. (Article 23 of ministerial decision No.(8) of 2025).

**Criterion 7.2.d (Mostly Met):** FIs and DNFBPs undertake to sign up with the Special Committee's automatic alert system which allows to immediately notify them of any updates made to the sanctions lists issued pursuant to the UNSCRs related to the prevention of proliferation of weapons of mass destruction, thereby enabling them to take freezing measures without delay. (Article 35/7 of ministerial decision No.(8) of 2025). In July 2025, Kuwait issued a guideline explaining how to implement targeted financial sanctions related to financing proliferation of weapons of mass destruction. The guideline focuses on operational aspects, including the definition of proliferation financing, the risk context in Kuwait, and the legal obligations arising from listing on the Security Council's lists. It also provides detailed guidelines for subject entities (Financial Institutions and DNFBPs) on the immediate freezing of funds, and not making them available, reporting, and mechanisms for due diligence and compliance. However, its scope regarding designations remain **partial**, as it is limited exclusively to the **North Korea (DPRK)** sanctions regime under **UNSCR 1718** and does not include **Iran**.

**Criterion 7.2.e (Met):** FIs and DNFBPs undertake to inform the Special Committee as soon as they know or suspect that there is a designated person or that there are funds or economic resources subject to freezing measures, including attempted transactions. Any person implementing the freezing measure shall notify the Special Committee of that fact within 24 hours, while providing relevant information. (Article 35/3 and article 24 of ministerial decision No.(8) of 2025).

**Criterion 7.2.f (Met):** Any person, including FIs and DNFBPs or any person acting on their behalf, who in good faith implements freezing measures or refrains from making funds or economic resources available or from providing relevant services, pursuant to the provisions of this Decision, shall be exempt from any criminal, civil, or administrative liability. (Article 38 of ministerial decision No.(8) of 2025).

**Criterion 7.3 (Met):** Competent supervisory authorities verify FIs and DNFBPs for their compliance with the TFS requirements related to the prevention of the proliferation of weapons of mass destruction. On this note, article (36) of ministerial decision No.(8) of 2025 requires these authorities to verify subject entities for their compliance with the implementation of the freezing and prohibition measures and to examine the effectiveness of their systems. Non-compliance is subject to the sanctions provided for in the AML/CFT law, thereby providing an effective supervisory and executive framework. (Article 36 of ministerial decision No.(8) of 2025, and paragraphs 33 and 33 bis of law No.(106) of 2013).

**Criterion 7.4.a (Met):** Persons designated on the UN lists may submit de-listing requests through the Ombudsman or the focal point, according to the procedures adopted by the UN and the Special Committee facilitates the relevant review procedures. (Article 34 of ministerial decision No.(8) of 2025).

**Criterion 7.4.b (Met):** The relevant provisions allow for removing or amending the freezing measures in cases of error, including cases of false positives or when bona fide third parties are affected, thereby ensuring the un-freezing of funds or economic resources which should not have been subjected to freezing. (Article 25 of ministerial decision No.(8) of 2025).

**Criterion 7.4.c (Met):** The relevant provisions authorize access to the frozen funds or economic resources to cover basic and extraordinary expenses, while designating the Special Committee as a competent authority responsible for receiving and examining the requests, according to the procedures set out in the UNSCRs related to the prevention of the proliferation of weapons of mass destruction. (Articles 26 and 27 of ministerial decision No.(8) of 2025).

**Criterion 7.4.d (Mostly Met):** FIs and DNFBPs undertake to sign up with the Special Committee's automatic alert system which allows to immediately notify them of any updates made to the sanctions lists, including de-listings and un-freezings, thereby enabling them to take the necessary actions without delay. The relevant provisions also impose enforceable operational requirements obliging those entities to monitor the updates, screen their databases and take appropriate measures, including un-freezing actions when necessary, while being verified for their compliance by the competent supervisory authorities. The framework does not contain specific independent guidance, but the enforceable operational requirements and existing mechanisms provide sufficient clarity to ensure effective implementation. (Articles 30 and 35/7 of ministerial decision No.(8) of 2025). In July 2025, Kuwait issued a guideline explaining how to implement targeted financial sanctions related to financing proliferation of weapons of mass destruction. However, its scope with regard to designations remain **partial**, as it is limited exclusively to the North Korea (DPRK) sanctions regime under UNSCR 1718 and does not include Iran. Moreover, the guidelines do not actually or procedurally address issues related to delisting or unfreezing, merely indicating that the freeze continues until the name is removed by the United Nations, without providing any guidance on subsequent procedures, such as unfreezing, making funds available again, or notification mechanisms and dealing with affected accounts.

**Criterion 7.5.a (Met):** The relevant provisions permit the addition of interests or other earnings to the accounts frozen and to meet obligations arising from contracts or agreements that were concluded prior to the freezing date,

provided that these funds continue to be subject to freezing. (Articles 31 and 32 of ministerial decision No.(8) of 2025).

**Criterion 7.5.b (Met):** The relevant provisions permit to meet the obligations arising from contracts or agreements that were concluded prior to the freezing date, according to the controls and measures provided for in the relevant UNSCRs, thereby ensuring that the funds or economic resources are not being used for prohibited purposes. Once these payments or additions are made, they become subject to the freezing measure. (Articles 31 and 32 of ministerial decision No.(8) of 2025)

8. **Conclusion:** The above analysis shows that the State of Kuwait met most of the requirements of this Recommendation. There remain minor shortcomings, namely that the guidelines issued to Financial Institutions and DNFBPs is limited to implementation guidelines when funds or other assets are in the possession of the reporting entities, and is limited to the Security Council's sanctions regime for North Korea only, excluding Iran, and does not cover delisting and unfreezing procedures.

**Accordingly, the technical compliance rating for Recommendation 7 is "Largely Compliant".**

### Recommendation 8 - Non-Profit Organizations (PC)

10. The MER stated that Kuwait has fundamental deficiencies in implementing the requirements of Recommendation 8, as the regulatory framework governing NPOs was based on a strict supervisory approach uniformly applied to all NPOs without relying on a risk assessment, which led to wide restrictive measures imposed namely on NPOs engaged in international activities. The understanding of TF risks was also limited across the sector, as it was chiefly based on general factors without undertaking an in-depth analysis of the methods of abuse or the categories which are most exposed to risks, while the awareness efforts were restricted to limited activities. Kuwait has since taken several actions to address these deficiencies, including developing a national TF risk assessment in the NPO sector, adopting a risk-based supervisory framework that distinguishes NPOs based on their level of exposure to risks, amending the regulatory regulations, thereby limiting unnecessary restrictions and directing measures toward higher-risk activities, in addition to increasing awareness and outreach activities with the sector.

**Criterion 8.1.a (Met):** In 2025, Kuwait adopted a TF risk assessment in the NPO sector, which included a comprehensive scoping exercise. This exercise considered various types of NPOs, including entities with religious, educational, social, and cultural purposes, in order to identify the entities that fall within the FATF functional definition of NPOs. Accordingly, it was determined that charitable associations and Mabarrahs that engage in raising, receiving or disbursing funds for charitable or humanitarian purposes fall within the FATF definition of NPOs, while excluding the entities to which this definition does not apply.

The authorities also assessed the level of exposure to TF risks at both the sectoral and entity levels. All NPOs within the scope were classified into different risk categories based on factors including sources of funding, fundraising methods, use of cash, the nature of activities, the scope of cross-border operations, and links to high-risk areas. This resulted in the identification of the subsets of NPOs which are most exposed to TF risks, including the identification of a limited number of high-risk entities; which formed a basis for the application of a risk-based supervision. The

number of NPOs falling within the FATF's definition reached 155, including 84 charities and 71 foundations. The assessment also showed that 4 NPOs were classified as high-risk, 34 as medium to high-risk, 13 as medium to low-risk, and 104 as low-risk.

**Criterion 8.1.b (Met):** Kuwait identified the nature of threats that may be posed to NPOs by terrorist entities, including the risks of using some organizations as fronts for terrorist financing, the infiltration of individuals associated with extremist groups into their management, or exploiting the reputation of existing NPOs to raise donations illicitly.

The authorities also analyzed the potential methods of abuse of the sector, particularly in the context of cross-border activities, where the level of risk increases when projects are implemented outside the country or when reliance is placed on external partners, due to the limited ability to verify beneficial owners or trace the course of funds.

The country linked these threats to tangible operational factors, such as the transfer of cash or goods across borders and the multiplicity of intermediaries in the implementation of projects, clearly demonstrating how NPOs can be exploited for terrorist financing.

**Criterion 8.1.c (Met):** Kuwait has reviewed the adequacy of the legal and regulatory framework applicable to non-profit organizations, in particular through the issuance of Ministerial Decisions No. (183) and (122) of 2025, which aimed to remove unnecessary restrictions on the sector and to direct measures towards higher-risk activities, including limiting certain requirements, such as prior approval for cross-border transactions, to cases associated with high-risk countries. The restrictions that were lifted consisted of reducing the prior approval requirements for some activities, particularly cross-border transactions, so that they became limited to cases related to high-risk countries, reflecting the application of measures proportionate to the level of risk identified in the assessment.

The authorities have also relied on the terrorism financing risk assessment of the sector in applying proportionate supervisory and regulatory measures, whereby non-profit organizations are classified according to risk level and enhanced measures are applied to higher-risk entities. These measures include tightening approval requirements for projects and transfers, verifying external partners, beneficial owners, and the flow of funds, and imposing additional requirements for financial and technical monitoring and supervision, alongside strengthening due diligence requirements and compliance with sector governance.

This reflects that the authorities have reviewed existing measures and applied proportionate and effective actions to address the identified risks associated with sub-categories of non-profit organizations.

**Criterion 8.1.d (Met):** Kuwait established a systematic mechanism for the reassessment of risks in the NPO sector, which is based on reviewing newly available information on potential vulnerabilities and analyzing changes in activity patterns and degree of exposure to TF risks. This allows for updating the assessment results and directing supervisory and preventive measures according to the updated risks (Ministerial decisions No.183 and No.122 of 2025).

The authorities decided to have a re-assessment conducted periodically (annually in the first quarter of each year) as part of the institutional operation of the Ministry of Social Affairs. A recent assessment for the sector was completed in February 2025, with a commitment to update it regularly and incorporate new data, thereby reflecting the existence of a continuous mechanism for re-assessment on a periodic basis. The assessment is planned to be updated during 2026 based on new data, reflecting the existence of an ongoing mechanism for reassessment.

**Criterion 8.2.a (Met):** The regulatory framework in the State of Kuwait, including ministerial decisions No.(183) and (122) of 2025, includes clear policies and measures aimed at promoting accountability and integrity in the administration and management of NPOs. This includes regulatory requirements relating to incorporation and registration procedures, including verifying the details of founders and board members and obtaining the necessary approvals. This also includes requirements on governance and financial management and requiring NPOs to prepare and submit periodic financial and administrative reports and subjecting them to the supervision and oversight of the competent authority, including inspections, requests for information, and the imposition of administrative measures and sanctions in case of violation. These measures contribute to enhancing accountability, integrity, and confidence in the management of the NPO sector.

**Criterion 8.2.b (Met):** Kuwait has continuously undertaken outreach activities, including training workshops and courses, to raise awareness among NPOs as well as the donor community about the potential TF risks and vulnerabilities in the sector, and the measures that can be taken to limit such abuse.

**Criterion 8.2.c (Mostly Met):** Kuwaiti authorities have directly worked with the NPO sector, namely in the context of preparing a risk assessment for the sector, by holding consultative workshops that enabled NPOs to participate in the discussions of the relevant risks and vulnerabilities and to contribute to developing a shared understanding of the TF risks in the sector. This approach reflects a level of cooperation with the sector in developing practices aimed at limiting the risks of abuse.

However, insufficient evidence was provided to demonstrate the development or dissemination of systematically structured practices or guidance in collaboration with the sector, which limits the ability to fully demonstrate the development of best practices.

**Criterion 8.2.d (Met):** NPOs in Kuwait conduct their financial transactions, including the receipt of funds from abroad (circular 4440/2018) and their transfer abroad (circular No.298/2018), via regulated financial channels. This contributes to limiting the use of informal channels and reducing the risks of misusing the sector in terrorist financing.

**Criterion 8.3 (Met):** Kuwait applies a risk-based supervisory framework to the NPO sector, based on a risk assessment of the sector and an entity-level rating tool used to determine the risk level of each non-profit organization and to direct supervisory planning (Ministerial decisions No.183 and No.122 of 2025).

Supervision is carried out in proportion to the level of risk, with intensive supervisory resources, including on-site inspections, focused on high-risk organizations, while less intrusive supervisory tools, such as off-site reviews and follow-up meetings, are used for moderate- and low-risk organizations. This approach reflects the implementation of risk-based supervision in line with the requirements of this criterion.

**Criterion 8.4.a (Met):** The Ministry of Social Affairs has legal powers to monitor NPOs for their compliance with the regulatory requirements, including overseeing registration and activities, requesting information, conducting inspection, under the regulatory framework applied to the sector (Ministerial decisions No.183 and No.122 of

2025). These powers are exercised within a risk-based supervisory framework, enabling oversight to be directed in proportion to the level of risk.

**Criterion 8.4.b (Mostly Met):** The Ministry of Social Affairs has legal powers to impose a range of administrative and financial sanctions on NPOs in the event of violation of the regulatory requirements, including issuing warnings, suspending licenses, imposing fines, and dissolving organizations, pursuant to law No.24 of 1962 and the relevant decisions. These powers also include taking measures against the management of the organization, including the appointment of a temporary board of directors where necessary.

While these sanctions provide a basis for addressing cases of non-compliance, it does not appear that their scope sufficiently extends to cover persons for the benefit of NPOs. Moreover, the level of certain financial sanctions may limit the possibility to fully demonstrate their dissuasive characteristic.

**Criterion 8.5.a (Met):** In Kuwait, there is cooperation and information-sharing among competent authorities with respect to NPOs, including coordination between the Ministry of Social Affairs and the Ministry of Interior in the context of the licensing procedures (article 8 of law No.24 of 1962), as well as cooperation with the Kuwaiti FIU upon request (article 18 of law No.106 of 2013).

The Ministry of Social Affairs also established a committee comprising a number of stakeholders, including the Central Bank of Kuwait, the Ministry of Interior, the Ministry of Commerce and Industry, and the Ministry of Awqaf and Islamic Affairs, with the aim of exchanging information related to the sector.

**Criterion 8.5.b (Met):** (No change was made to this criterion since the MER) Competent authorities in Kuwait, including LEAs and the FIU, have investigative expertise and capability to examine NPOs suspected of either being exploited or supporting terrorist activity, in the context of the powers conferred upon them pursuant to the relevant legislations. These powers include the possibility to collect and analyze information and to take the necessary measures in case there is suspicion that these NPOs are being misused.

**Criterion 8.5.c (Met):** The Ministry of Social Affairs maintains comprehensive information on the NPOs registered in Kuwait, including registration details, objectives, financial information, and the names of board members, senior management, and legal representatives (Article 7 of law No.24 of 1962).

Competent authorities have access to this information during the course of investigations, as the Public Prosecution may request any information from the Ministry of Social Affairs which undertakes to provide such information (articles 140-142 of law No.17 of 1960). This contributes to enabling authorities to examine the information on the administration and operation of NPOs, as necessary.

**Criterion 8.5.d (Mostly Met):** The Ministry of Social Affairs participates in national coordination mechanisms related to counter-terrorism and counter-terrorist financing, including through its membership in the Counter Terrorism Committee (Ministerial decision No.141 of 2023), and is obliged to provide relevant information to the FIU and the Public Prosecution upon request (Article 18 of law No.106 of 2013 and articles 140–142 of law No.17 of 1960). These frameworks contribute to supporting information sharing among competent authorities.

However, it does not appear that there are documented regulatory mechanisms that ensure the prompt and systematic exchange of information concerning suspicious activities of NPOs, in order to take preventive or investigative action, as required by this criterion.

**Criterion 8.6 (Partly Met):** Kuwait indicated that the Ministry of Social Affairs acts as a national point of contact for inquiries related to NPOs, including the relevant international requests. However, there is no evidence of a clear formal or procedural basis to identify the Ministry of Social Affairs as the national point of contact, nor is there sufficient information regarding the procedures adopted to handle international requests or how this information is made clearly and directly available to foreign counterparts. Accordingly, Kuwait does not seem to have comprehensive arrangements to ensure an effective and systematic response to international requests concerning NPOs.

**Conclusion:** Kuwait has made tangible progress in addressing the deficiencies identified in the Mutual Evaluation Report, namely by developing a risk-based supervisory framework for the NPO sector, enhancing the understanding of risks, and applying supervisory and awareness measures proportionate to the level of risk. The authorities also have appropriate supervisory powers, mechanisms for cooperation and information sharing at the national level, and access to relevant information to support preventive and investigative efforts.

However, some deficiencies remain, particularly regarding the comprehensiveness and effectiveness of the sanctions regime, especially in terms of the application of sanctions to natural persons and their level of dissuasiveness. In addition, there are no formal and specific arrangements to identify a clear national point of contact and systematic procedures for handling international requests concerning non-profit organizations.

**Accordingly, the technical compliance rating for Recommendation 8 is “Largely Compliant”.**

#### **Recommendation 24 - Transparency and Beneficial Ownership of Legal Persons (PC)**

The MER for the State of Kuwait indicated that the country took several important steps to implement Recommendation (24) on Transparency and Beneficial Ownership of Legal Persons. The MER showed that Kuwait has a legal and regulatory framework that identifies the types of legal persons that can be created, their main characteristics and their establishment procedures. The report also noted that all legal persons are subject to the licensing and registration process within the Ministry of Commerce and Industry, including making the basic information available through the register and competent authorities in a timely manner. In addition, a definition of beneficial owner was also provided. Kuwait required legal persons and stakeholders to take measures to obtain and update beneficial ownership information and created a beneficial ownership register. In parallel, the MER identified a number of fundamental deficiencies, mainly that Kuwait did not conduct a formal and holistic ML/TF risk assessment with respect to the various types of legal persons and their possible misuse, and that the beneficial ownership information available in practice is still incomplete and insufficiently reliable due to a weak understanding of the beneficial ownership concept, and the beneficial ownership register, despite its importance, had not been fully operational at the time of the on-site visit. The MER also noted the absence of a specific obligation to provide certain information regarding the legal status of legal persons, as well as the lack of sanctions for non-compliance with requirements to disclose basic or beneficial ownership information for legal persons

outside the scope of financial institutions and DNFBPs. Accordingly, the report concluded that Kuwait made progress in establishing the relevant legal and institutional framework; however, deficiencies related to risk assessment, the reliability of beneficial ownership information, the effectiveness of the register, and the sanctions regime have prevented full compliance with the requirements of the Recommendation.

**Criterion 24.1 (Met):** According to the MER, Kuwait stated that it has defined the various types of legal persons that can be established in Kuwait and the procedures for their establishment, in accordance with article 4 of the Companies Law for 2016. This law also specifies the basic forms and characteristics of these legal persons (Joint-Liability Companies (Article 33), Limited Partnership (Article 56), Limited Partnership by Shares (Article 60), Joint Venture Company (Article 76), Professional Company (Article 80), Sole-Proprietorship Company (Article 85), Limited Liability Company (Article 92), Public Shareholding Company (Article 119), Closed Shareholding Company (Article 234), and Holding Company (Article 243)). The processes for obtaining and recording basic information and beneficial owner information have also been defined in the legislation (Companies Law for 2016; Articles 4-11 of ministerial decision No.4/2023).

**Criterion 24.2 (Mostly Met):** Kuwait reported that in 2025 it conducted a ML/TF risk assessment related to legal persons and legal arrangements, carried out by a working group comprising stakeholders from the public and private sectors, by relying on multiple sources, including notifications, requests for legal assistance, investigations and prosecutions, and relevant accredited international reports. It indicated that the assessment addressed both detected and inherent threats, including risks of concealed ownership, commercial concealment, and the exploitation of certain activities for trade-based money laundering or terrorist financing, while also evaluating the effectiveness of existing mitigating measures such as transparency, the beneficial ownership register, due diligence measures, and off-site and on-site supervision. Despite the importance of these efforts and the various indicators and analytical sources they included, the methodological basis adopted for determining risk levels and the mechanism for reaching results remained insufficiently clear. Furthermore, the identified threats, and their relationship to different types of legal persons and the registry of entities, were not shown in detail. Consequently, the data provided reflects progress; however, certain methodological and interpretive aspects still require further clarification within the analysis, particularly given the absence of a clear, practical application of the risk assessment through approved and official procedures.

**Criterion 24.3 (Met):** The State of Kuwait specified the details of the basic information that must be submitted to the Registrar at the Ministry of Commerce and Industry, which is responsible for company registration, which includes:

- Name of the legal person
- Legal form
- Legal status
- Articles of Incorporation or any other similar documents certified by the competent authority in the country
- Address of the headquarters or principal place of business

The names and identities of all relevant persons holding senior management positions (Ministerial decision No.16 of 2025, amending certain provisions of ministerial decision No.4 of 2023).

**Criterion 24.4 (Met):** Legal persons should maintain the information required in Criterion 24.3 and submit any amendments to data or information to the Registry within 15 days of the date of the amendment or change. Legal persons are also required to maintain a register of shareholders and partners, which should include the number of shares held by each shareholder and the class of shares (including the nature of the associated voting rights). Furthermore, legal persons are required to provide the name of a natural person residing in the country who is authorized to disclose to the Registrar of Companies all data and information required under relevant laws and regulations. Additionally, details of the basic information to be submitted to the Registrar of the Ministry of Commerce and Industry which is responsible for company registration have been specified to include the legal status, as well as the mechanism for maintaining accurate and updated information. The registry data was also defined, including the number of interests, shares, and voting rights (Ministerial decision No.16 of 2025, amending certain provisions of ministerial decision No.4 of 2023).

**Criterion 24.5 (Mostly Met):** Legal persons were required to notify the Registrar of Companies of any amendments to the basic information, including the confirmation of data upon renewal, within fifteen days from the date of change. The regulations also required to notify the Registrar of any shares or share options issued by the legal person, and to update the register of partners or shareholders, interests or shares data, and the identity of persons and management members within the same period. This includes the basic information details that should be submitted to the Registrar of the Ministry of Commerce and Industry, so as to include the legal status (Ministerial decision No.4 of 2023 and ministerial decision No.16 of 2025). However, there are still deficiencies represented by the lack of clarity regarding the practical mechanism or procedures applied, beyond the legal text, to verify the validity and accuracy of this information.

**Criterion 24.6 (a, b, c) (Met):** The legal person should establish a register containing the details of each beneficial owner within 60 days from establishment (Article 8.1 of ministerial decision No.4/2023). It should also submit beneficial ownership information to the Registrar within 60 days from the date the decision comes into effect or from the date of licensing and registration (Article 11.1 of ministerial decision No.4/2023). These registers should be updated, and any amendments should be included within 15 days from the change (Article 8.1 of ministerial decision No.4/2023). Furthermore, the legal person should take reasonable measures to obtain and maintain adequate, accurate, and up-to-date information regarding the beneficial owner (Article 6.1 of ministerial decision No.4/2023). On the other hand, financial institutions and DNFBPs should identify and verify the identity of the customer and the beneficial owner using reliable and independent documents, data, or information (Article 5(1)(a) of law No.106/2013 and article 5 of ministerial decision No.37/2013).

**Criterion 24.7 (Met):** Legal persons should take reasonable measures to obtain and maintain adequate, accurate, and up-to-date information regarding the beneficial owner (Article 5(1)(a) of law No.106/2013; article 5 of ministerial decision No.37/2013). When this information changes, legal persons should update their registers within 15 days (Article 6.1 of ministerial decision No.4/2023). The Registrar of Companies should obtain and

update beneficial ownership information when a legal person is licensed or registered, ensure the accuracy of this information, and continuously update it based on information provided by the legal person (Articles 13.7 and 13.9 of ministerial decision No.4/2023).

**Criterion 24.8 (a, b, c)(Met):** Legal persons should provide the Registrar of Companies with the name of a natural person residing in the country who is authorized to provide all required information upon request. This includes registers of the beneficial owner and basic information about the legal entity (Article 11.4 of ministerial decision No.4/2023).

**Criterion 24.9 (Met):** Legal persons, the person responsible for their operations, the liquidator, or others involved in their dissolution should retain registers and all information for a minimum of five (5) years from the date of their dissolution, liquidation, cancellation, or other proceedings that terminate their legal existence (Article 11.7 of ministerial decision No.4/2023). Additionally, the Registrar is also required to maintain all registers received under article 11.7 for a period of no less than 5 years from the date the legal person ceases to exist through dissolution, liquidation, or other procedures leading to the termination of its legal existence (Article 13.8 of ministerial decision No.4/2023). Financial institutions should also maintain all registers obtained through the due diligence process, including documents proving the identities of customers and beneficial owners, accounting files, and business correspondence, for a period of no less than five years following the termination of the business relationship or after the date of the transaction (Article 11(1)(a) of law No.106/2013).

**Criterion 24.10 (Met):** The Registrar of Companies continuously updates the basic information, beneficial ownership information, and the register of partners or shareholders, based on information provided by the legal person (Articles 13.9 and 15.1 of ministerial decision No.4/2023). LEAs, including the Ministry of Interior and the Public Prosecution, have direct access to this information. The Kuwaiti FIU and other competent authorities can access the information upon request. Requests are typically processed within two days.

**Criterion 24.11 (a, b, c, d) (Not applicable):** Bearer shares and bearer share warrants are prohibited in the State of Kuwait. Therefore, the criterion is not applicable to the country.

**Criterion 24.12 (a, b, c) (Met):** Nominal board members should notify the legal person that he/she is a nominal director. The agent should inform the legal person of any changes to the nominal position or termination of the same (Articles 9.2 and 9.3 of ministerial decision No.4/2023). Any legal person with one or more partners or shareholders acting as trustees or nominal board members should register this information in the register of partners or shareholders (Article 10.2 of ministerial decision No.4/2023). The registered information should include details of the persons represented by each trustee or nominal board member. The legal person should submit this information to the Registrar of Companies (Article 11.1 of ministerial decision No.4/2023). The Registrar of Companies should keep this information up to date, based on the information provided by the legal person (Article 13.9 of ministerial decision No.4/2023).

**Criterion 24.13 (Mostly Met):** The State of Kuwait expanded the scope of sanctions for non-compliance to include any legal person or company that fails to comply with its obligations regarding the beneficial owner (ministerial

decision No.(16) of 2025, amending certain provisions of ministerial decision No.(4) of 2023). Furthermore, the scope of article 16 is not limited to instances of failure to maintain, register, or update beneficial ownership data; it also extends to other obligations stipulated in the decision. This includes the obligations set forth in article 4 regarding the basic information that should be provided to the Registrar of Companies, such as the company's name, legal form, status, proof of incorporation, address, head office, names of senior management officials, as well as travel document data, civil IDs, and their respective issuance and expiry dates. Furthermore, the sanctions regime is not limited to warnings, fines, or the suspension of registration for up to three months; rather, if the violation persists thereafter, the Ministry may petition the court to permanently strike the legal person from the commercial register. However, there are still deficiencies represented in the fact that the punitive framework does not explicitly provide for the liability of natural persons, including board members, executive and supervisory management members, and directors. It also remains insufficiently clear to what extent the sanctions are proportionate and dissuasive in all cases. Additionally, there is a continued absence of clear punitive provisions addressing instances of refraining from providing basic information or beneficial ownership information to competent authorities upon request, or instances where inaccurate information is provided.

**Criterion 24.14 (a, b, c) (Mostly Met):** The State of Kuwait established a legal basis for international cooperation regarding basic and beneficial ownership information. It required the Ministry of Commerce and Industry to facilitate access for competent foreign authorities to basic information, exchange data related to partners or shareholders, and use its powers to obtain beneficial ownership information on behalf of foreign counterparts (Article 15.2 of ministerial decision No.4/2023). Additionally, supervisory authorities, the FIU, and the Public Prosecution have legal powers for cooperation, exchange of information, and international mutual legal assistance in money laundering and terrorist financing cases. Furthermore, beneficial ownership information is made available to the public through the Ministry of Commerce and Industry's website, allowing for direct access. However, deficiencies are represented in the lack of clarity regarding the existence of requirements or practical procedures that ensure international cooperation and the provision of information within a reasonable timeframe. Additionally, the mechanism for responding to international cooperation requests, beyond the scope of information available through the website, remains unclear.

**Criterion 24.15 (Met):** The Ministry of Commerce and Industry is required to supervise the quality of the implementation of international cooperation processes received from other countries with regard to requests to obtain basic and beneficial ownership information of legal persons, and requests for international cooperation regarding knowing the whereabouts of the actual beneficial owner outside the country, in accordance with bilateral or multilateral agreements, or the principle of reciprocity (Article 15.3 of ministerial decision No.4/2023).

**Conclusion:** The above analysis shows that the State of Kuwait met most of the requirements of this Recommendation.

**Accordingly, the technical compliance rating for Recommendation 24 is "Largely Compliant".**

## **Recommendation 26 - Regulation and Supervision of Financial Institutions (PC)**

The MER for the State of Kuwait indicated that the country took several important steps for regulating and supervising financial institutions, as it designated competent supervisory authorities to supervise FIs for their compliance with AML/CFT requirements. It also required all financial institutions to be licensed, with a prohibition on the establishment or operation of shell banks. The Central Bank of Kuwait (CBK) and the Capital Markets Authority (CMA) conduct risk-based supervision that features a very significant coverage of the sectors they supervise. The CBK is well resourced to evaluate licensing applications and performs rigorous checks on most key persons. The MER also noted that the CBK's supervisory approach has improved and the Insurance Regulatory Unit (IRU) is building the necessary foundation to conducting supervisory activities, with requirements for licensing and performing checks on most key categories across some supervisory authorities. In parallel, deficiencies were also identified. They were mainly represented in the fact that the fit and proper tests were not consistent among all sectors. The definition of "a criminal person" was incomplete and these tests do not consistently cover beneficial owners. In addition, the verification of beneficial ownership information included in the licensing applications is not sufficiently clear and some supervisors, namely the Ministry of Commerce and Industry, are still in the process of developing their risk-based supervision framework. Moreover, there are gaps in how frequently some supervisors review their assessments, and there is no requirement for supervisors to consider FIs' ML/TF risk profile when there are major events or developments.

**Criterion 26.1 (Met):** The CBK, the CMA, the MOCI, and the IRU were appointed to regulate and monitor compliance with the requirements of law No.106/2013, its Bylaws, and any related ministerial decisions or instructions (Articles 1 and 14 of Bylaws No.106/2013, and Bylaws No.125/2019).

**Criterion 26.2 (Met):** All companies in Kuwait should be licensed (article 1 of the Commercial Licensing Law No.111 of 2013) and thus all Core Principles institutions are required to be licensed:

- Banks must be licensed to operate in Kuwait (Article 59 of law No.32/1968).
- Securities companies must be licensed to operate in Kuwait (Articles 1-3, Module 5 of CMA Executive Bylaws).
- Insurance companies must be licensed to operate in Kuwait (Articles 4 and 26 of law No.125/2019).
- Finance companies must be licensed to operate in Kuwait (Articles 5 and 8 of ministerial decision No.38/2011).
- Currency exchange companies must be licensed to operate in Kuwait (Article 1 of law No.111/2013).
- Exchange Companies must be licensed to operate in Kuwait (Article 9 of ministerial decision subjecting the exchange companies to the supervision of the Central Bank of Kuwait in the Handbook for Establishing Exchange Companies).

Kuwait prohibits the establishment or operation of shell banks (article 8 of law No.106/2013).

**Criterion 26.3 (Mostly Met):** Kuwait, through its supervisory authorities, has reviewed and adopted internal regulations to formalize and standardize the assessment of beneficial owners. These regulations define the concept of a beneficial owner,

establish a clear set of predicate offences to be considered during fitness tests, and outline specific procedures for assessing the criminal background of beneficial owners. These tests are systematically applied during licensing and renewal processes and are integrated into ongoing monitoring activities to ensure continuous compliance.

- The Central Bank and the banks under its supervision: An internal policy, "Guidelines for Assessing the Fitness and Properness of Concerned Persons in Subject Entities," was adopted in May 2025. Despite this internal policy being presented as a guideline, the checklist for the fitness and properness of concerned persons (Annex 1 - Guidelines) does not include verifying the extent to which shareholders and beneficial owners are linked to criminals. Furthermore, the guidelines do not include procedures for verifying the source of funds and the absence of criminal records in the countries of origin of foreign nationals nominated or reappointed to bank boards or executive positions. Instead, only Circular No. 2/2025 was issued to foreign banks operating in Kuwait, mandating an annual review to ensure that key positions meet the required standards, primarily credibility, integrity, good reputation, and sound financial standing. The procedures for assessing credibility, integrity, and reputation do not include international verification except in the section related to investigations and supervisory procedures. The guideline also indicates supervisory cooperation for communication with relevant authorities. Local and foreign oversight or supervision is only carried out in some cases and not continuously on all concerned parties.

Despite the Country's reference to issuing a circular dated 20 May 2025, to the entities subject to its jurisdiction, directing them to continuously comply with standards of financial soundness, fitness and properness among board members and executive management, and to take immediate corrective action in the event of any changes affecting these standards, and to notify the Central Bank of Kuwait accordingly.

The Country also indicated that it has updated the incorporation application forms for all entities subject to its jurisdiction, which include all the basic requirements and documents that applicants must fulfill, in order to ascertain the fitness and properness of the persons concerned.

- Capital Market Authority: The internal licensing policy was amended in July 2025.
- Insurance Regulatory Unit: The internal licensing procedures were amended in June 2025.
- Ministry of Commerce and Industry: The internal licensing procedures were amended in April 2025.

Furthermore, a general ban on appointing criminals to management positions remains in place due to the continued inadequacy of the definition of a criminal (a person convicted of a crime related to breach of trust or dishonesty). This definition is still incomplete due to the lack of an amended legislative framework to address the identified shortcomings in the MER.

Furthermore, these procedures outlined did not include any penalties in case of non-compliance by the supervisory authorities.

**Criterion 26.4 (a, b) (Met):** The supervisory authorities in Kuwait amended and developed their internal policies to formalize the implementation of a risk-based approach. Also, the supervisors are currently working on implementing a risk-based approach, in addition to the identification of how supervision is directed through entities' risk profiles and outline the complete supervisory plan cycle, from risk assessment to the application of supervisory measures. The updated procedures ensure that supervisory activities are proportionate, targeted, and consistent with the level and nature of the risks.

**Criterion 26.5 (a, b, c) (Met):** The supervisory authorities in the State Kuwait have amended their internal policies and procedures to reflect a risk-based approach to both on-site and off-site supervision plans. The revised frameworks also specify how to determine the frequency and intensity of supervisory actions based on the risk profile of entities and sectors. Furthermore, they adopt a tiered supervisory model, ensuring more frequent and intensive engagement with high-risk entities, while lower-risk entities are subject to relatively less intensive supervision. The Insurance Regulatory Unit has undertaken numerous efforts to classify and develop a risk-based approach for insurance companies, and the Capital Markets Authority has developed a supervisory plan for the capital markets sector for 2025. The plan includes both comprehensive and targeted onsite inspections. According to the plan, the risk assessment of 41 investment companies fell into five risk categories (high (9), medium-high (8), medium (14), low (6), and very low (4)), while the risk assessment of 10 financial brokerage firms fell into the medium risk category. A total of 8 comprehensive inspections were conducted, while 10 thematic inspections were carried out. The plan also included 8 compliance and risk meetings and 21 workshops on various topics, including understanding the risks of money laundering, terrorist financing, and proliferation financing, the concept of the beneficial owner, and reporting requirements.

The supervisory plan developed by the Central Bank of Kuwait categorized the sectors under its supervision as follows: 19 medium-risk banks, 31 medium- to high-risk exchange companies, 14 medium- to low-risk electronic payment institutions, and 2 low-risk finance companies. Onsite inspections covered various topics, including business risk assessment, TFS, and reporting of suspicious transactions. They also included surprise (or ad hoc) inspections resulting from unexpected events (such as intelligence from the FIU, local authorities, and negative information). Under the plan, 21 virtual\remote workshops were held, covering various areas including money laundering risks, terrorist financing, proliferation financing, required and enhanced due diligence measures, and STRs.

**Criterion 26.6 (Partly Met):** Supervisory authorities adopted a risk-based approach framework that outlines revised on-site inspection procedures, supporting documentation, and enhancements to the entity-level risk assessment models developed by the Insurance Regulatory Unit and the Ministry of Commerce and Industry. This framework now establishes a structured approach to reassessing entity-level risks. Under this framework, supervisors are required to review and update an entity's risk profile upon the occurrence of specific triggering events. It appears that with the exception of the Insurance Regulatory Unit, there is no clear obligation for financial institutions to submit annual data to their respective regulatory body. Furthermore, there appears to be no evidence supporting the fact that supervisory authorities are reviewing the risk profiles of financial institutions.

**Conclusion:** The above analysis shows that the State of Kuwait met most of the requirements of this Recommendation.

**Accordingly, the technical compliance rating for Recommendation 26 is “Largely Compliant”.**

### **Recommendation 28 - Regulation and Supervision of DNFBPs (PC)**

The MER for the State of Kuwait stated that the country made progress in Recommendation 28 on the Regulation and Supervision of DNFBPs. It indicated that the Ministry of Commerce and Industry was entrusted with the responsibility for supervising compliance of subject categories of DNFBPs and that the said Ministry has adequate

powers to perform its supervisory functions, including conducting on-site examinations and requesting information from subject entities. It has also the power to impose measures and fines in cases of non-compliance, including legal persons, their directors, the board members and the executive or supervisory management. However, the MER identified fundamental deficiencies, mainly that the market entry system applied by the Ministry of Commerce and Industry only covers a limited range of offenses when screening applicants for license without extending to persons that hold significant and controlling interest and to the beneficial owner, and without sufficiently covering persons holding management functions. The MER also indicated that the risk-based supervision framework at the Ministry of Commerce and Industry is under development. Accordingly, it concluded that Kuwait has established a solid legal and institutional basis for supervising some categories of DNFBPs. However, there is a deficiency related to the narrow scope of integrity tests as they do not cover holders of ownership or controlling interests or beneficial owners, in addition to the incomplete risk-based supervision framework.

**Criterion 28.1 (a, b, c) (Not applicable):** Casinos are prohibited in Kuwait by law (Article 205 of the Penal Code No.16/1960). Therefore, this criterion is Not Applicable to the State of Kuwait.

**Criterion 28.2 (Met):** The Ministry of Commerce and Industry is responsible for monitoring real estate agents and DPMSs for their compliance with the AML/CFT requirements, in accordance with article 1(5) of decision No.37/2013 concerning law No.106/2013.

**Criterion 28.3 (Met):** The Ministry of Commerce and Industry is responsible for monitoring real estate agents and DPMSs for their compliance with the AML/CFT requirements, in accordance with article 1(5) of decision No.37/2013 concerning law No.106/2013.

**Criterion 28.4 (a, b, c) (Mostly Met):** The State of Kuwait reported that it has, through its supervisory authorities, updated and adopted internal regulations to unify beneficial owner assessments and enhance fit and proper tests. These updates include a clearer definition of the beneficial owner, the identification of relevant offenses, and the establishment of more detailed procedures for criminal background checks, with these checks being applied during licensing, renewal, and as part of ongoing supervisory follow-up. It further clarified that assessments conducted by the Ministry of Commerce and Industry cover the beneficial owner, potential shareholders or partners, anyone who may exercise control, and members of management and senior management. These assessments are based on a review of financial integrity, professional competence, criminal records, public sources, sanctions lists, politically exposed persons (PEPs), and information received from both national and foreign entities. However, there are still deficiencies represented in the fact that these measures are primarily based on recent internal regulatory regulations and procedures, which necessitates verifying the effectiveness and sustainability of their practical application. Furthermore, it remains unclear whether specific sanctions are available to deal with instances of failure to comply with the AML/CFT requirements.

**Criterion 28.5 (a, b) (Partly Met):**

Kuwait, through the Ministry of Commerce, has developed and adopted a comprehensive set of internal documents that formalize and activate its risk-based supervisory framework for AML\CFT. This framework includes guidelines and methodologies for applying risk-based supervision across all supervisory activities; a sectoral risk assessment methodology that defines an approach to ML\TF risks at the sector level to support supervisory planning; a supervisory engagement planning framework that links entity risk profiles to the frequency and intensity of supervisory engagement; onsite inspections, and the sector-level risk report adopted in July 2025. However, the framework established remains merely a set of guidelines and instructions that have not yet significantly impacted the sector inspection plan based on the findings reached and the NRA results, as these were adopted in 2025. Consequently, the results of the risk-based supervision will not be immediately apparent. The procedures taken, including the sanctions matrix, which establishes categories of violations and determines the application of enforcement measures based on the severity of non-compliance to support proportionate enforcement, have not been fully clarified.

**Conclusion:** The above analysis shows that the State of Kuwait met most of the requirements of this Recommendation.

**Accordingly, the technical compliance rating for Recommendation 28 is “Largely Compliant”.**

#### **Recommendation 38 - Mutual Legal Assistance: Freezing and Confiscation (PC)**

The MER stated that the State of Kuwait has processes for coordinating seizure and confiscation and managing property. However, there were fundamental deficiencies, as mutual legal assistance did not extend to cover

all the elements noted in criterion 38.1. Additionally, the legal framework does not enable to provide assistance in non-conviction-based confiscations, namely in case of flight or absence of a perpetrator or in case his identity is not identified. Kuwait has since addressed these deficiencies by issuing law No.(79) of 2025 (on international cooperation in criminal matters) which broadened the scope of MLA so as to cover freezing, seizure and confiscation, including non-conviction-based confiscation and the execution of foreign judgments, in addition to enhancing the regulatory frameworks related to international cooperation.

**Criterion 38.1 (a-e) (Met):** Kuwait has comprehensive powers to respond to requests from foreign countries to identify, trace, freeze, seize, and confiscate funds linked to money laundering, terrorist financing, and predicate offenses. This includes proceeds, instrumentalities used or intended for use, as well as property of equivalent value (Article 23 of law No.106 of 2013; Article 41 of law No.79 of 2025).

Kuwait has also established a specialized prosecution office for international cooperation, which is responsible for executing MLA requests and taking necessary measures. These measures include the seizure of items, the search of persons and property, and the freezing of criminal proceeds or funds used in the commission of crimes (Articles 3(6) and 3(7) of order No.15 of 2019).

Law No.79 of 2025 also permits the execution of confiscation orders issued by foreign authorities, including non-conviction-based confiscation, as well as taking provisional measures and managing funds subject of the requests (Articles 30, 38, 39, 40, and 41).

These procedures are executed in an expeditious manner, including through circular No.(4) of 2025 issued by the Public Prosecution regarding the execution of judicial assistance requests in money laundering and terrorist financing crimes.

**Criterion 38.2 (Met):** Law No.(79) of 2025 allows competent authorities to provide mutual legal assistance based on non-conviction-based confiscation, whenever this is provided for in the law of the requesting country, and to take relevant provisional measures, including freezing and seizure (Article 41).

The Public Prosecution also has the powers to take precautionary measures, execute freezing and seizure orders, and manage funds subject of the requests within the framework of international judicial cooperation (Articles 30, 38, and 40).

However, the texts do not include an explicit reference to cases where criminal proceedings cannot be taken due to the death, flight, or absence of the perpetrator, or the inability to identify them. However, the legal framework does not require the issuance of a domestic conviction or the presence of the perpetrator to execute freezing or confiscation orders within the context of mutual legal assistance. This indicates the possibility of providing assistance in such cases.

**Criterion 38.3 (Met):** Kuwait has arrangements in place to coordinate seizure and confiscation measures with other countries through legal and institutional frameworks for international judicial cooperation. This includes the role assigned to the International Cooperation Prosecution in receiving and executing MLA requests, coordinating with competent foreign authorities, and exchanging relevant information (Article 3(9) of order No.51 of 2019).

Furthermore, the legal framework includes mechanisms for managing and disposing of frozen, seized, or confiscated property when necessary, pursuant to the provisions of the AML/CFT law (Articles 22 and 23 of law No.106 of 2013).

**Criterion 38.4 (Met): (The MER shows that this criterion is met and no change is made to it).** Kuwait allows for the sharing of confiscated funds with other countries within the framework of international judicial cooperation, pursuant to the regulating provisions set forth in the approved guidance, which is based on the relevant national legislations. This framework includes mechanisms for sharing the confiscation proceeds resulted by coordination with other countries, in line with the requirements of the criterion.

**Conclusion:** The above analysis shows that the State of Kuwait met all the requirements of this Recommendation.

**Accordingly, the technical compliance rating for Recommendation 38 is “Compliant”.**

### Third: Conclusion

9. Following the follow-up experts’ analysis of all the supporting information and documents submitted by the authorities in the State of Kuwait and attached to their request for re-rating some Recommendations (6, 7, 8, 24, 26, 28, 38), the team concluded the following:
  - Upgrade the TC rating of Recommendations (6, 7) from “ NC” to “LC”.
  - Upgrade the TC rating of Recommendations (8, 24, 26, 28) from “PC” to “LC”.
  - Upgrade the TC rating of Recommendation (38) from “Partially Compliant” to “Compliant”.

10. The technical compliance ratings following the re-rating may be summarized in the following table:

**Table No.(3): Technical Compliance Ratings, May 2026**

R.1	R.2	R.3	R.4	R.5	R.6	R.7	R.8	R.9	R.10
LC	LC	LC	LC	LC	<u>LC</u>	<u>LC</u>	<u>LC</u>	C	LC
R.11	R.12	R.13	R.14	R.15	R.16	R.17	R.18	R.19	R.20
LC	LC	C	C	PC	LC	PC	PC	PC	C
R.21	R.22	R.23	R.24	R.25	R.26	R.27	R.28	R.29	R.30
LC	LC	LC	<u>LC</u>	LC	<u>LC</u>	C	<u>LC</u>	LC	LC
R.31	R.32	R.33	R.34	R.35	R.36	R.37	R.38	R.39	R.40
C	C	C	C	LC	LC	LC	<u>C</u>	LC	LC

Note: There are five possible technical compliance ratings: (compliant (C), largely compliant (LC), partially compliant (PC), and non-compliant (NC)).

11. Based on the foregoing, the State of Kuwait was rated “Compliant” in (10) Recommendations, “Largely Compliant” in (26) Recommendations, “Partially Compliant” in (4) Recommendations out of the forty Recommendations, as a result of the analysis of the technical compliance re-rating request in the 2<sup>nd</sup> Enhanced Follow-Up Report. Accordingly and as per the procedures in force at the MENAFATF, the State of Kuwait will remain in enhanced follow-up, provided that it submits the 3<sup>rd</sup> EFUR at the 43<sup>rd</sup> Plenary Meeting in December 2026.