

Anti Money Laundering (“AML”) Law

Article 1 Definitions

Terms shall mean the following corresponding meanings:

1. Money-Laundering: any actual or attempted act aimed at concealing or camouflaging the nature of illegally or illegitimately earned property to make it look as proceeds from legal sources.
2. Property: shall mean any kind of assets and property, whether material or immaterial, movable or immovable, and legal documents and instruments which prove the ownership of the assets or any right attached hereto.
3. Proceeds: shall mean any funds generated or earned directly or indirectly from money-laundering offences subject to sanctions hereunder.
4. Instrumentalities: shall mean anything used or was meant to be used in anyway in committing a crime subject to sanctions hereunder.
5. Financial and Non-Financial Institutions: any establishment in the Kingdom engaged in any one or more financial, commercial or economic activity such as banks, money-exchangers, investment companies, insurance companies, commercial companies, establishments, professional firms or any other similar activities set forth in the Implementation Rules.
6. Transaction: shall mean any action involving money, property or cash or in kind proceeds, including but not limited to:
Deposits, withdrawals, transfer, selling, buying, loaning, safekeeping or the like.
7. Criminal activities: shall mean any activity sanctioned by Sharia or law including the financing of terrorism, terrorist acts and terrorist organizations.
8. Attachment: shall mean the provisional ban on transferring, exchanging, disposing with or moving funds and proceeds or attaching same pursuant to an order by a court or a competent authority.
9. Confiscation: shall mean the expropriation of funds, proceeds or instrumentalities used in the crime pursuant to a ruling by a competent court.
10. Supervisory Authorities: shall mean government authorities that have the power to license, supervise and/or oversee Financial and Non-Financial Institutions.
11. Competent Authorities: shall mean all government authorities that are authorized to combat money laundering each within its own jurisdiction.

Article 2

Anyone who commits any of the following actions shall be deemed a perpetrator of a money-laundering crime:

- a. Conducting any transaction involving property or proceeds with the knowledge that such a property or proceeds came as a result of a criminal activity or from an illegal or illegitimate source.
- b. Carrying, earning, using, keeping, receiving or transferring any property or proceeds with the knowledge that such property or proceeds came as a result of a criminal activity or from an illegal or illegitimate source.
- c. Concealing or camouflaging the nature, movement, source, ownership or place and method of disposition with property or proceeds with the knowledge that such property or proceeds came as a result of a criminal activity or from an illegal or illegitimate source.
- d. Financing terrorism, terrorist acts and terrorist organizations.
- e. Participating by way of agreement, assistance, incitement, advice, counsel, facilitation, collaboration, covering or attempt in committing a crime listed in this Article.

Article 3

Chairman or members of the Board of Directors of Financial and Non-Financial Institutions, their owners, employees, authorized representatives, auditors or anyone acting in such capacity shall be deemed a perpetrator of a money-laundering offence if he commits or participates in any of the acts defined in Article (2) thereof, with no prejudice to the criminal liability of the Financial and Non-Financial Institutions for such offences if committed in their name or to their account.

Article 4

Financial and Non-Financial Institutions may not carry out any financial, commercial or similar operations under anonymous or fictitious names. They must verify the identity of the client, on the basis of official documents, at the start of dealing with such client or upon concluding commercial transactions therewith in person or in proxy. They must further verify the official documents of juristic person that indicate the name of the entity, its address, name of its owners, managing directors and other data stated in the Implementation Rules.

Article 5

Financial and Non-Financial Institutions must maintain, for at least ten years from the date of concluding the operation or closing of the account, all records and documents that explain the financial, commercial and monetary transactions, whether local or foreign, the files of commercial accounts and correspondence and copies of the IDs.

Article 6

Financial and Non-Financial Institutions must have in place internal precautionary and supervisory measures to detect and foil any of the offences stated herein, and comply with all instructions issued by the concerned supervisory authorities in this area.

Article 7

Upon gathering sufficient indications and evidence regarding complex unusual large or suspicious transactions or operations related to money laundering, terrorist acts and terrorist organizations, Financial and Non-Financial Institutions must take the following measures:-

- a. Inform the Financial Intelligence Unit (“FIU”) immediately as provided for in Article (11) of the Regulation.
- b. Prepare and submit to the FIU a detailed report including all available data and information on the parties involved therein.

Article 8

Subject to confidentiality provisions, Financial and Non-Financial Institutions must provide the judicial or concerned authorities with documents, records and information in accordance with applicable regulations under their request.

Article 9

Financial and Non-Financial Institutions, their employees and other parties subject to these Regulations shall not alert or permit to alert clients or alert other related parties about suspicions regarding their activities.

Article 10

Financial and Non-Financial Institutions must develop programs to combat money-laundering, covering, as a minimum, the following:

- a. Developing and implementing policies, plans, procedures and internal controls, including the appointment of qualified employees at the level of senior management to implement same.
- b. Developing internal accounting and auditing system to supervise the availability of basic requirements to combat money-laundering.

Developing ongoing training programs for specialized employees to keep them informed about new technologies in combating money-laundering and upgrading their activities to identify such operations, their patterns and the method of combating them.

Article 11

A Financial Intelligence Unit shall be formed to combat money-laundering and to be responsible for receiving and analyzing reports and prepare reports on the suspicious operations from all Financial and Non-Financial Institutions. The Implementation Rules of these Regulations shall define the location of its head office, its structure, its powers and the method of exercising its duties and connections.

Article 12

Upon confirming the suspicion, the FIU may order Financial and Non-Financial Institutions and direct the concerned authorities to attach properties, proceeds and instrumentalities committed in money-laundering for a period not exceeding 20 days. If further extension is needed, the order must come from the competent court.

Article 13

Under Article (8) of these Regulations, information disclosed by Financial and Non-Financial Institutions may be shared with the concerned authorities if such information is connected with a violation of these Regulations. The concerned authorities should observe the confidentiality of such information and disclose it only to the extent it may be necessary for the investigations or judicial actions related to the violation of the provisions hereof.

Article 14

The Implementation Rules shall define the rules and procedures for the amounts of cash and precious metals that are permitted to be carried in or out of the Kingdom and are subject to declaration.

Article 15

If the confiscation of properties, proceeds or instrumentalities is ordered by court and if the order does not call for the destruction of such items, the concerned authorities may dispose with such items pursuant to applicable regulations.

Article 16

The perpetrator of a money-laundering offense under Article (2) hereof shall be subject to a jail penalty up to ten years and a financial fine up to SR. 5,000,000 or to either punishment or the confiscation of the property, proceeds and instrumentalities connected with the crime. If such property and proceeds are combined with property generated from legitimate sources, such property shall be subject to confiscation pro rata with the estimated value of the illegitimate proceeds.

The competent court may relieve the owner, possessor or user of such property or proceeds if he reports to the authorities, before their knowledge, about the confiscated

property, the proceeds and the identity of the accomplices without benefiting from the income of such property.

Article 17

The perpetrator of a money-laundering offence shall be subject either to a jail penalty up to less than 15 years and a financial fine up to less than SR. 7,000,000 if the offence takes place under the following circumstances:

- a. Involvement in a crime committed by an organized gang with which the perpetrator is affiliated.
- b. If violence or arms are used in the crime.
- c. If the perpetrator was a public servant and the crime is connected with such position, or if the perpetrator used his influence and powers in the crime.
- d. In case minors were lured or exploited.
- e. If the offence was committed through a reform, charitable or educational institution or through a social service facility.
- f. If the perpetrator was subject to previous local or foreign sanctions, specifically for similar offences.

Article 18

With no prejudice to other regulations, any chairman or member of board of directors of Financial and Non-Financial Institutions, their owners, managers, employees, authorized representatives or anyone acting in such capacity shall be subject either to a jail penalty up to 2 years or a fine up to SR. 500,000 if he violates any of the obligations stated in Articles 4, 5, 6, 7, 8, 9 and 10 hereof. The penalties apply to anyone who practices the activity without a license.

Article 19

Financial and Non-Financial Institutions that violate the provisions of Articles 2-3 hereof may, by a court ruling based on an action by the concerned authorities, be subject to a fine ranging from SR. 100,000 up to the value of property involved in the offence.

Article 20

Anyone violating any provision not stated hereof shall be subject to a jail penalty up to six months and a fine up to SR. 100,000 or to either punishment.

Article 21

The proceedings and sanctions provided for herein shall not apply to those acting in good faith.

International Cooperation

Article 22

Information disclosed by Financial and Non-Financial Institutions could be shared with concerned foreign authorities which are connected with the Kingdom through valid agreements or conventions, or on the basis of reciprocity according to applicable legal procedures without prejudicing the confidentiality provisions and traditions of financial and non-financial banking institutions.

Article 23

The judiciary may, pursuant to a request by a court or concerned authority in a foreign country connected with the Kingdom through a valid agreement or convention on the basis of reciprocity, order the tracking of property, proceeds or instrumentalities connected with money-laundering in accordance with Saudi applicable regulations.

The concerned authority, upon a request from a concerned authority in a foreign country connected with the Kingdom through ratified agreements or on the basis of reciprocity may order the tracking of property, proceeds and instrumentalities connected with money-laundering in accordance with Saudi applicable regulations.

Article 24

Any court ruling, providing for the confiscation of property, proceeds or instrumentalities connected with money laundering, issued by a competent court in a foreign country connected with the Kingdom through a valid agreement or convention, or on the basis of reciprocity, may be recognized by the Kingdom if the property, proceeds or instrumentalities covered by the court ruling are subject to confiscation under Saudi applicable law.

General Provisions

Article 25

Chairman and members of board of Financial and Non-Financial Institutions, their owners, employees, servants or authorized representatives, shall be relieved from criminal, civil or administrative liability that may be caused by performing the duties provided for herein or by violating the provisions of confidentiality, unless it is established that they acted in bad faith to hurt the involved person.

Article 26

Public courts shall have jurisdiction over all offences provided for herein.

Article 27

The General Prosecution and Investigation Authority shall investigate and prosecute crimes provided for in this Regulation before General Courts.

Article 28

The Ministry of Interior, in agreement with the Minister of Finance , shall issue the Implementation Rules for these Regulations within ninety (90) days from the date of its promulgation.

Article 29

These Regulations shall be published in the Official Gazette and shall become effective three months thereafter.