



FINANCIAL CRIME MODULE

Consultation

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<i>Item Number</i>	<i>Subject</i>	
FC-1	Amiri Decree Law No. 4 (2001)	n/a
FC-(i)(a)	Decree Law No. 54 (2006)	n/a
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FC-3	Guidelines for Detecting Suspicious Transactions	10/2005
FC-5	UN Security Council Resolution 1373 (2001)	n/a
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CHAPTER	FC-1:	Customer Due Diligence Requirements

FC-1.1 General Requirements (continued)

Timing of Verification – Companies under Formation or New Arrivals

FC-1.1.10

Islamic 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, and 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 no disbursement of funds takes place in any of the above cases until after the requirements of these Chapters have been fully met.

FC-1.1.10A

Islamic bank licensees must ensure they adopt adequate risk management procedures and perform risk assessments with respect to the conditions under which a customer may utilise the business relationship prior to verification.

Companies under Formation

FC-1.1.10B

Islamic bank licensees may open a bank account for the purpose of injection of initial capital (bank account for depositing capital) for a company under formation. No transfers or disbursement of funds must take place from such bank account until all the CDD requirements have been fully met.

FC-1.1.10C

Islamic bank licensees should only deny a request for opening accounts due to serious reasons or in case of suspicions arising from AML/CFT risk assessments. An example of a serious reason includes the detection of the fact that one of the shareholders of the company under formation appears in local, regional or international sanction lists.

FC-1.1.10D

Islamic bank licensees may open a separate bank account for the purpose of payment of formation expenses under conditions to be agreed with the customer.



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CHAPTER	FC-1:	Customer Due Diligence Requirements

FC-1.1 General Requirements (continued)

FC-1.1.10E All bank accounts of the company under formation must be closed or suspended if the final CR is not received and the customer has not completed the customer due diligence requirements within a period of six months from the date of opening the account. The six-month period may be extended subject to a bilateral arrangement between the licensee and the customer.

FC-1.1.10F For the purposes of account mentioned in Paragraph FC-1.1.10D, Islamic bank licensees should follow the guidance below:

- (a) Licensees should receive from the customer, information regarding the nature of transactions, volume and prospective vendors during the formation stages;
- (b) Licensees may agree with the customer a limit for maximum payments to be made out of this account;
- (c) Licensees should ensure that payments from such accounts are only through EFTS; and
- (d) Licensees should integrate their systems with Sijilat system of the Ministry of Industry and Commerce for real-time access to allow opening of accounts in a timely and efficient manner.

New Arrivals

FC-1.1.10G In the case of newly arrived persons in Bahrain who are taking up employment or residence; or non-face-to-face business, an account may be opened after undertaking initial customer due diligence after obtaining and verifying the identity information of the customer. However, no transfers or disbursement of funds must take place from such bank account until all the CDD requirements have been fully met.

FC-1.1.10H In complying with the requirements of Paragraph FC-1.1.10G, 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.



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CHAPTER	FC-1:	Customer Due Diligence Requirements

FC-1.1 General Requirements (continued)

FC-1.1.13 — Where a non-resident customer intends to take up employment or to do business in Bahrain and has not completed residence permit and registration requirements and is currently awaiting receipt of his formal Bahraini identification documents, the licensee must open an account if requested by such customer, unless it has serious reasons to decline opening the account.

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 — Islamic 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 Islamic bank within the agreed period and the company is not cooperating with the Islamic bank, the account of the company must be classified as dormant.

FC-1.1.13G — Islamic 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.