

Amendments to the instructions issued to all local banks No. (2/RP, RB/432/2019) on Anti-Money Laundering and Combating the Financing of Terrorism

- **First: Reformulated or amended words or phrases**

Page Number (From the instructions issued on 14/5/2019)	Statement (item/point/paragraph) Text according to the instructions previously issued on 14/5/2019	Amended statement (item/point/paragraph) Amended text
1	Second paragraph "... to conceal and disguise the illicit sources of their funds,..."	Second paragraph "... through which they endeavor for layering and concealing the illicit sources of their funds.."
1	Third paragraph "... To reinforce and clarify some of the requirements that the follow-up carried out by the Central Bank of Kuwait during the previous period revealed the need for them,..."	Third paragraph to enhance and clarify some of the requirements based on the CBK's recent monitoring..."
4	Item I.2/b/Second paragraph "... and the adjustments made as a result of the continuous follow-up to this list."	Item I.2/b/Point 2 "... amendments made by KFIU to this list as a result of the continued monitoring thereof."
5	Item I/3/Third paragraph "... Executing transactions across any of the other countries according to the level of risk associated with each of them."	Item I.3/c "... applied upon processing local transactions or transactions across any of the other countries, documents and information that shall be collected, and the procedures related to identifying the Beneficial Owner of the transaction, as per the level of risks associated with each of the countries
5	Item I/3/Fifth paragraph "... Associated risks (... Three years for low-risk clients)."	Item I.3/e "... Associated risks (...a maximum of three years for low-risk customers)."

6	Item II/1/Fourth paragraph "Follow due diligence..."	Item II.1/d " Apply the appropriate due diligence."
6	Item II/1/Fifth paragraph "... to apply the principle of "know your customer" as it entails..."	Item II.1/e to apply the principle of Know-Your-Customer ("KYC") and use a form designated for this purpose, which requires..."
8	Item II.2 "The Bank's policy must be consistent with the size of the activity practiced and the nature and scope of the operations carried out by it."	Item II.2 "It must be taken into account that the policy adopted by the Bank is consistent with the size of the activity practiced and the nature and scope of the operations carried out by it, and work to update the policy continuously (and a maximum of once every two years) by reviewing it at periodic intervals to keep pace with any developments in the control efforts exerted in this regard."
9	Item III/1/Fourth paragraph "Steps to be followed in implementing the concept of 'Know Your Customer' taking into account the risks associated with customers,..."	Item III.1/d " Steps to be followed for application of "KYC" principle and using the designated form, taking into consideration the customers' associated risks,"
10	Item IV.1 "The identity of the customer and the actual beneficiary shall be identified and verified,"	Item IV / first paragraph "Banks shall identify and verify the identities of the customer and the Beneficial Owner upon dealing with them and shall understand the purpose of the dealing and its nature, and, if necessary, obtain supporting information,"
11	Item IV.1/a "Opening an account with the bank or establishing a business relationship, where personal attendance must be verified... on the provision of the service."	Item IV (a) "Opening an account with the bank or establishing a business relationship."
11	Item V.1 "Customer due diligence measures based on a risk-based methodology,"	Item V.1 " Due diligence measures towards customers, whether natural persons, legal persons and legal

		arrangements, based on the risk-based approach..."
11	Item V.1/a "Verifying the identity of the customer using documents, data or information from reliable and independent sources."	Item V.1/a " Verifying the customer's identity using documents or recognized tools from reliable and independent sources
12	Item V.1/b "Identification of the actual beneficiary and reasonable measures to verify his identity, ..."	Item V.1/b " Identifying the Beneficial Owner and taking reasonable measures so that the bank will be fully aware of and knows the actual beneficiary,"
12	Item V.1/c "Understand the purpose and nature of an employment relationship..."	Item V.1/c " Understand the purpose and nature of the business relationship ..."
12	Item V.2 "Banks are prohibited from opening or keeping accounts for customers with fictitious, anonymous or numerical names only, and banks are prohibited from opening accounts for customers..."	Item V.2 " Banks may not open or keep anonymous accounts or accounts in fictitious names or only numeric names or maintain such accounts with them."
12	Item V.3 "Banks shall examine the identification documents, provided that they are valid, and obtain a copy appended with the signature of the competent officer as a copy identical to the submitted original that has been examined, according to the following..."	Item V.3 "Banks should review the legal documents proving the customer's identity and validity of such identity, and obtain a copy thereof. Such copy must be signed and acknowledged by the concerned officer as a true copy of the original, and approved by a higher authority, as follows."
12	Item V.3/a/first paragraph "Civil ID issued to citizens or non-citizens (residents)."	Item V.3/A/Point 1 " The Civil ID for citizens or non-citizens (residents), whether the actual Civil ID or the second level of Kuwait Mobile ID application."
13	Item V.3/A/Fourth paragraph "The official document issued authorizing the person on whose behalf he deals	Item V.3/a/Point 4 " Official document issued by the customer authorizing the person in dealing

	with the bank, subject to the authentication of the authenticity of the signature contained in the document submitted..."	with the bank on his/her behalf, certifying the authenticity of the signature appearing on the authorization deed submitted."
13	Item V.3/b "For legal persons"	Item V.3/b " For Legal Persons or Legal Arrangements "
13	Item V/3/b/first paragraph "Fulfillment of the full name of the legal person, date of incorporation and address of the principal place of business..."	Item V.3/b/point 1 " Completing the full name of the legal person or legal arrangement, the date of incorporation, the headquarter business address..."
13	Item V/3/b/second paragraph "Documents proving the incorporation of the institution / company and that it is entitled to practice the activity under the documents issued by the concerned authorities."	Item V.3/b/Point 2 " Collecting the documentation evidencing incorporation of the legal person or legal arrangement, and ensuring that it is entitled to exercise business according to the documents issued by the concerned authorities, and completion of documents indicating the names of the management's personnel so that the bank can understand the equity and control structure."
14	Item VI.1 "Necessary measures shall be taken to determine whether the customer is the actual beneficiary or acting on behalf of one or more other beneficial beneficiaries,"	Item VI.1 " The bank shall take the necessary measures to identify whether the customer (natural person) is the Beneficial Owner or acting on behalf of a Beneficial Owner or more."
14	Item VI.2 "If the bank determines that the customer is acting on behalf of one or more other actual beneficiaries,"	Item VI.2 " If the bank determines that a customer (natural person) is acting on behalf of another beneficiary or beneficiaries..."
15	Item VI.4/b "For legal arrangements, the identity of the administrator, trustee, beneficiary or any other	Item VI.5 " For legal arrangements, banks shall verify the identity of the person acting on behalf of the customer, the custodian, the

	person entrusted with such functions must be ascertained."	beneficiary or any other person entrusted with these functions.."
20	Item XII/first paragraph "When opening accounts for customers, the bank must... The actual beneficiary of the requested account, Work to keep the documents, data and information collected under due diligence measures up to date on an ongoing basis, while verifying their validity by reviewing existing records at appropriate periodic intervals... Subject to the form that is used contains the items..."	Item XII/first paragraph "When opening accounts for customers, the bank must... The actual (real) beneficiary of the requested account, ... And work to keep the data and information that are updated on an ongoing basis, taking into account that this is done according to appropriate periodic intervals... represented in the following data as minimum..."
21	Item XII/point 11 "Inquire about the existence of accounts opened with other banks for the same customer, and name these banks."	Item XII/A/8 " Disclosing the accounts opened with other banks for the same customer and naming these banks."
21	Item XIII/second paragraph "The bank also has to... Obtaining supporting documents, if possible, provided that a written report is prepared explaining the reasons for the decision taken in this regard, whether to carry out the requested operation or notify the Kuwait Financial Intelligence Unit thereof in case of suspicion of the operation."	Regulation XIII.2 "The bank also has to... obtain the supporting documents, if available. A written report should be prepared explaining the reasons for the decision on whether to report the case to Kuwait Financial Investigation Unit (KFIU) in case of suspicion or not."
22	Item XV.1/a "The Bank may immediately obtain from the party to be retained all the information required under the due diligence measures."	Item XV.1/a " The bank must immediately obtain all information required from the engaged party under due diligence measures."
24	Item XVII.1 "Banks shall, in respect of outward transfers, obtain complete and accurate information about the remittance orderer, the beneficiary and the relevant letters,"	Item XVII.1 " With regard to the outward external remittances, banks shall have full and accurate information about the transferor, the beneficiary and the related messages, the purpose of the transfer..."

26	Item XVII.9 "For domestic electronic transfers, banks shall apply the requirements of the IBAN under the IBAN Guidelines issued by the Central Bank of Kuwait, without complying with the requirements contained in paragraph (1) of this item when making such transfers."	Item XVII.9 "For domestic wire transfers, banks shall apply the IBAN requirements stated in the IBAN Manual issued by CBK, in addition to complying with the requirements provided for in paragraph (1), when conducting these transfers
26	Item XVIII/first paragraph "In order to assess and determine the magnitude of the risks of money laundering and terrorist financing that it may face if it provides new products and services..."	Item XVIII/first paragraph "Upon offering new products and services, the bank should conduct a written study for each product, whether an existing product being developed or a new practice offered by the bank, including usage of technology in offering previously existing services or new products to assess and identify ML/FT risks that may face the bank, before launching such services or products. the study should include appropriate measures for risk management, and curbs their impacts, and such study shall be maintained and submitted upon request."
33	Item XXV.5 "... In accordance with Law No. (106) of 2013 on Anti-Money Laundering and Combating the Financing of Terrorism, and its Executive Regulations, and these instructions."	Item XXV.5 "... obligations imposed on them by the law No. 106 of 2013 on combating money laundering and financing of terrorism and its executive regulations and by all instructions issued by the CBK in this regard."

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- **Second: Amended items and paragraphs:**
 - Item II/1/paragraph 15 of the instructions previously issued on 14/5/2019, related to the policy on combating money laundering and terrorist financing, and stating that "the accounts of the bank's employees shall be subject to control procedures to verify the absence of movement..."
 - Item II/1/o "Commitment to the existence of procedures for monitoring and following up the accounts of the Bank's employees by the Anti-Money Laundering and Terrorism Financing Department, and whoever the Bank deems appropriate to assist by any of the other departments, to ensure the following:
 - There is no suspicion of money laundering or terrorist financing in transactions of bank employees' accounts.
 - There are no transactions between the accounts of the bank's employees and any of the bank's customers, except for the accounts linked to the employee's account, with which he acknowledges that he has a relationship, whether family, or other permitted and approved by the bank, after verifying and completing the supporting documents.”
 - Item III/1/fifth paragraph of the instructions previously issued on 14/5/2019, related to work procedures and systems of internal controls applied, and stipulated "the necessary procedures to understand the ownership of customers from legal persons or from legal arrangements.
 - Replace with item III/1/e "the procedures to be followed in order to determine the actual and real beneficiary of persons (natural, legal and legal arrangements), and those required to be followed in order to understand the true ownership of the persons to be dealt with".
 - Merging paragraphs (b) and (c) with item IV of the instructions previously issued on 14/5/2019, which relates to the requirements for customer identification, to become item IV/b "When providing any service or executing a transaction worth more than KD 3,000 or its equivalent in foreign currency (whether for a single transaction or for a number of related transactions), for customers who do not have an open account or an ongoing relationship with the bank, for example:
 1. Make a local or overseas electronic transfer
 2. Issuance of a bank cheque to be paid in cash.
 3. Issuance of a prepaid card for non-bank customers who have open **accounts**
 - **Clause** VI/4 of the instructions previously issued on 14/5/2019, "In the event that the customer is a legal person or a legal arrangement, banks shall take appropriate measures

to understand the ownership and control structure of that customer, up to the final natural person who exercises control over him, and in the event of doubts as to whether this natural person is the one who controls or is responsible for managing the legal person, the bank shall take successive and gradual steps to reach the actual beneficiary. Real (followed according to a sequential approach, so that each step is followed in the event that the previous step is insufficient to reach the identification of the real actual beneficiary), as follows:

- a. verify the identities of natural persons who possess controlling interests of over 25% of a legal person or legal arrangement (or both).
 - b. If the natural person, who practices control through the said equity stakes is not identified, any other available means shall be used to identify the natural persons practicing control over the management.
 - c. If the natural person is not identified by following the previous steps (a, b), the bank shall define the necessary procedures to reach the natural person(s), who hold senior management positions through which the management of the legal person or legal arrangement is controlled.
- Item Twenty-three of the instructions previously issued on 14/5/2019, becomes item twenty-three / 1 "... , with all the provisions of Resolution No. (35) of 2019 issued on 4/8/2019 by the Committee formed at the Ministry of Foreign Affairs (Committee for the Implementation of Security Council Resolutions issued under Chapter VII of the Charter of the United Nations on Combating Terrorism and Financing the Proliferation of Weapons of Mass Destruction) regarding the Regulation on the Implementation of Security Council Resolutions issued under Chapter VII of the Charter of the United Nations on Combating Terrorism and Financing the Proliferation of Weapons of Mass Destruction in the field of implementing the requirements of this resolution..."

Third: Items and paragraphs that have been added:

- Item III of the instructions previously issued on 14/5/2019, which relates to work procedures and internal control systems and controls applied, item (j) has been added " Procedures to be followed to monitor the bank staff's accounts by AML/CFT Department, and any other measures the bank deems appropriate for assisting other departments based on the responsibilities assigned to each department in this regard.."
- Item 12 of the instructions previously issued on 14/5/2019, item "A. For natural persons: 1- Full name, address, civil ID number, date of birth."
- Item XII/9 of the instructions previously issued on 14/5/2019, item "b. For legal persons: In addition to the above, the following information is completed: 1- Legal form and date of establishment. 2. The right to manage. 3- The nature and type of activity. 6- Clarifying

the names of the main owners or shareholders who own (individually or collectively) 25% or more for joint stock companies. .

- Item XVII/9 of the instructions previously issued on 14/5/2019, a paragraph was added, "In this regard, paragraph (2) of item "twenty-three" related to counter-terrorism requirements must be complied with for transfers made via electronic messages (STP)".
- Item Twenty-one of the instructions previously issued on 14/5/2019, item (3) was added: "Within the scope of paragraph (2), the bank shall form a tripartite committee composed of members of the bank's senior management, concerned with taking decisions on reporting KFIU or not of suspicious cases. Committee members should include the AML/CFT Compliance Officer. All discussions regarding each suspected case, opinion of each member, and the final measure taken, shall be recorded, documented and submitted upon request"
- Item Twenty-Three / Second Paragraph of the instructions previously issued on 14/5/2019, paragraph "B. Freezing all funds and assets owned ... As well as those included in accordance with the resolutions issued by the Committee for the Implementation of Security Council Resolutions formed at the Ministry of Foreign Affairs on the basis of resolution No. 1373/2001 immediately after the issuance of those resolutions, whether they are ..."