

**ROYAL DECREE
No.72/2004**

**promulgating the Executive Regulation
of the Law of Money Laundering**

We Qaboos Bin Said, Sultan of Oman,

After perusal of the Basic Statute of the State issued pursuant to Royal Decree No.101/96, and

The Law of Money Laundering issued pursuant to Royal Decree No.34/2002, and

And on the exigencies of public interest,

HAVE DECREED THE FOLLOWING

- Article (1): The provisions of the attached Regulation shall be applicable in implementation of the Law of Money Laundering promulgated by Royal Decree No.34/2002.
- Article (2): The Minister of National Economy shall issue any amendments to the provisions of the attached Regulation.
- Article (3): This Decree shall be published in the Official Gazette and shall be effective from the date of its publication.

**Qaboos Bin Said
Sultan of Oman**

**Issued on: 10 Jumada 1 1425H
Corresponding to : 28 June 2004**

The Executive Regulation of The Law of Money Laundering

Article (1):

- a) In the implementation of the provisions of this Regulation, words and expressions shall have the same meanings assigned to them in the Law of Money Laundering promulgated by the Royal Decree No. 34/2002.
- b) The Law: is The Law of Money Laundering Promulgated by Royal Decree No 34/2002.
- c) The provisions of this Regulation shall be applicable to any natural or juristic person whose profession or business is related to any of the following activities:
 - (1) Lending or financial transactions including dealing in bonds and securities or lease financing or fund transfer services or selling and purchasing currencies or issuing and managing payment instruments or guarantees and obligations.
 - (2) Trading for own account or for the account of customers in securities or foreign currencies or financial options and futures, or exchange and interest rate operations and other financial derivatives or convertible instruments.
 - (3) Underwriting share issues and participation in such issuing, and undertaking investment business and accepting deposits, and acting as financial intermediaries.
 - (4) Brokerage.

- (5) Insurance business.
- (6) Real estate transactions.
- (7) Precious metals transactions.
- (8) The advocacy and audit professions.
- (9) Any other similar activities specified by the committee.

The supervisory authority for the activities which are not subject to regulation by the competent regulatory authorities specified in the Law, shall be the authority concerned with such activities.

- d) Without prejudice to the generality of the definition specified for it in the Law, the “ Predicate offence” shall include, without limitation, the following offences:

Unlawful transaction in drugs and psychotropic substances, abduction, threatening, piracy, terrorist acts, prostitution, unlawful trade in weapons and ammunitions, bribery, embezzlement, cheating, breach of trust, and any other profit generating offences provided for in the applicable laws of the Sultanate and the agreements and conventions to which the Sultanate is a party.

Article (2):

Institutions shall comply with the following:

- a) Verification of customer identification in accordance with Article (4) of the Law, and ensuring obtention of all necessary information and documents including:
 - (1) In regard to natural Omani persons:
The full name, current address, and a copy of passport or identity card or driving licence.
 - (2) In regard to natural non-Omani persons:
The full name, current address, and a copy of passport, in addition to a copy of the residence permit or the labour card in regard to residents.

(3) In regard to juristic persons:
A copy of a valid Commercial Registration Certificate, a specimen signature form of the authorized signatories and the memorandum and articles of association of the company.

(4) In regard to clubs, co-operative, charitable, social and professional societies, an official certificate from the relevant ministry should be obtained including authorized managers and signatories.

Institutions shall require their customers to update all information relating to them whenever necessary.

b) Institutions shall take appropriate measures to obtain information about the true identity of the persons for whom it opens accounts or on whose behalf transactions are conducted, if there are any suspicions that these customers are not acting directly for their own account, especially as regards fund management companies which are not practising any business or industrial activities or any other form of commercial activity in the country where they are registered.

c) Institutions shall not open anonymous accounts or accounts under assumed or fictitious names or numbers or codes, and shall not provide any services to such accounts.

d) According to instructions issued by the regulatory authorities, institutions shall establish electronic data systems for monitoring all electronic banking transactions with the purpose of enabling institutions to report on unusual transactions. As a minimum requirement, the system should be able to monitor the following situations:

(1) When an account receives numerous small fund transfers electronically, followed by large transfers in the same way from that account.

(2) Numerous and regular large deposits received within short periods by different electronic means.

(3) Where an account receives large regular payments from countries known to have traffic in drugs or

are classified as non-cooperative countries by the Financial Action Task Force (FATF).

- (4) Where transfers from abroad are received in the name of a customer electronically and are then transferred abroad in the same way without passing through the customer's account (i.e. they are not recorded in the customer's account and do not appear in his account statement).
 - (5) Large and complicated electronic transfers conducted in an unusual manner and serving no apparent economic or lawful purpose.
- e) Institutions shall follow a system of retention of the documents and records specified in Article (5) of the Law, in addition to accounts files and commercial correspondence, to expedite their response when required by competent bodies to provide any information or documents whenever the need arises.

Article (3):

Employees in institutions which are subject to the Law shall review and make careful scrutiny while conducting the following transactions:

- a) Cash transactions in banks where unusually large cash deposit amounts are made in the account of a customer whose normal business activities are conducted through cheques or other banking instruments, or when there is a substantial and unjustifiable increase in such deposits, especially if they are transferred within a short time to a destination which has no apparent association with the customer.
- b) Accounts and transactions of Companies and individuals conducted in cash on deposit and withdrawal without any economic justification.

- c) When a customer changes large quantities of lower denominations currency notes for those of higher denominations with no apparent cause.
- d) When a customer transfers large amounts of money outside the Sultanate with instructions for payment in cash, and amounts of money is transferred from outside the Sultanate in favour of non-resident customers with instructions for payment in cash.
- e) Unusually numerous cash deposits using ATMs to avoid direct contact with the concerned employee.
- f) Maintaining a number of trustee or customers accounts not required by the type of business a customer conducts, particularly when cash deposits in such accounts are of noticeably large amounts and include banking transactions conducted by persons whose names are listed in the circulars of the competent authority and the competent supervisory authorities, and also accounts which are not used for normal personal or business banking activities, but are used to receive or disburse large sums to persons or for purposes not related to the account holder or his business, or when there is a sudden activity of an account which had been dormant for a long time, or when a customer omits recording his permanent address on the application form for opening an account, or where an account receives large and regular payments from countries known to have traffic in drugs or are classified as non-cooperative countries by the Financial Action Task Force on combating money laundering.
- g) Where a customer obtains a loan from an institution against a pledge of certificates of deposit issued by foreign financial institutions in a country known to have drug traffic or money laundering, or when large deposits which are inconsistent with the depositor's financial status are made with the purpose of investment in real estate or foreign currencies or securities and other instruments of investment.

- h) Frequent and abnormal sale and purchase transactions of travelers' cheques or sending foreign currency drafts in large amounts.
- i) Where the customer requesting opening a letter of credit is the beneficiary and the owner of the shipping company at the same time, or where the documents of the letters of credit submitted by the customer to the bank and the customs and port authorities do not match the original documents, or where the business covered by the letter of credit is not consistent with the nature of the customer's usual business.
- j) Unexpected repayment of previously classified loans or loans considered as bad debts, especially if repayment is made in large amounts, or where a loan is requested against assets held by an institution or a third party when the source of such assets is unknown or if the assets are inconsistent with the customer's networth.
- k) Applications for insurance contracts in which the source of the money is unknown or is inconsistent with the financial status of the applicant, or where the applicant's previous contracts were far less in value than that applied for, or if payment is made from other than the applicant's account, or if the applicant was not interested in yield from insurance investment but in early withdrawal and termination of the insurance contract.
- l) Suspicious transactions, generally, when transacting in Muscat Securities Market, as when a customer refuses or shows reluctance to provide the intermediary with documents of identity or the purpose of conducting the transaction, especially if the customer is listed in the circulars of the competent authority and the competent supervisory authorities and is involved in large cash transactions disregarding or not caring for the prices, or if it appears that the customer is controlled by another person or persons, or if he has no apparent source of income which is consistent with the value of the transactions he conducts, or if he attempts to bribe or threaten the concerned employee with the purpose of finalizing a transaction or hindering record keeping or reporting, or if he segregates the

transaction into small amounts to avoid identification or reporting requirements, or if the account shows an abnormally fast fund transfer activity, or when the person making the transaction is an agent or an advocate or a financial consultant acting on behalf of another person without proper documentary authorization, or where the customer submits financial statements which are basically different from the statements of similar business, or if such statements were not audited by an audit firm although the customer is a big company.

Article (4):

Every institution shall appoint a compliance officer who shall be responsible, in addition to other things, of liaising with the competent authority and the competent supervisory authority, to report cases of money laundering and suspicious transactions and to prepare and maintain such reports in a proper manner, and to receive communications in this regard, and to ensure that the institution's internal controls system operates efficiently for the proper implementation of the provisions of the Law and this Regulation.

Article (5):

- a) The Chairmen and members of boards of directors and managers and employees of institutions who suspect the existence of a suspicious transaction in the light of the provisions of Article (3) of this Regulation or for any other reason, are required to report the suspicious transaction instantly to the compliance officer, together with the reasons for such suspicion.
- b) On receiving the report, the compliance officer shall review the transaction documents to ascertain whether the suspicions raised are justified, and shall, before finalization of the transaction, report the suspicious transaction to the competent authority and the Central Bank and the competent supervisory authority promptly, on the report forms attached to this Regulation.

- c) The compliance officer shall observe confidentiality and honesty in performing his work, and shall ensure that the report is received only by the competent authority, the Central Bank and the competent supervisory authority.
- d) The higher management of the institution shall not directly or indirectly influence the compliance officer in the performance of the duties imposed on him pursuant to the Law or this Regulation.

Article (6):

- a) On receiving a suspicious transaction report from the compliance officer in an institution, the competent authority shall take measures to collect the evidence and investigate the background of the suspicious transaction including the financial status of the concerned person and the undertaken activities from which the proceeds subject of the suspicious transaction were generated. Such information may be collected within or outside the Sultanate, and when there is evidence of the existence of a money laundering offence or an attempt thereof, the competent authority shall submit a written application to the Public Prosecution to consider stopping the transaction in accordance with Article (12) of the Law.
- b) The application for stopping the transaction shall be submitted to the Public Prosecution by the competent authority through the Director General of Criminal Investigations or his assistant or the Director of the Directorate of Economic Offences or his deputy. The application shall include the following:
 - 1- The name and address of the concerned person.
 - 2- The number of the account (if any).
 - 3- The name and address of the institution.
 - 4- A brief description of the suspicious transaction.
 - 5- The reasons for the application for stopping the transaction.
- (c) If the competent authority deems it necessary to obtain any additional information relating to the suspicious transaction, it shall submit an

application to that effect to the Public Prosecution specifying the nature of the information and the justifications for its obtention, to consider mandating the institutions and others to submit such information in accordance with Article (9) of the Law.

Article (7):

Concerned bodies under the Law and this Regulation shall observe the following on requesting confidential information:

- (a) The required confidential information shall be within the limits necessary for the requirements of reporting and investigation of the suspicious transaction.
- (b) Confidential information shall not be exchanged except by the concerned persons and shall not be disclosed to any other body.
- (c) Confidential information shall not be used for any purposes other than those for which it was required.
- (d) Confidential information shall not be copied or exchanged with any entity other than those concerned with combating money laundering.
- (e) To maintain and protect the confidentiality of information exchanged with other countries and to ensure that it will not be used except for the purposes for which it was exchanged. An agreement to that effect may be made.

Article (8):

The training programmes provided for in the Law shall include the following:

- (a) The orientation in the Law of Money Laundering and its Executive Regulation, and the laws and regulations relating to

- combating money laundering, and the legal duties and obligations thereby imposed.
- (b) Explanation of the recommendations, policies and instructions of the Financial Action Task Force (FATF) on combating money laundering and other regional committees, and the recommendations issued by international conferences on combating money laundering.
 - (c) Emphasizing the necessity of compliance with laws and regulations relating to combating money laundering and highlighting the importance of the relevant policies.
 - (d) To instruct the concerned employees in the nature of money laundering activities and the transactions which may furnish a basis for such activities, and the new developments in the area of money laundering and suspicious transactions and ways of identifying them, to enhance staff efficiency in identifying the offence and its typology, and detecting and combating suspicious transactions.
 - (e) Expounding the policies and systems of verification with special emphasis on verification of customers' identity and determining suspicious activities and submission of reports specifying the responsibility of each employee in accordance with the relevant laws.
 - (f) Any other issues the competent supervisory authorities and the institution deem appropriate for training purposes.

Article (9):

Each competent supervisory authority, the competent authority and the Public Prosecution, shall submit periodic reports on their work to the Committee, including their recommendations regarding the progress of their activities in combating money laundering pursuant to their obligations in accordance with the Law and this Regulation.

Article (10):

- (a) In addition to its functions specified in the Law, the National Committee for combating money laundering shall undertake the following:
- 1- To propose the amendments it deems necessary to this Regulation, and submit a recommendation of the same to the Minister of National Economy.
 - 2- To participate in international forums on combating money laundering in coordination with concerned bodies.
- (b) The Chairman shall appoint the coordinator of the Committee and determine his functions.
- (c) The Chairman shall convene the meetings of the Committee at the place and the time he specifies, provided that the Committee shall convene at least two meetings in a year, and whenever the need arises. The chairman may delegate one of the members to preside over the meeting in his absence.
- (d) The Committee shall submit its recommendations to the Minister of National Economy and such recommendations shall be effective from the date of his approval.

Article (11):

The Committee shall have a secretariat of full time staff members- if necessary- and the Chairman shall determine its functions, duties and financial emoluments.

Article (12):

- (a) The committee shall establish a technical committee with a representation at the level of director general from the

committee members. The representative of the Ministry of National Economy shall be the chairman of the technical committee, and may delegate one of the members to preside over the meeting in his absence.

(b) The technical committee shall have the following functions:

- 1- To study issues related to combating money laundering from a technical perspective.
- 2-To prepare working papers and submit proposals concerning issues falling within the terms of reference of the committee.
- 3-To study the reports, researches and recommendations issued by the Financial Action Task Force on combating money laundering (FATF) and other related international organizations, and submit recommendations on them to the Committee.
- 4-To prepare and submit training programmes to the committee.
- 5-To study all issues referred to it by the Committee.

(c) The technical committee shall convene periodic meetings of not less than three meetings in a year, and whenever the need arises.

(d) The technical committee shall submit periodical reports on its work to the Committee.

Article (13):

The competent authority shall establish a database including, without limitation, the following:

- (a) A brief statement of the legislations and regulations and other measures undertaken to combat money laundering and the names of the concerned authorities in this regard in the Sultanate.

- (b) Basic principles and general guidelines for use as educational means for training employees in institutions subject to the Law, to assist those institutions in identifying the typology of suspicious conduct and detecting suspicious transactions, and updating such principles and guidelines from time to time.
- (c) Information on recent developments in the area of money laundering and the technologies involved.
- (d) The reports on suspicious transactions within or outside the Sultanate submitted to it by the competent supervisory authorities or directly by financial institutions.
- (e) General statistics of detected money laundering cases and the action taken thereon.
- (f) Information exchanged with other countries concerning combating money laundering.
- (g) Any other information the Committee deems necessary.

Article (14):

The competent supervisory authorities and the competent authority, each within its jurisdiction, shall observe the following:

- (a) To cooperate, in consultation with Committee, with international organizations such as the International Customs Organization, Financial Action Task Force on combating money laundering, International Monetary Fund, Bank for International Settlements and other organizations, for the purpose of exchanging information about developments in the field of money laundering and combating it, and to assist in conducting studies relating thereto.
- (b) To exchange information relating to money laundering with the authorities concerned with combating money laundering in other countries, provided that the necessary controls are observed to ensure that exchange of information is not in conflict with the laws in force in the Sultanate.

- (c) To liaise with concerned entities in the Sultanate for the signing and approval of international treaties and agreements on combating money laundering.
- (d) To conduct, in liaison with concerned bodies in other countries, joint investigation operations in combating money laundering, such as surveillanced delivery of suspect funds or property.
- (e) To take the measures facilitating mutual assistance in cases relating to combating money laundering.
- (f) To coordinate with competent entities in other countries in the institution of Judicial proceedings in money laundering cases to avoid conflict of jurisdiction on the occurrence of a case within both jurisdictions of the Sultanate and another country, and to consider the possibility of sharing in property confiscated in such cases.
- (g) To take the necessary measures for extradition of the perpetrators in money laundering offences pursuant to the relevant legislations.

Article (15):

Importing and exporting foreign currency to and from the Sultanate are allowed for all travelers, provided that the amount should be declared in the form prepared by the Committee on importing, if such amount exceeds twenty thousand American Dollars (USD 20,000) or its equivalent in other currencies, except in regard to licensed banks and money exchange companies.