



# FINANCIAL CRIME MODULE

Consultation

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CHAPTER	FC-1:	Customer Due Diligence Requirements

## FC-1.1 General Requirements (continued)

### FC-1.1.7

Conventional bank licensees must establish and verify the identity of the customer and (where applicable) the party/parties on whose behalf the customer is acting, including the Beneficial Owner of the funds. Verification must take place in accordance with the requirements specified in this Chapter.

### FC-1.1.8

Where financial services are provided to a minor or other person lacking full legal capacity, the normal identification procedures as set out in this Chapter must be followed. In the case of minors, licensees must additionally verify the identity of the parent(s) or legal guardian(s). Where a third party on behalf of a person lacking full legal capacity wishes to open an account, the licensee must establish the identity of that third party as well as the intended account holder.

#### *Anonymous and Nominee Accounts*

### FC-1.1.9

Conventional bank licensees must not establish or keep anonymous accounts or accounts in fictitious names. Where conventional bank licensees maintain a nominee account, which is controlled by or held for the benefit of another person, the identity of that person must be disclosed to the conventional bank licensee and verified by it in accordance with the requirements specified in this Chapter.

#### *Timing of Verification – Companies under Formation or New Arrivals*

### FC-1.1.10

Conventional bank licensees must not commence a business relationship or undertake a transaction with a customer before completion of the relevant customer due diligence measures specified in Chapters 1, 2 and 3. Licensees must also adopt risk management procedures with respect to the conditions under which a customer may utilise the business relationship prior to verification. However, verification may be completed after receipt of funds in the case of: **Bahrain companies under formation which are being registered with the Ministry of Industry, Commerce and Tourism; or** newly arrived persons in Bahrain who are taking up employment or residence; or non-face-to-face business, or the subsequent submission of CDD documents by the customer after undertaking initial customer due diligence provided that no disbursement of funds takes place in any of the above cases until after the requirements of these Chapters have been fully met.



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CHAPTER	FC-1:	Customer Due Diligence Requirements

## FC-1.1 General Requirements (continued)

- FC-1.1.10A** Conventional bank licensees opening accounts for companies under formation must follow the following procedures in two stages:
- Stage 1:*
- (a) Licensees must open accounts for companies under formation that provide evidence of applying for commercial registration (CR) but have not completed the entire process to obtain the final CR;
  - (b) Amounts can be received/deposited to this account but cannot be disbursed until it is made fully operational; and
- Stage 2:*
- (c) The account is made fully operational once the final CR is received and the customer has completed all customer due diligence requirements in accordance with this Module.
- FC-1.1.10B** In complying with the requirements of Paragraph FC-1.1.10A, licensees should request only reasonable information and documentation necessary for customer due diligence purposes during stage 1. Licensees should only deny a request for opening accounts due to serious reasons. Examples of such reasons may include instances where one of the shareholders or management of the company under formation appears in one of the local, regional or international sanction lists.
- FC-1.1.10C** In order for the companies to operate the accounts (stage 2), they shall be required to complete the KYC and other establishment requirements within a period of six months from the date of opening the account. The period of six months shall be extendable subject to a bilateral understanding between the two parties, taking into account the official required procedures of obtaining the license.
- FC-1.1.10D** Conventional bank licensees must classify the accounts of companies under formation as dormant if the company did not complete the CR formalities, did not submit all required KYC documents within the agreed period and the company is not cooperating with the bank. Licensees must notify the Ministry of Industry and Commerce when the account of companies under formation is classified as dormant and/or when the initial capital is withdrawn. Closure of the accounts thereafter shall be subject to the discretion of the bank.



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CHAPTER	FC-1:	Customer Due Diligence Requirements

## FC-1.1 General Requirements (continued)

FC-1.1.13A In complying with the requirements of Paragraph FC-1.1.13, examples of serious reasons for denying the request for opening an account may include failure to provide a valid passport. It may also include instances where a potential customer's conduct or activity appears suspicious or the customer's name appears in one of the local, regional or international sanction lists.

~~FC-1.1.13B Where a company under formation in the Kingdom of Bahrain, which presents formal documents providing evidence that it has applied for and is awaiting its final commercial registration (CR), requests to open an account at a retail bank in Bahrain, the bank must open the requested account unless it has serious reasons to decline.~~

~~FC-1.1.13C In complying with the requirements of Paragraph FC-1.1.13B, examples of serious reasons for denying the request for opening an account may include instances where a potential customer's conduct or activity appears suspicious or one of the principal's (shareholder or management) or the company under formation appears in one of the local, regional or international sanction lists.~~

~~FC-1.1.13D Retail banks shall continue to open accounts for companies under formation, which have been granted a commercial registration but not yet completed all other formalities.~~

~~FC-1.1.13E In order for the companies to operate the accounts, they shall be required to complete the KYC and other establishment requirements within a period of six months from the date of opening the account. The period of six months shall be extendable subject to a bilateral understanding between the two parties, taking into account the official required procedures of obtaining the license.~~

~~FC-1.1.13F If the company under formation did not complete the license formalities nor submitted all required KYC documents to the subject bank within the agreed period and the company is not cooperating with the bank, the account of the company must be classified as dormant.~~

~~FC-1.1.13G Retail banks must notify the Ministry of Industry, Commerce and Tourism when the account of companies under formation is classified as dormant and/or when the initial capital is withdrawn.~~

~~FC-1.1.13H Closure of the accounts thereafter shall be subject to the discretion of the bank.~~