

**Amendments to the Instructions Issued to Exchange Companies  
Number (2/RS/457/2020) on combating money laundering and terrorist financing**

• **First :Rephrased words or phrases:**

<b>Page Number (From the instructions issued dated 9/6/2020)</b>	<b>Statement (item/point/paragraph) Text according to the instructions previously issued on 9/6/2020</b>	<b>Amended statement (item/point/paragraph) Amended text</b>
1	Second Paragraph  "... to conceal and disguise the illicit sources of their funds,"	Second Paragraph  "for the purpose of concealing and disguising the illicit sources of their funds""
1	Third Paragraph .."..." to reinforce and clarify some of the requirements that have been revealed following the follow-up carried out by the Central Bank of Kuwait during the last period,..." !	Third Paragraph to enhance and clarify some of ..." the needed requirements revealed by CBK during its recent monitoring,..."
2	First Paragraph Therefore, all exchange companies subject to the supervision of the Central Bank of Kuwait operating in the State of Kuwait shall comply with the following..."	<b>First Paragraph</b> Accordingly, all exchange companies subject to CBK supervision and operate in the State of Kuwait shall comply with the requirements of anti-money laundering and combating the financing of terrorism as follows..."
3	Item I.2/a/Point 13 "The customer is engaged in an activity based primarily on dealing in cash, or practicing an activity associated with high levels of money laundering or terrorist financing risks." (cash), or engage in activity associated with high levels of money laundering or terrorist financing risk."	Item I.2/a/Point 14 The customer's business associated with high risks related to money laundering or terrorism financing. ."

3	Item I.2/a/Point 15 "The client has business relationships with persons residing in high-risk countries"	Item I.2.a/Point 16 " Customer has business/social relationship with individuals residing in high-risk countries "
4	Item I.2/b/Point 2 "The list issued by the Kuwait Financial Intelligence Unit on high-risk countries and the amendments made by the Unit to this list as a result of continuous follow-up."	Item I.2/b/Point 2 " The list issued by Kuwait Financial Intelligence Unit (KFIU) on high-risk countries and the amendments made by the Unit to this list in view of its continuous monitoring
4	Item I.2/c/Point 4 "Transactions that are unusual or involve a request for cash payments based on them."	Item I.2/c/Point 4 " Unusual patterns of transactions."
55	Item I.3/c " ... verifying the actual beneficiary customer (the real applicant) and fulfilling the name of the person receiving the funds (the beneficiary of the transaction)."	Item I.3/c " ..., verification of the actual beneficiary customer (actual requester of the transaction), and obtaining the full name of the party to receive the funds (party benefiting from the transaction)
5	Item I.3/e "Strict due diligence procedures to be followed in the event of high risks, whether related to customers, countries or product/service."	Item I.3/e " Enhanced due diligence measures that shall be followed in case of high risks, whether related to customers, to countries, or to product/service."
5	Item I.3/f "..., at intervals commensurate with the degree of risk (... , three years for low-risk clients)."	Item I.3/f "..., at intervals commensurate with the degree of risk (... , a maximum of three years for low-risk clients)."
5	Item I.4 "The study prepared on the risks associated with money laundering and terrorist financing and its findings are based on all partners in the company and the manager responsible for management. The study and any update thereon are also saved..."	Item I.4 " The study on risks associated with money laundering and terrorism financing and its results shall be approved by all partners and the Managing Director (whether the company's manager or the board of directors, where there is one). The prepared study and all updates incorporated therein shall be maintained .." ..."
5	Item II/a/2 "Preparation of a manual of work procedures and internal	Item II.1/b "Refer to developed and approved procedures including steps to be followed to achieve

	control systems to be followed to implement the required control."	compliance with the requirements of anti-money laundering and combating of terrorism financing and develop internal control systems which shall be followed in order to implement the required combating requirements."
6	Item II/A/4 "Establish due diligence measures commensurate with the degree of risk, ..."	Item II.1/e " Apply due diligence measures proportionate to the level of risk, which shall be satisfied before executing requested transactions, ..."
6	Item II/a/5 "Follow specific procedures to apply the principle of 'know your customer' as this entails..."	Item II.1/f "Follow specific procedures to apply the principle of "Know Your Customer" and use a form designated for this purpose, which specify the information that shall be obtained and the intervals for their update in view of customer-related risks."
7	Item II/A/11 "Commitment to prepare quarterly reports, to be presented to the director of the company and all its partners, ..."	Item II/1/L " Prepare quarterly reports by the compliance controller/officer to be presented to the company's manager and all partners, ..."
8	Item III/A/4 "Steps to be followed on the implementation of the concept of "Know Your Customer" taking into account the risks associated with customers, ..."	Item III.1/d " Steps to be followed in implementation of the (KYC) principle and completion of a form designated for this purpose, taking into consideration customers' associated risks, ..."
9	Item III/A/8/Point 3 "Operations that clients request to carry out from the company under a power of attorney issued by them to other persons and that are carried out without the client being present in person."	Item III.1/i/Point 3 " Transactions required by a customer to be executed through a proxy to another person(s) without the customer's presence."
9	Item III/A/9 "... Names included in the freeze lists, whether issued by the sanctions committees of the Security Council or by the	Item III/1/j "... Steps to be followed to verify the commitment not to deal with any of the names included in the freezing lists issued

	Committee for the Implementation of Security Council resolutions established at the Ministry of Foreign Affairs with regard to domestic decisions issued in this regard."	by the Security Council sanction committees or pursuant to local resolutions issued by a committee of the Ministry of Foreign Affairs to implement the Security Council resolutions in accordance with the Chapter VII of United Nations Charter related to combating terrorism and financing the spread of mass destruction weapons."
9	Item III/A/10 "Procedures and methods for monitoring operations and transactions suspected of being linked to money laundering or terrorist financing,"	Item III/1/k " Measures to be followed for detecting operations and transactions that warrant suspicion of money laundering or financing of terrorism,"
10	Item IV.1 "The exchange company is prohibited from establishing business relationships with any of the customers without verifying the customer's full name and it is forbidden to conduct any transaction..."	Item IV.1 " Exchange company shall not establish any business relations with any customer without verifying his full name, and identifying whether the service requester is the actual beneficiary of the required transaction or he is acting on behalf of another beneficiary based on a legal document proving that. Also, exchange companies may not execute any transactions"...
10	Item IV.2 "The exchange company shall identify and verify the identity of the customer and the actual beneficiary in the following cases..."	Item IV.2 " Exchange company shall identify and verify the identity of the customer and the actual beneficiary in the following case..."
10	Item IV.2/d "When a suspected act of money laundering or terrorist financing..."	Item IV.2/d " Where there is suspicion of money laundering or financing of terrorism..."
10	Item V.1 "Customer due diligence measures based on a risk-based approach are..."	Item V.1 " Due diligence measures towards customers, whether natural persons, legal persons and legal arrangements, in view of the risk-based approach, are realized through the following..."

10	Item V.1/a "Verifying the identity of the customer using documents, data or information from reliable and independent sources."	Item V.1/a " Verifying the identity of the customer using documents or recognized tools obtained from trusted and independent sources."
11	Item V.1/b "Identify the reality of the actual beneficiary of the transaction request – the genuine applicant – and take the required due diligence measures to verify his identity,..."	Item V.1/b " Identifying the actual beneficiary of the requested transaction – the real requestor of the transaction – and employing reasonable measures to ascertain his/her identity..."
11	Item V.2 "Exchange companies must review identity documents provided they are valid, ..."	Item V.2 "Exchange companies must have access to legal documents or instruments proving identity, provided that they are valid, ..."
11	Item V.2/a/Point 4 "The official document issued authorizing the person dealing on behalf of the customer with the exchange company, as follows: a. Under a power of attorney from the Ministry of Justice... b. Having a mandate... , drawn up by the customer and the signature appended to it was completed in the presence of the customer in person to the exchange company." -i	Item V.2/a/Point 4 "The official document issued by the requester of the transaction authorizing the person dealing with the company on his behalf, as follows:  A power of attorney issued from the Ministry of Justice by the customer requesting the transaction to the person dealing with the exchange company on his/her behalf  A previous authorization by the customer to the proxy, issued by the customer, which is to be signed in actual presence of the customer at company premises after verifying his/her identity t."
12	Item V.2/b "b. For legal persons	Item V.2/b "(b) For legal persons or legal arrangements:"
12	Item V.2/B/2 "Documents proving the establishment of the institution/company..."	Item V.2/B/2 " Documents evidencing incorporation of the legal person or legal arrangement and that it is entitled to exercise business according to the documents issued by the concerned authorities..."

12	Item V/2/b/point 3 "An official authorization according to legal documents issued to the person acting on behalf of the institution / company in dealing with the exchange company, provided that the identification papers of the authorized person are verified and a copy of them is kept among the documents proving the execution of the transaction."	Item V/2/b/point 3 "Legal documents indicating the names of the authorized signatory/ signatories on behalf of the legal person or legal arrangement, and documents indicating the names of the management's personnel, provided that copies thereof are included in the documents evidencing execution of the transaction."
12	Item V.2/b/Point 4 "For a person to represent the institution/company to deal with the exchange company, legal documents or judicial rulings issued in this regard proving this must be submitted."	Item V.2/b/Point 4 " Where a person is to represent an institution/company for dealing with the exchange company, legal documents or legal verdicts issued in this regard shall be submitted as proof."
12	Item VI.1 "Necessary measures shall be taken to determine whether the customer is the actual beneficiary or acting on behalf of one or more other actual beneficiaries, by obtaining a certificate signed by the customer stating that he is not acting or conducting the transaction on behalf of another person and that he is the actual beneficiary of the transaction, or by any other documents proving this."	Item VI.1 "The company shall take the necessary measures to identify whether the customer (natural person) is the actual (real) beneficiary or acting on behalf of an actual (real) beneficiary or more, through obtaining a certificate signed by the customer stating that the customer is the actual beneficiary and not acting or executing the transaction on another party's behalf."
13	Item VIII.1 "The exchange company should take additional measures to apply strict due diligence to high-risk customers, and also for politically exposed persons who are dealt with by the exchange company, provided that this includes..."	Item VIII.1 " Exchange companies shall take additional measures to apply enhanced due diligence for customers classified as high risk, customers for whom transactions are executed without their physical presence and politically exposed persons the company has business with. This specifically includes..."

14	Item VIII.2 "... Or those that do not fully comply with the application of international standards in the field of combating money laundering and terrorist financing through the Financial Action Task Force (FATF)."	Item VIII.2 "... especially those operating in countries previously classified "high-risk" or that do not fully comply with Financial Action Task Force (FATF) global (AML/CFT) standards mentioned in the issued lists."
14	Item VIII.3 "Strict due diligence measures must also be followed for: Money transfer services. Services provided through modern technologies (Online Services)."	Item VIII.3 "Enhanced due diligence measures shall also be applied for services provided via modern technologies (Online Services)."
14	Item VIII/4/c "Obtaining additional information for the client if he is a legal person ..."	Item VIII/4/b "Obtaining additional information on the customer (legal person),.."
15	Item IX.1 "The exchange company shall establish appropriate procedures to determine whether the customer ... , or that he is related – up to the second degree – to a politically exposed person, and it must include..."	Item IX.1 "Exchange companies shall take appropriate measures to determine whether the customer or the actual beneficiary (real transaction requestor) is a Politically Exposed Person (PEP), or is kin of (up to a second degree relative) with a PEP, and the measures shall at a minimum guarantee the following."
15	Item IX/1/c "Drawing up a list of jobs and positions in which the occupants are politically exposed, ..."	Item IX.1/a "Develop a list of jobs and positions whose occupants are considered to be politically exposed persons, ..."
15	Item IX.1/a "The information required to be provided ... , or that he is related to such persons and the degree of such kinship."	Item IX.1/b "The information required to be obtained ... , or a person assigned or previously assigned with a key position by an international organization or is kin of with a PEP, if so, what degree is that kinship."
15	Item IX.1/b "Continuous follow-up to update the information available about the customer."	Item IX/1/c "Continuous follow-up to update customer information."

16	Item IX.2/c "Take the necessary measures to determine the source of funds and wealth."	Item IX.2/c " Measures shall be taken to determine sources of funds and wealth."
16	Item X/first paragraph "Exchange companies within the scope of collecting the parameters of the customer and the actual beneficiary before executing any transaction, ... Information collected as part of due diligence measures on an ongoing basis, verifying its validity by reviewing existing records at periodic intervals ... and taking into account that the form contains, as a minimum, the following items with their fulfillment by the customer..."	Item X/first paragraph " Exchange companies, for the purpose of gathering information on customer and on actual (real) beneficiary prior to executing any transaction, ... updated on continued basis and verify their validity through reviewing records on regular intervals ... , Said template shall cover, at a minimum, the following..."
16	Item X.6 "To clarify from the client whether he currently holds or previously held a public political or international post, what such position is, if any, as well as whether the client has relatives holding such positions, and clarifying the degree of kinship."	Item X.a.7 "Asking for customer clarification whether he/she currently holds a political or international post, whether he/she did so in the past, the nature of such post, if any, and whether he/she has kin currently in such posts and the degree of kinship, if any."
17	Item XI/second paragraph "Exchange companies also have to... Obtaining supporting documents if possible, provided that the compliance controller prepares a written report explaining the reasons for the decision taken in this regard, whether to carry out the requested transaction or notify the Financial Intelligence Unit thereof in the event of suspicion of the transaction."	Item XI/second paragraph "Exchange companies also have to... required to obtain supporting documents, where possible. The compliance officer shall write a report indicating the justification for decision taken, be that executing the requested transaction or notifying the KFIU where the transaction is deemed suspicious.
18	Item XIII/2/d "Evaluation of the controls in place... Take the necessary measures to clearly determine the adequacy of their anti-money laundering and terrorist financing regulations."	a. Item XIII/3/d "Evaluation of the controls in place... taking the necessary procedures to clearly ascertain that their systems in this regard are consistent with the requirements that must



		<p>be adhered to in accordance with the provisions of all relevant instructions issued by CBK.</p> <p>"</p>
18	<p>Item XIII/2/E "Entering into contracts with any of the correspondent institutions... It includes a definition of the responsibilities of each party (financial institution) in the implementation of AML/CFT requirements."</p>	<p>Item XIII.5 "Entering into contracts with any of the correspondent institutions... that specify the responsibilities of each party (financial institution) concerning compliance with (AML/CFT) requirements in accordance to Item (4) above."</p>
20	<p>Item XIV.7 "The exchange company ordering the transfer must provide the information related to the electronic transfer within three working days of receiving the request for it from the Central Bank of Kuwait or the Kuwait Financial Intelligence Unit."</p>	<p>Item XIV.7 "All information and copies of documents relating the electronic transfers should be made available by the ordering exchange company within three business days of receiving the request either from CBK or KFIU, whether that information is available with the company or that is provided by previous correspondent who executed the transfer."</p>
27	<p>Item XX.11 "The exchange company must have... In implementation of the obligations imposed on them under Law No. (106) of 2013 on Anti-Money Laundering and Combating the Financing of Terrorism, and its Executive Regulations, and these instructions."</p>	<p>1) Item XX.11 "The exchange company must have... in accordance with the obligations under the Law No. 106 of 2013 regarding Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) and its executive regulations, and all related instructions issued by CBK.</p> <p>."</p>

- **Second : The Items and Paragraphs that have been amended**

Item I/2/A/Point 12 of the instructions previously issued on 9/6/2020, becomes "12- Customers who own huge assets. 13. Customers about whom there is no clear information regarding the source of income or assets owned.

Item III/A/5 of the instructions previously issued on 9/6/2020, related to work procedures and internal control systems and controls applied, becomes "e. Procedures to be followed in order to determine the actual and real beneficiary of persons (natural, legal and legal arrangements), and those required to be followed in order to understand the true ownership of the persons to be dealt with."

Item V/2/A/Point 1 of the instructions previously issued on 9/6/2020, related to due diligence measures towards customers, becomes "Civil ID issued to citizens or non-citizens (residents), whether the issued document or using the second level of the application of my identity."

Clause VI/3 of the instructions previously issued on 9/6/2020, related to the identification of the actual beneficiary (the real applicant for the execution of the transaction), becomes "In the event that the Client is a legal person or a legal arrangement, the Company shall take appropriate measures to understand the ownership and control structure of such Client, enabling the Company to identify the final natural person exercising control over the legal person, and in the event of doubts as to whether such natural person is in control or is responsible." As for the management of the legal person, the company must take successive and gradual steps to reach the actual real beneficiary (followed according to a sequential approach, so that each step is followed in the event that the previous step is insufficient to reach the identification of the real actual beneficiary), as follows:

- a. Identify the natural persons who own the control shares in the legal personality or legal arrangement who own (any of them or collectively) more than 25% of the ownership
- b. Mentioning, accessing, through the use of any other available means, the identity of natural persons who have control over the administration.
- c. In the event that the natural person is not identified through the preceding clauses (a) and b), the company shall determine the procedures by which it intends to reach the natural person(s) who occupy senior management positions and through whom the management of the legal person or the legal arrangement is controlled. "

Item 14/9 of the instructions previously issued on 9/6/2020, related to operations related to making transfers for the benefit of customers, becomes "The exchange company shall execute the outgoing transfer upon the request submitted by the customer, within a maximum of one working day following the date of receipt of the request, and in the event of non-implementation within this period, the customer must be informed of this, and if he expresses his desire not to

continue making the transfer, the company is immediately obligated to refund the value of the transfer including the fees obtained by the company. The exchange company must also follow up the transfers carried out through its correspondents abroad to ensure that the value of the transferred funds has been received by the beneficiary, and taking into account the obligation to inform the transfer applicant within a maximum of 5 working days, of the reasons for not executing the transfer in the event of obstacles preventing its implementation.

Item 18 of the instructions previously issued on 9/6/2020, related to counter-terrorism requirements, becomes "Based on the provisions of Article (25) of the Anti-Money Laundering and Combating the Financing of Terrorism Law No. (106) of 2013, all exchange companies must comply with all the requirements contained in Resolution No. (35) of 2019 issued on 4/8/2019 by the committee formed at the Ministry of Foreign Affairs (Committee for the Implementation of Security Council Resolutions issued under Chapter VII of the Charter of the United Nations on combating terrorism and the financing of proliferation). weapons of mass destruction) on the Regulation for the Implementation of Security Council Resolutions issued under Chapter VII of the Charter of the United Nations on Combating Terrorism and the Financing of the Proliferation of Weapons of Mass Destruction, and the mechanism issued in the field of procedures for implementing the requirements of this resolution shall be adhered to, in terms of the following..."

- **Third: Items and paragraphs that have been added:**

Item III of the instructions previously issued on 9/6/2020, related to work procedures and systems and controls of internal control applied, item "G. Using a form (sequential number) to prove the request to execute any transaction for any of the company's clients, is kept within the documents, whether the transaction was executed or not."

Clause VI of the instructions previously issued on 9/6/2020, related to the identification of the actual beneficiary (the real applicant for the execution of the transaction), item "4) has been added with regard to legal arrangements, the identity of the administrator, trustee, beneficiary or any other person entrusted with such tasks must be verified."

Item X of the instructions previously issued on 9/6/2020, related to the retention of customer information (know your customer), item "1) has been added for natural persons: a. personal data (name, profession or occupation, identity document number, nationality and date of birth)", and also item "2) For

Item thirteen of the instructions previously issued on 9/6/2020, related to relations with correspondents abroad (cross-border transactions), item "2) has been added, exchange companies are prohibited from dealing with any correspondent without being subject to an authority or supervisory authority entrusted with supervising this correspondent to verify his compliance with all the requirements contained in the recommendations issued by the Financial Action Task Force (FATF)", and also item "4) when the exchange company has a desire to contract with any

of the correspondents. Abroad, it is necessary first to prepare an integrated written study dealing with: the extent of the need in the presence of such dealing, and to include the information that has been completed about this correspondent in accordance with the measures contained in item (3) above, with the study confirming that the following has been obtained from the correspondent:

- a. A copy of the license issued to him to practice the activity of executing financial transfers.
- b. The document indicating that the correspondent is subject to a supervisory authority in the field of combating money laundering and terrorist financing.
- c. An acknowledgment by the correspondent of his full compliance with the requirements of due diligence in accordance with the requirements of combating money laundering and terrorist financing when executing the required transactions at the request of the exchange company's customers.
- d. An acknowledgment from the correspondent of the execution of the required transfers by the exchange company at the request of its customers through the recognized methods in this regard.
- e. An acknowledgment from the correspondent to provide a copy of all documents indicating the implementation of the requested transaction or any information related to the implementation of a transfer and the document indicating that the beneficiary has received the transfer amount, whether in addition to his account with the bank or the receipt of cash from the correspondent, upon the company's request to provide it with this, and within three working days of receiving the request for such transfer.

Clause 18/2 of the instructions previously issued on 9/6/2020, related to the requirements of combating terrorism, becomes "not to provide any financial or other services ... As well as the names contained in the resolutions issued by the Committee for the Implementation of Security Council Resolutions established at the Ministry of Foreign Affairs on the basis of resolution No. 1373/2001, immediately after the issuance of those resolutions."