



FINANCIAL CRIME MODULE

CONSULTATION

MODULE	FC (Financial Crime)
CHAPTER	Table of Contents

		Date Last Changed
FC-A Introduction		
FC-A.1	Purpose	01/2022
FC-A.2	Module History	01/2023
FC-B Scope of Application		
FC-B.1	License Categories	10/2007
FC-B.2	Overseas Subsidiaries and Branches	01/2018
FC-C Risk Based Approach		
FC-C.1	Risk Based Approach	01/2022
FC-C.2	Risk Assessment	01/2023
FC-1 Customer Due Diligence Requirements		
FC-1.1	General Requirements	01/2023
FC-1.2	Face-to-face Business: Customer Due Diligence	01/2022
FC-1.3	Enhanced Customer Due Diligence: General Requirements	01/2022
FC-1.4	Enhanced CDD: Non face-to-face Business and New Technologies	01/2022
FC-1.5	Enhanced CDD: Politically Exposed Persons: PEPs	01/2022
FC-1.6	Enhanced CDD for Charities, Clubs and Societies	07/2019
FC-1.7	Enhanced CDD: 'Pooled Funds'	10/2014
FC-1.8	Enhanced CDD: Correspondent Banking	01/2018
FC-1.9	Introduced Business from Professional Intermediaries	01/2018
FC-1.10	Shell Banks	10/2005
FC-1.10A	Enhanced Due Diligence: Cross Border Cash Transactions Equal to and above BD6,000 by Courier	07/2018
FC-1.11	Simplified Customer Due Diligence	01/2022
FC-1.12	[This Section was deleted in January 2022]	01/2022
FC-1.13	Reliance on Third Parties for Customer Due Diligence	XX/2023
FC-2 AML / CFT Systems and Controls		
FC-2.1	General Requirements	04/2020
FC-2.2	On-going CDD and Transaction Monitoring	10/2017
FC-3 Money Transfers and Alternative Remittances		
FC-3.1	Electronic Transfers	01/2021
FC-3.2	Remittances on behalf of Money or Value Transfer Service (MVTs) Providers	10/2019

MODULE	FC (Financial Crime)
CHAPTER	Table of Contents (continued)

		Date Last Changed
FC-4	Money Laundering Reporting Officer (MLRO)	
FC-4.1	Appointment of MLRO	10/2017
FC-4.2	Responsibilities of the MLRO	10/2019
FC-4.3	Compliance Monitoring	01/2022
FC-5	Suspicious Transaction Reporting	
FC-5.1	Internal Reporting	10/2005
FC-5.2	External Reporting	10/2019
FC-5.3	Contacting the Relevant Authorities	10/2019
FC-6	Staff Training and Recruitment	
FC-6.1	General Requirements	01/2022
FC-7	Record-Keeping	
FC-7.1	General Requirements	01/2019
FC-8	NCCT Measures and Terrorist Financing	
FC-8.1	Special Measures for 'NCCTs	01/2018
FC-8.2	Terrorist Financing	01/2023
FC-8.3	Designated Persons and Entities	10/2014
FC-9	Enforcement Measures	
FC-9.1	Regulatory Penalties	10/2005
FC-10	AML / CFT Guidance and Best Practice	
FC-10.1	Guidance Provided by International Bodies	10/2014

MODULE	FC (Financial Crime)
CHAPTER	Table of Contents (continued)

**Date Last
Changed**

APPENDICES (included in Volume 1 (Conventional Banks), Part B)

CBB Reporting Forms

<i>Form Name</i>	<i>Subject</i>	
FC-2 STR	Suspicious Transaction Reporting Form	10/2005
FC-4 MLRO	MLRO Form	

Supplementary Information

<i>Item Number</i>	<i>Subject</i>	
FC-1	Amiri Decree Law No. 4 (2001)	-
FC-(i)(a)	Decree Law No. 54 (2006)	-
FC-(i)(b)	Decree Law No.58 (2006)	-
FC-3	Examples of Suspicious Transactions	10/2005
FC-5	UN Security Council Resolution 1373 (2001)	-
FC-6	Guidance Notes	10/2005
FC-7	UN Security Council Resolution 1267 (1999)	-



MODULE	FC:	Financial Crime
CHAPTER	FC-1:	Customer Due Diligence Requirements

FC-1.9 ~~Introduced Business from Professional Intermediaries~~
[This Section was deleted in XX 2023]

FC-1.9.1 ~~A conventional bank licensee may only accept customers introduced to it by other financial institutions or intermediaries, if it has satisfied itself that the financial institution or intermediary concerned is subject to FATF-equivalent measures and customer due diligence measures. Where conventional bank licensees delegate part of the customer due diligence measures to another financial institution or intermediary, the responsibility for meeting the requirements of Chapters 1 and 2 remains with the conventional bank licensee, not the third party.~~

FC-1.9.2 ~~Conventional bank licensees may only accept introduced business if all of the following conditions are satisfied:~~

- ~~(a) The customer due diligence measures applied by the introducer are consistent with those required by the FATF Recommendations;~~
- ~~(b) A formal agreement is in place defining the respective roles of the licensee and the introducer in relation to customer due diligence measures. The agreement must specify that the customer due diligence measures of the introducer will comply with the FATF Recommendations;~~
- ~~(c) The introducer immediately provides all necessary information required in Paragraph FC-1.2.1 or FC-1.2.7 and FC-1.1.2A pertaining to the customer's identity, the identity of the customer and beneficial owner of the funds (where different), the purpose of the relationship and, where applicable, the party/parties on whose behalf the customer is acting; also, the introducer has confirmed that the conventional bank licensee will be allowed to verify the customer due diligence measures undertaken by the introducer at any stage; and~~
- ~~(d) Written confirmation is provided by the introducer confirming that all customer due diligence measures required by the FATF Recommendations have been followed and the customer's identity established and verified. In addition, the confirmation must state that any identification documents or other customer due diligence material can be accessed by the conventional bank licensee and that these documents will be kept for at least five years after the business relationship has ended.~~

FC-1.9.3 ~~The conventional bank licensee must perform periodic reviews ensuring that any introducer on which it relies is in compliance with the FATF Recommendations. Where the introducer is resident in another jurisdiction, the conventional bank licensee must also perform periodic reviews to verify whether the jurisdiction is in compliance with the FATF Recommendations.~~



MODULE	FC:	Financial Crime
CHAPTER	FC-1:	Customer Due Diligence Requirements

**FC-1.9 — Introduced Business from Professional Intermediaries
(continued)**

FC-1.9.4 — Should the conventional bank licensee not be satisfied that the introducer is in compliance with the requirements of the FATF Recommendations, the licensee must conduct its own customer due diligence on introduced business, or not accept further introductions, or discontinue the business relationship with the introducer.



MODULE	FC:	Financial Crime
CHAPTER	FC-1:	Customer Due Diligence Requirements

FC-1.13 Reliance on Third Parties for Customer Due Diligence

FC-1.13.1 The measures stipulated in this Section apply to licensees placing reliance on the CDD measures performed by a third party regulated financial institution. The third-party financial institution will usually have an existing business relationship with the customer which is independent from the relationship to be formed by the customer with the licensee and the third party would apply its own procedures to perform the CDD measures. This is different from an outsourcing relationship in which the outsourced entity is subject to the licensee's control and direction for the effective implementation of the CDD procedures in accordance with the procedures prescribed by the licensee.

FC-1.13.2 Conventional bank licensees may rely on a third party, which is either a CBB licensee or an overseas financial institution which is regulated for compliance with FATF standards, in order to perform the following elements of customer due diligence (CDD) measures or to introduce business:

- (a) Identifying the customer and verifying that customer's identity using reliable, independent source documents, data or information;
- (b) Identifying the beneficial owner and taking reasonable measures to verify the identity of the beneficial owner, such that the licensee is satisfied that it knows who the beneficial owner is. For legal persons and arrangements this includes the licensee understanding the ownership and control structure of the customer; and
- (c) Understanding and, as appropriate, obtaining information on the purpose and intended nature of the business relationship.

FC-1.13.3 In case of such reliance on third parties, the ultimate responsibility for compliance with the CDD measures remains with the licensee. In addition, reliance cannot be placed on third parties for EDD measures, however, the licensee may have arrangements with them to obtain the necessary documentation or information.

FC-1.13.4 Licensees must ensure that its AML/CFT policies and procedures adequately address specific requirements for reliance on third parties for conducting CDD in compliance with this Section. Licensees must conduct periodic reviews of the arrangements with third parties to ensure compliance with the requirements in this Section.



MODULE	FC:	Financial Crime
CHAPTER	FC 1:	Customer Due Diligence Requirements

FC-1.13 Reliance on Third Parties for Customer Due Diligence

FC-1.13.5 Licensees that rely on a third party financial institutions for conducting CDD must ensure that the following criteria are met:

- (a) Licensees must immediately obtain the necessary information concerning the elements (a) to (c) of the CDD measures stipulated in Paragraph FC-1.13.1;
- (b) Licensees must take adequate steps to satisfy themselves that copies of identification data and other relevant documentation relating to the CDD requirements will be made available from the third party upon request without delay;
- (c) Licensees must satisfy themselves that the third party is regulated and supervised for, and has measures in place for compliance with, CDD and record keeping requirements in line with FATF Recommendations 10 and 11;
- (d) Licensees must not rely on third party financial institutions in countries considered as high risk, non-cooperative or inadequately regulated with respect to AML/CFT standards set by FATF. The licensee must have regard to information available on the level of country risk and ensure that it takes appropriate steps to identify, assess and understand the money laundering and terrorism financing risks relevant to the countries or jurisdictions that the third-party financial institution operates in when determining the countries that meet such conditions;
- (e) Licensees must enter into a written agreement with the third party which must specify the rights, responsibilities and obligations of both the parties, including requirements relating to record keeping and setting out an approach for provision of the documents and information exchange. The agreement must also specify measures to be taken if the third party ceases business or otherwise the arrangement is terminated; and
- (f) Whenever a licensee has identified deficiencies in the CDD measures undertaken by the third party in respect of customers onboarded previously, the licensee must reperform the CDD to remedy the deficiencies.

FC-1.13.6 A licensee may rely on a third-party financial institution that is part of the same financial group, subject to the following conditions:

- (a) The group applies CDD and record keeping requirements consistent with FATF Recommendations 10, 11 and 12 and has in place internal controls in accordance with FATF Recommendation 18;
- (b) The implementation of CDD, record keeping and AML/CFT measures are supervised at a group level by a financial services regulatory authority for compliance with AML/CFT requirements consistent with standards set by the FATF; and
- (c) Country risk is adequately mitigated by the group's AML/CFT policies.