



Middle East and North Africa
Financial Action Task Force

Mutual Evaluation Report Fourth Follow-Up Report for Qatar

Anti-Money Laundering and Combating the Financing of Terrorism

28 April 2012

State of Qatar

This report provides an overview of the measures that Qatar has taken to address the major deficiencies relating to Recommendations rated NC or PC since its last mutual evaluation. The progress shown indicates that sufficient action has been taken to address those major deficiencies, and in particular those related to Recommendations R1, R5, R10, R13, R23, R35, R40, SRI, SR II, SR III, SR IV, SR V. It should be noted that the original rating does not take into account the subsequent progress made by the country.

Fourth Follow-Up Report for the State of Qatar

Application to Move from regular follow-up to biennial update

A. Introduction

1. The 7th Plenary Meeting adopted the Mutual Evaluation Report (MER) of Qatar on 9 April 2008. At the same time, Qatar was placed in a regular follow-up process according to the paper on mutual evaluation process procedures. Qatar submitted its 1st follow-up report in May 2010 and its 2nd follow-up report in November 2010. The 3rd follow-up report was presented in November 2011 to the 14th Plenary Meeting where it expressed its hope that the Plenary Meeting examines its desire to move from regular follow-up to biennial update. The 14th Plenary Meeting decided to discuss Qatar's application to be moved from regular follow-up to biennial update during the current Plenary Meeting.

2. This paper is based on the removal procedure from the regular follow-up, as agreed by the 12th Plenary Meeting (November 2010), and it contains a detailed description and analysis of the actions taken by Qatar in respect of the core¹ and key² Recommendations rated Partially Compliant (PC) and Non Compliant (NC) in the MER. It also contains a description and analysis of the other Recommendations rated PC or NC. In Annex 1, we are including a list of the main laws and documents relevant to the AML/CFT regime in Qatar. The procedure requires that the Plenary Meeting considers the removal of the country from the regular follow-up if it has, in the opinion of the Plenary Meeting, an effective AML/CFT regime in force, under which the country has implemented the core and key recommendations at the level essentially equivalent to a C (Compliant) or LC (Largely Compliant) taking into consideration that there would be no re-rating.

3. Qatar was rated PC and NC on a total of 37 recommendations:

Core Recommendations rated PC or NC
R1, R5, R10, R13, SRII, SRIV
Key Recommendations rated PC or NC
R23, R35, R40, SRI, SRIII, SR V
Other Recommendations rated PC
R8, R11, R15, R18, R20, R22, R24, R25, R27, R29, R30, R34, R37, R38, SRVI
Other Recommendations rated NC
R6, R7, R9, R12, R16, R17, R21, R32, SRVII, SRIX

4. As prescribed by the follow up removal procedures, Qatar provided the Secretariat with a full report on its progress. The Secretariat has drafted a detailed analysis of the progress made by Qatar for the core and key recommendations rated PC or NC, as well as an analysis of the other Recommendations rated PC or NC. A draft analysis was provided to Qatar with a list of additional questions for its review, and comments from Qatar have been taken into account in the final draft. During the process, Qatar has provided the Secretariat with all documents and information requested.

5. As a general note on all applications for removal from regular follow-up: the procedure is described as a paper based desk review, and by its nature is less detailed and thorough than a mutual evaluation report. The analysis focuses on the Recommendations that were rated PC or NC, which means that only a part of the AML/CFT regime is reviewed. Such analysis essentially consists of looking into the main laws, regulations and other materials to verify the technical compliance of the domestic legislation with the FATF standards. In assessing whether sufficient progress had been made, effectiveness is taken into account to the extent possible in a paper based desk review and primarily through consideration of the data provided by the country. Any conclusions in this report do not prejudice the results of future

¹ The core Recommendations as defined in the FATF procedures are: R1, R5, R10, R13, SRII and SRIV.

² The key Recommendations as defined in the FATF procedures are: R3, R4, R23, R26, R35, R36, R40, SRI, SRIII and SRV.

assessments, as they are based on information which was not verified through an on-site process and is not as comprehensive as would be during a mutual evaluation.

B. Main conclusion and recommendations to the Plenary

Core Recommendations

6. **R1 (Criminalisation of money laundering):** Deficiencies relating to criminalization of money laundering were addressed, in particular with regard to money laundering forms and widening the scope of predicate offences through issuance of Law No. 4 of 2010. Additionally, Law No. 4 of 2010 was actively implemented by issuing 2 convictions in a money laundering (ML) offence by virtue of this law.

7. **R5 (Customer Due Diligence):** Deficiencies relating to this recommendation were addressed as equivalent to a rating of LC at a minimum, as both the Law and the rules and guidelines issued by the competent supervisory authorities, which are licensed to do so by virtue of the law, stipulated that the financial institutions (FIs) and DNFBPs shall conduct due diligence procedures.

8. **R10 (Record keeping):** The requirements of this recommendation were met as the law required FIs and DNFBPs to comply with the record keeping obligations in compliance with the recommendation requirements. The record keeping obligations were also stressed in the rules issued by the competent supervisory authorities according to the license explicitly granted to them in the law.

9. **R13 and SRIV (Suspicious transaction reporting):** The requirements of the two recommendations were fulfilled as the law requires financial and non financial institutions to report transactions suspected of being associated with Money Laundering (ML) and Terrorist Financing (TF) in compliance with the requirements of the two recommendations.

10. **SRII (Criminalization of terrorist financing)** Deficiencies relating to criminalization of TF were addressed, in particular with regard to aligning the TF offence stipulated in Law No. 4 of 2010 with the International Convention for the Suppression of the Financing of Terrorism, as well as expanding the scope of criminalization to include providing and collecting funds for terrorists and terrorist groups or to commit terrorist acts.

11. As a general result, it can be said that the level of compliance of Qatar in these recommendations can be considered equivalent to LC.

Key Recommendations

12. **R23 (Supervision and monitoring):** The Qatari government decided to place insurance companies under the supervision and monitoring of Qatar Central Bank. The legal and regulatory framework is currently being developed for that purpose. Accordingly, it has taken the first steps of addressing the deficiencies relating to this recommendation (essentially relating to supervision and monitoring of the insurance activity).

13. **R35 (Conventions):** Qatar has fully implemented the provisions of Vienna Conventions through the Articles of Law No. 4 of 2010. It has also joined Palermo Convention, as well as the International Convention for the Suppression of the Financing of Terrorism. By that, Qatar has addressed all deficiencies relating to R35.

14. **R40 (Other forms of co-operation):** Deficiencies relating to the effectiveness of international co-operation were addressed, as Qatar signed several bi-lateral agreements. The Financial Information Unit (FIU) signed several agreements with FIUs counterparts. The supervisory authorities are also required to co-operate with foreign counterparts in the AML/CFT field.

15. **SRI (Implementation of UN Instruments):** Qatar addressed the deficiencies relating to the implementation of the UN instruments, such as joining the UN Convention for the Suppression of the Financing of Terrorism, and implementing the Security Council (SC) Resolutions and issuing executive procedures to implement these resolutions.

16. **SRIII (Freezing and confiscating terrorist assets):** Deficiencies relating to the freezing and confiscating of terrorist funds were addressed, as identifying an entity to freeze terrorist funds according to the UNSC resolutions, and taking the remaining measures required in SRIII.

17. **SRV (International cooperation in the field of TF):** Deficiencies relating to international cooperation in the CFT field were addressed, as Law No. 4 of 2010 included provisions on handling the requests of mutual legal assistance and extradition of criminals. With regard to implementation, the authorities provided judicial assistance to some cases.

Other Recommendations

18. Qatar addressed a large part of the deficiencies relating to other recommendations. It is noteworthy that making the decision for the removal of Qatar from the follow-up process is primarily based on the core and key recommendations. This report does not provide a detailed analysis on other recommendations.

Conclusion

19. The follow-up procedures indicate that, for a country to have taken sufficient action to be considered for removal from the process, it must have an effective AML/CFT regime in force, under which it has implemented the core and key recommendations at a level essentially equivalent to Complaint "C" or LC, taking into account that there would be no re-rating. The Plenary does, however, retain some flexibility with regard to the key recommendations if substantial progress has also been made on the overall set of Recommendations that have been rated PC or NC.

20. With regard to core Recommendations, it can be said that the level of compliance of Qatar on these recommendations can be rated at a level equivalent to LC, at a minimum.

21. With regard to key Recommendations, it can be said that the compliance of Qatar on the overall set of Recommendations can be rated at a level equivalent to LC except R23 where Qatar addressed the deficiencies indicated in the MER almost fully. Supervision and monitoring of insurance companies is essentially the remaining issue, although Qatar has taken the first step in this field, which is the approval of the Council of Ministers to make Qatar Central Bank responsible for the supervision and control of these companies. The issuance procedures of regulatory legislations for this issue are still ongoing according to the authorities.

22. With regard to other recommendations where Qatar was rated NC or PC, it can be said that the level of compliance of Qatar on these recommendations is equivalent to a level of LC, at a minimum. It is worth mentioning that addressing the deficiencies relating to R29 requires taking practical action after completing limited issues in R23 as mentioned above. In addition to R37 where there is some ambiguity regarding the obligation of providing assistance if there are no compulsory measures involved although the law provides for a general principle that requires dual criminality in relation to mutual legal assistance requests.

23. With regard to effectiveness, and although there are some traces of an effective regime in Qatar with regard to AML/CFT, it is worth mentioning that no judgments were passed with regard to the financing of terrorism. This can be attributed to the fact that the law (Law No. 4 of 2010) is newly implemented. Additionally, the Secretariat could not fully judge the effectiveness with regard to the adequate implementation of preventive measures, those relating to supervisory authorities, FIs or DNFBPs as the

Secretariat was not provided with sufficient number of monitoring/inspection reports on FIs or DNFBPs³ and did not obtain information from these entities directly.

24. As a result, since the level of compliance of Qatar on the core recommendations is rated at a level equal to LC, at a minimum, as well as on key recommendations, with exception of R.23 on the insurance sector, and noting that the Qatari AML/CFT regime on other recommendations is rated at a level equivalent to LC, at a minimum, the Plenary resolve to approve the application of the Qatari authorities for removal from the regular follow-up to biennial update, while urging the authorities to continue addressing the remaining deficiencies relating to R23. Consequently, Qatar will have to provide the 19th Plenary (April/May 2014) with an updated report on any updates in its AML/CFT regime and any relevant information or statistics.

C. Overview of Qatar's Progress

Overview of the main changes since the adoption of the MER

25. Since the adoption of the MER, Qatar has focused on amending its legislation to correct the deficiencies indicated in the MER

The legal and regulatory framework

26. The cornerstone of Qatar's AML/CFT regime is Law No. 4 of 2010 relating to issuing the AML/CFT Law⁴. Since the adoption of the MER, Qatar focused on passing a new AML/CFT law and joining the International Convention for the Suppression of the Financing of Terrorism⁵. In addition to matters related to criminalization, law enforcement authorities and aspects relating to the implementation of the UNSC resolutions, the law includes significant coverage of the preventive measures addressing the FIs, DNFBPs and NPOs and imposing core obligations upon them that are commensurate with the requirements of relevant recommendations. In addition to the law, and according to the explicit authorization therein, the majority of supervisory authorities have amended and developed the regulations on AML/CFT procedures, and by that, to complete the framework relating to preventive measures for the FIs or DNFBPs. The new rules and regulations were adopted by Qatar Financial Centre Regulatory Authority (QFCRA) on 30 April 2010, Qatar Financial Markets Authority (QFMA) on 31 May 2010, the Qatar Central Bank (QCB) on 15 June 2010 and the Ministry of Business and Trade on 25 August 2011. The Ministry of Justice issued similar instructions (updated) for lawyers that are in conformity with the requirements of recommendations and the law on 15/3/2012. Consequently, these changes contributed in correcting the majority of deficiencies identified in the MER.

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

Recommendation 1 – rating PC

RI: Deficiency 1 The moral aspect of the money laundering offence committed for the purpose of concealing the true nature, source, location, disposition, movement, or ownership of or rights with respect to the funds.

27. Article 1 of Chapter 1 of Law No.(4) of 2010 defined money laundering as: (1) *The conversion or transfer of funds* by any person who knows, should have known or suspects that such funds are the proceeds of a crime, for the purpose of concealing or disguising the illicit origin of such funds or of assisting any person who is involved in the commission of the predicate offence to evade the legal

³ The Secretariat perused a comprehensive report which includes the findings of an inspection visit related to AML/CFT issues at a company subject to Qatar Financial Center (QFC). The indicated report shows a comprehensive report on the regulations applicable by the company in this area and the steps to be taken to correct the deficiencies identified in the inspection report.

⁴ Issued on 18/3/2010.

⁵ On 3/6/2008.

consequences of his actions; (2) **the concealment or disguise of the true nature, source, location, disposition, movement or ownership of or rights with respect to the funds** by any person who knows or should have known or suspects that such funds are the proceeds of a crime; (3) *the possession or acquisition or use of funds* by any person who knows or should have known or suspects that such funds are the proceeds of crime. Hence, the definition was commensurate with Vienna and Palermo Conventions as it included all forms of money laundering.

R1: Deficiency 2: The list of predicate offences is incomplete as it covers only seven of the FATF designated categories of offence.

28. Article 2 of Chapter 2 of Law No. 4 of 2010 listed the predicate offences as: (1) All felonies; (2) the offences provided for in the international conventions which are signed and ratified by the State; (3) Swindling, illicit trafficking in narcotic drugs and psychotropic substances, fraud, forgery, extortion, robbery, theft, illicit trafficking in stolen and other goods, counterfeiting and piracy of products, smuggling, sexual exploitation, environmental crimes, tax evasion, sale and trade in archeological movables, market manipulation and insider dealing. Hence, Qatar applied an approach combining the list and the threshold approaches to designate predicate offences. The following table shows the extended scope of the predicate offence in the Qatari law for the (20) designated categories according to the evaluation methodology, where all (20) categories should be criminalised:

Category	Legislative tool	Legal Articles Criminalising the Act / Acts
Participation in an organized criminal group and racketeering	<ul style="list-style-type: none"> • Law No. 11 of 2004 issuing the Penal Code • Law No. 3 of 2004 on terrorism financing • Law No. 4 of 2010 issuing AML/CFT law • Decree No. 10 of 2009 on approving the affiliation to UN convention against Transnational Organized Crime (2000) 	<ul style="list-style-type: none"> • Articles 38-46 and Art. 325 and 352 of the Penal Code • Article 3 and 7 of the CFT Law • Article 2 of ML/TF Law
Terrorism, including terrorist financing	<ul style="list-style-type: none"> • Law No. 4 of 2010 issuing AML/CFT law • Law No. 3 of 2004 on terrorism financing • Joining the International Convention for the Suppression of the Financing of Terrorism • Decree No. 27 of 2008 to ratify GCC Arab Convention for Combating Terrorist Financing 	<ul style="list-style-type: none"> • Articles 1-23 on Terrorist Financing • Articles 1, 2 & 4 ML/TF
Trafficking in human beings and migrant smuggling	<ul style="list-style-type: none"> • Law No. 15 of 2011 relating to countering trafficking in human beings 	<ul style="list-style-type: none"> • Articles 1-28 trafficking in human beings
Sexual exploitation, including sexual exploitation of children	<ul style="list-style-type: none"> • Law No. 11 of 2004 issuing the Penal Code • Decree No. 15 of 2003 approving the affiliation of the State of Qatar to the Optional Protocol to the Convention on the Rights of the Child on the Sale of Children, Child Prostitution and Child Pornography • Law No. 4 of 2010 issuing AML/CFT law 	<ul style="list-style-type: none"> • Articles 298, 296, 295, 289, 269 Sanctions • Article 2 ML/TF
Illicit trafficking in narcotic drugs and psychotropic substances	<ul style="list-style-type: none"> • Law No. 9 of 1987 and its amendmens to control narcotic drugs and dangerous psychotropic 	<ul style="list-style-type: none"> • Articles 34-37, 41 and 42 - Controlling Narcotic Drugs and Dangerous Psycyhtorpic

	substances and to regulate their use and trade therein	Substances and Regulating their Use and Trade Therein
Illicit arms trafficking	<ul style="list-style-type: none"> • Law No. 14 of 1999 on Arms, Ammunition and Explosives 	<ul style="list-style-type: none"> • Articles 38, 54 - Arms, Ammunition and Explosives
Corruption and Bribery	<ul style="list-style-type: none"> • Law No. 11 of 2004 issuing the Penal Code • Decree No. 17 of 2007 ratifying the United Nations Convention against Corruption • Law No. 4 of 2010 on issuing AML/CFT law 	<ul style="list-style-type: none"> • Articles 140 -158 and Art. 160 Sanctions • Article 2 ML/TF
Fraud	<ul style="list-style-type: none"> • Law No. 11 of 2004 issuing the Penal Code 	<ul style="list-style-type: none"> • Articles 354-356 and Article 360 Sanctions
Counterfeiting Currency	<ul style="list-style-type: none"> • Law No. 11 of 2004 issuing the Penal Code 	<ul style="list-style-type: none"> • Article 16 and Articles 281-126 Sanctions
Counterfeiting and Piracy of Products	<ul style="list-style-type: none"> • Law No. 2 of 1999 on combating commercial fraud amended by law No. 8 of 2008 on consumer protection 	<ul style="list-style-type: none"> • Articles 1-26 Consumer Protection • Articles 1-16 combating commercial fraud
Environmental Crimes	<ul style="list-style-type: none"> • Law No. 32 of 1995 on prohibition of vegetal environment and components damaging. • Law No. 4 of 2010 on issuing AML/CFT law 	<ul style="list-style-type: none"> • Articles 5 & 7 prohibition of environment damaging • Article 2 ML/TF
Murder and Grievous Bodily Injury	<ul style="list-style-type: none"> • Law No. 11 of 2004 issuing the Penal Code 	<ul style="list-style-type: none"> • From 301, 300, 302, 306, 307, 308, 309, 310 Sanctions
Kidnapping, Illegal Restraint and Hostage-Taking	<ul style="list-style-type: none"> • Law No. 11 of 2004 issuing the Penal Code 	<ul style="list-style-type: none"> • Articles 318, 319 Sanctions
Robbery or Theft	<ul style="list-style-type: none"> • Law No. 11 of 2004 issuing the Penal Code • Law No. 4 of 2010 on issuing AML/CFT law 	<ul style="list-style-type: none"> • Articles 334-353 Sanctions • Art 2 ML/TF
Smuggling	<ul style="list-style-type: none"> • Law No. 40 of 2002 issuing Customs law 	<ul style="list-style-type: none"> • Articles 139, 140, 142 Customs
Extortion	<ul style="list-style-type: none"> • Law No. 11 of 2004 issuing the Penal Code 	<ul style="list-style-type: none"> • Articles 245, 125, 352 Sanctions
Forgery	<ul style="list-style-type: none"> • Law No. 11 of 2004 issuing the Penal Code 	<ul style="list-style-type: none"> • Articles 204-217 Sanctions
Piracy	<ul style="list-style-type: none"> • Law No. 11 of 2004 issuing the Penal Code 	<ul style="list-style-type: none"> • Articles 244-246 Sanctions
Insider Dealing and market Manipulation	<ul style="list-style-type: none"> • Law No. 14 of 1995 establishing Doha Securities Market • Law No. 33 of 2005 on Qatar Financial Markets Authority (QFMA) • Law No. 4 of 2010 on issuing AML/CFT law 	<ul style="list-style-type: none"> • Article 23 of the Law on Doha Securities Market • Article 37 of the Law on Qatar Financial Markets Authority (QFMA)

R1: Deficiency 3: The predicate offences completely committed in another country do not fall under the jurisdiction of the concerned entities in the State, even in case of dual criminality, with some exceptions.

29. Clause 3, Article 2, Chapter 2 of Law No. 4 of 2010 stipulated that predicate offences include those committed outside the State, if it constituted a crime according to the law of the State where it was

committed as well as constituting a crime according to the law of the State. Hence, the new law corrected this deficiency explicitly.

R1: Deficiency 4: There is no proof on the effectiveness of the law.

30. Two convictions were sentenced under the ML offence: The first was in a case of investing funds generated from trafficking in narcotics and psychotropic substances. The court ruled to punish the convicted person by imprisonment for 3 years and a fine of 100.000 QAR and confiscating the funds, subject of the offence. The other conviction made was in a case of investing funds generated from robbery, forgery and other crimes; the court ruled to punish the convicted person by imprisonment for 7 years and a fine of 2.000.000 QAR. Additionally, the authorities stated that the Public Prosecution has 2 cases under investigation.

Recommendation 5 - rating NC

R5: Deficiency 1: (Local Sector)

- ***There are no explicit requirements by the law (primary or secondary legislation) to:***
 - ***Prohibit explicitly anonymous accounts or accounts opened with fictitious names.***
 - ***Identify customers and conduct CDD when:***
 - ***Performing occasional transactions exceeding the applicable threshold. This also includes the cases where transactions are performed in single transactions or multiple transactions that seem connected.***
 - ***Performing occasional transactions via wire transfers in cases included in the interpretive note of SRVII.***
 - ***There is a suspicion of ML/TF regardless of exceptions or threshold.***
 - ***The FI has any doubt about the veracity or adequacy of previously obtained customer identification data.***
 - ***Identifying customers (both regular and occasional customers and whether they are natural or legal persons or legal arrangements) by using documents, data or information from reliable and independent source (customer identification data).***
 - ***Checking with regard to customers who are legal persons or legal arrangements that any person claiming to be acting on behalf of the customer is authorized to do so, and verifying the identity of such person.***
 - ***Identifying the beneficial owner and taking reasonable measures to verify the identity of the beneficial owner using relevant information and data obtained from a reliable source and knowledge of the FI of the beneficial owner.***
 - ***Determining with regard to all customers whether the customer is acting on behalf of another person and hence, taking reasonable measures to obtain sufficient data to verify the identity of that other person.***
 - ***Conducting ongoing due diligence of verifying the business relationship.***

31. Chapter 6 of Law No. 4 of 2010 (Article 23) requires FIs to identify their customers upon the establishment of business relationships. Chapter 2 of the Law (Article 3) stipulates that opening an account or facilitating the opening of an account for an unidentified customer is deemed a crime. Article 23 of the law requires FIs to identify their occasional and regular customers from natural persons, legal entities or legal arrangements using documents, data or information from independent and reliable sources.

32. Article 23 of the law requires FIs and DNFBPs to identify their customers whether permanent or occasional, and whether natural or legal persons or legal arrangements and verify their identities using reliable, independent source documents, data or when establishing business relationships, during a domestic or international transfer of funds, when doubts exist about the veracity or adequacy of

previously obtained customer identification documents, data or information, or when there is a suspicion of ML/TF, when carrying out occasional transactions with a value equal to or above 55.000 QAR or an equivalent amount in a foreign currency or a lesser as set out by the supervisory authorities, whether conducted as a single transaction or several transactions that appear to be linked. If the amount of the transaction is unknown at the time of the transaction, the identification shall be done as soon as the amount becomes known or the threshold is reached.

33. Additionally, FIs are required to identify the beneficial owner and take all reasonable measures to verify his identity using reliable, independent source documents, information or data, until they are satisfied that they know who is the beneficial owner. In the event that the customer is a legal person or legal arrangements, these measures must include taking additional reasonable measures to identify the beneficial owner of the ownership of that legal entity or arrangement as well as the one who has control thereof. Article 24 of the law requires that identification of legal persons should include obtaining and verifying information concerning the corporate name, registered office business address, proof of incorporation or similar evidence of their legal status, legal form, the names of executives, and articles of association, as well as verifying that the person purporting to act on behalf of the customer is so authorized, and to identify and verify the identity of that person.

34. Article 26 of the Law requires the FIs to exercise ongoing due diligence with respect to each business relationship with a customer and scrutinize the transactions carried out under the business relationship in order to ensure that they are consistent with their knowledge of their customer, his business activities and risk profile, and where required, the source of his funds and wealth. A particular care shall be given to due diligence measures related to higher risk customers, transactions and business relationships.

R5: Deficiency 2: (Local Sector)

There are no procedures by virtue of law, regulation or any other enforceable means requiring the FIs to:

- ***Obtain information about the intended purpose and nature of the business relationship.***
- ***Apply enhanced due diligence on high risk customers, business or transactions.***
- ***Refuse to open an account when unable to comply with CDD requirements and to draft a report on any suspicion.***
- ***Apply due diligence measures on actual customers on the basis of materiality and risk and to apply due diligence in verifying such relationships at appropriate times.***

35. Article 23 of the law requires the FIs to identify the purpose and nature of the established business relationship and all relevant information. Article 26 of the law requires the FIs to exercise ongoing due diligence with respect to each business relationship with a customer and scrutinize the transactions carried out under the business relationship in order to ensure that they are consistent with their knowledge of their customer, his business activities and risk profile, and where required, the source of his funds and wealth. A particular care shall be given to due diligence measures related to higher risk customers, transactions and business relationships. Article 28 of the law provides that FIs may not establish or continue a business relationship in case they are unable to fulfill their obligations provided for in Articles 23-27 of the law. In this case, the FI may provide the FIU with a report on that according to the provisions of this law. Finally, Article 29 requires the FIs, each in its own competency, to fulfill the obligations described in Articles 23-27 of the law, with regard to every customer with whom they have a business relationship or a crossborder correspondent banking relationship with the FI, which was already existing on the commencement day of the law, within a period not exceeding six months as of date of enforcement.

R5: Deficiency 3: (Qatar Financial Centre/ QFC)

Lack of procedures in AML regulations requiring concerned persons to do the following:

- ***Identify all customers regardless of the exception in Rule 9-3, and***

- ***Consider the need for suspicious transaction reporting (STR) when unable to complete the customer examination and verification procedures.***

36. The law addresses all FIs and DNFBPs and as previously mentioned, it covers customer identification including natural and legal persons and legal arrangements. As previously mentioned also, in case the FIs are not able to fulfill their STR obligations provided for in Articles 23-27 of this law, they may send a report indicating that to the FIU according to the provisions of this law.

Recommendation 10 - rating PC

R10: Deficiency 1: (Local Sector) Doha Securities Market (Qatar Financial Markets Authority) and the Ministry of Economy and Trade (Ministry of Business and Trade) do not require the institutions under their supervision to apply record keeping requirements in a primary or secondary legislation.

37. Article 34 of the law requires the FIs to maintain records and documents verifying the identities of customers and beneficial owners, account files, business correspondences as well as information on transaction relationships for five years after terminating the business relationship or conducting the relevant transaction or longer if requested by the competent authority in cases specified by them. The FIs are required to make such records and information available to the FIU and other competent authorities.

Recommendation 13 - rating PC

R13: Deficiency 1: The STR requirements imposed by Doha Securities Market (QFMA) and the Ministry of Economy and Trade (Ministry of Business and Trade) are not clear and the scope of reporting in light of the few predicate offences is limited.

38. Article 18 of Law No. 4 of 2010 requires FIs, DNFBPs and NPOs and their personnel to report to the FIU, without delay, any suspicious financial transactions or any attempts to perform such transactions, regardless of the amount of the transaction, when they suspect or have reasonable grounds to suspect that these transactions include funds that are proceeds of a criminal activity or are linked or related to, or to be used in terrorist acts or by terrorist organizations or those who finance terrorism. Hence, QFMA and the Ministry of Business and Trade are required to report. It was previously referred to widening the scope of predicate offences to include all the twenty categories.

R13: Deficiency 2: The obligation for reporting transactions associated with terrorist financing, terrorist actions or organizations or terrorist financing entities does not exist in the primary or secondary legislation.

39. As we mentioned above, the reporting obligation in the law includes transactions (or attempt to conduct transactions) using funds (...) that have connection or association with the financing of terrorism or intended to be used in the commission of terrorist acts by terrorist organizations or terrorist financiers. Therefore, the deficiency indicated in the MER was corrected.

R13: Deficiency 3: The obligation for reporting transactions, including attempted transactions, does not exist in the primary or secondary legislation.

40. The abovementioned Article (Article 18 of the law) covers the said deficiency as it includes explicit reference to attempts to conduct transactions.

R13: Deficiency 4: Lack of requirements of transaction reporting regardless of whether such transactions are suspected of including tax-related issues.

41. The mentioned Article (18) covers the obligation of reporting suspicious transactions suspected of being related to TF in general with no indication if such transactions include tax related matters or not⁶; therefore, the reporting entities are required to report transactions without abiding by any conditions; which is underlined by the STR Guide issued by the FIU. The authorities stated that the FIU received suspicious about matters related to tax: (38 suspicious cases in 2010 and 6 cases in 2011).

SRII: (Rating: PC)

SRII: Deficiency 1: This crime applies to all terrorist acts set out in Article 2 of Para. 1(b) of the International Convention for the Suppression of the Financing of Terrorism, however, the element of intention required in the Law on Combating Terrorism does not comply with the said treaties in Article 2 of Para. 1(b).

42. Terrorism financing, according to Article 1 of Law No. 4 of 2010, is an act committed by any person who, in any manner, directly or indirectly and willingly, provides or collects funds, or attempts to do so, with the intention to use them or knowing that these funds will be used in whole or in part for the execution of a terrorist act or by a terrorist or terrorist organization. The same article defined a terrorist as any natural person who commits any of the following acts: (1) Committing or attempt to commit terrorist acts intentionally by any means directly or indirectly; (2) Participating as an accomplice in terrorist acts; (3) Organizing terrorist acts or directing others to commit such acts; (4) Contributing to the commission of terrorist acts with a group of persons acting with a common purpose where the contribution is made intentionally and with the aim of furthering the terrorist act or with the knowledge of the intention of the group to commit a terrorist act. A terrorist organization is: any group of terrorists that commits any of the following acts: (1) Commits or attempts to commit terrorist acts intentionally by any means directly or indirectly; (2) Acts as an accomplice in the execution of terrorist acts; (3) Organizing terrorist acts or directing others to commit them; (4) Contributing to the commission of terrorist acts with a group of persons acting with a common purpose where the contribution is made intentionally and with the aim of furthering the terrorist act or with the knowledge of the intention of the group to commit a terrorist act.

SRII: Deficiency 2: Providing or collecting funds for terrorists and/or terrorist acts not included in this crime.

43. Terrorism Financing, according to Article 1, is defined as an act committed by any person who, in any manner, directly or indirectly and willingly, provides or collects funds, or attempts to do so, with the intention to use them or knowing that these funds will be used in whole or in part for the execution of a terrorist act or by a terrorist or terrorist organization. Consequently, Qatar explicitly corrected this deficiency by widening the scope of terrorism financing crime to include providing or collecting funds, or attempting to do so, with the intention to use them by terrorists or terrorist organizations or in the commission of terrorist acts.

SRII: Deficiency 3: Lack of overall effectiveness: No investigations or prosecutions were made despite the fact that many investigations and prosecutions are currently conducted or have been conducted for other terrorist crimes.

44. Relevant law enforcement agencies are reviewing their procedures in light of the new law and have taken the necessary steps to enhance co-operation and ensure the effectiveness of investigations and prosecutions. The authorities stated that the total number of TF suspicious cases received by the FIU until 19 April 2012 was 11 cases; 7 STRs related to TF were distributed to the security authorities (currently in evidence gathering phase) while 4 STRs are under processing at the FIU. There are no investigations on TF cases in the Public Prosecution as the AML/CFT framework is relatively new.

⁶ The crime of tax evasion is one of the ML predicate offenses.

SRIV: (Rating: NC)

SRIV: The STR is not required in a primary or secondary legislation.

45. Article 18 of Law No. 4 of 2010 requires FIs, DNFBPs and NPOs and their personnel to report to the FIU, without delay, any suspicious financial transactions or any attempts to perform such transactions, regardless of the amount of the transaction, when they suspect or have reasonable grounds to suspect that these transactions include funds that are proceeds of a criminal activity or are linked or related to, or to be used in terrorist acts or by terrorist organizations or those who finance terrorism. Consequently, the deficiencies have been addressed by requiring all entities subject to the law to submit STRs.

E. Review of the measures taken in relation to the Key Recommendations**R23: Rating (PC)**

Deficiency 1: There are no procedures of granting licenses to inspect insurance companies licensed by the Ministry of Economy and Trade (Ministry of Business and Trade)

Deficiency 2: There is no designated authority responsible for supervising the AML/CFT measures in the insurance sector.

46. The Qatari government decided in August 2011 to put the insurance sector under the supervision of Qatar Central Bank by virtue of the Prime Minister's decision who agreed on the proposed amendments to the QCB Law by adding the monitoring of insurance companies to the Bank's duties. Relevant draft Laws are currently in progress. The Bank is currently looking into developing and applying an appropriate monitoring framework on the life insurance sector. This project will be completed in 2012. It is expected to amend the current AML/CFT regulations of Qatar Central Bank to include the monitoring coverage of the insurance sector to ensure their compliance with the rules of the supervisory authorities in the financial sector for all financial sectors.

R35: Rating (PC)

R35: Deficiency 1: Qatar partially implements Vienna Convention.

47. The Qatari authorities corrected the deficiencies related to the full implementation of the Vienna Convention as Law No. 4 of 2010 includes in Chapter 8 (Articles 45-51) the provisions on temporary measures and investigation procedures in the scope of ML/TF crimes. Article (77) included the provisions on confiscation based on conviction of committing a ML/TF crime pursuant to court judgment. Chapter 9 included the legislative framework of international cooperation, as Articles 52-57 included the general rules of international cooperation whereas Articles 58-65 included the provisions on mutual legal assistance and Articles 66-70 included provisions on criminals' extradition.

R35: Deficiency 2: Qatar has not ratified Palermo Convention and the UN Convention for the Suppression of the Financing of Terrorism for 1999 and has not fully implemented either.

48. Qatar joined Palermo Convention on 10 March 2008 by virtue of decree No. 10 of 2009. It also joined the International Convention for the Suppression of the Financing of Terrorism by virtue of the Council of Ministers's resolution in its 29th ordinary meeting of 2007. With regard to implementation, it has been previously mentioned that Qatar criminalises ML/TF as required by the international conventions.

R40: Rating (PC)***R40: Deficiency 1: Lack of international participation in the effective exchange of information about ML.***

49. Since the MER issuance, Qatar has signed six MoUs and bilateral agreements with other countries to enhance co-operation in the AML/CFT field. The FIU also signed nine MoUs with foreign counterparts as Law No. 4 of 2010 in Article (16) allows it to exchange information with foreign counterparts. Article (42) Para. (7) of the law also allows other supervisory authorities to quickly and effectively cooperate with counterparts that perform similar functions in other countries, including exchange of information.

R40: Deficiency 2: Lack of general effectiveness.

50. Work is underway to ensure that the law enforcement agencies, FIs, DNFbps and other competent entities concerned with AML/CFT are developing and maintaining comprehensive and qualitative statistics related to AML/CFT. The authorities also stated that since the adoption of the MER, Qatar has provided assistance related to the financing of terrorism for five cases and provided judicial assistance in two cases during 2009. It also provided judicial assistance for three cases until March 2010 through the Public Prosecution.

SRI: Rating (NC)***SRI: Deficiency 1: Qatar has not joined the International Convention for the Suppression of the Financing of Terrorism and has not implemented it.***

51. Qatar joined the International Convention for the Suppression of the Financing of Terrorism by virtue of the Council of Ministers's resolution in its 29th ordinary meeting of 2007. With regard to implementation, it was pointed out previously that Qatar criminalises terrorism financing in conformity with the International Convention for the Suppression of the Financing of Terrorism by virtue of Law No. 4 of 2010. The law also includes the legislative and procedural framework of the State of Qatar regarding the investigation procedures and temporary measures and international co-operation as previously mentioned.

SRI: Deficiency 2: Qatar has not fully implemented SC Resolutions Nos. 1267 & 1373. It also once violated SC Res 1267.

52. Pursuant to the Council of Ministers' decree No. 7 of 2009, the National Counter Terrorism Committee (NCTC) is in charge of coordinating efforts of all national entities in implementing the relevant UN conventions and resolutions, including, but not limited to, Resolution 1267 and Resolution 1373. On the other hand, Law No. 4 of 2010 stipulated in Article (50) that the Public Prosecutor shall issue the necessary orders and decisions for freezing the funds of terrorists, those who finance terrorism, and terrorist organizations designated by the United National Security Council acting pursuant to Chapter 7 of the UN Charter, or designated by a resolution issued by the NCTC, formed under the Council of Ministers' resolution No. (7) of 2007, pursuant to UNSC Resolution No. 1373 of 2001 or subsequent resolutions. The Public Prosecutor's decision shall include the terms, conditions and time limits applicable to the freezing, and shall be published in the Official Gazette. FIs and DNFbps or any other person holding such funds shall immediately freeze them and report the freezing to the FIU or any competent authority. The NCTC adopted the procedures on circulating the UN lists and resolutions on 1 October 2011, and issued guidelines to the relevant entities about matching the names of the suspects with the UN lists along with the following procedural steps that must be taken when names match. The NCTC also adopted the procedures including provisions by virtue of which the Public Prosecution must issue a freezing decision pursuant to the request of the NCTC.

SRIII: (Rating: NC)***SRIII: Deficiency 1: No coordination mechanism was in force to implement the SC Res. 1267 (currently 1988/1989)***

53. Law No. (4) of 2010 in Article (50) provides for the competence and powers of the Public Prosecutor to freeze the funds of terrorists, those who finance terrorism and terrorist organizations and persons designated in the UNSC Resolution pursuant to Chapter 7 of the UN Charter. The Council of Ministers' resolution No. (7) of 2007 and resolution No. (7) of 2009 also gave powers to the NCTC to circulate the UN Security Council Resolutions 1267 and 1373 as well as responsibility to coordinate efforts of all national authorities in implementing relevant UN conventions and resolutions including Resolutions 1267 and 1373. The NCTC worked on enhancing the circulation procedures of the list of the UN Security Council Resolution No. 1267 in collaboration with the National Anti Money Laundering and Terrorism Financing Committee (NAMLC). These procedures were adopted on 1 October 2011. By that, Qatar has resolved this deficiency in SRIII. In brief, such procedures consist of the following: the NCTC receives the lists issued by UNSCR 1267 and the related resolutions from the Ministry of Foreign Affairs, then the NCTC Secretariat circulates those lists to all other supervisory authorities in the financial sector, DNFBPs, Real Estate Registration Department, Traffic Department and any other concerned entity, to refer them to the entities under their supervision in order to inform the supervisory authorities of any matching names. Such procedures included as well the mechanism of un-freezing funds, delisting names and other administrative procedures. On the other hand, the mechanism of implementing UNSCR 1373 included procedures followed in taking the decision of freezing funds and assets of terrorist persons or terrorist entities or those who finance terrorism and taking the decision of un-freezing, delisting the names and other administrative procedures.

SRIII: Deficiency 2: With exception to protection of rights of bona fide third parties, none of the other measures mentioned in SRIII were adopted.

54. As previously mentioned, Article (50) of Law No. 4 of 2010 provided for the power of the Public Prosecutor to issue the necessary orders to freeze the funds of terrorists, those who finance terrorism and terrorist organizations. Article (48) provides that the governor of Qatar Central Bank may order the freezing of the suspected funds, balances or accounts in case it is suspected that the funds, balances or accounts are used in financing terrorism for a period not exceeding ten business days. The Public Prosecutor shall be notified of such an order and may cancel or renew the freezing order for a period not exceeding three months. Article (77) included the provisions of confiscating the proceeds of crime and instrumentalities used in committing the crime and the funds that constitute the subject of the crime in case of conviction of committing a TF crime.

55. The NCTC, in coordination with NAMLC, issued guidelines to the reporting entities to report about the suspects' names matching with the UN lists, along with the following procedural steps that must be taken when names match. The NCTC also worked on drafting and applying the compliance procedures with the UNSC Res. 1373 provisions as it developed procedures that include provisions by virtue of which the Public Prosecution must issue the freezing order upon the request of the NCTC. By that, Qatar has corrected this deficiency in SRIII.

SRIII: Deficiency 3: Absence of an entity that designates terrorists and circulates their names and absence of the legal basis for freezing or seizure orders.

56. Article (50) of Law No. 4 of 2010 designated the NCTC established by resolution of the Council of Ministers No. (7) of 2007 as an entity responsible for designating terrorists, those who finance terrorist, and terrorist organizations. The law also included in Chapter 8 the provisions on temporary measures such as freezing and seizure as previously mentioned.

SRIII: Deficiency 4: Funds were not frozen pursuant to UNSC Res. 1267 although a person was present in Qatar for several months and whose name was listed by the committee following-up on the implementation of Resolution 1267.

57. The authorities stated that after perusing the lists related to the UN Security Council resolutions, they did not find any matching names.

SRV: Rating (NC)***SRV: Deficiency 1: International cooperation is limited by deficiencies in the TF crime.***

58. The Qatari authorities corrected this deficiency through the provisions that set the framework for the subject of international co-operation in Chapter 9 of Law No. 4 of 2010. This Chapter included provisions on international co-operation, mutual legal assistance and criminals' extradition for AML/CFT purposes.

SRV: Deficiency 2: Competent authorities refused to provide assistance in a case involving a foreigner designated by the UNSC Committee established by Res. 1267.

59. The authorities stated that after perusing the lists related to the UN Security Council resolutions, they did not find any matching names.

SRV: Deficiency 3: The general framework allows extradition of individuals charged with the commission of a TF crime to fulfill the standards widely but no specific provisions were mentioned that allow the processing of requests of criminals extradition and procedures relating to TF without undue delay.

60. Chapter 9 of Law No. 4 of 2010 included provisions on processing requests of criminals' extradition. Article (53) stipulated the competence of the Public Prosecutor to receive requests of criminals' extradition from competent foreign entities with regard to ML/TF. According to the Article, the Public Prosecutor may either execute the request or refer it to the competent entities to be implemented as soon as possible. The Article also stipulated that such requests may be sent through the International Criminal Police Organization (INTERPOL) or directly by the competent foreign entities to the competent authorities in Qatar, in urgent cases and the Public Prosecutor should be notified by the entity that receives the request. By that, Qatar has corrected this deficiency in the Recommendation.

SRV: Deficiency 4: The competent entities refused to hand over a foreigner whose name was listed in the UNSC Res. 1267.

61. The authorities stated that after perusing the lists related to the UN Security Council resolutions, they did not find any matching names.

SRV: Deficiency 5: Insufficient international participation in effective exchange of information about the financing of terrorism.

62. Qatar signed six MoUs and bilateral agreements with other countries to enhance co-operation in AML/CFT. Law No. 4 of 2010 also included in Article (52) the need for competent authorities to provide help to their counterpart authorities in other States for purposes of extradition and mutual legal assistance in connection with criminal investigations and proceedings related to money laundering and terrorism financing, according to the rules set by the aforementioned Code of Criminal Procedure, the bilateral or multilateral agreements that the State of Qatar is party thereto or the reciprocity principle, and in such a way that does not contradict the basic principles of the State's legal system. The authorities stated that since issuance of the MER, no cases were reported in which Qatar was unable to provide an appropriate response to an international request.

SRV: Deficiency 6: The provisions mentioned in the Code of Criminal Procedure (which can also be applied in CFT) are too general to include full compliance with standards.

63. As previously mentioned, Law No. 4 of 2010 included in Chapter 9 the provisions on international cooperation as Part 2 included the provisions on mutual legal assistance, Article (58) included forms of legal assistance, Article (59) included cases of refusing legal assistance, Article (60) included that mutual legal assistance requests may not be refused based on unduly restrictive conditions, or based on

confidentiality provisions which bind the financial institutions, or for the sole ground that the offence involves fiscal matters, Articles 61-63 included how to execute requests for investigative measures, provisional measures and confiscation requests, and Article (65) included that competent authorities in the State may enter into bilateral or multilateral agreements or arrangements in relation to matters that are the subject of investigations or proceedings in one or more States.

64. Part 3 of Chapter 9 included provisions on the criminals' extradition, as Article (66) included that money laundering and terrorism financing shall be considered as an extraditable offence, and Articles 67, 68 and 69 of the law listed the cases of refusing legal assistance and the procedures that must be taken in case of refusing an extradition request. By that, Qatar has corrected this deficiency related to this Recommendation.

SRV: Deficiency 7: Lack of overall effectiveness in exchange of information related to the financing of terrorism.

65. The Qatari authorities indicated that the competent national authorities provided a number of judicial assistances in the AML/CFT field as the State Security Bureau provided several judicial assistances and the Public Prosecution provided several judicial assistances in 2009 and 2010.

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

R6: (Rating: NC)

66. Article 26 requires the FIs and DNFBPs to put in place appropriate risk management systems to determine if a customer or beneficial owner is or is not a Politically Exposed Person (PEP); and if so, obtain the approval of the senior management before establishing or pursuing a business relationship with the customer, and take all reasonable measures to identify the source of wealth and identify the beneficial owner of his/her funds, and provide enhanced and ongoing monitoring of the business relationship. On the other hand, the new rules and regulations were adopted by QFCRA on 30 April 2010, QFMA on 31 May 2010 and Qatar Central Bank on 15 June 2010. The supervisory authorities in the financial sector in cooperation with the Ministry of Business and Trade and in coordination with the NAMLC started the implementation of the AML/CFT rules on the DNFBPs subject to the supervision of the Ministry of Business and Trade. The rules were applied on 25 August 2011 and are in conformity with the AML/CFT rules adopted by the supervisory authorities in the financial sector. The AML/CFT instructions issued by the Ministry of Justice to law firms were adopted on 15/3/2012; such rules explain in details the requirements of dealing with PEPs.

R7: (Rating: NC)

67. Chapter 6 of the law (Article 27) requires the FIs to identify and verify the identity of the respondent institution, collect information on the business nature of the respondent institution, its reputation and the nature of supervision to which it is subject, obtain approval from senior management and carry out other procedures with regard to payable through accounts. Additionally, the rules issued by the supervisory authorities underline these requirements.

R8 (Rating: PC)

68. Chapter 6 of the Law (Article 26) requires the FIs and DNFBPs to take specific and adequate measures when establishing business relationships or executing transactions with a customer that is not physically present for purpose of identification, or arising from products and transactions that favour anonymity. Additionally, the rules issued by the supervisory authorities for the financial and non-financial entities underline the same requirements.

R9: (Rating: NC)

69. Article 32 of the law stipulates that the supervisory authorities can issue regulations to rely on measures conducted by others and that the financial institution proceeding in or initiating a relationship shall in all cases remain responsible for customer identification and verification procedures. The rules issued by the supervisory authorities for the financial institutions include detailed obligations in compliance with the requirements of R9.

R11: (Rating: PC)

70. The new law (Article 33) covers the obligations relating to the follow up of complex and unusual large transactions according to the requirements of the Recommendation by requesting the FIs to pay special attention and verify the background of complex and unusual large transactions that do not have a visible legal or economic purpose. The FIs are also required to maintain relevant records according to the provisions of the law (five years or longer as per request of the competent authority) and make these records available to the FIU and other competent authorities.

R12: (Rating: NC)

71. The new law requires DNFBPs to apply all obligations imposed on the FIs in relation to the preventive measures without distinction. By that, the law covers these entities equally. The aspects related to this recommendation were completed; the Ministry of Business and Trade issued AML/CFT rules for professions, real estate agents, dealers in precious metals or stones and the Ministry of Justice issued AML/CFT rules for lawyers.

R15: (Rating: PC)

72. The new law (Articles 35 & 36) covers the requirements of the Recommendation by requesting the FIs to develop comprehensive AML/CFT programs and appointing personnel at the management level to be responsible for implementing the provisions of this law.

R16: (Rating: NC)

73. The various law provisions (Articles 18, 35, 36 & 39) address aspects relating to STR, tipping off, and internal monitoring controls in FIs and DNFBPs equally, while indicating that these entities in the new law shall include all DNFBPs existing in Qatar. The rules issued by the supervisory and regulatory authorities of such parties cover the related requirements.

R17: (Rating: NC)

74. The new law (Article 3) criminalized several acts under the name “Offences Associated with ML/TF” which are proved to be committed (according to Article 5) through the availability of ML/TF related information and not taking the legal measures required according to the provisions of this law to inform the competent authorities of such crime. These acts include failure to comply with some of the obligations on the FIs such as identification of a customer or verification of his identity, identification of the beneficial owners, performance of ongoing examination and verification procedures, failure to maintain relevant records and conceal, destroy and failure to provide or facilitate access to such records in a timely fashion when requested by the competent authorities and failure to comply with other obligations. In case of violation of the obligations established under the law, 3 years of imprisonment maximum and a fine not exceeding 500.000 QAR shall be imposed. Additionally, the law (Article 44) granted powers of imposing various administrative sanctions on legally correspondent institutions by their supervisory authorities.

R18: (Rating: PC)

75. The new law (Article 3) prohibited the FIs from establishing or continuing a correspondent banking relationships with shell banks. On 15 June 2010, Qatar Central Bank issued revised instructions on AML/CFT to FIs explicitly prohibiting dealing with shell banks (Clause 11-5). QFMA also issued instructions on AML/CFT (in May 2010) where it prohibited dealing with shell banks.

R20: (Rating: PC)

76. The Qatari authorities indicated that the competent authorities in Qatar piloted a comprehensive national risk assessment exercise from February-March 2010. The national risk assessment was implemented with the assistance of the IMF resident expert and other international risk experts. This program that includes the financial sector and the supervisory authorities on the DNFBPs contributed in developing future risk assessment plans for the DNFBPs. The authorities stated that coordination is being underway lately between the Ministry of Interior and the FIU to identify the risks resulting from some non financial professions in order to finalize the main procedures and include them among the entities addressed by the provisions of AML/CFT Law. The authorities also stated that Qatar Central Bank urged banks to provide online payment interfaces. An ATM and point of sale network in Qatar, the GCC countries and some Arab and neighboring countries was provided and banks were urged to cooperate with merchants to provide points of sale to minimise the use of cash. The Deposit and Direct Debit System QATCH was also launched in March 2010 to facilitate online and automatic payment of phone and utility bills and other services without using cash. The authorities also indicated that the electronic network system was launched in February 2002 which enganged trust in checks and minimised the use of cash.

R21: (Rating: NC)

77. The new law (Article 33) requires all FIs (that are under Qatar Central Bank and others) to pay special attention to examining the background and purpose of business relationships and transactions with all persons that are subject to legal systems that do not apply or insufficiently apply the relevant international standards to combat money laundering and terrorism financing. Such information and documents shall be verified and maintained and made available to the competent authorities. On the other hand, there are no explicit powers allowing supervisory authorities (Qatar Central Bank – QFMA – Ministry of Economy and Trade (Ministry of Business and Trade) – QFCRA) to take counter measures when a country continues in not applying or insufficiently applying FATF Recommendations. The authorities stated that the general powers set out in the law (Article 41) which allow the supervisory authorities to issue or make regulations, directives, rules, guidelines, recommendations or other instruments for the implementation of the provisions of this law and for the purpose of AML/CFT, in addition to the powers set out in Article 44 with regard to applying measures and imposing sanctions on institutions that fail to abide by the obligations mentioned in that law, facilitate the fulfillment of that purpose.

78. The necessary procedures were also taken to require FIs to pay special attention to high-risk countries. The new rules and regulations were adopted by QFCRA on 30 April 2010, QFMA on 31 May 2010 and Qatar Central Bank on 15 June 2010.

R22: (Rating: PC)

79. The new law (Article 38) covers the issue of applying AML/CFT requirements by foreign branches of FIs (i.e. all host countries, which are compliant and no-compliant with the FATF Recommendations). It requires the implementation of the Qatari preventative measures unless the local applicable laws in the host country do not allow that. In such case, the competent supervisory authorities must be informed. Regarding implementing enhanced measures where the minimum AML/CFT requirements of Qatar and the host countries differ, (to the extent permissible by the host country), Qatar Central Bank's instructions allowed (and did not impose) the financial institutions's branches and their owned

subsidiaries to apply enhanced measures only for customers whose transactions extend the range of more than one country.

R24: (Rating: PC)

80. The new law (Article 1) defined the supervisory authorities as a competent authority responsible for licensing or supervising FIs, DNFBPs and NPOs or for ensuring their compliance with the AML/CFT requirements. The law (Article 41) also allowed such authorities to issue or make regulations, directives, rules, guidelines, recommendations or other instruments for the implementation of the provisions of this law and for the purpose of AML/CFT. The law (Article 44) authorized the supervisory authorities to impose various measures and sanctions on relevant institutions for violating the provisions of law. By that, the legal basis of monitoring the compliance of institutions supervised by the Ministry of Economy and Trade (Ministry of Business and Trade), and other financial and non-financial institutions in the AML/CFT field is established.

R25: (Rating: PC)

81. The law (Article 41) allows supervisory authorities to issue or make regulations, directives, rules, guidelines, recommendations or other instruments for the implementation of the provisions of this law and for the purpose of AML/CFT. The Qatari authorities stated that these authorities are working on amending their guidelines and feedback system to be consistent with the new law. The FIU also issued an STR Guide to the reporting entities by virtue of the new law.

82. The FIU issued an STR Guide to the reporting entities by virtue of the law. The authorities also stated that in March 2011, training sessions were provided by the FIU to the compliance officers in the financial sector to develop and improve their reporting skills. Additionally, intensive studies were conducted in 2011 for reviewing the STR forms and the STR Guide. The FIU held an introductory session for compliance officers from banks and exchange houses about the second edition of the new guide and the new STRs which were launched in December 2011.

83. With regard to Qatar Central Bank, a draft guide was prepared about the risk-based approach. The draft was reviewed by the technical assistance mission of the IMF experts in September 2011. After completing the review, the final copy of the guide will be published and distributed to the FIs. Moreover, application forms for quantitative data describing ML/TF risks were drafted and circulated to all banks. The results are currently being studied and analyzed with assistance from the IMF experts through technical assistance as part of developing the risk-based approach. Also, manuals on AML/CFT policies and procedures of all exchange houses were reviewed by the AML/CFT working group from Qatar Central Bank. Feedback regarding the manuals was discussed with all companies. Additionally, ongoing introductory and training sessions were held with FIs to discuss the following:

- Implementing the AML/CFT law and regulations of Qatar Central Bank.
- Requirements of the FIs in handling the UNSC lists in relation to Al Qaeda and Taliban.
- Qatar Central Bank also maintains continuous communication with the FIs to receive their inquiries about developing the implementation tools of AML/CFT regulations.

84. With regard to QFMA, a guide on the risk-based approach was drafted and published. Training and orientation sessions were held with FIs about developing and providing requirements of the annual report on AML/CFT. In addition, QFMA sought to develop a qualifying program for the reporting officers of ML transactions / compliance officers as part of the conformity process.

R27: (Rating: PC)

85. Law enforcement agencies in Qatar, through NAMLC, are reviewing their procedures by virtue of the new law. They are taking steps to enhance cooperation among competent authorities and to ensure the effectiveness of investigations and prosecutions. To adopt an effective approach in investigations and prosecutions, the National Committee formed a working group for the law enforcement agencies that

includes all AML/CFT entities in order to publish a procedural guide describing the work carried out by each of the law enforcement agencies from suspicion to investigation phase. The group agreed on a preliminary draft for the procedural guide to be presented and discussed before the NAMLC members for approval. Law enforcement agencies are also currently working on ensuring the implementation of the new law and developing and maintaining comprehensive and qualitative statistics. It has been agreed on establishing channels between those agencies and the FIU to facilitate the exchange of STRs and information while maintaining secrecy. The authorities stated that a direct electronic link was established between the FIU, the Ministry of Interior; and a coordination mechanism (memorandum of understanding) was signed between both parties for the exchange of information and investigations; the FIU is working on a similar link project with the State Security Security, which established lately a technical team to follow up the implementation of the system.

86. On the other hand, the NAMLC issued decision No. (88) of 2008 to establish a central committee to be in charge of AML/CFT training, create a register of training experts and specialists and provide training programs on AML/CFT tailored to the needs of financial institutions, supervision authorities, law enforcement agencies, public prosecution and other relevant ministries. Law enforcement agencies have also recently established a joint committee to start developing and fulfilling training requirements.

R29: (Rating: PC)

87. The Council of Ministers agreed to assign the control and supervision authority on the insurance sector to Qatar Central Bank as previously mentioned. The relevant legislations are currently being drafted. The legal basis in the law for supervision and control on institutions affiliated with the Ministry of Business and Trade was also provided.

88. On the other hand, the authorities indicated that the supervisory authorities in the financial sector adopted standardized AML/ CFT regulations and rules during 2010. Under the supervision and direction of Qatar Central Bank, the supervisory authorities are continuing to work on adopting a single regulatory approach for the financial sector that aims at coordinating the supervision techniques in conformity with the new AML/CFT law. No new information was provided about conducting on-site visits after the ones indicated in the previous follow-up report.

89. In June 2011, the supervisory authorities in the financial sector and the DNFBPs held a meeting to discuss common issues resulting from the on-site supervisory visits and to develop potential solutions. On 25 September 2011, the IMF held a workshop about the risk-based approach for all supervisory authorities in the financial sector. As a result, the supervisory authorities agreed to develop and improve the single regulatory approach to include the risk-based approach.

90. In addition to the above, Qatar Central Bank applied an updated set of AML/CFT regulations on 15 June 2010. It also developed a draft paper-based desk and on-site supervisory guide and prepared internal work papers to be used as a tool by inspectors. The supervisory guide is still under review until it is completed and adopted as part of the banking supervisory guide followed by Qatar Central Bank. The Qatar Central Bank also completed an overall review and update of its adopted register about compliance officers and money laundering reporting officers (MLRO).

91. The authorities indicated that Qatar Central Bank imposed fines on three FIs at a total sum of 450.000 QAR for failure to properly implement the systems and controls related to the AML/CFT law. QFMA also imposed fines on FIs at a total value of 135.000 QAR for failure to comply with the AML/CFT requirements.

92. The authorities indicated that QFMA conducted periodic inspection visits to brokerage companies. Through weekly reports, QFMA conducts inspection and control over brokerage companies. The authorities provided some details and findings of the inspections visits made by the Markets Operations, Compliance & Licensing Affairs at QFMA in order to verify the compliance of the financial services companies with AML/CFT rules as follows: 10 visits were conducted in 2010, 7 visits in 2011, 9 visits in

2012 until date. A fine of 135,000 QAR is imposed due to the delay in responding to the QFMA requirements on AML/CFT. A fine of 200,000 QAR was imposed on financial services companies for breaching the provisions of law No. 4 of 2010 on AML/CFT and the financial services regulations issued by QFMA. The authorities stated also that investigations are currently underway with 5 financial services companies regarding violations of the AML/CFT procedures; moreover, investigations will be made on AML/CFT procedures with a number of financial services companies due to the inaccuracy detected in the adopted procedures.

R30 - Rating: PC

93. Before the new law, the NAMLC focused on conducting and implementing a national risk assessment that was conducted between February and March 2010 by international risk experts and the IMF resident advisor. All ministries and entities concerned with AML/CFT participated in this assessment. As per the findings of this assessment, formal action plans were developed to address the issue of ongoing specialized and coordinated training on AML/CFT. Several meetings were held between NAMLC and the concerned entities to discuss any difficulties faced and ensure the applications of the action plans. Decision No. 88 of 2008 was issued by NAMLC ordering the creation of a central committee on AML/CFT training, the purpose of which is to:

- Provide training programs on AML/CFT tailored to the needs of financial institutions, supervisory authorities, law enforcement agencies, public prosecution and other relevant ministries, and
- Follow-up on training efforts and identify areas for improvement.

94. Regarding the FIU, the staff received training in AML/CFT as follows:

- Two members from the FIU were trained to become national instructors in the training program “Enhancing AML/CFT Capabilities” held by the NAMLC.
- December 2010 – The FIU employees attended a regional workshop on advanced analytical skills – Malaysian FIU – Bank Negara Malaysia (officially Central Bank of Malaysia), Malaysia
- December 2010 – The FIU employees attended the 4th AML conference held by the Ministry of Trade and Industry in Kuwait in collaboration with the MENAFATF.
- December 2010 – The FIU employees attended the MENAFATF 12th Plenary Meeting in Qatar.
- February 2011 – The FIU employees attended a workshop on financial analysis skills in the FIU in Doha, Qatar.
- February 2011 – The FIU employees attended a seminar on “Adopting a New Financial System, Building Capabilities” in Doha, Qatar.
- February/March/May 2011 – The FIU employees attended a three-stage training program on improving capabilities and continuing to combat money laundering and terrorist financing held by the NAMLC in Doha with the participation of international experts.
- May 2011 – The FIU employees attended a regional workshop on “The UN Security Council Resolutions on Combating Terrorism and the Mechanisms of their Implementation” held by NAMLC and the United Nations Office on Drugs and Crime in Qatar.
- May 2011 – The FIU employees attended the first meeting of the AML/CFT working group held by the GCC Secretariat in the Kingdom of Saudi Arabia.
- July 2011 – The FIU employees attended the International Visitor Program on AML strategies held in Washington with the Bureau of Educational and Cultural Affairs.
- September 2011 – The FIU employees attended the Pilot Course on “Strategic Analysis” held by the World Bank in collaboration with Egmont Group in Doha, Qatar.

95. QFCRA conducted introductory and training sessions on AML/CFT as follows:

- 21 February 2011: QFCRA conducted an introductory session for banks and asset management institutions licensed by QFC to introduce the reporting requirements to the reporting officer about ML operations by virtue of the AML/CFT rules in the financial sector.
- 22 February 2011: QFCRA and the FIU conducted an introductory session for banks and asset management institutions licensed by QFC to introduce the STR requirements.
- 10 March 2011: QFCRA conducted a session for the institutions licensed by QFC to introduce the reporting officer for ML operations on how to detect risks involved in ML/TF operations.

96. With regard to the Ministry of Business and Trade, the Ministry conducted orientation and training sessions as follows:

- 11-12 May 2011 – A joint training session on the AML/CFT regime between QFCRA and the Ministry of Business and Trade to the DNFBBPs.
- The regulations for the DNFBBPs sector subject to the supervision of the Ministry of Business and Trade were implemented on 25 August 2011 and are consistent with the AML/CFT rules adopted by the supervisory authorities in the financial sector.

97. Although some national authorities sought to increase their AML/CFT resources, this matter is of high priority, therefore, the NAMLC continues to work with the national authorities concerned with AML/CFT to make further progress in this area.

R32 - (Rating: NC)

98. Law No. 4 of 2010 (Article 42) requires supervisory authorities to maintain statistics on the measures taken and penalties/sanctions imposed. The Qatari authorities stated that necessary steps were taken to ensure that the law enforcement agencies, FIs, DNFBBPs and other competent authorities concerned with AML/CFT are developing and maintaining comprehensive and qualitative statistics on AML/CFT in line with R32 and that the requirements for obtaining and maintaining statistics have been included in the action plan of each AML/CFT entity. The authorities also stated that the FIU has a comprehensive database including all what is relevant to R32. Other law enforcement agencies and supervisory authorities have databases on information relating to their scope of competency. In general, the NAMLC is supervising the implementation of the AML/CFT national plan. For such purpose, it has established a national system to peruse the qualitative statistics for all concerned entities represented by the national committee; this system is based on periodical follow up through action plans for each entity and which are updated by them, particularly for what is related to qualitative statistics such as statistics on inspection or training or other. This is followed up on a quarterly basis by reports which the entities commit to address to the NAMLC in specific times where it allows it to peruse the comprehensive statistics in the system. The table below includes some statistics provided:

Central Bank: Onsite Inspection:

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Bank	<u>17</u>	<u>6</u>	<u>2</u>
Exchange house	<u>16</u>	<u>3</u>	-
Investment office	<u>3</u>	-	-

Qatar Financial Center: Onsite inspection:

<u>2011</u>	<u>2012</u>
<u>109</u>	<u>12</u>

QFMA: Onsite inspection:

<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>10</u>	<u>7</u>	<u>9 (until date)</u>

R34: (Rating: PC)

99. The 2010 AML/CFT rules issued by QFCRA and revised in October 2010 as well as the similar rules issued by the Ministry of Business and Trade in August 2011 require institutions under their control to obtain adequate information on the identity of the settlor, the trustee, the country of establishing the trust and the beneficiaries of trusts and other information. The Qatari authorities stated that, to date, no requests for establishing trust arrangements were made in Qatar.

R37: (Rating: PC)

100. Article 52 of Law No. 4 of 2010 stipulates that the mutual legal assistance requests shall not be executed unless the laws of the requesting country and the laws of the State of Qatar penalize the crime, which is the subject of the request or a similar crime. Item 5 of Article 59 of the law stipulates that unlike that, assistance should be provided if there are no coercive measures involved; thus, there is some ambiguity regarding the obligation of providing assistance although there exists in the law a general principle that requires dual criminality in the mutual legal assistance requests.

R38: (Rating: PC)

101. The Qatari authorities corrected deficiencies in relation to this Recommendation by identifying types of mutual legal assistance in Law No. 4 of 2010, where Article (58) therein specified forms of legal assistance in particular. The Public Prosecutor also issued order No. 109 of 2010 to establish an office for seizure and confiscation pursuant to Article (80) of Law No. 4 of 2010, which shall be responsible for identifying and tracing funds that may be subject to seizure and confiscation, collecting and maintaining all data associated with its mission and managing seized assets. This office shall be headed by the Director of Public Prosecution at least. The technical office follows the Public Prosecutor directly. The Director of the seizure and confiscation office also set the working mechanism of the office.

SRVI: (Rating: PC)

102. The Qatari authorities stated that Qatar Central Bank recorded several violations with regard to monitoring unlicensed wire transfer providers. The necessary legal action was taken against them including shutting down unlicensed entities. On the other hand, the level of compliance with this Recommendation was positively affected by enhancing compliance with the other relevant Recommendation.

SRVII: (Rating: NC)

103. Article (30) of the law provides the obligations related to wire transfers and corrects the deficiencies indicated in the MER. It provides the requirements for obtaining and verifying information on the originator of the transfer and obtaining and verifying missing information and the circumstances where transfers should not be accepted. Qatar Central Bank reviewed and amended its instructions to ensure their ongoing consistency with SRVII and compliance with the new AML/CFT Law.

SRIX: (Rating: NC)

104. Law No. 4 of 2010 corrected deficiencies related to the declaration system of currencies and bearer negotiable instruments at borders. Article (6) of the law requires any person entering or leaving the State, upon the request of a customs officer, to make a disclosure regarding being in possession of any

currency, bearer negotiable instruments, or precious metals or stones. The General Directorate of Customs also issued Administrative Circular No. (81) of 2011 including Disclosure Rules and Procedures of any Cross-border Currency, Bearer Negotiable Instruments, or Precious Metals or Stones. This Circular included the procedures of dealing with companies and FIs in case they transfer money by obtaining prior approval from Qatar Central Bank, and the mechanism of dealing with NPOs by obtaining prior approval from the Ministry of Social Affairs and sending the declaration forms online to the FIU and the mechanism of dealing with travelers in case of refusal to declare or false declaration. The Circular also called for the distribution of guiding signs in more than one language at the customs checkpoints warning travelers from the risks of carrying currencies, bearer negotiable instruments or precious metals and stones.

105. The General Directorate of Customs also issued Administrative Circular No. (80) of 2011 with regard to form a specialized working group to work on AML/CFT at customs checkpoints. This working group shall select two inspectors from each customs checkpoint to work on coordinating and following-up between the Customs and the FIU. It shall also provide ongoing training to competent Customs employees and liaison officers. The group shall also conduct inspection visits at customs checkpoints to ensure compliance with the implementation of declaration provisions at customs. On the other hand, Law No. 4 of 2010 included the penalty of imprisonment for a term not exceeding three years and a fine not exceeding 500,000 QAR in case of violation of the provisions of Article (6) of the law on the declaration requirement. Overall, Qatar corrected all deficiencies relating to this Recommendation.



**Combating Money Laundering and
Terrorism Financing Law
Law No. (4) of Year 2010**

Published in the official Gazette Issue No. 3
15 Rabi'11 1431H - 31 March - 2010

Law No. (4) of Year 2010
on
Combating Money Laundering and Terrorism Financing

We, Tamim Bin Hamad Bin Khalifa Al Thani, Deputy Emir of the State of Qatar,

After having perused the Constitution; and

The Law No.(28) of 2002 on Anti-Money Laundering as amended by Decree

Law No. (21) of 2003; and

The Customs Law issued by Law No. (40) of 2002; and

The Law No.(3) of 2004 on Combating Terrorism; and

The Penal Code issued by Law No. (11) of 2004 and its amending laws; and

The Code of Criminal Procedure issued by Law No. (23) of 2004 as amended

by law No. (24) of 2009; and

The draft Law put forward by the Council of Ministers; and

After having consulted the Advisory Council, have decreed the following:



Article (1)

The Law on Combating Money Laundering and Terrorism Financing, enclosed with this Law, shall be effective.

Article (2)

The Law No.(28) of 2002 on Combating Money Laundering as amended by Decree Law No. (21) of 2003, shall be repealed.

Article (3)

All competent authorities, each within its own competence, shall execute this law which will be published in the Official Gazette.

Tamim Bin Hamad Al Thani

Deputy Emir of the State of Qatar

Issued at the Emiri Diwan on: 2/4/1431 A.H

Corresponding to: 18/03/2010 AD

Law on Combating Money Laundering and Terrorism Financing

Chapter 1

Definitions

Article (1)

In the application of this law, the following words and phrases shall have the meanings assigned to them, in accordance with concepts prevailing in the banking business, unless the context indicates otherwise:-

Competent Authority: Every administrative or law enforcement authority concerned with combating money laundering and terrorism financing, including the Unit and any supervisory authority.

Supervisory Authority: A competent authority responsible for licensing or supervising financial institutions, Designated Non-Financial Businesses and Professions (DNFBPs) and nonprofit organizations or for ensuring their compliance with requirements to combat money laundering and terrorism financing.



The Committee: The National Anti-Money Laundering and Terrorism Financing Committee.

The Unit: The Financial Information Unit.

Predicate offence: One of the asset-generating offences stipulated under Article (2), paragraph (1) of this law.

Instrumentalities: Everything used or intended to be used, in any manner, in whole or in part, for committing one or more crimes stipulated in Articles (2), (4) of this law.

Proceeds of crime: Any funds derived or obtained, directly or indirectly, from one of the crimes stipulated in Article (2/1), or converted or transformed in whole or in part, into other properties or investment yields.

Funds: Assets or properties of every kind, whether tangible or intangible, movable or immovable, liquid or fixed, and all the rights attached thereto, and all legal documents or instruments in any form, including electronic or digital copies evidencing any of the above, whether existing inside or outside of the State.

They include but are not limited to national currency, foreign currency, commercial notes, bank credits, travellers' cheques, money orders, shares, securities, bonds, bills, letters of credit, and any interest, dividends or other income on or value accruing from or generated by such assets.

Money Laundering: Any of the following acts:

- 1) The conversion or transfer of funds, by any person who knows, should have known or suspects that such funds are the proceeds of crime, for the purpose of concealing or disguising the illicit origin of such funds or of assisting any person who is involved in the commission of the predicate offence to evade the legal consequences of his actions.
- 2) The concealment or disguise of the true nature, source, location, disposition, movement or ownership of or rights with respect to funds by any person who knows, should have known or suspects that such funds are the proceeds of crime.
- 3) The possession, acquisition, or use of funds by any person who knows, should have known or suspects that such funds are the proceeds of crime.

Terrorist Act: 1) An act which constitutes an offence according to the following agreements: Convention for the Suppression of



Unlawful Seizure of Aircraft (1970), Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation (1971), Convention on the Prevention and PInternationally Protected Persons, including Diplomatic Agents (1973), International Convention against the Taking of Hostages (1979), Convention on the Physical Protection of Nuclear Material (1980), Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, supplementary to the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation (1988), Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation (1988), Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms located on the Continental Shelf (1988), and the International Convention for the Suppression of Terrorist Bombings (1997).

- 2) Any other act intended to cause death or serious bodily injury to civilians, or to any other person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a Government or an international organization to do or to abstain from doing any act.

Terrorist: Any natural person who commits any of the following acts:

- 1) Commission or attempting to commit, terrorist acts, intentionally, by any means, either directly or indirectly,
- 2) Participation as an accomplice in terrorist acts.
- 3) Organizing terrorist acts, or directing others to commit such acts.
- 4) Contributing to the commission of terrorist acts with a group of persons acting with a common purpose where the contribution is made intentionally and with the aim of furthering the terrorist act or with the knowledge of the intention of the group to commit a terrorist act.

Terrorist Organization: Any group of terrorists that:

- 1) Commits, or attempts to commit, terrorist acts, intentionally, by any means, directly or indirectly.
- 2) Acts as an accomplice in the execution of terrorist acts.
- 3) Organises or directs others to commit terrorist acts.
- 4) Contributes to the commission of terrorist acts with a group of persons acting with a common purpose where the contribution is made intentionally and with the aim of furthering the terrorist act or with the knowledge of the intention of the group to commit a terrorist act.



Terrorism Financing: An act willingly committed by any person who, in any manner, directly or indirectly, and willingly, provides or collects funds, or attempts to do so, with the intention to use them or knowing that these funds will be used in whole or in part for the execution of a terrorist act, or by a terrorist or terrorist organization.

Freezing: Prohibiting the transfer, conversion, disposition, movement, or transport of funds on the basis of, and for the duration of the validity of, a decision of a judicial or other competent authority.

Seizing: Prohibiting the transfer, conversion, disposition, movement, or transport of funds on the basis of, and for the duration of the validity of, a decision of a competent judicial authority.

Confiscation: The permanent deprivation of funds based on a court judgment.

Financial Institution: Any person or entity who conducts as a business one or more of the following activities or operations for or on behalf of a customer:

- (1) Accepting deposits and other repayable funds such as private banking services.
- (2) Lending.
- (3) Financial leasing.
- (4) Transferring money or things of value.
- (5) Issuing or managing means of payment, such as credit and debit cards, cheques, traveller's cheques, money orders, banker's drafts and electronic money.
- (6) Financial guarantees and commitments.
- (7) Trading in money market instruments, such as cheques, bills, certificates of deposit and financial derivatives, foreign exchange, exchange instruments, interest rate, index instruments, transferable securities, and commodity future's trading.
- (8) Participating in securities issues and providing financial services related to securities issues.
- (9) Undertaking individual or collective portfolio management.
- (10) Safekeeping or administering cash or liquid securities on behalf of other persons.



- (11) Investing, administering or managing funds or money on behalf of other persons.
- (12) Underwriting or placing life insurance and other investment-related insurance, whether as insurer or insurance contract intermediary.
- (13) Money or currency exchanging.
- (14) Any other activity or operation prescribed by resolution issued by the Prime Minister upon the proposal of the Committee.

Designated Non-Financial Businesses and Professions (DNFBPs):

- (1) Real estate brokers, if they act in transactions for Customers in relation to buying or selling of real estate, or both.
- (2) Dealers in precious metals or stones, if they engage with their customers in cash transactions equal to a minimum of 55,000 Riyals.
- (3) Lawyers, notaries, other independent legal professionals, or accountants, whether sole practitioners, partners or employed specialists in specialist firms, if they prepare, execute, or conduct transactions for clients in relation to any of the following activities:
 - (a) Buying or selling real estate.

- (b) Managing client money, securities or other assets.
- (c) Managing bank, savings or securities accounts.
- (d) Organising contributions for the creation, operation or management of companies or other entities.
- (e) Creating, operating or managing legal persons or legal arrangements.
- (f) Buying or selling business entities.

(4) Trust Funds, Company Service Providers, and other companies if they prepare, or conducts transactions for customers on commercial basis in relation to any of the following activities:

- (a) Acting as a founding agent of legal persons.
- (b) Acting as, or arranging for another person to act as, a director or secretary of a company, a partner of a partnership, or a similar position in relation to other legal persons.
- (c) Providing a registered office, a business headquarter, or correspondence address or an administrative address, for one of the companies, partnerships or any other legal person or legal arrangement.
- (d) Acting as, or arranging for another person to act as, a trustee for a direct trust fund.
- (e) Acting as, or arranging for another person to act as, a nominee shareholder on behalf of another person.



(5) Any other business or profession prescribed and regulated by a resolution issued by the Prime Minister upon the proposal of the Committee.

Non-profit organization: Any legal entity or organization which collects, or disposes of funds for charitable, religious, cultural, educational, social, or fraternal purposes, or to do any other kind of charitable activities.

Legal arrangements: Express trust funds or any similar legal arrangements.

Financial Bearer Negotiable Instruments: Monetary instruments in bearer form such as travellers cheques; negotiable instruments, including cheques, promissory notes, and money orders that are either in bearer form, endorsed without restriction, made out to a fictitious payee, or otherwise in such form that title thereto passes upon delivery; incomplete instruments including cheques, promissory notes and money orders signed, but with the payee's name omitted.

Beneficial Owner: The natural person who owns, or exercises effective control, over the customer, or the person on whose behalf, the transaction is conducted, or the person who exercises effective control over a legal person, or legal arrangement.

Politically exposed persons: Persons who are or have been entrusted with prominent public functions in a foreign country or territory, or any one of their families or one of their closely related partners.

Shell Bank: A bank that has no physical presence in the country or territory in which it is incorporated and licensed and is not affiliated with a regulated financial services group that is subject to effective consolidated supervision. “Physical presence” in a country or territory is a presence involving meaningful decision-making and effective management and not merely the presence of a local agent or low level staff.

Correspondent Banking: The provision of banking services by a bank (the “correspondent”) to another bank (the “respondent”).

Business Relationship: Any relationship of a commercial aspect, including the relationship between a non-profit organization and the persons from or to whom it receives or provides funds.



Customer: Any person dealing with financial institutions or DNFBPs and non-profit organization, including the person from or to whom non-profit organizations receive or provide funds.

Law Enforcement Authority: Judicial Officers, stipulated under article (27) of the afore-mentioned Code of Criminal Procedure.

Legal Person: Corporate Person, i.e. company, partnership, corporation or association, or any similar body that can establish a permanent business relationship with a financial institution or can own property.

Chapter 2
Money Laundering and Terrorism Financing

Article (2)

It shall be prohibited to launder any funds generated from any of the following predicate offenses:

- (1) All types of felonies.
- (2) Crimes covered under the International Conventions, signed and ratified by the State.
- (3) Swindling, illicit trafficking in narcotic drugs and psychotropic substances, fraud, forgery, extortion, robbery, theft, trafficking in stolen and other goods, counterfeiting and piracy of products, smuggling, sexual exploitation, environmental crime, tax evasion, sale and trade in archaeological movables, market manipulation and insider dealing.
- (4) It is prohibited to participate through association, aiding, abetting, facilitating, counselling in, cooperation, contribution, or conspiracy to commit, or attempt to commit any of the forms of the Money Laundering crime mentioned in this law. Predicate offences also include offences committed outside the State if they constitute offences as per the law of the State where they were committed and constitute an offence as per the law of the State.



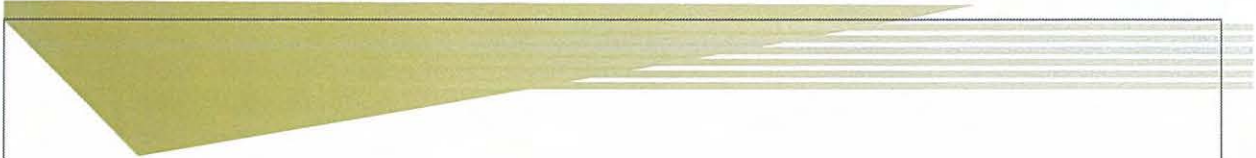
A conviction with the predicate offence is not a condition to prove the illicit source of crime proceeds.

The Money Laundering crime is considered as an independent crime from the predicate offence. The punishment of the person who committed the predicate offence does not prevent his punishment on the Money Laundering crime.

Article (3)

Anyone who intentionally commits one of the following acts is considered to have committed an offence associated with Money Laundering or Terrorism Financing:

- (1) A financial institution which enters into, or continues, a correspondent banking relationship with a shell bank.
- (2) A financial institution which enters into, or continues, a correspondent banking relationship with a financial institution in a foreign country, unless the financial institution has satisfied itself that the foreign financial institution does not permit its accounts to be used by shell banks.
- (3) Failure to maintain adequate, accurate and updated information on the beneficial owners of legal persons and legal arrangements and who has the authority to control them as required pursuant to this law;

- 
- (4) Failure, as required by this law, to take the following measures:
- (a) To identify a customer or verify the customer's identity.
 - (b) To make enquiries in relation to a customer or collect relevant information.
 - (c) To identify the beneficial owners of a customer or verify their identity.
 - (d) To exercise ongoing due diligence with respect to business relationships, to examine transactions carried out under a business relationship, or to ensure that documents, data or information collected under customer due diligence measures are kept up to date and relevant.
 - (e) To take measures to address specific risks of money laundering or terrorism financing.
 - (f) To have risk management systems.
 - (g) To meet a requirement in relation to a correspondent banking relationship or wire transfers.
 - (h) To pay special attention to a transaction, pattern of transactions or business relationships.
 - (i) To develop or implement programs for the prevention of money laundering and terrorism financing.



- (5) Failure to maintain relevant records, in accordance with the provisions of this law or conceal, destroy or disguise such records.
- (6) Failure to provide or to facilitate access to information or records in a timely fashion when requested by the competent authorities or the supervisory authorities in accordance with the provisions of this law.
- (7) Failure to submit a report to the Unit as required pursuant to this law.
- (8) Opening or facilitating the opening of an account for an unidentified customer, in violation to the provisions of this law.

Article (4)

It is prohibited to commit any terrorism financing act. It is prohibited to participate through association, aiding, abetting, facilitating, counselling in, cooperation, contribution, or conspiracy to commit, attempt to commit any of the forms of the Terrorism Financing crime mentioned in this law. The offence is considered as committed irrespective of any occurrence of a terrorist act, the place where it was committed, or whether the funds have actually been used to commit such act.

Article (5)

A person is considered to have committed a money laundering or terrorism financing crime when he receives information related to a money laundering or terrorism financing crime, and does not take the specified legal measures to inform the competent authorities of such crime.

Chapter 3

Disclosure to Customs

Article (6)

Any person, upon entering or leaving the State must, upon the request of a customs officer, make a disclosure regarding being in possession of any currency, bearer negotiable instruments, or precious metals or stones.

The customs authorities may request further information from the person regarding the origin of the currency, bearer negotiable instruments, or precious metals or stones or their intended use. In this case, he must provide this information.



This information, including a true certified copy of the declaration form, shall be sent to the Unit who shall enter the information in its database.

Article (7)

The customs authorities may take necessary action, to retain his identification data of the person mentioned in the previous Article or seize the currency, bearer negotiable instruments, precious metals or stones in his possession in order to ascertain whether evidence of money laundering or terrorism financing may be found where there is a suspicion of money laundering or terrorism financing or where there is a false disclosure or failure to disclose the required information. The customs authorities may refer matters to the Public Prosecution and may also request the Public Prosecution to apply cautionary measures with regard to suspected money laundering or terrorism financing crimes, in accordance with the provision of Article (126) of the aforementioned Code of Criminal Procedure.

Article (8)

The customs officers are required to keep confidential the information obtained within the scope of their duties, even after the cessation of those duties. Such information may only be used for the purposes provided for in accordance with this law.

Article (9)

The customs authorities may cooperate with related competent authorities both nationally and internationally with regard to the matters listed in this chapter and to the information related to the discovering of an unusual movement of precious metals or stones through customs departments.

The customs authorities may issue resolutions, directives or guidelines for implementing the provisions of this chapter.

Chapter 4

The National Anti Money Laundering and Terrorism Financing Committee

Article (10)

A committee named “The National Anti Money Laundering and Terrorism Financing” shall be formed at Qatar Central Bank, under the presidency of Qatar Central Bank Deputy Governor, and the membership of:

1. Two representatives of the Ministry of Interior, one of them to be chosen among the directors of the ministry’s competent departments and to be appointed Vice-Chairman of the Committee.



2. Head of the Unit.
3. Two representatives of the Ministry of Economy & Finance, one of them to be chosen from the General Directorate of Customs.
4. Representative of the Ministry of Business & Trade.
5. Representative of the Ministry of Social Affairs.
6. Representative of the Ministry of Justice.
7. Representative of the State Security Bureau.
8. Representative of the Qatar Central Bank.
9. Representative of the Public Prosecution.
10. Representative of the Qatar Financial Markets Authority.
11. Representative of the Qatar Financial Centre Regulatory Authority.
12. Representative of the General Secretariat of the Council of Ministers.

Each body shall nominate its own representative, provided that his\her grade shall not be lower than head of department or an equivalent grade. The Chairman, the vice-chairman and the members shall be appointed by a resolution issued by the Prime Minister who may also appoint other representatives, upon the proposal of the Committee

The Committee shall have a secretary, and a number of Qatar Central Bank employees to accomplish secretarial tasks, and whose names to be mandated, functions and remunerations to be prescribed by a resolution by the QCB governor.

Article (11)

The Committee shall have the following powers:

1. Set the national anti-money laundering and terrorism financing strategy for the State.
2. Facilitate coordination among the Ministries and authorities represented in the Committee.
3. Study and follow the international developments in fighting against money laundering and terrorism financing, and issue recommendations regarding the improvement of the regulatory instructions and controls issued by the supervisory authorities in the State and suggest legislative amendments in line with those developments.



4. Monitor the implementation by competent authorities of the fighting against money laundering and terrorism financing legal and institutional framework.
5. Coordinate and host national training programs on antimoney laundering and terrorism financing.
6. Take part in anti-money laundering and terrorism financing international meetings and conferences.
7. Coordinate with the National Counter Terrorism Financing Committee, formed under the Council of Minister Resolution No. (7) of 2007, with regard to all what is related to international, regional and bilateral terrorism financing agreements and with regard to developing proper mechanisms for enforcement of the United Nations resolutions related to combating terrorism financing.
8. Coordinate with the National Committee for Integrity and Transparency issued by Emiri decree No. (84) of 2007, with regard to the committee's activities.
9. Prepare and submit an annual report to the Governor of the Central Bank regarding the activities and efforts deployed by the Committee and the national, regional and international developments in the anti money laundering and terrorism financing field and the Committee's proposals to activate control systems and regulations inside the State.

Article (12)

The Committee shall be convened by its Chairman whenever needed. The meetings shall be held at non-official working hours, however meetings may be held at official working hours, if necessarily required.

The meetings shall not be considered valid without the presence of the majority of its members provided that amongst them is the chairman or the vice-chairman. The Committee issues its recommendations by majority of votes present. In case of tie vote, the Chairman shall cast the deciding vote. The vice chairman will deputize for the chairman in his absence. The committee shall put in place its work system, including the rules required for the exercise of its functions. The Committee may select workgroups among its members or other members, or delegate any of its members to address specific tasks falling under its competences. It may also have recourse to experts selected from among the government's employees or any other experts to assist the Committee in performing its duties.



Chapter 5

Financial Information Unit and Reporting Requirements

Article (13)

The “Financial Information Unit” shall be an independent unit, with a legal personality and an independent budget affiliated to the State’s public budget. It shall be located in the city of Doha. The Head of the Unit shall be appointed by a resolution issued by the Governor of Qatar Central Bank, upon the proposal of the Committee.

Sufficient number of employees, experts and specialists shall be appointed to join the Unit in addition to an adequate number of experts and specialists in the fields relating to the implementation of the provisions of this law.

Article (14)

The Unit shall serve as a central national body which shall be responsible for receiving, requesting, analyzing and disseminating information concerning suspected proceeds of crime, potential money laundering or potential terrorism financing operations, as provided for by this law. The Unit shall have a database of all available financial data and information and the Unit may disseminate data and information to judicial and law enforcement authorities for investigation or action when there are grounds to suspect money laundering or terrorism financing operations.

Article (15)

The Unit has the authority to obtain from any entity or person subject to the reporting obligation in this law, any information it deems useful for the accomplishment of its functions. The information requested shall be provided within the time limits set and the form specified by the Unit, taking into consideration the professional obligations limits stipulated under the Advocacy Law, issued by Law No. (23) of 2006.

The Unit may request, directly or indirectly, in relation to any report it has received, any additional information it deems useful for the accomplishment of its functions from competent authorities, supervisory authorities, and enforcement authorities. Whenever the Unit determines that a financial institution, nonprofit organization, or any DNFBP is not complying or has not complied with the obligations set out in this law, it may notify the relevant supervisory authority accordingly.



Article (16)

The Unit may, spontaneously or on request, share information with any foreign counterpart unit that performs similar functions and is subject to similar confidentiality obligations, regardless of the nature of the unit, subject to reciprocity or pursuant to the provisions of international or bilateral treaties.

The information provided shall be used only for the purposes of combating predicate offences, money laundering, and terrorism financing and shall be disclosed to another party only with the consent of the Unit.

Article (17)

The staffs of the Unit are required to keep confidential any information obtained within the scope of their duties, even after the cessation of those duties within the Unit. Such information may only be used for the purposes provided for in accordance with this law.

Article (18)

The financial institutions, DNFBPs and non-profit organizations and their personnel, shall report promptly to the Unit any suspicious financial transactions or any attempts to perform such transactions, regardless of the amount of the transaction, when they suspect or have reasonable grounds to suspect that these transactions include funds that are proceeds of a criminal activity or are linked or related to, or to be used in terrorist acts or by terrorist organizations or those who finance terrorism.

Lawyers, notaries, and other independent legal professionals have no obligation to report information they receive from or obtain through their client, in the course of determining the legal position for their client or performing their task of defending or representing that client, or information concerning judicial proceedings, including advice on instituting or commencing proceedings, whether such information is received or obtained before, during or after such proceedings.

Article (19)

The Unit, in coordination with the supervisory authorities, shall issue directives and guidelines to assist financial institutions, non-profit organizations and DNFBPs on implementing and complying with their



respective anti-money laundering and terrorism financing requirements and with regard to filing suspicious transaction reports.

Article (20)

The Unit shall report to the Public Prosecution the findings of its examination and analysis when there are reasonable grounds to suspect that money laundering or terrorism financing acts have been committed.

The Unit may request the Public Prosecution to apply precautionary measures with regard to suspected proceeds of crime, potential money laundering, or potential terrorism financing in accordance with the provision of Article (126) of the aforementioned Code of Criminal Procedure.

Article (21)

The Unit shall prepare an annual report describing its activities in combating money laundering and terrorism financing field and providing an overall analysis and evaluation of the reports received and of money laundering and terrorism financing trends. The annual report shall be submitted to the Council of Ministers after being perused by the Committee.

Chapter 6

Preventive Measures

Article (22)

Adequate, accurate and up-to-date information on the beneficial owners, those who have control ,and organizational structures of legal persons incorporated or otherwise established in the State shall be maintained by the competent commercial register systems.

Competent authorities and supervisory authorities shall have the right of access to such information.

Article (23)

(1) Financial institutions, and DNFBBPs shall identify their customers whether permanent or occasional, and whether natural or legal persons or legal arrangements, verify their identities using reliable, independent source documents, data or information, when establishing business relationships, during a domestic or international transfer of funds; when doubts exist about the veracity or adequacy of previously obtained customer identification documents, data or information; when there is a suspicion of money laundering or terrorism financing; when



carrying out occasional transactions, with a value equal to or above 55 000 Riyals, or an equivalent amount in a foreign currency, or a lesser amount as set out by the supervisory authorities, whether conducted as a single transaction or several transactions that appear to be linked. If the amount of the transaction is unknown at the time of the operation, the identification shall be done as soon as the amount becomes known or the threshold is reached. Financial institutions and DNFBPs shall enquire about the anticipated purpose and the nature of the business relationship and collect all relevant information.

They shall also identify the beneficial owner of the customer and take all reasonable measures to verify his identity using reliable, independent source documents, data or information until they are satisfied that they know who the beneficial owner is. In the event that the customer is a legal person or legal arrangements, these measures must include taking additional reasonable measures to recognise and monitor the beneficial owner of the ownership of that person or arrangement as well as the one who has control thereof.

Article (24)

For the purposes of implementation of the requirements provided for in the preceding article, identification of natural persons and verification of their identity shall include the full name, as well as national identification number for Qatari citizens and residents and the passport number for expatriates. Identification of legal persons shall include obtaining and verifying information concerning the corporate name, registered office business address, proof of incorporation or similar evidence of their legal status, legal form, the names of executives, and articles of association, as well as verifying that the person purporting to act on behalf of the customer is so authorised, and to identify and verify the identity of that person. Identification of legal arrangements that are express trusts shall include identifying and verifying the identities of the trustees, the settlers, and major beneficiaries.

Article (25)

Supervisory authorities may prescribe, by regulation, the circumstances in which the verification of identity can be completed at a later stage provided:

(1) this is necessary in order not to interrupt the normal course of business.



- (2) There is little risk of money laundering or terrorism financing and these risks are effectively managed.
- (3) This is completed as soon as practicable after contact is first established with the customer.

Article (26)

Financial institutions and DNFBPs shall put in place the following measures:

- (1) Exercise ongoing due diligence with respect to each business relationship with a customer and scrutinise the transactions carried out under the business relationship in order to ensure that they are consistent with their knowledge of their customer, his business and risk profile and, where required, the source of his income and wealth. A particular care shall be given to due diligence measures related to higher risk customers, transactions, and business relationships.
- (2) Ensure that documents, data and information collected under the customer due diligence processes are kept up to date and relevant by undertaking reviews of existing records, particularly for higher risk categories of customers and business relationships.

- (3) Take specific and adequate measures to address the risks of money laundering and terrorism financing, in the event they conduct business relationships or execute transactions with a customer that is not physically present for purposes of identification.
- (4) Put in place appropriate risk management systems to determine if a customer or a beneficial owner is or is not a politically exposed person, and, if so:
 - a- Obtain approval from senior management before establishing or pursuing a business relationship with the customer.
 - b- Take all reasonable measures to identify the source of wealth and identify the beneficial owner of his/her funds.
 - c- Provide enhanced and ongoing monitoring of the business relationship.

Article (27)

With respect to cross-border correspondent banking relationships, financial institutions shall:

- (1) Identify and verify the identification of respondent institutions.
- (2) Collect information on the nature of the respondent institution's business.



- (3) Based on available information, evaluate the respondent institution's reputation and the nature of supervision to which it is subject.
- (4) Obtain approval from senior management before establishing a correspondent banking relationship.
- (5) Assess the controls implemented by the respondent institution with respect to anti-money laundering or terrorism financing, and ensure that they are appropriate and effective.
- (6) In case of a correspondent payable through account, ensure that the respondent institution has verified its customer's identity, has implemented mechanisms for ongoing monitoring with respect to its customers, and is capable of providing relevant identifying information on request.

If financial institutions, and DNFBPs cannot fulfil their obligation of due diligence described in Articles (23) through (27) of this law, they shall not establish or maintain the business relationship.

Where appropriate, they shall submit a report to the Unit in accordance with this law.

Article (29)

Financial institutions, and DNFBPs, each in its own competency, shall fulfil the obligations described in Articles (23) through (27) of this law, with regard to every customer with whom they have a business relationship or a crossborder correspondent banking relationship which was already existing on the commencement day of this law, during a period not exceeding six months starting the commencement day.

Article (30)

Financial institutions whose activities include domestic and external wire transfers of a value exceeding (4000) Riyals, or an equivalent value in other currencies, shall obtain and verify the following information about the originators of the transfers:

- (1) Full name.
- (2) Account number or, if there is no account number, a unique reference number.
- (3) Address, Identity Card (ID) Number, or customer identification number, or date and place of birth.

The information shall be included in the message or payment form accompanying the transfer.



Supervisory authorities may issue directives with measures to be taken with regard to some forms of wire transfers, including for transactions executed as batch transfers and domestic transfers and credit or debit card transactions.

Institutions referred to in paragraph (1) of this article, and upon receipt of wire transfers that do not contain the complete originator information, shall take measures to obtain and verify the missing information from the ordering institution or the beneficiary. Should the institutions fail to obtain the missing information, they shall decline the transfer and report it to the Unit.

Article (31)

In case of non-suspicion of money laundering or terrorism financing, and based on an assessment of the risks represented by customer, product, business relationship or transactions, supervisory authorities may prescribe by regulation, the simplification of customer due diligence obligations established in this law with regard to the identification and verification of the identity of the customer or the beneficial owner.

Article (32)

In case of non-suspicion of money laundering or terrorism financing, supervisory authorities may, through issued instructions or supervisory standards, authorise financial institutions to rely on measures conducted by others for the customer as required by this section.

In all cases, financial institutions remain responsible for the proper conduct of prescribed measures as required by this chapter and ongoing monitoring for their customers.

Article (33)

Financial institutions and DNFBPs shall pay special attention to the following matters:

- (1) Verification of the background and purpose in regards to all complex, unusual large transactions and all unusual patterns of transactions, which have no apparent economic or visible lawful purpose.
- (2) Verification of the background and purpose in regards to business relationships and transactions with persons, including legal persons and legal arrangements which are subject to legal systems that do not apply or that do not sufficiently apply the relevant international standards to combat money laundering and terrorism financing.



- (3) Have policies and procedures in place to address risks arising from products and transactions that favour anonymity. Financial institutions and DNFBPs shall set forth in writing the specific information regarding transactions as referred to in paragraphs (1) and (2) of this article and the identity of all parties involved. They shall maintain it as specified in law and shall be made available if requested by the Unit, the supervisory authorities and competent authorities.

Article (34)

Financial institutions and DNFBPs shall maintain records of the following information:

- (1) Copies of documents verifying the identities of customers, beneficial owners, obtained in accordance with the provisions in this chapter, account files and business correspondence for a minimum of five years after the business relationship has ended or longer if requested by the competent authority in cases specified by them.
- (2) Information obtained in accordance with the provisions in this chapter, to enable the tracing of transactions, attempted or executed by customers and the written reports established in accordance with the provisions of this law for a minimum of five years following the attempt or execution of the transaction or longer if requested by the competent authority in cases specified by them.

Financial institutions and DNFBPs shall ensure that the records and underlying information are readily available to the Unit and other competent authorities.

Article (35)

Financial institutions and DNFBPs shall develop and implement programs for the prevention of money laundering and terrorism financing. Such programs shall include the following:

- (1) Internal policies, procedures, systems and controls, including sound implementation of program management arrangements, and appropriate employee screening procedures to ensure that they are appointed accordingly with the highest standards.
- (2) Ongoing training for officers and employees to assist them in recognizing transactions and activities that may be linked to money laundering and terrorism financing and inform them of the procedures to be followed in such cases.
- (3) Audit arrangements to check compliance with and effectiveness of the measures taken to apply the provisions of this law and execute them.



Article (36)

Financial institutions and DNFBPs shall designate an officer at the level of department leadership to be responsible for overseeing implementation of this law within the institution.

Article (37)

The relevant supervisory authorities may by issuing instructions or supervisory regulations determine the type and extent of measures to be taken by financial institutions, NPOs and DNFBPs, having regard to the requirements of this chapter.

Article (38)

Financial institutions shall require their foreign majority owned subsidiaries and branches to implement the requirements of this section except to the extent that local applicable laws and regulations prevent this. If the laws of the country where the majority owned subsidiary or branch is situated prevent compliance with these obligations, the financial institution shall so inform its supervisory authority.

Article (39)

Under no circumstance shall financial institutions, NPOs and DNFBPs, and their personnel disclose to their customer or a third party that information was provided to the Unit or that a report concerning suspected money laundering or terrorism financing will be, is being or has been submitted to the Unit or that a money laundering or terrorism financing investigation is being or has been carried out.

This shall preclude disclosures or communications regarding suspicious money laundering or terrorism financing between and among their directors, officers and employees, legal departments and appropriate competent authorities, while performing their duties.

Article (40)

Save the professional obligations stated in the Advocacy Act, issued by Law No. (23) of 2006, professional secrecy or requirements shall not be invoked as a ground not to provide information or documents, when requested, in accordance with the provisions of this law.



Chapter 7

Supervisory Authorities

Article (41)


A supervisory authority may issue or make regulations, directives, rules, guidelines, recommendations or other instruments, for the implementation of the provisions of this law and for the purpose of fighting against money laundering and terrorism financing.

Article (42)

The supervisory authorities shall supervise compliance by financial institutions, NPOs and DNFBPs with the requirements stipulated law.

They shall:

- (1) Adopt necessary measures to establish fit and proper criteria for owning, controlling, or participating, directly or indirectly, in the directorship, management or operation of financial institutions.
- (2) Regulate and supervise financial institutions, NPOs and DNFBPs for compliance with the obligations set out in this law, including through on-site examinations, and the request of documents, information, or records.

- 
- (3) Cooperate and share information with competent authorities, and provide assistance in evidence collection, prosecutions or proceedings relating to predicate offences, money laundering, and terrorism financing.
 - (4) Develop in cooperation with the Unit, standards applicable to the reporting of suspicious transactions that shall take into account pertinent national and international standards.
 - (5) Ensure that financial institutions and their foreign branches and majority owned subsidiaries adopt and enforce measures consistent this law except to the extent that local laws and regulations prevent this.
 - (6) Report promptly to the Unit any information concerning suspicious transactions or information that could be related to money laundering or terrorism financing.
 - (7) Provide prompt and effective cooperation to counterpart bodies performing similar functions in other States, including exchange of information.
 - (8) Maintain statistics concerning measures adopted and sanctions imposed in the context of enforcing this law.



Article (43)

No one may operate as a DNFBP without prior registration by the relevant supervisory authority, taking into consideration legal regulations specific to each business and profession.

Article (44)

A supervisory authority, in case of a violation of the obligations established under this law by a financial institution, NPO, or DNFBP, made intentionally or by gross negligence, is evidenced, may impose one or more of the following measures and sanctions:

- (1) Ordering regular reports on the measures it is taking.
- (2) Ordering compliance with specific instructions.
- (3) Sending written warnings.
- (4) Replacing or restricting the powers of managers, board members, or controlling owners, including the appointing of ad hoc administrator.
- (5) Barring individuals from employment within a business, profession or activity, either permanently or for a provisional period.

- (6) Imposing supervision, suspending license, restricting or withdrawing any other form of permission and prohibiting the continuation of a business, profession or activity.
- (7) Imposing financial penalty in an amount no greater than 10 million Rials.
- (8) Any other measures. The supervisory authority shall inform the Unit of the measures and sanctions imposed.

Chapter 8

Investigation Procedures and Provisional Measures

Article (45)

Investigation in money laundering crimes may be carried out independently from predicate offences.

Article (46)

The Public Prosecutor, or the authorised General Advocates, may issue an order to the financial institutions, DNFBPs, or NPOs to disclose or provide any information or data on any accounts, deposits, trusts, funds or other transactions that may assist in revealing the facts of any possible money laundering or terrorism financing crimes, or any related predicate offence.



Article (47)

The Public Prosecutor, or authorised General Advocates, may issue an order to seize all types of letters, printed materials, mail boxes, and telegrams and to control all communication means and record any activities taking place in public or private places if this assists in revealing the facts of any possible money laundering or terrorism financing crime, or any related predicate offence.

In all cases, the seizure order or the recording order shall be grounded on reasons and it shall not exceed ninety days. This term may only be extended pursuant to an order issued by the competent court.

Article (48)

Without prejudice to the authorities of the Public Prosecutor set out in the law, in cases where there is a concern about the disposal of money laundering proceeds held at Financial Institutions, or where there is suspicion that funds, balances or accounts are being used in terrorism financing, the Governor of Qatar Central Bank, may order the freezing of the suspected

funds, balances or accounts for a period not exceeding ten business days. The Public Prosecutor shall be notified of such an order within three business days of its issuance, otherwise it shall be treated as void ab initio. The Public Prosecutor may cancel the freezing order or renew it for a period not exceeding three months.

The freezing order may not be renewed beyond the three months limit referred to except by order of the competent court at the request of the Public Prosecutor and the renewal shall be for a similar period or periods until a final judgment is passed in the criminal case.

In all cases, every party concerned may lodge a grievance against the freezing order or the renewal thereof before the competent court within 30 days from the date of his knowledge thereof, and the court ruling thereon shall be final.

Article (49)

Without prejudice to the rights of third parties acting in good faith, the Public Prosecutor may, at his discretion, impose temporary measures including freezing or seizing, intended to preserve the availability of funds,



instrumentalities used or intended to be used in the commission of a predicate offence, a money laundering crime, or a terrorism financing crime, or any properties of corresponding value.

Such measures may be lifted at any time by the competent court at the request of the Public Prosecutor, or at the request of the suspects or persons claiming rights to these properties.

Article (50)

The Public Prosecutor shall issue the necessary orders for freezing the funds of terrorists, those who finance terrorism and terrorist organizations, designated by the United Nations Security Council acting pursuant to Chapter VII of the United Nations Charter, or designated by a resolution issued by the Combating of Terrorism Committee, formed under the Council of Ministers Resolution No.(7) of 2007, pursuant to UN Security Council Resolution (1373) of 2001 or subsequent resolutions.

The Public Prosecutor's decision shall define the terms, conditions and time limits applicable to the freezing, and shall be published in the Official Gazette. The financial institutions, designated non-financial businesses and professions, or any other person holding such funds shall immediately freeze them and report the freezing to the Unit or any competent authority.

Article (51)

Frozen funds shall remain the property of persons which had interest therein, when the freezing was imposed. The financial institution may continue the management thereof. Seized funds shall remain the property of persons which had interest therein, when the seizure was signed, provided that they are managed by the competent judicial authority.

Chapter 9

International Cooperation

Section: One

General Rules

Article (52)

The competent authorities shall provide help to their counterpart authorities in other States for purposes of extradition and mutual legal assistance in connection with criminal investigations and proceedings related to money



laundering and terrorism financing, according to the rules set by the aforementioned Code of Criminal Procedure, the bilateral or multilateral agreements, that the State of Qatar is party thereto, or the reciprocity principle, and in such a way that does not contradict the basic principles of the State's legal system.

The request for criminal extradition or legal assistance shall only be executed, based on this law, unless the law of the requesting State and the laws of the State of Qatar penalize the crime, which is the subject of extradition request, or a similar crime. Dual criminality shall be deemed to have been fulfilled irrespective of whether the laws of the requesting State place the offence within the same category of offences or denominate the offence by the same terminology as in the State, provided the conduct underlying the offence for which request is presented is a criminal offence under the laws of the requesting States.

Article (53)

The Public Prosecutor has the authority and power to receive requests for mutual legal assistance or extradition requests sent by competent foreign authorities with respect to money laundering and terrorism financing, and he shall either execute them or refer them to the competent authorities for execution as soon as possible.

In urgent cases, such requests may be sent through the International Criminal Police Organization (ICPO/Interpol) or directly by the competent foreign authorities to the competent authorities of the State. In such cases, the authority receiving the request shall notify the Public Prosecutor.

Requests and answers should be sent either by post or any other faster means that makes a written record or its equivalent obtainable under conditions allowing the State to establish authenticity.

In all cases, requests and their annexes shall be accompanied by a translation into Arabic.

Article (54)

Requests for legal assistance or extradition requests shall include the following:

- (1) The identity of the authority requesting the measures.
- (2) The name and function of the authority conducting the investigation, or prosecution.



- (3) The requested authority.
- (4) The purpose of the request and any relevant contextual remarks.
- (5) The facts supporting the request.
- (6) Any known details that may facilitate identification of the person concerned, particularly his name, his marital status, his nationality, his address, his location and his occupation.
- (7) Any information necessary for identifying and tailing the persons, tracking instrumentalities, funds or properties in question.
- (8) The legal text incriminating the act or, if required, a statement of the law applicable to the offence and any indication of the penalty that can be imposed against the offender.
- (9) The details of the assistance required and any specific procedures that the requesting State wishes to be applied.

In addition, to the preceding data, the request shall include in some specific cases, the following particulars:

- (1) A description of the measures sought in case of requests for provisional measures.
- (2) A statement of the relevant facts and arguments to enable the judicial authorities to order the confiscation under the law, this shall be sought in case of requests for the issuance of a confiscation order.

- (3) In case of requests for the enforcement of orders relating to provisional measures or confiscations:
- (a) A certified copy of the order, and a statement of the grounds for issuing the order if they are not indicated in the order itself.
 - (b) A document certifying that the order is executable and is incontestable by the normal path of appeal.
 - (c) An indication of the extent to which the order is to be enforced and the amount to be recovered from the value of properties.
 - (d) Any information concerning third-party rights in the instrumentalities, proceeds, properties or other things in question if such information is possible and appropriate.
 - (e) The original copy of the judicial judgment, or a certified copy thereof or any other document indicating the conviction of the person accused and the sentence imposed, the fact that the sentence is enforceable and the extent to which the sentence remains to be served, this is in case of requests for extradition of a person convicted of committing a crime.

Article (55)

The Public Prosecutor or the concerned competent authority may, out of its own motion or based on the request of the Public Prosecutor, request



additional information from the competent foreign authority if such information is necessary to execute or facilitate the execution of the request.

Article (56)

It must be adhered to the confidentiality of the request if a condition to that effect is stipulated therein, and if that is not possible, the requesting authority shall be promptly informed thereof.

Article (57)

The Public Prosecutor may delay the referral of the request to the competent authorities responsible for the execution of the request if the measure or order sought is likely to substantially interfere with an ongoing investigation or a pending case. Consequently, the requesting authority shall immediately be informed of such delay.

Section: Two Mutual Legal Assistance

Article (58)

If a foreign State requests mutual legal assistance in connection with money laundering or terrorism financing, the request shall be executed in accordance with the principles set out in this chapter. The mode of mutual legal assistance, in particular, may include the following:

- (1) Obtaining evidence or statements from persons.
- (2) Assistance in making detained persons, voluntary witnesses or others appear before the judicial authorities of the requesting State in order to give evidence or assist in investigations.
- (3) Delivering of judicial papers.
- (4) Executing searches and seizures.
- (5) Examining objects and sites.
- (6) Providing information, evidentiary items and experts reports.
- (7) Providing originals or certified copies of relevant documents and records, including government, bank, financial, companies and business records.



- (8) Identifying or tracking the proceeds of crime, funds or property or instrumentalities or other things for evidentiary or confiscation purposes.
- (9) Confiscation of assets.
- (10) Execution of freezing and other provisional measures.
- (11) Eny other form of mutual legal assistance which is not contrary to the laws in force in the State.

Article (59)

A request for mutual legal assistance shall not be refused except in the following cases:

- (1) If it was not made by a competent authority according to the law of the requesting State, or if it was not sent in accordance with applicabl laws or if its contents are in substantial nonconformity with Article (54) of this law.
- (2) If its execution is likely to prejudice the security, sovereignty, public order or fundamental interests of the State.
- (3) If the offence to which the request relates is the subject of criminal case, which is pending or has already been adjudicated upon by a final judgment in the State.
- (4) If there are substantial grounds for believing that the measure or order being sought is directed at the person in question solely

on account of that person's race, religion, nationality, ethnic origin, political opinions, gender or status.

- (5) If the offence referred to in the request is not provided for under the laws of the State or does not have features in common with an offence provided for under the law of the State; however, assistance shall be otherwise granted if it does not entail coercive measures.
- (6) If it is not possible to issue an order to take or execute the measures requested by reason of the rules of prescription applicable to money laundering or terrorism financing under the legislation of the State or the law of the requesting State.
- (7) If the order whose execution is being requested is not enforceable under the law.
- (8) If the decision rendered in the requesting State was issued under conditions that did not afford sufficient protections with respect to the rights of the accused.

Article (60)

No request for mutual legal assistance shall be refused on the basis of unduly restrictive conditions, or on the basis of confidentiality provisions which bind the financial institutions, or for the sole ground that the offence involves fiscal matters.



The decision passed by a court, in relation to a request for mutual legal assistance shall be subject to appeal, in accordance with prescribed legal rules.

In case of refusal to execute the request, the Public Prosecutor or the competent authority in the State shall promptly inform the foreign competent authority of the grounds for refusal.

Article (61)

Requests for Investigative measures shall be undertaken in conformity with the applicable procedural rules of the State, unless the competent foreign authority has requested specific procedures which are not contrary to such rules to be followed. A public official authorised by the competent foreign authority may attend the implementation of the measures.

Article (62)

Requests for taking provisional measures shall be executed in accordance with the above-mentioned Code of Criminal Procedure. If the request is worded in general terms, the most appropriate measures provided by law shall be used.

Should the requested measures are not provided for in the aforementioned Code of Criminal Procedure, the competent authority may substitute those measures with measures provided for in that Code, which have effects corresponding most closely to the requested measures.

The provisions relating to the lifting of provisional measures as stipulated in this law shall be applicable. Before lifting the provisional measures, the requesting State should be informed thereof.

Article (63)

In case of a request for mutual legal assistance seeking a confiscation order, the competent authorities shall recognize the confiscation order made by a court of the requesting State or refer the request to the Public Prosecution for issuing the confiscation order and the execution thereof if such order has been issued.

The confiscation order shall apply to the funds referred to in the confiscation provisions of this law, and existing in the territory of the State.



Where the competent authorities recognize and enforce a confiscation order, they shall be bound by the findings of facts on which the order is based.

Article (64)

Without prejudice to the rights of a bonafide owner, the State shall have power of disposal of properties confiscated on its territory at the request of foreign authorities, unless an agreement concluded with the requesting State provides otherwise.

Article (65)

The competent authorities of the State may enter into bilateral or multilateral agreements or arrangements, in relation to matters that are the subject of investigations or proceedings in one or more States, in order to set up joint investigative teams and conduct joint investigations.

In the absence of such agreements or arrangements joint investigations may be undertaken on a case by case basis.

Section : Three
Criminals' Extraditions

Article (66)

Money laundering and terrorism financing shall be considered as an extraditable offence.

For the purposes of this law, money laundering and terrorism financing shall not be regarded as political offences, or offences connected with a political offence, or offences inspired by political motives.

Article (67)

Extradition shall not be granted in the following cases:

- (1) If there are substantial grounds to believe that the request for extradition has been made for the purpose of prosecuting or punishing a person on account of that person's sex, race, religion, nationality, ethnic origin or political opinions or that compliance with the request would cause prejudice to that person's position for any one of these reasons.
- (2) If a final judgment has been rendered in the State in respect of the offence for which extradition is requested.



- (3) If the person whose extradition is requested has, under the legislation of either country, become immune from prosecution or punishment for any reason, including elapse of time or amnesty.
- (4) If there are substantial grounds to conclude that the person whose extradition is requested has been or would be subjected to torture or cruel, inhuman or degrading treatment or if that person has not received or would not receive the minimum guarantees in criminal proceedings, pursuant to international standards in that regard.
- (5) The person whose extradition is requested is a Qatari citizen. Extradition shall not be refused on the sole ground that the offence is considered to entail fiscal matters.

Article (68)

Extradition may be refused if:

- (1) A prosecution in respect of the offence for which extradition is requested is pending in the State against the person whose extradition is requested.
- (2) The offence for which extradition is requested has been committed outside the territory of either country and the legislation of the State does not provide for jurisdiction over offences committed outside its territory for the offence which gave rise to the request.

- (3) The person whose extradition is requested has been sentenced for the conduct which gives rise to the request or would be liable to be tried or sentenced in the requesting State by an irregular or fundamentally unfair extraordinary or ad hoc court or tribunal.
- (4) The State, while also taking into account the nature of the offence and the interests of the requesting State, considers that, in the circumstances of the case, the extradition of the person in question would be incompatible with humanitarian considerations in view of the age, health or other personal circumstances of that person.
- (5) The extradition is requested pursuant to a final judgment rendered in the absence of the convicted person who, for reasons beyond his control, has not had sufficient notice of the trial or the opportunity to arrange for his defence and he has not had or will not have the opportunity to have the case retried in his presence.
- (6) The State has assumed jurisdiction over the offence.

Article (69)

If extradition is refused on either of the grounds stated in this law, the case shall be referred to the competent authorities in



order to institute criminal proceedings against the person concerned in respect of the offence which gave rise to the request.

Article (70)

With regard to money laundering and terrorism financing, the State may assist in extradition after receipt of a request for provisional arrest by the requesting State, provided that the person whose extradition is requested explicitly consents before a competent authority.

Chapter 10

Penalties

Article (71)

The money laundering crime does not fall within the provisions of Article (85) of the afore-mentioned Penal Code.

Article (72)

Without prejudice to a more severe punishment prescribed under any other law:

- (1) Any one who commits, or attempts to commit one of the terrorism financing crimes stipulated in Article (4) of this law shall be sentenced to imprisonment for a term not exceeding ten years and a fine not exceeding 2.000.000 Riyals.
- (2) Any one who commits, or attempts to commit one of the money laundering crimes stipulated in Article (2) of this law shall be sentenced to imprisonment for a term not exceeding seven years and by a fine not exceeding 2.000.000 Riyals.
- (3) Any one who violates the provisions of Articles (3), (5), and (39) of this law shall be sentenced to imprisonment for a term not exceeding three years and by a fine not exceeding 500,000 Riyals.

The penalties stipulated under the previous paragraphs shall be doubled if the criminal was assisted in the commitment of his crime by one or more persons or by an organised criminal gang, or through a terrorist organization; or if the crime was committed as part of other criminal acts; or if it is associated with other criminal activities; or if the criminal committed the crime by abusing his authority or powers in a financial institution, NPO or DNFBP, or by abusing the facilities offered through his job position or his professional or social activity; or if the criminal has taken part in the predicate offence from which the funds of the money laundering crime derive, whether as committer or partner, or for the intention to hinder the investigation of the money laundering and terrorism financing crime.



In addition to the penalties mentioned in the above two paragraphs, the perpetrator of a crime may be barred from employment within a business, profession or activity, which contributed in presenting the opportunity to commit a crime provided for in this article, either permanently or for a provisional period.

Article (73)

Without prejudice to a more severe punishment prescribed under any other law, any one who breaches the provisions of Article (6), paragraphs (1) and (2), and Article (17) of this law shall be sentenced to imprisonment for a term not exceeding three years and a fine not exceeding 500,000 Riyals.

Article (74)

Without prejudice to a more severe punishment prescribed under any other law, any one who breaches the provision of Article (8) of this law shall be sentenced to imprisonment for a term not exceeding one year and a fine not exceeding 100,000 Riyals.

Article (75)

Without prejudice to a more severe punishment prescribed under any other law, a legal person, on whose behalf or for whose benefit money laundering or terrorism financing has been committed by any natural person, acting either individually or as part of an organ of the legal person, who has

leading position within it, based on a power of representation of the legal person, an authority to take decisions on behalf of the legal person, or an authority to exercise control within the legal person, acting in such capacity, shall be punished by a fine not less than 5 million Riyals or equivalent to the total value of the instrumentalities and the proceeds of the crime, whichever is higher, irrespective of the conviction of the natural person as perpetrator of the offence.

The above does not prevent the punishment of the natural person, perpetrator of the crime with the corresponding sanction prescribed by the law. A legal person may additionally be barred permanently or for a provisional period from directly or indirectly carrying on certain business activities, placed under court supervision; ordered to close, permanently or for a provisional period, its premises which were used for the commission of the offence; wound up; or ordered to publicise the judgment issued in relation thereto.

Article (76)

Without prejudice to a more severe punishment prescribed under any other law, every financial institution, or DNFBP shall be punished by a fine not exceeding 1.000.000 Riyals, if it violates the provision of the second paragraph of Article (50) of this law.



Article (77)

In the event of a conviction for a predicate offence, a money laundering or a terrorism financing crime, or an attempt to commit such an offence, without prejudice to the rights of bona fide third parties, an order shall be issued by the court for the confiscation of:

- (1) Funds constituting the proceeds of crime, including properties intermingled with such proceeds or derived from or exchanged for such proceeds, or properties the value of which corresponds to that of such proceeds.
- (2) Funds forming the object of the offence.
- (3) Funds constituting income and other benefits obtained from such funds or properties, or proceeds of crime.
- (4) Instrumentalities of the crime.
- (5) Funds referred to in this article that have been disposed of to any party, unless the court finds that the owner acquired them by paying a fair price or in return of services corresponding to their value or on any other legitimate grounds, and that he was unaware of its illicit origin.

If, in cases where an offence is established by the provisions of this law, the perpetrator thereof has not been convicted because he is unknown, or he died, the Public Prosecution may nevertheless submit the file to the competent court to order the confiscation of the seized funds if sufficient evidence is adduced that they constitute proceeds of crime.

In all cases, the confiscation order shall specify the relevant funds and contain the necessary details to identify and locate these funds.

Article (78)

Without prejudice to the rights of bona fide third parties, a contract, arrangement, or any other legal instrument, shall become null and void if its parties or any party becomes aware or believes that the purpose of the contract is to avoid confiscation of the instrumentalities, returns or proceeds related to either a money laundering or a terrorism financing crime.

Article (79)

Unless otherwise provided for in this law, confiscated funds shall accrue to the State Treasury. Such funds shall remain encumbered, up to their value, by any rights lawfully established in favour of third parties acting in good faith.

Article (80)

An office for seizure and confiscation shall be established and directly affiliated to the Public Prosecutor. It shall be responsible for identifying and tracing funds that may be subject to seizure and confiscation. It shall collect and maintain all data associated with its mission in accordance with the law. It shall also manage seized assets.

Article (81)

The office for seizure and confiscation shall be responsible for the management of seized assets in accordance with the feasible means available to it, with a view to returning or confiscating such assets in a condition reasonably comparable to their condition at the time of the seizure. The Public Prosecutor may authorise the sale of funds or properties



likely to incur significant depreciation as a result of management or for which the cost of preservation is unreasonably disproportional to its value. In such case, the value of the sale shall remain subject to the seizure. The office for seizure and confiscation shall manage the sums of money seized unless they were already entrusted to a financial institution or private manager or were seized or withheld there.

Article (82)

Every person, who reports, in good faith, any suspicious transaction covered under the provisions of this law or submits any information or data on suspicious transactions is exempted from criminal or civil liability for breach of professional secrecy requirements including banking secrecy rules. No criminal action for money laundering or terrorism financing shall be brought against financial institutions, designated non financial businesses and professions, NPOs or their personnel in connection with the execution of a suspicious transaction where reports of suspicions were made in good faith in accordance with this law.

Article (83)

A perpetrator of money laundering or terrorism financing crime shall be exempted from the punishments of imprisonment and fine payment stipulated under this law if he notifies the competent authorities of any information related to the crime and involved persons, before they become aware of the crime. If the notification takes place after the competent authorities have become aware of the crime and the involved persons, which led to the detention of the remaining criminals and the confiscation of the instrumentalities and the proceeds, the court may issue a judgment suspending the imposition of the punishment.