

Mutual Evaluation Report 8th Follow-Up Report of Oman

Anti-Money Laundering and
Combating the Financing of Terrorism

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Sultanate of Oman

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This report provides an overview of the measures that Sultanate Of Oman has taken to address the major deficiencies relating to Recommendations rated NC or PC since its last mutual evaluation. The progress shown indicates that sufficient action has been taken to address those major deficiencies, and in particular, those related to R5, SRI, and SRII. It should be noted that the original rating does not take into account the subsequent progress made by the country.

8th Follow-up Report of the Sultanate of Oman

Request for Moving from the Follow-up Process to the Biennial Update Process

a. Introduction

1. The 13th plenary meeting adopted the mutual evaluation report of the Sultanate of Oman (Oman) on May 4, 2011. As a result of the report's content, Oman was subject to the regular follow-up process according to the procedures of mutual evaluation. The Sultanate of Oman presented a number of follow-up reports as follows: the 1st follow-up report in May 2013; the 2nd follow-up report in May 2014; the 3rd follow-up report in November 2014; the 4th follow-up report in April 2015; the 5th follow-up report in November 2015; the 6th follow-up report in April 2016; and the 7th follow-up report in November 2016. Oman expressed its wish that the 25th plenary meeting would consider its removal from the regular follow-up process to the biennial update process.
2. This paper is based on the procedures of removal from the regular follow-up, as agreed by the 12th Plenary Meeting (November 2010) and the amendments on procedures adopted in the e-Plenary Meeting (August-September 2013). The report contains a detailed description and analysis of the measures taken by Oman with respect to the core¹ and key² Recommendations rated Non-Compliant (NC) and Partially Compliant (PC) in the above-mentioned MER. It also contains a description and analysis of the other Recommendations rated (PC) or (NC). In Annex 1, we are including a list of the major laws and documents relating to AML/CFT system in Sultanate of Oman.
3. The procedures require that the Plenary Meeting considers the removal of the country from the regular follow-up if it has, in the opinion of the Plenary Meeting, an effective AML/CFT regime in force, under which the country has implemented the core and key recommendations at the level essentially equivalent to a C (Compliant) or LC (Largely Compliant) taking into consideration that there would be no re-rating.
4. Oman was rated PC and NC on a total of 21 recommendations:

Core Recommendations rated PC or NC
R5
Key Recommendations rated PC or NC
SR1, SR3
Other Recommendations rated PC
R8, R9, R11, R16, R17, R21, R25, R27, R38, SR6, SR 7
Other Recommendations rated NC
R6, R7, R12, R19, R22, R24, SR9

¹The Core Recommendations according to FATF classification are: R1, R5, R10, R13, SR2, and SR4.

²The Key Recommendations according to FATF classification are: R3, R4, R23, R26, R35, R36, R40, SR1, SR3, and SR5.

5. As prescribed by the procedures of removal from the regular follow-up, Oman provided the Secretariat with a full report on its progress as of adopting the MER. Accordingly, the Secretariat drafted a detailed analysis of the progress made by Oman for the core and key recommendations rated NC or PC, as well as an analysis of the other Recommendations rated NC or PC. The Secretariat provided the Omani authorities with its report accompanied with a number of enquiries and requests. Oman has provided the Secretariat with all the documents and information requested during this process, and some comments provided by Oman were taken into consideration.
6. As a general note on all applications for removal from regular follow-up: the procedure is described as a *paper based desk review*, and by its nature is less detailed and thorough than a mutual evaluation report. The analysis focuses on the Recommendations that were rated NC or PC, which means that only a part of the AML/CFT regime is reviewed. Such analysis essentially consists of looking into the main laws, regulations and other material to verify the technical compliance of domestic legislation with the FATF standards. In assessing whether sufficient progress had been made, effectiveness is taken into account to the extent possible in a *paper based desk review* and primarily through a consideration of data provided by the country. Any conclusions in this report do not prejudge the results of the future assessments, as they are based on information which was not verified through an on-site process and was not as comprehensive as would exist during a mutual evaluation.

b. Main Conclusion and Recommendation to the Plenary Meeting

Core Recommendations

7. **R.5 (Customer Due Diligence):** Oman has remedied the deficiencies related to this recommendation, through the main obligations on CDD measures imposed by virtue of the AML/CFT law, whereas the aforementioned law bound the financial institutions not to open accounts in anonymous or fictitious names, or in secret codes or numbers; it also bound the financial institutions to determine and assess the risks, and to keep the risk assessment study and pertinent information and update the same. Furthermore, the law bound the financial institutions to identify the customer and verify its identity, based on reliable and independent information, data, and documents issued by the official authorities, including all natural and legal persons, and the persons working on behalf of natural or legal persons, in addition to understanding the structure of ownership and control over the customer, understanding the purpose and nature of the business relationship, following up the business relationships on an ongoing basis, and checking the transactions made by customers.
8. The law stipulated the situations to which the CDD measures shall be applied, it also provided for the CDD measures to be taken towards natural and legal persons, and set forth the concept of the beneficial owner, and asked the institutions to identify and verify the identity of the customer. It also bound the financial institutions to assess the risks, and to take enhanced CDD measures towards higher risk categories of customers, business relationships, or transactions; with the possibility of applying simplified CDD measures

whenever the risks are low, unless when suspecting any ML/FT operations. The law provided for the possibility of postponing the application of CDD measures according to the specific conditions mentioned in article 37 of Sultani Decree no. 30/2016, and bound the FIs to abstain from opening accounts or initiating a business relationship or executing a transaction or terminating a relationship whenever the application of CDD measures is impossible, and consider filing a report to the national center for financial information, while imposing the CDD measures on the existing accounts and business relationships in due course, and conducting a periodical review to check the validity of the information, data, and documents obtained and updated. On the other hand, the authorities shall rush to issue the executive instructions to all such sectors that are covered by the law officially.

9. The authorities stated that according to the AML/CFT national work strategy, the final draft of the instructions of the Central Bank of Oman addressed to the sectors subjected to its supervision was recently finalized in cooperation with the IMF experts, in a hope that they will be issued by the executive president of the Central Bank of Oman. Similarly, the Capital Market Authority is now working intensively with the assistance of international expertise on the draft executive instructions which are suggested to be addressed to the sectors which are subjected to its supervision (insurance, securities) and which shall be issued later by the executive president of the said Authority.
10. As general result, we can say that the level of Oman's compliance with these recommendations can be rated as equivalent as to "LC".

Key Recommendations

11. **SR.I (Implementation of Un Instruments):** Oman has remedied the deficiencies related to this recommendation, by taking the necessary procedures to implement the obligations stipulated in the Convention for the Suppression of the Financing of Terrorism, and to implement UNSCRs 1267 (1999) and 1373 (2001) and the successive resolutions, in addition to issuing the executive procedures on the application of the previous resolutions.
12. **SR.III (Freezing and Confiscation of Terrorists' Funds):** The deficiencies related to the freezing and confiscation of terrorists' funds were remedied, in terms of determining the authority which is charged with freezing the funds of the terrorists as per UNSCRs, whereas the national committee on CFT was formed and it was charged with issuing the instructions about the implementation of the obligations set forth in UNSCRs 1267 and 1373, namely the freezing of the terrorists' funds and other persons' assets determined by Al Qaeda sanctions committee of the UN, established by virtue of UNSCR 1267 (1999) and successive pertinent resolutions, or those determined in the context of UNSCR 1373 (2001) and other pertinent resolutions regarding the guidelines imposed on FIs, persons, or other entities having the funds or other targeted assets, about relevant obligations in terms of taking procedures by virtue of the freezing mechanisms.

Other Recommendations

13. Oman has remedied the deficiencies related to the other recommendations, and it is worth mentioning that the decision of removing Oman from the follow-up process is basically founded on the core and key recommendations. This report does not provide a detailed analysis regarding the other recommendations.

Conclusion

14. The follow-up procedures stipulate that, in order to exit the follow-up process, the state shall take sufficient measures allowing the same; accordingly, the state shall have an effective AML/CFT system that enables it to implement the main and key recommendations in a way to get the classification of “C” or “LC”, taking into account that there would be no re-rating. It is worth mentioning that the plenary meeting handles the key recommendations with some flexibility, when a considerable progress is made in all recommendations, for which the state got the classification “partially compliant” or not compliant”.
15. With regard to the main recommendations, we can say that the level of Oman’s compliance with these recommendations can be classified as”LC”.
16. With regard to the key recommendations, we can say that the level of Oman’s compliance with these recommendations can be classified as ”LC”.
17. With regard to the other recommendations, we can say that the level of Oman’s compliance with these recommendations can be classified as”LC”
18. With regard to the efficiency, the authorities stated that one judgment was rendered in 2015 in a money laundering crime case, and no conviction judgments were rendered in FT crimes, and the public prosecution is still investigating in 11 ML suspicious cases referred thereto in 2016. Oman presented statistics about the number of STRs handled and filed to the national center for financial information regarding AML/CFT between 2015 and 2016, knowing that such STRs reached 909 from different sectors (banks, exchange companies, finance companies, real estate intermediary companies, and other parties) as follows: in 2015, the number of STRs was 286, and in 2016 the number of STRs was 623; and following the analysis, the center referred 71 cases to the public prosecution in 2015, and 30 cases in 2016. The aforementioned statistics reveal the sustainable increase of the STRs handled in 2016, whereas such increase represented 110%, and this a positive indicator showing that the awareness is higher and so are the experience, training, and level of exchange of information in this regard.
19. Concerning the efficiency of the supervisory authorities that monitor the FIs and the DNFBPs, we can say that Oman has taken a number of measures to improve and activate the level of supervision over the financial institutions, in terms of the number of field

visits to the sector of banks, insurance companies, exchange companies, finance companies, and the securities sector; and Oman has taken as well a number of measures to improve the level of supervision over DNFBPs.

20. As a result, and given that the level of Oman's compliance with the main recommendations can be classified as "LC" at least, and that the compliance with the key recommendations can be classified as "very compliant" at least, the plenary meeting may approve the request of Oman for moving from the follow-up process to the biennial update.

Overview about the Sultanate of Oman

Overview about the Main Developments since the Approval of the MER

21. Since the approval of the MER, Oman expended lots of efforts to execute the action plan that was established in order to comply with the AML/CFT international standards. In this context, Oman adopted the Sultani Decree no. 30/2016, providing for the promulgation of the AML/CFT law. Moreover, the CFT national committee in Oman issued the resolution no. 1/2017 on the procedures of implementation of UNCSRs, that are issued by virtue of chapter 7 of UN Charter on the Suppression of the Financing of Terrorism. Oman issued as well the Sultani Decree no. 114/2011 which approved the adherence of Oman to the UN Convention for the Suppression of the Financing of Terrorism. Besides, the supervisory and monitoring authorities have issued, based on the national strategy, and in cooperation with IMF experts, the draft AML/CFT instructions to the parties that are subject thereto, and it is expected to issue the final and official version of the same in the coming period.

The Legal and Regulatory Framework

22. The legal framework of the AML/CFT regulation in Oman is based on the Sultani Decree no. 30/2016 related to the promulgation of the AML/CFT law, which was published in the Official Gazette, issue 1149, year 45, date of 5 June 2016. The promulgated law is the extract of the efforts made by the Sultanate during the period that followed the approval of the MER in 2011, whereas the Sultanate has reviewed and evaluated the AML/CFT regulations, by reviewing and amending the AML/CFT law issued by Sultani Decree no. 79/2010; and preparing a new law based on the requirements of the international standards on AML/CFT and propagation of arms issued by FATF in 2012, and the methodology of evaluation of the technical compliance with FATF recommendations and the efficiency of AML/CFT regulations issued in February 2013. The new law included a number of chapters like: the definitions and general provisions, the ML/FT crime, the national AML/CFT committee, the national center for financial information, the obligations of FIs, DNFBPs, and NPOs, the supervisory authorities, the customs declaration, the international cooperation, the investigation, and the sanctions. The main new amendments made to the new law were as follows: inserting specific definitions to each of the terms "funds", "terrorist person", "terrorist act", "terrorist organization", and

legal arrangements”; re-formulation of the ML and FT criminalization concepts; establishing provisions and norms related to risk assessment, preventive measures, CDD measures towards customers, and the know your customer and know your beneficial owner procedures, PEPs, correspondent banking relationships, financial transactions, the obligations and sanctions imposed on FIs, DNFBPs, and NPOs, the CDD measures towards the states that insufficiently apply FATF criteria, the aspects of customs declaration, the activation of sanctions on violators, and the improvement of the organizational level of the FIU to become in the form of a (national center for financial information) with a legal personality and a financial and administrative independency. Furthermore, the law included a complete chapter about the international cooperation in the field of legal and judicial assistance and extradition of ML/FT criminals.

23. Furthermore, the supervisory and monitoring authorities have issued, based on the national strategy, and in cooperation with IMF experts, the draft executive instructions for the banks, exchange companies, and finance lease companies, whereas such instructions included, according to the authorities, a number of provisions about: the execution of the requirements of paragraph (d) of article 36 related to the establishment of regulations to determine whether the beneficial owner is, ex-officio, a PEP; the procedures related to risk assessment; the requirements of CDD measures towards customers; the identification of the beneficial owner and the situations in which the enhanced or simplified CDD measures are applied; the requirements of keeping records and documents; the requirements of establishing internal controls, procedures, and policies for the institutions in order to apply the competence standards upon appointment; the continuous training of employees; finding verification systems to check the efficiency of the measures, procedures, and policies; special instructions for wire transfers; the requirements of reporting suspicious transactions to the national center for financial information; the information to be included in the STR; and binding the institutions to provide the database of the center periodically with reports about the marginal value.
24. The capital market authority issued the guide of AML supervisory procedures to all companies operating in the field of securities. The guide included special provisions to deal with ML/FT cases in the capital market, and special procedures consisting in: identifying and verifying the identity of the customer; record-keeping, reporting suspicious transactions, provisions about unusual or suspicious transactions, provisions for the branches and agents of the licensed company outside the Sultanate, systems of internal supervision, compliance, and review, including the appointment of compliance officers, and the requirements of taking due diligence and being careful in some cases, namely: the lists of the UN sanctions committee (1267), the PEPs, the higher risk categories of customers, business relationships, or transactions, the customers belonging to states that have no adequate AML/CFT regulations, the external parties, and the indirect dealing with customers, intermediaries, and third parties.
25. Furthermore, the capital market authority issued the guide of AML supervisory procedures to all insurance companies, brokers, and agents. The guide included provisions on AML/CFT for the sector of insurance in different types thereof (life insurance, general insurance, re-insurance, insurance brokers), and the AML/CFT supervisory procedures which consist in: investigating and inquiring about the customer

(KYC principle), record keeping, reporting suspicious transactions to competent authorities, establishing and implementing internal supervisory policy and systems including the appointment of a compliance officer and determining relevant obligations, establishing the supervisory procedures upon the appointment of employees and training, taking CDD measures towards customers, implementing special procedures to classify the customers based on risks, especially higher risk customers, the procedures of identification of complicated, big, and unusual transactions, and the new and developed techniques in the sector of insurance.

26. With regard to the supervision of the sector of customs, the AML/CFT national committee in Oman issued the resolution no. 1/2017 on determining the customs declaration threshold, whereas this resolution binds each person who enters or leaves the territory of the Sultanate of Oman to declare the negotiable financial instruments or currencies he holds, whenever their value is at a certain limit.
27. With regard to the implementation of UNSCRs 1267 and 1373, the AML/CFT national committee in Oman issued the resolution no. 1/2017 on implementing the UNSCRs issued by virtue of chapter 7 of the UN Charter about combating and suppressing terrorism and the financing of terrorism. This resolution aims to freezing the funds and other assets of the persons who are determined by Al Qaeda and Taliban UN Sanctions Committee as per UNSCR 1267 (1999), and the funds and other terrorist assets of the persons who are determined in UNSCR 1373 (2001).

c. Review of the Measures Taken in relation to the Core Recommendations

R.5: Rating (NC)

First deficiency: there is no condition in the main or secondary legislation that prohibits the financial institutions from keeping ac counts in anonymous or fictitious names.

28. The Sultanate of Oman remedied the deficiencies related to this recommendation, through article 35 of the Sultani Decree no. 30/2016 related to the AML/CFT law, which bound the FIs not to open accounts in anonymous or fictitious names, or in secret codes or numbers, and which prohibited the FIs from keeping them or offering any services to them.
29. The AML supervisory procedures issued to all such companies that operate in the securities field and to all insurance companies and insurance brokers, included a similar clause no. (5) fifth – CDD Measures towards Customers – which bound the companies to abstain from opening accounts in anonymous or fictitious names, or in secret codes or numbers, or to offer services thereto.

Second deficiency: There is no specific guarantee in the main or secondary legislation which stipulates that, in case there are numbered accounts, the FIs shall be bound to keep the same in a way to achieve full compliance with FATF recommendations.

30. Oman remedied the deficiency related to this recommendation, whereas article 35 of the amended law bound the financial institutions to refrain from opening or maintaining anonymous accounts or accounts under fictitious names, numbers or secret codes, or providing any services for such accounts.
31. The AML supervisory procedures issued to all such companies that operate in the securities field and to all insurance companies and insurance brokers, included a clause about numbered accounts, whereby the companies shall keep the numbered accounts in a way that allows full compliance with FATF recommendations, and to identify the customer according to such criteria, and to make such customer identification records available to the compliance officers and the competent concerned officers and to the national center for financial information.

Third deficiency: The financial institutions are not required, by virtue of some main or secondary legislation, to apply CDD measures in the following situations:

- ***When establishing business relationships.***
 - ***When executing occasional transactions which exceed the applicable threshold (15000 US Dollars / Euros). This also includes some cases in which the transaction is executed through one single operation or several interlinked operations.***
 - ***When executing occasional transactions consisting in wire transfers in the cases covered by the interpretive note in SR.VII.***
 - ***When there is suspicion about an ML or FT case, regardless of the existence of any exemptions or thresholds referred to in any other part by virtue of FATF recommendations, or the methodology of evaluation of compliance with FATF 40 recommendations and the 9 special recommendations.***
 - ***When the financial institution suspects the accuracy or sufficiency of the customer's identification data previously obtained.***
32. Oman remedied part of the deficiency related to this recommendation, through article 33 of the amended law, which bound all financial institutions to take CDD measures towards customers subject to the results of risk assessment, and which included the CDD measures in terms of identifying customers and verifying relevant identity based on reliable and independent sources, documents, data, and information issued by official authorities, before the establishment of the business relationship, and before the execution of the transaction in favor of the customer who has no existing business relationship therewith, whenever the value of such transaction is equal or exceeds the threshold set by the supervisory authority, whether the transaction is executed through one single operation or several interlinked operations, and before the execution of any electronic transfer in favor of the customer who has no existing business relationship therewith, whenever the value of such transaction is equal or exceeds the threshold set by the supervisory authority, in case of suspicion about ML or FT, or about the accuracy or sufficiency of the documents and identification data of the customers already obtained.
33. On the other hand, the executive instructions expected to be issued in the coming period by the Central Bank of Oman to (banks, exchange companies, finance lease companies),

and those issued by the capital market authority to (the insurance companies and brokers, securities companies) included details about the obligations set forth in *the law*.

Fourth deficiency: The AML/CFT law and the executive regulation do not bind the financial institutions to verify the identity of the customers by having recourse to documents, data, or information taken from reliable and independent sources, and do not bind the FIs to apply the identification procedures to permanent or occasional customers, whether they are natural persons, legal persons, or legal arrangements.

34. Oman remedied most of the deficiencies related to this recommendation, through article 33 – paragraph (a) – which bound the financial institutions, when taking CDD measures, to identify customers (permanent or occasional customers, whether they are natural persons, legal persons, or legal arrangements) and verify their identity based on reliable and independent sources, documents, and data issued by official authorities).
35. The AML supervisory procedures issued to all such companies that operate in the securities field and to all insurance companies and insurance brokers, included a clause (b) on the identification of customers and verification of relevant identity, which bound the licensed company to establish systems for the identification of customers (permanent or occasional customers, whether they are natural persons, legal persons, or non-profit parties) and verification of the identity; it also bound the licensed company to peruse the official documents of the customer’s identification and get a copy thereof, and to take all necessary procedures to check the accuracy of the data and information obtained from the customer, especially the higher risk categories of customers and business relationships, based on unbiased and reliable sources. The natural person’s identification procedures shall include: the identification data related to the full name of the customer, the date of birth, the nationality, the number of type of the ID card (civil card / passport / commercial register), the permanent place of residence, the phone number, the work address, the type of activity, the purpose of the relationship, the names of the persons authorized to deal with the account and their nationalities (if existing), the number and type of their ID cards, and any other information that the company deems necessary. With regard to persons with lack of capacity, like minors, it is necessary to obtain the documents related to their legal representative who will deal with these accounts. In case another person deals with the licensed company on behalf of the customer, it is necessary to check the existence of the power of attorney, and to keep such power of attorney or a legalized copy thereof, in addition to identify the legal person, the partners, the legal form, the headquarters address, the type of business, the capital, the date and number of registration, the names of persons authorized to deal with the accounts and their nationalities, the phone numbers, the purpose of the relationship, and any other information that the company deems necessary to obtain. It is important as well to make sure of the existence of the legal person and relevant legal entity based on the necessary documents, and to obtain all documents that prove the existence of an authorization from the legal person to natural persons authorized to deal with the account, while identifying the authorized person based on the KYC procedures. With regard to the cooperative, charity, social, and professional associations and organizations, the guide provided for obtaining an official certificate from the competent ministry which includes the persons authorized and entrusted with the management and signature on behalf of such entities.

36. The executive instructions issued to banks and insurance companies included, as stated by the authorities, details about the aforementioned obligations.

Fifth deficiency: The law or the regulations does not bind the FIs to identify and verify the identity of the person who alleges to act on behalf of the customer (in case of the legal person or legal arrangement) and to be authorized to do the same.

Sixth deficiency: The FIs are not bound by virtue of any main or secondary legislation to determine whether the customer is acting on behalf of another person, then take reasonable steps to obtain sufficient data to verify the identity of such other person.

37. Oman remedied part of the deficiencies related to this recommendation, through article 33 – paragraph (a) – of the amended law which bound the financial institutions, when taking CDD measures, to identify any person acting on behalf of the customer, and verify such identity and the details proving such representation; whereas the article binds all financial institutions to check and verify all proving documents and verify the judicial tools, papers, and documents that prove that a person was appointed to represent the concerned person. And the financial institutions are bound to identify and verify the identity of any person acting on behalf of any customer, whether a natural or legal person.
38. The AML supervisory procedures issued to all such companies that operate in the securities field and to all insurance companies and insurance brokers, included a clause (b) on the identification of customers and verification of relevant identity, which bound the licensed company, in case of another person dealt with it on behalf of the customer, to check the existence of a power of attorney, and to keep such power of attorney or a legalized copy thereof, in addition to identifying the attorney based on the KYC procedures. The legal person's identification procedures shall include: the legal person's identification data, the partners, the legal form, the headquarters address, the type of business, the capital, the date and number of registration, the names of persons authorized to deal with the accounts and their nationalities, the phone numbers, the purpose of the relationship, and any other information that the company deems necessary to obtain. It is important as well to make sure of the existence of the legal person and relevant legal entity based on the necessary documents and the information included therein like: the certificates issued by the secretariat of the commercial register at the ministry of commerce and industry, and the certificates issued by the chamber of commerce and industry of Oman, and in case the legal person is registered abroad, it is necessary to obtain an official registration certificate issued by the competent authorities, and to obtain the documents that prove the existence of an authorization by the legal person to natural persons to deal with the account, in addition to identifying the authorized person based on the KYC procedures.
39. The executive instructions to be issued soon include details about the information that shall be obtained by the financial institutions regarding the legal persons and the legal arrangements, along with understanding the structure of ownership and control over the customer, and determining the natural persons who own or have an effective control over the customer. The CDD measures provide as well for ongoing supervision with regard to

business relationships, and for checking the transactions made throughout the period of the business relationship, in order to make sure that the transactions made throughout the business relationship are conform to the information made available to the institution about the customer, its activity, and the nature of its risks, including, if required, the identification of the funds source, while ensuring the update of information and data collected through the CDD procedures.

Seventh deficiency: Incomplete identification of the beneficial owner.

Eighth deficiency: Efficiency regarding the beneficial owner.

40. Oman remedied the deficiency related to this recommendation, whereas article 1 of the amended law defined the beneficial owner as being: the natural person who owns or has an effective and final control over the customer, whether directly or indirectly, and it shall include the natural person who executes transactions on his behalf, and also the natural person who has an effective and final control over a legal person or legal arrangement.
41. Article 33 – paragraph (c) – of the amended law provided for the obligations of the financial institutions regarding the beneficial owners, which consist in identifying beneficial owners and taking reasonable measures to verify such identity satisfactorily, and in case of legal entities and arrangements, the structure of ownership and control over the customer shall be taken into consideration.
42. The AML supervisory procedures issued to all such companies that operate in the securities field and to all insurance companies and insurance brokers, included special procedures about dealing with the beneficial owners, whereas clause 7 of the guide bound the licensed company to ask each customer for a written declaration in which he shall determine the identity of the beneficial owner of the transaction to be made, in a way to have in the declaration the identification information at least. It also bound the licensed company to identify the beneficial owner and to take reasonable measures to verify his identity, by relying on information and data obtained from official documents and data, like the name of the customer and the names of the trustees (trust funds), the legal form, the address, and the directors (for legal persons); and when identifying the beneficial owner in case of legal persons or legal arrangements, there shall be taken reasonable measures to check the structure of ownership and control over the customer, while determining the natural persons who own or have an effective control over the customer. Examples of the measures required to accomplish the job satisfactorily: for companies, it consists in identifying the natural persons who own a controlling share and the natural persons who manage the company; for trust funds, it consists in identifying the trustee, the testator, the custodian, or the person who effectively monitor the trust and the beneficial owners.
43. The executive instructions to be issued soon to all banks, exchange companies, finance lease companies, insurance companies, and securities companies, provide for verifying the existence of a beneficial owner other than the customer, whereas they bound such

entities to identify the beneficial owner and take adequate steps to verify his identity. The instructions tackled as well the matter of the persons who have an effective control over the customer, whereas they stipulated that the identification data shall include his name, legal form, headquarters address, the type of business, the capital, the date and number of registration with the competent authorities, the purpose and nature of the business relationship, the names of the owners, their addresses, their shares in the legal person, the names of the authorized signatories, and the provisions that govern the binding authority of the legal person or legal arrangement, provided that the company shall have knowledge of the structure of ownership and the provisions that govern the powers of taking binding decisions for the legal person, and any other information that the company deems necessary to obtain.

Ninth deficiency: There are no requirements that bind the banks, the finance companies, and the exchange companies to obtain information about the purpose and nature of the business relationship.

Tenth deficiency: Most financial institutions do not have systems used to get information about the purpose and nature of the business relationship.

44. Oman remedied part of the deficiency related to this requirement, through paragraph (d) of article 33 of the amended law, which bound all financial institutions, when taking CDD measures, to know the purpose and nature of the business relationship and obtain pertinent information.
45. The authorities still have to include the requirement of identifying the purpose and nature of the business relationship in the executive instructions of the law for the sector of banks, finance companies, and exchange companies.

Eleventh deficiency: Efficiency related to Monitoring and Updating CDD Information.

46. Article 33 – paragraph (d) – of the amended law bound the financial institutions, when applying CDD measures, to update all data and information related to the identity of the customers and beneficial owners, when required, or as per the intervals set by the supervisory authority.
47. The AML supervisory procedures, issued to all such companies that operate in the securities field, stipulated in clause (a) related to the general rules that the licensed companies shall scrutiny, when taking CDD measures, the operations made throughout the period of the relationship to ensure the conformity of the operations made with the information known by the institution about the customers, their type of business, the risks they represent, and the source of funds if required, while establishing all necessary systems to ensure that the documents, data, or information obtained through the CDD measures are continuously updated and adequate, by reviewing the existing records, especially for higher risk customers and business relationships.

Twelfth deficiency: The existence of partial requirements on banks, finance companies, and exchange companies, regarding the implementation of enhanced CDD measures on higher risk categories of customers, business relationships, or transactions.

Thirteenth deficiency: There are no guidelines to the companies that operate in the securities field, banks, finance companies, or exchange companies, regarding the enhanced CDD measures to be taken towards higher risk customers.

Fourteenth: Efficiency in terms of applying enhanced CDD measures to higher risk customers.

48. Oman has remedied part of the deficiency related to this requirement, through article 36 of the amended law, which bound all financial institutions to scrutiny and review all transactions and relations with the customer on an ongoing basis, and to check the conformity of pertinent information with the information available therewith about the customer, his activities, the risks of dealing with him, the source of his funds, and his wealth, when required, and in higher risk situations, there shall be applied enhanced CDD measures and increase the level of supervision. Furthermore, paragraph (d) of the previous article bound the financial institutions to establish systems for risk management, to determine whether the customer or the beneficial owner was a PEP ex-officio, and whether he was a foreigner, national, or a person who occupies or was occupying a prominent position in an international organization and with whom the business relationship constitutes a high risk, whereas the FIs shall get the approval of their senior management before the establishment or the continuation of the business relationship with the person, while taking the adequate procedures and measures to determine the source of the funds and monitoring on an enhanced basis the business relationship. Moreover, the AML supervisory procedures, issued to all such companies that operate in the securities field, stipulated in clause second – related to higher risk categories of customers or business relationships – that the licensed company shall classify all its customers based on the level of ML and FT risks, and shall take into consideration the following: how much the transactions made by the customer conform to the nature of his activity, and the ramification of the accounts opened with the company and the interference of such accounts with the category of the activity; the guide considered as such the non-resident customers, the legal persons or the legal arrangements, like the trust funds that are tools for the acquisition of personal assets, and the companies where the shareholders are two names or where the bearer shares belong to higher risk customers. Besides, the guide bound the licensed company to apply CDD measures to all such transactions that are made with persons present in states that do not have appropriate AML/CFT systems, and in such case, it shall provide the competent department with details about those customers immediately. The authorities still have to issue instructions to the banks and the exchange companies regarding the implementation of enhanced CDD measures to higher risk categories of customers, business relationships, or transactions.

49. The authorities mentioned that this aspect was handled through articles 3, 4, 5, and 6 of the afore-mentioned executive instructions of the Central Bank of Oman which are expected to be issued very shortly

50. In addition, the authorities stated also that they have established new procedures to cover the clause of banking risk assessment and the clause of persons who occupy political positions, according to the forms proposed by IMF experts, and which were adopted since the inspection plan in 2013.

Fifteenth: No exceptions can be acknowledged for insurance companies, in accordance with criterion 5-11 reading “the simplified CDD measures are not acceptable whenever there is a suspicion about high risk or ML or FT scenarios”, in addition to the life insurance policies in which the annual premium does not exceed 500 Omani Riyals (which is equivalent to 1300 US Dollars approximately, which is a slightly higher than FATF threshold).

51. The Authorities stated that article (34), paragraph (b) of the AML/CFT Law issued by virtue of the Sultani decree No. (30/2016) required the financial institutions to establish and implement the enhanced CDD measures in case of high risks and they may establish and implement hidden CDD measures in case of low risks, provided that there is no suspicion in ML or TF operations.

52. In addition to the foregoing, the authorities informed that further to article 34, paragraph (b) of the AML/CFT law, as referred to above, the instructions expected to be issued by the Financial Market Authority included more detailed texts on enhanced and simplified CDD measures.

Sixteenth deficiency: The securities companies and insurance companies shall be allowed to delay the execution of CDD measures related to the identification of customers till after the initiation of the business relationship.

Seventeenth deficiency: The banks, finance companies, and exchange companies are not prohibited from opening an account or initiating a business relationship or executing a transaction, and they are not bound to consider filing an STR when failing to apply CDD measures.

Eighteenth deficiency: There is no obligation that binds the banks, finance companies, and exchange companies to terminate the business relationship and consider filing an STR, when they have effectively initiated the business relationship and were unable to apply the CDD measures.

Nineteenth deficiency: Inefficiency as to considering to file an STR in case of failing to apply CDD measures.

53. Oman has remedied part of the deficiency related to this requirement, through article 39 of the amended law, which prohibited the financial institutions from establishing or continuing business relationships or executing transactions whenever they are unable to fulfill relevant obligations in terms of application of the CDD measures.

54. Clause 9 of the guide of AML supervisory procedures, issued to all such companies that operate in the securities field, bound the licensed companies, in case they are unable to

take CDD measures towards customers, to refrain from opening the account or establishing any business relationship with the customer or executing operations for his account, and to consider filing an STR.

55. On the other hand, the authorities still have to remedy the deficiency related to issuing the executive instructions which bind the banks and the exchange companies to terminate the business relationship and file an STR when unable to apply the CDD measures.

Twentieth deficiency: The financial institutions are not completely required to apply the CDD measures towards the existing customers based on risks and materiality, and to take CDD measures towards the existing business relationships in due course.

Twenty first deficiency: Inefficiency as to the application of CDD measures to the existing customers.

56. The last paragraph of article 33 of the amended law bound the financial institutions to take CDD measures towards the business relationships that existed before the enforcement of the law based on risks and materiality, and to apply CDD measures towards the existing business relationships in due course.

57. The AML supervisory procedures, issued to all such companies that operate in the securities field, stipulated in clause (5) related to the general rules that the licensed companies shall take CDD measures towards customers before or during the establishment of the ongoing relation, or when executing transactions in favor of the occasional customers based on risks and materiality, while taking CDD measures towards the existing business relationships in due course.

58. The authorities provided a number of statistics as follows:

Schedule no. 1: The annual report of the national center for financial information for the years 2015-2016

S.	Number of suspicious transactions reports and the reporting parties					Year	Total
	Banks	Exchange companies	Finance companies	Real estate intermediary companies	Other parties	2015	2016
1	216	65	2	2	1	286	623
	450	168	0	0	5		
2	Number of verdicts rendered					1	0
3	Number of referrals to the public prosecution					71	30
4	Number of declaration forms					700	900
5	Size of violations in terms of non-declaration or false declaration					Nothing to show	Nothing to show

Schedule no. 2: The suspicious transactions reports

S.	Subject	Statistics
1	Financial institutions	609
2	Competent authorities	5
3	DNFBPs	Nothing to show
4	International wire transfers	158
5	Suspicious transactions analyzed and distributed	341
6	Transactions in local or foreign currency which exceeded a certain threshold	Not classified
7	Reports on the transportation of negotiable tools and currencies	968

Schedule no. 3: Field visits made to the Central Bank

Financial institutions	Number			Number of field visits	
	Local	Foreign	Branches outside the Sultanate	2015	2016
Banks	11	9	-	26	24
Exchange companies	16	-	-	16	16
Finance companies	6	-	-	6	6

Schedule no. 4: Number of field visits to insurance companies and securities companies

Sector	Number of companies		Number of field visits	
	Local	Foreign	2015	2016
Insurance	11	11	5 insurance companies 4 insurance brokers	4 insurance companies 4 insurance brokers
Securities	32 :2015 31 :2016	4 :2015 4 :2016	7	9

d. Review of the Measures Taken in relation to Key Recommendations

SR.I: Rating (PC)

First deficiency: Non-ratification of the Convention on the Suppression of the Financing of Terrorism, and the existence of deficiencies in relevant implementation.

59. Oman has remedied the deficiency related to this matter whereas it has adhered to the UN Convention on the Suppression of the Financing of Terrorism of 1999, by virtue of the Sultani Decree no. 114/2011 dated 23 October 2011.

Second deficiency: Limited implementation of UNSCR 1267.

Third deficiency: Non-implementation of UNSCR 1373.

60. Article 59 of the Sultani Decree no. 30/2016 on the promulgation of the AML/CFT law established the legal foundation for the compliance with UNSCRs 1267 and 1373 and the total implementation thereof (along with pertinent successor resolutions), and provided for the execution of the necessary procedures regarding the obligations of funds freezing by virtue of the aforementioned two resolutions. Accordingly, the CFT national committee issued the resolution no. 1/2017 regarding the procedures of implementation of UNSCRs that were made by virtue of chapter 7 of UN Charter on combating and suppressing terrorism and the financing of terrorism. The mechanism will be tackled in detail when talking about SR.III hereinafter.

SR.III: Rating (NC)

First deficiency: Inexistence of applicable procedures and laws for the implementation of UNSCR 1373.

Second deficiency: Existence of gaps in the legal framework and inexistence of applicable procedures for the implementation of UNSCR 1267.

61. Oman remedied the deficiency related to this recommendation through article 59 of the Sultani Decree no. 30/2016 on the promulgation of the AML/CFT law, which bound the CFT national committee to establish the necessary procedures for the implementation of UNSCRs, pursuant to chapter 7 of the UN Charter on combating and suppressing terrorism and the financing of terrorism and the financing of mass destructive weapons propagation. The resolution of the CFT national committee no. 1/2017 was made about the procedures of implementation of UNSCRs, issued pursuant to chapter 7 of the UN Charter on combating and suppressing terrorism and the financing of terrorism.

62. The resolution made by the CFT national committee included mechanisms for the implementation of UNSCR 1267 and mechanisms for the implementation of UNSCR 1373, whereas all parties addressed by the resolution shall freeze all funds and economic resources that belong to the parties mentioned in the resolutions, whether totally owned by those persons or in partnership with any other party, and whether directly or indirectly acquired or controlled by them, without delay or previous notice. The mechanism provides for binding the addressed parties to freeze the funds of the persons or groups or entities that are listed or determined by the UN Sanctions Committee (sanctions committee established by virtue of resolution 1267), or those who work on behalf of such persons or groups or entities, or are under their management, ownership, or authority, whether directly or indirectly. The mechanism also provides for freezing the funds of the persons who are listed by the committee according to the list issued pursuant to article 11

of the resolution. Article 11 of the resolution provides for the power of the committee to determine and list a person or group or entity that is sufficiently believed to have committed or attempted to commit, or participated in, or facilitated a terrorist act, or if there is a party acting on their behalf, or as per their instructions; and the committee shall be entitled to collect information and ask for information from any competent authority in order to determine any person or group or entity to be included in the list. Furthermore, the resolution allows the public prosecution, at the request of the committee, to include any person or group or entity in the list even before questioning or prosecuting such person or group or entity, and the decision regarding the concerned shall be taken without delay or previous notice.

63. The freezing process referred to in the resolution upon the implementation of UNSCRs 1267 and 1373 shall cover all funds and economic resources that belong to any person or group or entity that is included, pursuant to article 11 of the resolution, in the list of the UN Sanctions Committee, or the one acting on behalf of such person or group or entity, or who is under their management or ownership or control, whether directly or indirectly. The resolution defines the term “freezing” in article 1 as being: the ban of any transportation, transfer, disposal, change, use, dealing, or movement of funds or economic resources, in a way to entail a change in the size, quantity, location, ownership, acquisition, or nature of such funds or economic resources, or to allow, in any way whatsoever, the use of such funds or economic resources for any purpose.
64. The law provided for clear obligations for the FIs, DNFBPs, NPOs, and supervisory authorities, regarding the implementation of the freezing resolutions issued as per UNSCRs, whereas they shall immediately notify the CFT national committee when they suspect that any customer or previous customer or any person they deal with or they have dealt with, is one of the persons or groups or entities referred to in paragraph (a) of article 2 of the procedures; while providing information about the status of the funds and the economic resources, and about any procedures taken in their regard, and about the nature and quantity of the frozen funds and economic resources, along with any other pertinent information that would facilitate the respect of such procedures. The committee shall be entitled to coordinate with the supervisory authority or the competent authority to check the accuracy of the information provided. Moreover, the supervisory and competent authorities shall inspect their databases on a 6-month basis at least, provided that the inspection shall cover the records of the data of the companies and DNFBPs in order to compare the names of the persons, groups, and entities that are determined by the UN Sanctions Committee.
65. It is worth mentioning that the resolution no. 1/2017 provides for imposing sanctions on the addressed persons in case of failure to execute the provisions stipulated therein, without prejudice to article 52 of the AML/CFT law, whereby whoever violates the provisions of articles 2 and 3 of the resolution shall be subject to an administrative fine not less than 10,000 Omani Riyals and not more than the equivalent of the value of the frozen funds or economic resources, and whereby whoever violates the provisions of article 4 of the resolution shall be subject to an administrative fine not less than 5,000 Omani Riyals and not more than 20,000 Omani Riyals, and whereby whoever fails to

execute the provisions of the procedures set forth in the resolution shall be subject to an administrative fine not less than 5,000 Omani Riyals and not more than 10,000 Omani Riyals. And the CFT national committee shall be charged with imposing the aforementioned fines.

66. Article 12 of the aforementioned resolution allows each person or group or entity, which name was included in the list, to submit a written request to the committee for removing its name from the list. The committee refers the request to the public prosecution, and the latter decides about the request, and notifies the applicant of the approval or rejection of the request along with the reasons, within 30 days from the date of receipt of the request. The request shall be considered as rejected in case the aforementioned period has elapsed without reply; and in case the request is approved, the applicant will be removed from the list. The applicant whose request is rejected shall have the right to lodge a grievance before the competent court within 30 days from the date of notification of the decision. Article 16 of the resolution allows each person or group or entity included in the list by the UN Sanctions Committee, and that holds the Omani nationality, or has work headquarters or place of residence in the Sultanate, to lodge a request to the CFT national committee to have its name removed from the list; the committee then refers the request to the ministry of foreign affairs to be sent to the competent contact authority in the UN.
67. Article 7 of the resolution provided for the procedures of using the frozen funds, whereas it allowed the person, groups, and entities to use part of their frozen funds to cover basic needs, knowing that each concerned shall lodge a written request to the committee to get a permit for using some or all of the frozen funds or economic resources in order to settle exceptional expenses. In case the request is related to the funds and economic resources determined by the UN Sanctions Committee, the permit shall not be granted unless approved by the Sanctions Committee.
68. The CFT national committee shall coordinate with the supervisory authorities to check the compliance of the FIs, DNFBPs, and NPOs with the obligations set forth in the freezing resolutions issued as per UNSCRs and the previous resolution. Should such institutions fail to abide by the imposed obligations, the committee imposes the administrative fines stipulated in the procedures.

e. Review of the Measures Taken in Relation to the Other Recommendations Rated PC or NC.

R.6: Rating: (NC)

69. Oman has remedied the deficiencies related to taking CDD measures when dealing with PEPs, whereas the PEP was defined according to the international standards, in the last

paragraph of article 36 of Sultani Decree no. 30/2016 on the promulgation of the AML/CFT law, whereby the PEP was defined as: each natural person who occupied or occupies a senior position in the Sultanate of Oman or in a foreign state, along with the members of his family and his relatives, and any person who was entrusted or is entrusted a senior position in an international organization, along with the members of his family and his relatives. This definition totally conforms to the definition included in the methodology terms, and it is worth mentioning that the definition covers the local PEPs. Also the article binds all FIs to establish adequate systems for risk management to determine whether the customer or the beneficial owner is a PEP ex-officio, while binding the FIs to get the approval of the senior management before establishing or continuing a business relationship, and to monitor the business relationship thoroughly and on an ongoing basis.

70. The authorities stated that the Central Bank of Oman updated and developed the inspection guide used by the Banking Inspection Department at the Central Bank, within the scope of technical cooperation with the IMF, where many fields were listed in the comprehensive inspection guide, including the opening and monitoring of accounts, the verification of the sufficiency of STRs, the measures for dealing with correspondent banks and money transfer and the banks and PEPs risk assessment. The authorities stated that such guide was adopted since the inspection plan of 2013.

71. In addition, the guide of AML supervisory procedures issued by the capital market authority to all companies operating in the field of securities, and the insurance brokers and agents, included the guidelines and instructions related to this matter. The authorities still have to expedite the issuance of the executive instructions to all such sectors that are covered by the law in order to remedy the remaining deficiencies in this regard.

72. The Omani authorities mentioned that the issuance of the executive instructions by the Financial Market Authority is currently under process.

R.7: Rating: (NC)

73. Oman remedied the deficiencies related to this recommendation whereas it bound the financial institutions in the banking relationships with the foreign correspondent banks or other relationships to collect sufficient information, and check the nature of work of such institutions, and evaluate the reputation of the correspondent institution and the quality of supervision it is subject to, while conducting an organizational investigation or measure in the field of AML/CFT, evaluating the controls applied at the correspondent institution, getting the approval of the senior management before establishing a new correspondent relationship, perusing the responsibilities of each institution in the field of AML/CFT, documenting such responsibilities, and applying such measures on the existing relationships at the time of promulgation of the law. Article 38 of the amended law bound the FIs, when establishing a correspondent relationship, to apply the following additional procedures, along with the CDD measures taken:

a- Identify and verify the identity of the respondent institution.

- b- Collect sufficient information about the respondent institution to check the nature of its activity, evaluate its reputation through the public information available, and evaluate the quality of supervision it is subject to, and whether it is subject to any organizational investigations or procedures related to ML/FT.
 - c- Evaluate the AML/CFT controls at the respondent institution.
 - d- Get the approval of the senior management before the establishment of the correspondent relationship.
 - e- Check if the other institution is subject to AML/CFT supervision procedures.
 - f- In case there is a settlement account in favor of a third party, it is important to make sure, if the respondent institution has identified and verified the identity of all customers who have direct influence on the account, and that they are able to provide information pertaining to CDD measures to the correspondent institution, upon request.
 - g- Refrain from establishing or continuing a correspondent relationship with a shell bank.
 - h- Refrain from establishing or continuing a correspondent relationship with a respondent institution that allows a shell bank to use relevant accounts.
74. The guide of AML supervisory procedures issued to all companies operating in the field of securities bound, in clause 6 thereof, the licensed companies to apply the CDD requirements towards customers when establishing business relationships with foreign correspondent parties, by checking the nature of activity of the foreign parties and relevant reputation in the field of AML and CFT; refraining from the establishment of business relationships with shell parties; getting the approval of the general manager of the company or any person having an equivalent position to establish the business relationship; making sure that the foreign parties are subject to effective supervision and monitoring by the supervisory authority in the mother country; checking if there have sufficient systems for AML/CFT; and checking relevant ability to execute the due diligence procedures towards their customers and relevant ability to provide information on customers' identification data when necessary.
75. The authorities stated that the draft instructions issued to banks, exchange companies, finance lease companies, insurance companies, and securities companies, include provisions that bind such institutions to fulfill the aforementioned requirements when dealing with the correspondent parties. The authorities still have to issue the executive instructions that clarify the requirements in detail to the aforementioned parties.
76. The authorities mentioned that the issuance of the executive instructions by the Financial Market Authority is currently under process.

R.8: Rating (PC)

77. Oman has remedied the deficiencies with regard to binding the financial institutions to take the necessary measures to prevent the misuse of the technological developments in the field of ML and FT; and binding the financial institutions to apply specific and

sufficient measures to combat the risks of ML and FT when opening the account or establishing the business relationships or executing the transactions that are not made face-to-face. In this context, paragraph (c) of article 41 of the amended law bound the FIs, DNFBPs, and NPOs to establish policies and procedures to determine, assess, and manage the ML/FT risks that would arise from the modern technologies and work practices, and the modern ways of service provision, or those arising from the use of modern technologies or technologies under development; it also bound the institutions to make a risk assessment before launching the new products or work practices, or using the modern technologies or technologies under development; it also bound the institutions to keep a study of risk assessment and pertinent information in written while updating the same periodically, and providing such information to the supervisory authority for reference upon request.

78. In addition, the guide of AML supervisory procedures issued to all companies operating in the field of securities, and the insurance brokers and agents included guidelines and instructions to prevent the exploitation of the technological developments in the field of ML and FT; whereas clause 7 of the guide bound the licensed company to apply the necessary policies and procedures to avoid the risks of exploitation of indirect dealing with customers (not face-to-face), especially those arising from the use of the technological developments in the field of ML and FT. Such policies and procedures shall be applied when establishing business relationships with the customers and when taking ongoing CDD measures, knowing that the risk assessment measures shall include effective and specific due diligence procedures that shall be applied to indirect customers.

R.9: Rating (PC)

79. Oman has remedied the deficiencies related to FIs resorting to third parties to execute some elements of the CDD measures, whereas clause sixth of the guide of AML supervisory procedures issued to all companies operating in the field of securities, and the insurance brokers and agents, bound the institutions that rely on intermediaries or third parties to execute the CDD measures, to get immediately all necessary information related to the due diligence procedures; to take all necessary measures to check if the copies of the identification data and the other CDD-related documents are always available upon request; to have the same kept by such parties for a period of ten years at least as required by the law and the instructions; and to keep the final liability on the institutions that rely on third parties to check and prove the accuracy of the customer's data; provided that the third parties shall be subject to supervision and monitoring in terms of AML. Furthermore, the guide of AML supervisory procedures issued to all insurance brokers and agents and partners bound the companies to obtain information about the due diligence procedures, and make sure that the identification data, relevant copies, and other pertinent documents are always available with the third party, with the obligation of keeping them for the necessary legal period stipulated. Also the companies are bound to make sure that the third parties are subject to supervision and monitoring pursuant to the provisions of the applicable legislations, especially in terms of AML/CFT, and that the states where the third parties are located sufficiently apply FATF recommendations. The authorities still have to issue the executive instructions to the sectors covered by the law, and which clarify the aforementioned requirements in detail.

80. The authorities mentioned that the Central Bank is currently working on these instructions.

R.11: Rating (PC)

81. Oman has remedied the deficiencies related to this recommendation, whereas it bound all financial institutions to take special care when dealing with all unusual big and complicated transactions, the unusual types of transactions, and the situations that have no clear and legitimate economic justification. It also bound the financial institutions to scrutiny and verify the background of such transactions and check the purpose thereof, and to record them and make them available to the competent authorities when required. The financial institutions are bound to take special care when dealing with all unusual big and complicated transactions, and the unusual types of transactions that have no clear and legitimate economic purposes; they shall as well scrutiny the background of such transactions and their purpose, and document all information pertaining thereto and to the identity of all parties participating therein, and keep such records pursuant to the provisions of article 41 of the law. The financial institutions shall make such information available to the competent authorities upon request.

82. Moreover, the guide of AML supervisory procedures issued to all companies operating in the field of securities bound the licensed companies to take special care when dealing with all unusual big transactions, and the unusual types of transactions that have no clear or apparent legal or economic purpose, like: the transactions that are big in size compared to the business relationship, the transactions that exceed a certain threshold, the excessively high movement in the account which does not conform to the size of the balance, the transactions that do not fall in the usual form of the account activity, and the transactions that have no clear legal or economic purpose. The companies shall also scrutiny the background of such transactions and their purpose as much as possible, and they shall record in written the results found, and make them available to the national center for financial information and the auditors.

83. In addition, the authorities stated that the national center for financial information has issued the circular no. 1/2012 on the indicators of suspicious financial transactions reporting, whereas it included forms about the unusual and suspicious transactions, and the indicators and trends of ML based on the analyses made by the center regarding the suspicious transactions, and same are updated and distributed annually in the annual report of the national center for financial information.

R.12: Rating (NC)

84. Oman remedied the deficiencies related to this recommendation by listing explicit obligations to the DNFBPs by virtue of the amended law and the executive instructions, for the execution of CDD measures towards the customers of such parties, whereas article 4 of the law defined the DNFBPs as being: the real estate agents and intermediaries, the precious metals and stones traders when related to cash transactions, and the lawyers and

notaries public and accountants, when preparing, executing, or making transactions in favor of their clients regarding the purchase or sale of real estates; the management of the client's funds including his securities, bank accounts, or other properties; the organization of the special contributions to establish, operate, or manage companies; the establishment or operation or management of legal persons or legal arrangements, along with the organization of the subscription therein; and the sale or purchase of companies; they also include the providers of services to companies and trust funds when preparing or executing transactions in favor of a client to act as agent of incorporation for a legal person or legal arrangement.

85. The law binds the DNFPs to take a number of measures in the due diligence procedures, whereas they shall report the suspicious transactions, establish a special system for the application of CDD measures towards customers, identify and verify the identity of the customer and that of the beneficial owner using reliable and independent documents, data, or information at the beginning of the relationship, verify the legal status of the legal person or legal arrangement, establish internal controls, procedures, and principles for AML and CFT, establish arrangements for compliance management, keep all local and international records, documents, and information for at least 10 years from the date of execution of the transaction in a way that facilitates future reference and follow up of the transaction, and keep the records, data, copies, and documents of identification and the files of the accounts and correspondences that are related to the activity for at least 10 years from the end of the business relationship or the accomplishment of the transaction for a customer who has no existing business relationship with the institution while providing the same immediately to the judicial authorities and the national center for financial information and the supervisory authorities upon request. Furthermore, the DNFBPs shall be bound to take special procedures and take special care when dealing with big and complicated unusual transactions that have no apparent economic purpose, whereas they shall, among other procedures, scrutiny and note the background and purpose of the transactions and make the same available to the competent authorities, and establish special due diligence measures to deal with PEPs. In general, we can say that the DNFBPs are bound to take the same measures required from the financial institutions when dealing with customers.
86. When it comes to organizing the procedures of supervision and monitoring of the sector of real estate brokers, the authorities issued the Sultani Decree no. 64/2014 on determining the competencies of the ministry of housing and adopting relevant organizational chart, whereas the decree charged the ministry with developing the real estate sector in the Sultanate; accordingly, the directorate general of real estate development was established at the ministry of housing, comprising 4 different sections and departments, namely: the department of coordination and follow up, the section of organization of real estate offices and real estate brokers, the section of organization and supervision of the personnel association, and the section of development and evaluation of real estate development projects. The directorate is charged with proposing the necessary legislations that govern the work of real estate brokers offices, developing a precise database on everything related to the real estate sector, and following up the execution of the general policies that are adopted by the government in this field.

87. On the other hand, the ministry of commerce and industry the ministerial resolution no. 145/2014 on the establishment of the section of examination and supervision of commercial entities, whereas this section is charged with a number of missions as follows:

- Examine the applications of incorporation of Omani companies and the other companies that are referred from the section of investors' services, and take the necessary procedures for their incorporation by virtue of the applicable laws.
- Prepare for / participate in proposing the procedures that facilitate the follow up of entities' level of compliance with the application of the laws and resolutions in force.
- Provide data regarding the entities to the requesting parties within the limit of the stipulated norms.
- Participate with the competent authorities in promoting the establishment of the institutions and companies that support the national economy.
- Follow up the entities' level of compliance with the application of the laws and resolutions in force, in coordination with the other authorities.
- Take the adequate procedures in case of liquidation of the companies in order to protect the rights by virtue of the applicable laws and resolutions.
- Attend the meetings of the general assemblies of the closed shareholding companies and the public shareholding companies under liquidation in order to supervise the pertinent procedures and the resolutions taken, while preparing all necessary reports in this regard and preparing the program of filed visits to all companies, and checking relevant compliance with the provisions of the laws and the regulations.
- Review the financial data of all companies and branches to check relevant level of compliance with the laws and the acknowledged international accounting standards, and consider their financial position as per the requirements of the commercial laws or any other pertinent laws or norms.
- Review the reports of the boards of directors of the closed shareholding companies under liquidation and check relevant level of compliance with the law of commercial companies.
- Study and follow up the companies that are facing urgent and main circumstances, or which structure was changed in a way that affected its business or financial position, including the restructuring of the capital, the merging processes, and the liquidation, and making recommendations in its regard.
- Any other missions that fall within the scope of its competencies.

88. The authorities stated that according to the AML/CFT national strategy, the executive instructions of the Ministry of Commerce and Industry which are addressed to the sectors of precious metal and gold dealers and accountants, are being currently drafted, as well as the executive instructions of the Ministry of Justice addressed to lawyers, by having recourse to international experts in order to put them in place.

R.16: Rating (PC)

89. The amended law binds, pursuant to article 47 thereof, all DNFBPs to notify immediately the national center for financial information in case they suspected or have reasonable reasons to suspect that the returns are ML/FT returns or when attempting to execute the transaction regardless of its value. This shall include the real estate brokers and agents, the precious stones and metals traders, the lawyers, the accountants and the reviewers, when preparing or executing a transaction in favor or on behalf of the client regarding the purchase/sale of real properties, the management of funds, the management of bank accounts, or the establishment, operation, and management of legal persons or legal arrangements; in addition to the service providers to companies and trust funds, and any other activity or operation determined by resolution of the CFT national committee. The authorities stated that the executive instructions, in case issued, will detail the obligations imposed on this category.
90. All DNFBPs are also bound to establish continuous programs for the training and qualification of employees in the field of AML/CFT, provided that the training shall introduce the laws, instructions, and international conventions on AML and CFT.
91. Moreover, the authorities stated that the AML/CFT national comprehensive plan took into consideration the DNFBPs effective execution of the preventive measures related to AML and CFT, by strengthening the capacities of the supervisory authorities and relevant cooperation and effective execution, to ensure compliance and promote the transparency of the legal person and the legal arrangements, in a way to prevent the misuse of the same by criminals. The authorities also stated that the national center for financial information and the supervisory authorities have organized a number of workshops and gatherings that aim to raise the awareness of lawyers, NPOs, real estate intermediary companies, accounting and audit firms, and the gold and metals traders about the provisions of the AML/CFT law, and about reporting suspicious transactions, and improving the reporting level in terms of data accuracy, number of reports and the reporting speed; the workshops and gatherings also introduced the approved 40 recommendations of the year 2012 as amended and the adopted evaluation methodology for the year 2013, and aimed to increase the level of coordination and cooperation between the DNFBPs, the supervisory authorities, and the national center for financial information.

R.17: Rating (PC)

92. Oman remedied the deficiency related to this recommendation, by granting the supervisory authorities the power of imposing administrative penalties and measures on the FIs and DNFBPs that do not abide by the provisions of this law, and reporting the same to the national center for financial information. Besides, article 52 of the law stipulated a number of measures and penalties, one of which or more can be imposed by the supervisory authorities on the institutions that violate the provisions of the law or pertinent regulations, resolutions, or instructions, namely:

- a. Addressing a written warning.
- b. Issuing an order to be bound to specific instructions.
- c. Issuing an order to submit regular reports on the measures taken.
- d. Imposing an administrative fine not less than 10000 Omani Riyals and not exceeding 100000 Omani Riyals for each violation.
- e. Replacing or restricting the powers of the compliance officers, the directors, the BoD members, or the controlling owners, including the appointment of a special administrative supervisor.
- f. Obliging the violating persons to stop work in the sector of commercial business or in a certain career or activity, whether permanently or provisionally.
- g. Imposing custody thereon.
- h. Suspending, restricting, or cancelling the license of practice of the career or activity.

93. In addition, the Central Bank of Oman issued the circular no. 1134 dated 12 March 2015 on making the financial fines imposed on banks and finance companies in the Sultanate stricter, when they fail to abide by the banking law and the regulations issued by the central bank. A special annex was enclosed to the circular which contained: the definition of non-compliance, the basis of calculation of fines, the illicit financial returns, the disclosure of the sanctions, and the procedures of reporting and redemption of fines as result of the internal and external field inspection visits. The law also bound the supervisory authority to notify the center of the measures and penalties taken in this regard, and it may publish the same using different publication means.

94. With regard to the imposed sanctions, the authorities stated that (7) financial penalties were levied on financial institutions, two of which were imposed on branches outside the Sultanate by virtue of Circular No. 1134 issued in March 2015.

R.19: Rating (NC)

95. The Omani authorities stated that there is coordination between the national center for financial information and the central bank in order to find an integral electronic link for the provision of information to the database of the national center for financial information regarding the liminal transactions of the financial institutions; they have also stated that they have inaugurated the STR electronic system.

96. The authorities noted that a study is currently conducted on the transactions declaration threshold through the coordination of the monitoring authorities with the National Center for Financial Information. In addition, the executive instructions which will be issued by each supervisory authority will include the limitative value for reporting cash transactions and which will directly feed the database of the Center.

R.21: Rating (PC)

97. Oman remedied the deficiency related to this recommendation, whereas article 13 – paragraph (j) of the law provided for the competence of the AML/CFT national committee in Oman, in determining the higher risk states in the field of ML and FT, and the measures that shall be taken by the FIs and DNFBPs towards such states; and the

supervisory authorities shall be charged with checking the compliance of the FIs and the DNFBPs with the execution of such measures.

98. The guide of AML supervisory procedures issued to all companies operating in the field of securities bound the licensed companies to take special care with the transactions that are made with persons in states that have no adequate AML/CFT systems, and they shall provide the competent department with full details about the customers immediately, and if they find out that the transactions have no clear economic justifications, they shall take the necessary procedures to check the background of the circumstances that surround such transactions and relevant purposes, and note the results in their records.
99. However, the authorities still have to provide the necessary guidelines to the institutions about the way of determining the States that do not apply or insufficiently apply FATF recommendations and whether there is a mechanism to implement the counter-measures.
100. The authorities mentioned that the above-mentioned deficiency was remedied through the draft instructions which are expected to be issued by the Central Bank of Oman and through the initial draft of the instructions of the Financial Market Authority and they will be provided for respectively in the other remaining instructions.

R.22: Rating (NC)

101. Oman remedied the deficiency related to this recommendation, whereas article 50 of the law bound the institutions to apply, if possible, the provisions of this article to all local and foreign branches and affiliates; and it bound the supervisory authorities to check if the foreign branches and affiliates of the DNFBPs are adopting and executing measures that conform to the provisions of the law, as much as permitted by the local laws of the hosting country.
102. The guide of AML supervisory procedures issued to all companies operating in the field of securities, and the guide of supervisory procedures issued to the insurance brokers and agents, bound the licensed companies to check if the branches and agents related thereto abroad are applying the AML/CFT measures in a way that conforms to the requirements imposed in the Sultanate of Oman and FATF recommendations, as much as permitted by the laws and regulations of the hosting state, while taking special care to abide by this principle with regard to their branches and agents in the states that do not apply or insufficiently apply FATF recommendations. The licensed companies shall be also bound, in case of difference between the minimum requirements of AML and CFT in the Sultanate and the hosting state, to apply to their branches and agents in the hosting state the higher criterion, as much as permitted by the laws of the hosting state. The authorities still have to issue the executive instructions to the financial institutions that clarify the aforementioned requirements and obligations in detail.
103. The authorities informed that the issuance of the instructions by the Financial Market Authority is under process.

R.24: Level of Compliance: Not Compliant

104. We have already stated that Oman has bound the DNFBPs to the AML/CFT law, whereas article 1 of the Sultani Decree no. 30/2016 on the promulgation of the AML/CFT law specified the competent supervisory authorities, that included the ministry of justice, the ministry of commerce and industry, the ministry of housing, the ministry of social development, the Central Bank of Oman, the capital market authority, and any other authority determined by decision of the AML/CFT national committee.

105. Article 51 of the aforementioned law provided for the obligations and competences of the supervisory authorities, namely that the latter shall be charged with organizing, monitoring, supervising the DNFBPs respect of the conditions set forth in the law, the regulations, the ministerial orders, and all pertinent instructions; and the supervisory authorities shall have a number of powers and obligations, including for example without limitation the following:

- Collect information and data from the FIs and DNFBPs, and undertake the field supervision thereof, and the supervisory authority shall be entitled to contract with other authorities in order to fulfill this obligation.
- Bind the FIs and DNFBPs to provide any information, and take copies of the documents, regardless of the method or storage location, whether inside or outside its buildings.
- Issue the regulations, norms, instructions, guidelines, and recommendations to help the FIs and DNFBPs apply the provisions of the present law in coordination with the center.
- Effectively cooperate and coordinate with all competent authorities to help in conducting the investigations, and in all stages of the investigations and trials related to AML, relevant predicate offence, and FT.
- Effectively cooperate with the counterpart authorities that fulfill similar tasks in other states, like the exchange of information and the signature of MoUs.
- Notify the center, without delay, of any information related to suspicious transactions, and any other information that can be related to ML, relevant predicate offense, or FT, and provide the center, at its request, with all necessary data, information, and statistics to fulfill its competences.
- Undertake unified supervision on the financial group, and check if the foreign branches and affiliates of the FIs and DNFBPs, in which the mother company owns most of the shares, are adopting and executing measures that conform to the law.
- Establish and apply the norms and measures that govern the acquisition / control over / participation in the management / operation of FIs and DNFBPs, whether directly or indirectly.
- Evaluate the members of the board of directors, the senior management, and the directors of the FIs and DNFBPs based on the competence and adequacy standards, including those related to experience and honesty.

- Keep statistics on the measures adopted and taken, and the sanctions imposed in the scope of application of the provisions of the present law.
- Determine the liminal value of the transactions, and check the FIs and DNFBPs' compliance with notifying the center of the same.
- Determine the type and extent of the measures that shall be taken by the FIs and DNFBPs pursuant to article 42 of the law, in a way that conforms to the level of ML/FT risks and the size of the commercial activity.

106. Article 52 of the law included the measures and the sanctions imposed by the supervisory authorities on the institutions that are subject to their supervision, among which: addressing written warnings about the violation, imposing administrative fines, suspending or restricting or cancelling the license; and the supervisory authorities that inform the center of the measures taken and sanctions imposed, and they may publish the same using different publication means.

107. In addition, the authorities stated that the AML/CFT national comprehensive plan took into consideration the DNFBPs effective execution of the preventive measures related to AML and CFT, by strengthening the capacities of the supervisory authorities and relevant cooperation and effective execution, to ensure compliance and promote the transparency of the legal person and the legal arrangements, in a way to prevent the misuse of the same by criminals. The plan has also stressed on strengthening cooperation at local level in the field of AML, predicate offenses, and FT. The authorities also stated that the national center for financial information and the supervisory authorities have organized a number of workshops and gatherings that aim to raise the awareness of lawyers, NPOs, real estate intermediary companies, accounting and audit firms, and the gold and metals traders about the provisions of the AML/CFT law, and about reporting suspicious transactions, and improving the reporting level in terms of data accuracy, number of reports, the reporting speed, and customer identification.

R.25: Rating (PC)

108. Oman has remedied the deficiencies related to this recommendation, whereas article 21 of the amended law obliged the national center for financial information to provide the parties that are bound to reporting with the necessary guidelines and instructions on the way of reporting suspicious transactions, the description of the report, and the procedures to be followed when filing the same.

109. In application of the aforementioned, the authorities stated that the plan of activities of the national center for financial information included a number of seminars, workshops, and meetings with the FIs and DNFBPs, that aim to improve the quality of the reports based on the suspicion indicators. And the supervisory authorities were provided with a detailed statistical report in form of feedback to the financial institutions, and the annual report of the center included the guide of the suspicion indicators and pertinent forms, and the national center for financial information organized a number of seminars and training workshops to the aforementioned financial institutions with a view to provide samples of some suspicious cases, and clarify the trends discovered through the reported suspicious transactions and financial crimes.

110. In addition, the authorities stated that the national center has organized the “forum of awareness about suspicious transactions in the field of AML and CFT”, on the 21st and the 22nd of November 2016. The forum was attended by a big number of competent authorities from the public and private sectors, that came to benefit from the international experiences by getting to know the best experiences, applications, and practices in other states. The number of participating authorities reached 70, 19 of which are governmental authorities, and 51 from the private sector, with a total of 200 participants. The forum discussed 24 work papers submitted by 13 experts from Oman and from different parts of the world, with the participation of a number of representatives from MENAFATF states. The national center for financial information issued and circulated the second version of the STR guide to the concerned authorities and institutions on 18 June 2014.

R.27: Rating (PC)

111. Oman has remedied the deficiencies related to this recommendation, whereas article 81 of the amended law granted the public prosecution exclusively the power of investigating, acting, and instituting legal proceedings regarding the facts that pertain to money laundering, related predicate offense, and the financing of terrorism; and the court of assizes shall be the competent court to consider the crimes.

112. The authorities have formed a forum for the law enforcement agencies (public prosecution, national center for financial information, the direction general of investigations and criminal inquiries, the anti-drugs and psychotropic substances direction general) in order to highlight the local coordination efforts between the aforementioned authorities.

113. On the other hand, the public prosecutor issued the judicial circular number 7/2009 to the members of the public prosecution, which provided for the necessity of interfering during the investigation about the criminal returns and ways of disposal thereof when inquiring about the predicate offences; and the inspection department at the public prosecution shall be charged with checking the compliance of the members of the public prosecution with the interference in the investigations on the destiny of the returns that arise from the predicate offenses, while including the same in the inspection reports submitted about their judicial tasks. In addition, the assistant of the inspector general issued the memo number 1/10/31/2010 on the orientation of the competent administrations whereby the crimes shall be followed up by focusing on the destiny of the crime returns that arise from such crimes and relevant relation to ML.

114. Furthermore, the public prosecutor issued the judicial resolution no. 57/2016 on the establishment of a specialized department related directly to the office of the public prosecutor, named the “department of frozen, retained, and confiscated funds”. The aforementioned department shall be charged with supervising and managing the frozen, retained, and confiscated funds, and tracking the funds that may be subject to freezing, retention, or confiscation, along with collecting and keeping all data related to such funds and the procedures taken in their regard. In 2016, the public prosecution inquired about

30 cases and suspicious situations related to ML, knowing that the same were referred from the national center for financial information.

115. With regard to training and raise of awareness, the authorities stated that there is an internal continuous coordination between the law enforcement authorities in order to improve the capacities of inquiry and investigation, and mainly focus on the crime returns that arise from the predicate offenses, like illicit drug trafficking, currency counterfeiting, the administrative and financial corruption crimes, and human trafficking. Moreover, the public prosecution organized a number of training sessions in the field of investigation about ML and FT cases, where a number of the public prosecution members participated in theoretical lectures about corruption and money laundering cases, with practical training on cases under investigation and trial. Such sessions took place between 2 and 13 February 2015 in the UK.

116. With regard to the activities of the national center for financial information, the schedule below includes the main seminars, workshops, and forums in which the center participated, as follows:

Schedule no. 5 clarifies the activities of the national center for financial information for the period between 1 September and 31 December 2016

S.	Event	Date	Place / Participating Authority
1	Joint seminar entitled "Protection of FIUs"	30-31/10/2016	State of Qatar
2	Workshop for ACAMS	13-14/11/2016	Emirate of Dubai - UAE
3	Joint workshop between MENAFATF and the Asia / Pacific Group	28/11 – 1/12/2016	Jeddah – KSA
4	Forum of awareness about suspicious transactions	21-22/11/2016	Supervisory authorities, law enforcement agencies, DNFBPs, NPOs
5	Role of development of organizational charts	9-20/10/2016	Officers training institute (concerned groups at Oman Royal Police)
6	Role of modern methods in HR management	9-13/10/2016	
7	Middle session about e-crimes investigation	25/9-6/10/2016	
8	Colloquium on AML and CFT	28/9/2016	Presidency of Staff at Sultan of Oman's Armed Forces
9	Financial analysis session (initial) in the field of suspicious transactions	19-21/9/2016	National center for financial information
10	Session on AML	28/8-1/9/2016	Officers training institute in

			cooperation with the US Embassy in Muscat (concerned groups at Oman Royal Police)
11	Session on the advanced strategies for detecting and remedying mistakes in the governmental accounts	28/8-1/9/2016	Officers training institute (concerned groups at Oman Royal Police)

117. With regard to the programs of development and improvement of performance, the authorities held a number of coordination meetings with several international organizations and local authorities, whether supervisory authorities in the Sultanate or financial institutions, with a view to increase coordination and cooperation and therefore increase the level of efficiency in terms of the combating procedures. Also a number of regional and international conferences were attended.

118. Here below is a schedule that clarifies the regional and international conferences and meetings attended by the Sultanate:

S.	Meeting	Date	Place
1	24 th plenary meeting of MENAFATF	12-17/11/2016	State of Qatar
2	Plenary meeting of FATF	16-21/10/2016	France
3	Meeting with the representative of the UNODC in GCC countries	5/12/2016	National Center for Financial Information
4	Meeting with IMF experts	21/11/2016	National Center for Financial Information
5	Meeting with the Central Bank of Oman	8/12/2016	National Center for Financial Information
6	Meeting with the regional president of Oman and UAE exchange center	6/12/2016	National Center for Financial Information
7	Meeting with the representative of the UNODC in GCC countries	5/12/2016	National Center for Financial Information
8	Meeting of the risk assessment national team	24/11/2016	Central Bank of Oman
9	Meeting with IMF experts	21/11/2016	National Center for Financial Information
10	Meeting with the Administrative Affairs Council for the Judiciary	17/10/2016	Administrative Affairs Council for the Judiciary
11	Meeting with the Ministry of Justice	16/10/2016	Ministry of Justice
12	Meeting with the Public Prosecution	13/10/2016	Public Prosecution
13	Meeting with the Organ of Financial and Administrative Supervision for the State	13/10/2016	Organ of Financial and Administrative Supervision for the State

14	Meeting with the Customs General Secretariat at the Ministry of Finance	12/10/2016	Customs General Secretariat
15	Meeting with HSBC British Bank – Oman	16/12/2016	National Center for Financial Information

R.38: Rating (PC)

119. Chapter 8 of the Sultani Decree no. 30/2016 on the promulgation of the AML/CFT law provided for the legal basis for responding to mutual judicial and legal assistance requests related to confiscation, and the extradition requests related to AML and CFT, whereas it granted the Omani judicial authorities the power of cooperating with non-Omani judicial authorities regarding the assistance procedures, letters rogatory, extradition of accused and convicted persons, and the requests of the non-Omani authorities to track, freeze, or retain the funds subject of ML/FT crimes and their returns, in addition to executing the final judicial verdicts rendered by the foreign judicial authorities on charge of ML or FT, including the verdicts on the confiscation the funds obtained from ML and FT crimes, and the means used therein, according to the rules and procedures determined by the Omani laws and regulations in force, the international or regional or bilateral conventions ratified by Oman, or the principle of reciprocity.

120. Here below are the statistics presented by Oman regarding the incoming and outgoing legal assistance requests in the previous years:

Schedule no. 7 clarifies the number of incoming and outgoing legal assistance requests

S.	Subject	Statistics	
1	Mutual legal assistance offered or received by the law enforcement authorities (Oman Royal Police)	157	
2	Automatic referrals from the national center for financial information to foreign authorities	-	
3	Extradition of accused (reception / delivery)	Reception	45
		Delivery	24
4	Requests for information sent or received by the national center for financial information	Outgoing	59
		Incoming	15

SR.VI: Rating (PC)

121. Oman remedied the deficiencies related to this recommendation, whereas article 52 of the Sultani Decree no. 114/2000 on the promulgation of the banking law bound any person who practices the banking work in the Sultanate of Oman, whether as local or foreign bank, to have a license from the central bank; and the aforementioned article imposed on whoever violates the provisions set forth therein a penalty not less than 100

Omani Riyals and not exceeding 250 Omani Riyals for each day of violation, and imprisonment for not less than 10 days and not more than 3 years, or any of both sanctions, while closing the place where the banking activities are practiced. And the authorities stated that the central bank prepared a diagnostic study on the non-licensed financial transfers. Such study tackled the money transfers in the Sultanate of Oman and that the development of banking systems by expanding the branch network at the banking companies, the enhancement of the correspondent banking network and informing the public on the risks of unofficial money transfers, is the most appropriate solution to suppress such practices while intensifying the efforts to control the transacting parties and to apply the appropriate sanctions.

SR.VII: Rating (PC)

122. Oman remedied part of the deficiencies related to this recommendation, whereas article 46 of the amended law bound the financial institutions that practice the e-transfer activity to get information about the (transfer requesting party, the transfer receiver, and check the existence of such information in the transfer orders or pertinent letters), knowing that all the aforementioned information shall be organized in a way that allows the tracking of the transfer, in addition to the purpose or justification of the transfer. It also bound the transfer requesting FI to abstain from executing the transfer when it is unable to obtain the aforesaid information. The authorities still have to issue the executive instructions to the FIs that clarify the aforementioned obligations in detail.
123. The authorities mentioned that the Central Bank of Oman is currently working on the issuance of the executive instructions to financial institutions.

SR.IX: Rating (NC)

124. Article 53 of the Sultani Decree no. 30/2016 on the promulgation of the AML/CFT law bound each person who enters or leaves the Sultanate, and who holds bearer negotiable financial instruments or currencies or is arranging to transport the same to / from the Sultanate by freight service or by post, to declare them to the customs whenever relevant value reached the threshold set by the committee; and the customs shall be entitled to ask the person for additional information about the source of the funds or pertinent purpose. Moreover, article 54 of the law bound the customs to establish an electronic system to keep the declaration for a period not less than five years, knowing that such period may be extended at the request of the competent authority, and the national center for financial information shall have the right to peruse and use such system.
125. The aforementioned amended law granted the customs the right to suspend the transportation of the negotiable financial instruments and currencies for a period not exceeding 45 days when suspecting any ML case, relevant predicate offense, FT case, or in case of failing to submit the declaration referred to in article 53 or in case of submitting a false declaration, and the law bound the customs to notify the national center for financial information, and the public prosecution may – at the request of the center – extend the period above for a similar period.

126. The AML/CFT national committee in Oman issued the resolution no. 1/2017 on determining the customs declaration threshold, whereas article 1 thereof provided for binding each person who enters or leaves the Sultanate, and who holds bearer negotiable financial instruments or currencies or is arranging to transport the same to / from the Sultanate, to declare them to the customs whenever relevant value reached 6000 Omani Riyals or its equivalent in other currency, according to the declaration form.
127. The authorities have also stated that paper guidelines were established as special form for passengers (coming/leaving) and a special form for companies, in addition to metallic boards in the locations dedicated thereto in all customs passages so that the passengers can peruse them. Moreover, a system was operated for the automation of the customs operations and procedures at the customs general directorate, including the risk assessment system which consists in establishing specific standards and indicators to monitor and analyze different security risks, and keep, manage, and follow up all customs cases, the involved, and their criminal record, in a way to facilitate the monitoring of the capitals movement, and limit their money laundering or their use in terrorist acts. They also stated that they started applying the special form for the cross border transportation of negotiable financial instruments and cash funds.
128. In addition, article 98 of the law stipulated that whoever violates the provisions of article 53 of the law, or makes a false declaration of the bearer negotiable instruments or currencies, or intentionally or negligently hides facts that have to be declared, shall be sanctioned to 3-year of imprisonment maximum, and to a fine not exceeding 10000 Omani Riyals, or any of both sanctions, and in case the violation was committed by a legal person, then the legal person shall be subject to a fine not less than 10000 Omani Riyals and not exceeding the value of the funds subject of the crime.
129. With regard to training and capacity building, the authorities stated that the employees of the customs participated in several sessions, meetings, and workshops on AML and CFT inside and outside the Sultanate.
130. With regard to international cooperation, the authorities stated that the customs general directorate, through its membership in WCO's RILO, exchanges any information available or notifications issued regarding the illegitimate transportation of funds between the office member states, and follows up all suspicious attempts to enter or transport funds from / the Sultanate of Oman.

Royal Decree
No. 30/2016
Promulgating the Law on Combating Money Laundering
and Terrorism Financing

We, Qaboos Bin Said, Sultan of Oman

After perusal of the Basic Statute of the State promulgated by Royal Decree Number 101/96, and

The Omani Penal Code promulgated by Royal Decree Number 7/74, and

The Judicial Authority Law promulgated by Royal Decree Number 90/99, and

The Public Prosecution Law promulgated by Royal Decree Number 92/99, and

The Criminal Procedure Law promulgated by Royal Decree Number 97/99, and

The Extradition Law promulgated by Royal Decree Number 4/2000, and

The Law on Non-Governmental Associations promulgated by Royal Decree Number 14/2000, and

The Banking Law promulgated by Royal Decree Number 114/2000, and

The Law on Combating -Terrorism promulgated by Royal Decree Number 8/2007, and

The Law on Combating Money Laundering and Terrorism Financing promulgated by Royal Decree Number 79/2010, and

Royal Decree Number 64/2013 ratifying the Sultanate in joining the United Nations Convention Against Corruption (the “UNCAC”), and

Royal Decree Number 27/2014 ratifying the Arab Convention for Combating Money Laundering and Terrorism Financing, and

After referral of the same to the Council of Oman, and

In accordance with the public interest,

Have Decreed the Following

Article 1

The provisions of the Law on Combating Money Laundering and Terrorism Financing attached herewith shall come into force.

Article 2

This Decree shall be published in the Official Gazette.

Issued on: 26 Sha'ban 1437 AH

Corresponding to: 2 June 2016 AD

**Qaboos Bin Said
Sultan of Oman**

Law on Combating Money Laundering and Terrorism Financing
Chapter 1
Definitions and General Provisions

Article 1

In implementation of the provisions of this Law, the following terms and expressions shall have the corresponding meaning, unless the context requires otherwise:

The Committee: The National Committee for Combating Money Laundering and Terrorism Financing.

The Chairman: The Chairman of the Committee

The Centre: The National Centre for Financial Information

The Supervisory Authorities: The Ministry of Justice, Ministry of Commerce and Industry, Ministry of Housing, Ministry of Social Development, Central Bank of Oman, Capital Market Authority, depending on each case and any other party designated by a decision of the Committee.

The Competent Authorities: Judicial and security authorities, the Centre and other authorities concerned with combating money laundering and terrorism financing in the Sultanate.

Funds: Any type of assets or property regardless of its value, nature, or the way it is acquired, whether electronic or digital, whether inside or outside the Sultanate of Oman, including any profits or interests on such property that is due or has been fully or partially distributed. This includes local and foreign currency, financial and commercial instruments, immovable or movable, tangible or intangible, and corporeal or incorporeal assets and all the rights or interests vested therein, deeds and documents evidencing all the above, including bank credits, deposits, postal drafts, bank drafts, and letters of credit or anything that the Committee considers as funds for the purposes of this Law.

Money laundering offence: Any of the acts specified in Article 6 of this Law.

Person: A natural or legal person.

Terrorist Act: Any of the following acts that a person or group of persons acting with a common purpose, perpetrates, attempts to perpetrate, participates to, organizes, plans, contributes to, or directs others to the perpetration thereof:

- a- Any act that constitutes a crime in accordance with relevant agreements or treaties to which the Sultanate is a party.
- b- Any act aimed at causing the death or serious bodily injury of a civilian or any other persons not participating in hostile acts in case of an armed conflict, when the purpose of such act, by virtue of its nature or context, is to terrorize

the population or compel a government or an international organization to take or refrain from taking an action.

- c- Any act considered as a terrorist act pursuant to the Law of Combating - Terrorism, or any other law.

Terrorist: Any natural person present inside or outside the Sultanate of Oman who commits, attempts to commit, participates to, organizes or contributes to the perpetration of a terrorist act or directs others to do so by any means whether directly or indirectly.

Terrorist Organization: Any group of terrorists and any organization considered as a terrorist organization pursuant to any other law.

Terrorism Financing Offence: Any of the acts specified in Article 8 of this Law.

Trust Fund: A legal relationship by virtue of which a trustor entrusts the control of funds to a trustee in the interest of a beneficiary or for a specific purpose. Such assets shall be considered as independent from the trustee's properties, and the right to the trustee's assets shall remain in the name of the trustor or with a third party on behalf of the trustor.

Legal Arrangements: The legal relationship established between different parties by virtue of an agreement, such as trust funds or other similar legal arrangements.

Financial Institution: Any person that engages, as a business, in one or more of the activities listed under Article 3 for or on behalf of a customer:

Non-financial Businesses and Professions: Any of the businesses specified in Article 4 of this law.

Non-Profit Associations and Entities: Any organized group established in accordance with the provisions of the Law on Non-Governmental Associations, for the purposes of raising or spending funds for charitable, religious, cultural, social, educational, cooperative, or any other purpose, including foreign branches of international non-profit associations and entities.

Predicate Offence: Any act constituting an offence under the laws of Oman, and acts committed outside Oman if they are considered an offence in accordance with the laws of the country in which crimes was committed and Omani laws.

Proceeds of Crime: Any funds derived or obtained directly or indirectly from a predicate offence, including profits, economic benefits and advantages, and any similar funds converted fully or partially into other funds.

Instrumentalities: Tools and means used or intended to be used in any manner to commit a money laundering, or a related predicate offence or a terrorism financing offence.

Business relationship: Any enduring commercial or financial relationship established between financial institutions, non-financial businesses or professions and non-profit

associations and entities and their customers in relation to activities or services they provide to such customers.

Transaction: Any operation carried out by financial institutions or non-financial businesses and professions as stipulated under Article 5 of this law.

Customer: Any person:

- a. for whom a transaction is carried out or arranged or an account is opened;
- b . who is a signing party to a transaction or account;
- c . to whom an account, rights, or obligations are entrusted or transferred by means of a transaction;
- d . who is authorized to carry out a transaction or control an account;
- e . who attempts to carry out any of the - actions specified in (a-e) of this definition;
- f . who is designated by the supervisory authority

Freezing or seizure: Temporary prohibition on the transfer, remittance, exchange or disposal of funds pursuant to an order from a competent judicial authority, while the ownership of the property remains with the person who has the beneficial interest in it at the time of freezing.

Confiscation: Permanent expropriation and deprivation of proceeds or instrumentalities of crimes of money laundering, linked predicate offenses or terrorism financing, pursuant to a final decision issued by a competent court.

Beneficial Owner: The natural person who ultimately owns or controls the customer, directly or indirectly. This includes the natural person on whose behalf a transaction is being conducted, and the natural person who has ultimate effective control over a legal person or legal arrangement.

Account: Any facility or arrangement by means of which a financial institution carries out one or more of the following operations:

1. Accepting deposits of funds;
2. Enabling the withdrawal or transfer of funds;
3. Paying negotiable or transferable instruments or orders drawn on another person, or collecting negotiable or transferable instruments or payment orders on behalf of another person;
- 4.-Rental of safe deposit boxes.

Correspondent Relationship: A relationship between two financial institutions, a correspondent and a respondent, whereby one is the agent or conduit of the second, executing or processing the following payments or other transactions for the respondent's customers (third party):

- a. Execution of third party payments
- b.Trade finance, as well as its own cash clearing
- c. Liquidity management and short-term borrowing or investment needs in a particular currency

Third-party Payment Account: The correspondence account used directly by a third party to carry out transactions on their own behalf.

Wire Transfer: Any transaction carried out by a financial institution on its own or through an intermediary institution, by electronic means in order to make a sum of money available to a beneficiary at another financial institution, whether the originator and the beneficiary are one person or two different persons.

Originator: The person who issues an order to the financial institution to carry out a wire transfer, whether or not the said person is an account holder at the financial institution.

Shell Bank: Any bank that does not have a physical presence in the country or the region where it is established and licensed, and is not affiliated to any financial group which is subject to an effective unified regulation and supervision.

Bearer-Negotiable Instruments: Monetary instruments in the form of a document including checks, promissory notes and payment orders, that are issued to bearer, or endorsed unconditionally or issued to a fictitious payee, or in another form that allows the transfer of the right therein upon delivery, and incomplete instruments including cheques, promissory notes, and payment orders that are signed but have the payee's name crossed out or omitted.

Undercover Operation: An investigation method whereby a law enforcement officer, by assuming a different identity, or plays a covert or fictitious role as a means of obtaining evidence or information related to criminal activity.

Controlled Delivery: A method that allows illegal or suspicious funds or proceeds of a crime to enter, exit, or pass through Omani territory with the competent authorities' knowledge and under their surveillance for the purpose of investigating any crime and determining the identity of the perpetrators.

Financial Group: A group comprising a holding company or any other type of legal persons exercising control and coordinating functions in order to apply supervision over the rest of the group, and its branches according to main financial supervision principles or affiliates and entities subject to AML/CFT policies and procedures at the group level.

Article 2 For the purposes of this law, money laundering and terrorism financing offenses shall not be considered political crimes or linked to political, or politically-motivated crimes.

Article 3 Financial institutions shall be subject to the provisions of this law when carrying out any of the following functions:

- a. Receiving deposits and other funds payable from the public, including special banking services, lending, financial transactions including trading in securities, financing, lease financing, services for transferring funds or value, buying, selling and exchanging

- currencies, issuing and managing payment instruments, guarantees, or obligations.
- b. Trading, investing, operating, or managing funds, financial options or futures, exchange rate and interest rate operations, other financial derivatives, or negotiable instruments.
- c. Participating in the issuing of securities and providing financial services related to such issues.
- d. Managing funds and portfolios of various types.
- e. Safeguarding funds.
- f. Insurance activities, including insurance companies, brokers, and agents.
- g. Any other activity or transaction specified by a resolution of the Committee.

Article 4 Non-financial businesses and professions include the following according to this law:

- a. Real estate brokers and agents.
- b. Traders in precious metals and stones, when carrying out cash transactions equal to or greater than the threshold decided by the supervisory authority, whether the transaction occurs in a single phase or multiple linked phases.
- c. Attorneys, notaries public, accountants/auditors/reviewers, when they prepare or carry out transactions for or on behalf of their customers related to one of the following activities:
 - 1. purchase or sale of real estate;
 - 2. managing funds;
 - 3. managing bank accounts, savings accounts, or securities accounts;
 - 4. organizing participation in establishing, operating, or managing companies;
 - 5. establishing, operating, or managing legal persons or legal arrangements and buying or selling commercial entities.
- d. Providers of services to trust companies and funds when they prepare or carry out transactions for or on behalf of their customers related to one of the following activities:
 - 1. acting as agent to establish legal entities;
 - 2. acting as director or secretary of a company, partner in a partnership, or another similar position in other legal entities, or making arrangements for another person to act as such;
 - 3. providing a registered office, business address, headquarters, address for correspondence, or administrative address for a legal person or legal arrangement;
 - 4. acting or arranging for another person to act as a trustee for a trust fund or carrying out such duties for a legal arrangement;
 - 5. acting or arranging for another person to act as a nominative shareholder on behalf of another person
- e. Any other activity specified by a decision of the Committee.

Article 5 A transaction under this Law includes any purchase, sale, loan, commitment, any type of credit and extension thereof, mortgage, gift, transfer, movement, delivery, including for example opening an account, deposit, withdrawal, transfer between accounts, exchange of funds in any currency, whether in the form of cash, checks, payment order, or any other instrument, electronically or by any other non-material means, the use of safe deposit boxes or any other type of safe depositing, entering into a trust relationship, any payments to settle fully or partially any contractual or other legal commitment, establishing a legal person or legal arrangement, or any other disposition of funds or transaction designated by the supervisory authority.

Chapter Two

Money Laundering and Terrorism Financing Offences

Article 6 Any person who knew or, should have known or suspected that funds are the proceeds of a crime shall be deemed to have committed the offence of money laundering if he intentionally commits any of the following acts, whether that person had committed the predicate offence or not:

- a. Converts or transfers such funds with the purpose of disguising or concealing their the illegal or source of such proceeds or of assisting any person who committed the predicate offense to evade punishment for of their acts;
- b. Disguise or conceal the true nature, source, location, method of disposal, movement, or ownership of the funds and their related rights;
- c. Acquiring, possessing, or using such funds upon receipt.

Article 7 The crime of money laundering is considered a separate crime from the predicate offense and sentencing the perpetrator for the predicate offense shall not prevent sentencing the perpetrator for the crime of money laundering resulting thereof. Conviction for the predicate offense shall not be required to prove that funds are proceeds of a crime.

Article 8 Any person who willingly collects or provides funds, directly or indirectly and by any means, with the knowledge that such funds will be used in full or in part, to carry out a terrorist act, or by a terrorist individual or a terrorist organization, shall be deemed to have committed the offense of terrorism financing.

Such provisions include financing the travelling of individuals to a country other than their country of residence or nationality with the intent to perpetrate, plan, prepare for, participate to or facilitate terrorist acts, or provide necessary funds for training on terrorist acts or receiving such training.

Article 9 A crime of terrorism financing shall be deemed to have been committed regardless of whether the act occurred or not, regardless of the country

where the act or attempted act was carried out, and whether the funds were actually used to commit the terrorist act or not.

Article 10 Any person who attempts or participates by agreeing, inciting or aiding to commit a money laundering or terrorism financing offence shall be considered an original offender. Legal persons shall be liable for such offence if committed in their name or on their behalf.

Chapter Three
The National Committee for Combatting Money Laundering and Terrorism Financing

Article 11 The Committee shall be established under the Chairmanship of the Executive President of the Central Bank of Oman and shall include members from competent authorities identified by a decision issued by the Council of Ministries.

In execution of its functions, the Committee may solicit the assistance of suitable experts.

Article 12 The Committee shall at its first meeting hold a secret ballot vote to elect a deputy chairman from its members to replace the chairman in his absence or when there are any obstacles against exercising his functions, for a renewable period of two years.

Article 13 The Committee shall have the following mandate:

- a. Establish and develop and follow up on the implementation of a national strategy for prohibiting and combating crimes of money laundering, terrorism financing, and financing activities involving weapons of mass destruction, in coordination with the competent regulatory authorities.
- b. Identify and assess money laundering and terrorism financing risks at the national level.
- c. Request, collect and analyze statistics and other information from competent authorities to assess the effectiveness of the AML/CFT system.
- d. Ensure the existence of effective methods of cooperation and coordination among competent authorities with respect to establishing, developing and implementing policies and activities for combating money laundering, terrorism financing, and financing activities involving weapons of mass destruction.
- e. Review international treaties and conventions on combating money laundering and terrorism financing, and issue recommendations concerning them to the Council of Ministries.
- f. Follow up on global and regional developments in the field of combating money laundering and terrorism financing, submit recommendations on the development of general policies and

- guidelines regarding offenses of money laundering and terrorism financing, and suggest suitable amendments to this law.
- g. Establish programs for the qualification and training of personnel working in the field of combating the offenses of money laundering and terrorism financing.
 - h. Coordinate procedures for assessing risks of money laundering and terrorism financing at competent authorities.
 - i. Promote awareness among financial institutions, non-financial businesses and professions, and non-profit associations and entities on the risks of money laundering and terrorism financing.
 - j. Coordinate with the National Committee for Combating Terrorism in the implementation of UN Security Council resolutions on the consolidated lists for freezing the funds of designated persons and entities.
 - k. Identify countries that it considers high-risk in the field of money laundering and terrorism financing, and measures to be taken regarding such countries and guide supervisory authorities to verify the compliance of financial institutions, non-financial businesses and professions, and non-profit associations and entities under their supervision in implementing such measures.
 - l. Prepare the draft working procedures of the Centre and suggest its amendment.
 - m. Adding any other activity or procedure to financial institutions, non-financial businesses and professions and non-profit associations and entities.
 - n. Determine controls, terms, conditions and amount of financial incentives to be paid to personnel working in the field of combating crimes of money laundering and terrorism financing, and to any person who reports such crimes.
 - o. approval of the organizational structure and working procedure of the Committee.
 - p. approval of the Committee's budget, to be obtained from the Ministry of Finance.
 - q. Submit an annual report to the Council of Ministries on the activities of the Committee.

Article 14 A technical committee shall be established with its Chairman, members, mandate and operating procedures set by a decision of the Chairman, upon approval of the Committee.

Article 15 The committee shall have a Secretariat reporting to the Chairman, its mandate and Secretary shall be appointed by a decision of the chairman based on the approval of the Committee. The Secretariat shall be subject to the financial and staff regulations of the Central Bank of Oman.

Chapter Four

The National Centre for Financial Information

- Article 16** A Centre under the name of the National Centre for Financial Information shall be established as a legal person with administrative and financial autonomy under the Inspector General of the Police and Customs. The operating procedures of the Centre shall be issued by a decision of the Inspector General upon approval of from the Council of Ministries . Current procedures shall be followed until the Centre's working procedures are issued.
- Article 17** The Centre shall have an executive president appointed by a decision of the Inspector General of the Police and Customs upon approval of the Council of Ministries in accordance with procedures and controls stipulated in the operating procedures of the Centre.
- Article 18** The Centre shall have the mandate of receiving, analyzing and requesting reports and information, suspected of being related or linked to money laundering or terrorism financing activities. It shall also receive other information related to cash transactions, wire transfers, cross-border declarations and other threshold reports set by the supervisory authority.
- Article 19** The Centre may obtain any additional information and documents related to the reports and information it receives and other information it deems necessary to carry out its duties from reporting entities. Such entities shall provide the information at the time and in the form determined by the Centre.
- Article 20** Governmental and non-governmental institutions in the Sultanate shall cooperate with the Centre in carrying out its function, and shall provide it with information related to reports and information it receives from inside or outside, and that it deems necessary to carry out its duties, without invoking confidentiality provisions.
- Article 21** The Centre shall provide reporting entities with the necessary guidance and instructions on how to report suspicious transactions, including the specifications of the report and reporting procedures.
- Article 22** The Centre should notify the competent supervisory authority in case the reporting entities subject to its supervision fail to meet their obligations as stated in this law for appropriate action thereon.
- Article 23** When there are sufficient grounds to suspect that funds are related to proceeds of a crime or suspected of being related or linked to money laundering or terrorism financing activities, the Centre shall forward the information and analysis results to the public prosecutor or any other competent authority for appropriate action.
- Article 24** The Centre shall provide financial institutions, non-financial businesses and professions, non-profit associations and entities, and supervisory

authorities with feedback regarding reports received by the Centre, in accordance with rules and controls set by the Centre.

Feedback means reporting the use of provided information or result thereof, in order to enhance the effectiveness of implementing AML/CFT procedures.

Article 25 The Centre may, in cases where it suspects that any of the crimes mentioned in this law are being perpetrated, suspend the execution of a transaction for a period not to exceed 72 hours to finalize with the analysis procedures. If the Centre concludes within this period, and based on the results of its analysis, that there are no sufficient grounds for suspicion, it shall issue an order to revoke the suspension of the transaction.

Article 26 The Public Prosecution may, upon request of the Centre order the extension of the transaction suspension period for up to 10 days for further analysis, if there is evidence indicating that the transaction is in violation of the provisions of this law.

Article 27 The Centre may enter into memorandums of understanding and exchange information on its own initiative or upon request with competent entities, while taking into consideration the necessary rules of confidentiality in this regard. The Centre shall have the authority to make the final decision regarding providing the information to the requesting party or not.

Article 28 The Centre may exchange information on its own initiative or upon request with counterpart foreign Centre s or entities, while taking into consideration the necessary rules of confidentiality in this regard and without prejudice to the principle of reciprocity.
The Centre may also enter into memorandums of understanding or agreements with such Centre s or entities based on applicable procedures in the Sultanate.

Article 29 The information mentioned in Articles 27 and 28 may not be used for purposes other than combating money laundering, predicate offenses linked thereto and terrorism financing.

Article 30 Employees of the Centre shall not violate the confidentiality of any information they obtain in the course of carrying out their duties or use such information for purposes other than those intended for it. Such prohibition shall prevail even after termination of their services.

Article 31 Employees of the Centre who by nature of their work, have access to data and information received by the Centre, may not occupy any position, carry out any duties at another entity, or engage in any commercial or professional activity in relation to their work at the Centre, for 3 years after the end of their employment at the Centre and in the manner specified in the Centre’s operating procedures.

Article 32 The Centre shall prepare an annual report on its activities in the area of combating money laundering and terrorism financing, specifically including a general analysis of the suspicious transactions reports it receives and activities and trends in money laundering and terrorism financing, and submit it to the Chairman. A summary of such report shall also be prepared for publication.

Chapter Five
Obligations of Financial Institutions, Non-Financial Businesses and Professions
and Non- Profit Associations and Entities

Article 33 Financial institutions, non-financial businesses and professions and non- profit associations and entities shall apply due diligence measures, taking into consideration the results of the risk assessment as per the provisions of Article 34 of this law. Due diligence measures include the following:

- a. Determine and verify the identity of customers based on reliable and independent sources, documents, data and information issued by official authorities in the following cases:
 1. before establishing a business relationship;
 2. before carrying out a transaction for a customer with whom it does not have an established business relationship the value of which is equal to or greater than the threshold specified by the supervisory authority, whether the transaction is executed in a single stage or in multiple stages;
 3. before executing a wire transfer for a customer with whom it does not have an established business relationship the value of which is equal to or greater than the threshold specified by the supervisory authority;
 4. when there is suspicion of a crime of money laundering or terrorism financing;
 5. when there are doubts concerning the accuracy or adequacy of obtained identification documents and information.
- b. Identify and verify the identity of any person acting on behalf of the customer and seek proof of the authenticity of their agency according to applicable regulations.
- c. Identify beneficial owners and take reasonable measures to verify their identity in a satisfactory manner. In the case of legal entities and arrangements, the ownership and control structure of the customer should be understood.

- d. Know the purpose of the business relationship, and obtain related information as appropriate.
- e. Continuously update the data and information stipulated in paragraph (a) of this Article related to its customers and beneficial owners whenever necessary, or based on the timeframe specified by supervisory authorities.

These entities shall also take measures stipulated in the previous paragraphs of this Article for customers and beneficial owners with which the institution had a business relationship upon the entry into force of this law, at times it sees fit, based on materiality and risks.

Article 34 Financial institutions, non-financial businesses and professions and non-profit associations and entities must comply with the following:

- a. Assess the money laundering and terrorism financing risks in their business, including risks in relation to developing new products and technologies. The risk assessment and its related information shall be documented in writing, kept up-to-date and readily available for competent supervisory authorities to review at their request.
- b. Establish and implement enhanced due diligence measures in high-risk cases. Entities may identify and conduct simplified due diligence measures in low-risk cases, provided that there is no suspicion of money laundering or terrorism financing.

Article 35 Financial institutions, non-financial business and professions and non-profit associations and entities must refrain from opening or maintaining anonymous accounts or accounts under fictitious names, numbers or secret codes, or providing any services for such accounts.

Article 36 Financial institutions, non-financial businesses and professions and non-profit associations and entities, must comply with the following:

- a. Monitor and scrutinize all relationships and transactions with customers on an ongoing basis to ensure that information regarding such relationships and transactions are consistent with the information available on the customer, his/her commercial activities and risk profile, and where required, his/her source of funds and wealth. In high-risk cases, enhanced due diligence measures shall be applied and the degree and nature of monitoring increased.
- b. Examine data and documents obtained from the customer in accordance with Article 33 of this law, to ensure that it is kept up-to-date and consistent with available records.
- c. Implement specific and adequate measures to address the risks of money laundering and terrorism financing related to non-face-to-

face business relationships or transactions for the purpose of identification.

- d. Establish appropriate risk management systems to determine whether a customer or beneficial owner is a politically exposed person. If the person is a foreign or local politically exposed person, currently or formerly appointed to a prominent position in an international organization, and provided that the business relationship with such person represent a higher risk, entities shall take the following measures:
 1. Obtain approval from their senior management before establishing or continuing a business relationship with such person.
 2. Take suitable measures to determine the source of his funds.
 3. Implement enhanced monitoring of the business relationship.
- e. Report threshold transactions specified by the supervisory authority to the Centre.

For the purposes of this Article, politically exposed persons are:

1. Any natural person currently or formerly appointed to a prominent position in the Sultanate of Oman or a foreign country, members of their family and close associates.
2. Any person currently or formerly appointed to a prominent position in an international organization, members of their family and close associates.

Article 37 Financial institutions and non-financial businesses and professions may delay the completion of the process of verifying the identity of the customer or beneficial owner in accordance with Article 33 of this law, provided that:

- a. Verification is completed as soon possible after the start of the business relationship or the execution of the transaction;
- b. Delaying the verification is necessary in order not to interfere with the normal flow of business; and
- c. The risks of money laundering or terrorism financing are subject to effective control.

Article 38 Financial institutions must take the following additional CDD measures and procedures when they establish correspondent relationships:

- a. Determine and verify the identity of the respondent institution.
- b. Gather sufficient information about the respondent institution in order to fully understand the nature of the respondent's business and evaluate its reputation through publically available information and the quality of supervision to which it is subject, including

- whether it has been subject to a money laundering or terrorist financing investigation or regulatory action.
- c. Evaluate the anti-money laundering and combating the financing of terrorism controls implemented by the respondent institution.
 - d. Obtain the approval of their senior management before establishing correspondent relations.
 - e. Ensuring the compliance of the other institution with the supervisory procedures of combating money laundering and terrorism financing.
 - f. If there is a third-party payment account, ensure that the respondent institution has established and verified the identity of all customers having direct access to such account, and that it is able to provide relevant due diligence information to the correspondent institution upon request.
 - g. Refrain from entering into or continuing correspondent relations with a shell bank.
 - h. Refrain from entering into or continuing correspondent relations with a respondent institution that allows a shell bank to use its accounts.

Article 39 Financial institutions, non-financial businesses and professions and non-profit associations and entities may not establish or maintain a business relationship or carry out a transaction if they are unable to meet obligations stipulated in Articles 33, 35, 36, 37 and 38 of this law, and must immediately notify the Centre to this effect.

Article 40 Supervisory authorities, in coordination with the Centre and based on the risk assessment, may specify the conditions under which it is possible to apply simplified due diligence described in Article 34 of the present law.

Article 41 Financial institutions, non-financial businesses and professions and non-profit associations and entities shall:

- a. Investigate the background and purpose of all large, complicated, and unusual transactions and all unusual patterns of transactions that do not have an apparent economic or lawful purpose.
- b. Investigate all transactions and business relations and take enhanced due diligence measures proportionate to the risks involved with persons from countries which do not apply sufficient controls for combating money laundering and terrorism financing.
- c. Develop policies and procedures to identify, assess and mitigate money laundering and terrorism financing risks that may arise from new technologies and business practices, including new delivery mechanisms, or from the use of new or developing technologies. In all cases, a risk assessment shall take place prior to launching the new product, business practice or the use of the new or developing technology.
- d. Apply measures stipulated by the Committee on higher-risk countries as mentioned in item k of Article 13 of this law.

Article 42 Financial institutions, non-financial businesses and professions and non-profit associations and entities must develop and implement programs for combating money laundering and terrorism financing and apply them to all members of the financial group. Such programs must include policies, procedures, internal regulations and controls to ensure the following:

- a. Establishing and applying high standards for hiring employees.
- b. Ongoing training for employees to keep them up-to-date with all aspects and requirements of combating money laundering and terrorism financing and new developments and technologies thereof, to detect transactions and activities linked to money laundering, predicate offenses and terrorism financing, and familiarize them with procedures that must be followed in such cases.
- c. The presence of an adequate audit function to verify compliance with policies, procedures, systems and internal controls and to ensure that such measures are effective and consistent with the provisions of this Law.

Article 43 Financial institutions shall put in place and develop mechanisms for exchanging information with other members of the financial group and protecting the confidentiality and use of exchanged information.

Article 44 Financial institutions, non-financial businesses and professions, and non-profit associations and entities shall comply with the following:

a. Retain all records, documents, information, and data, both domestic and international for a period of at least 10 years after a transaction is carried out. Such records must be sufficient and detailed to facilitate tracking and retrieving every transaction when required according to the provisions of this law.

b. Retain records, documents, information, and data obtained through the customer due diligence process under this Chapter, especially account files, business correspondence and the results of any analysis undertaken for at least ten years after the business relationship is ended, or after a transaction is carried out for a customer who is not in an established business relationship with the institution.

c. Make such records, documents, information, and data available immediately, upon request, to judicial authorities, the Centre, and supervisory authorities, each within their own jurisdiction. Such entities may and in cases where they deem it necessary, request the extension of the - period specified in this article.

Financial Institutions, non-financial businesses and professions and non-profit associations and entities may retain certified copies of such original records, documents, information, and data, which shall have the same validity as the originals.

Article 45 The provisions of Articles 33, 35, 36, 37, 38, 39, 41 and 44 of this law shall not apply to real estate agents and brokers unless they are involved in transactions concerning the buying or selling of real estate for their clients.

Article 46 Financial institutions that engage in wire transfers shall obtain information on the originator and recipient and ensure that such information exists within the wire transfer orders or related messages. Any financial institution originating the wire transfer that is unable to obtain such information shall not execute the transfer.

Article 47 As an exception to the provisions on the confidentiality of banking transactions and professional and contractual secrecy, financial institutions, non-financial businesses and professions, non-profit associations and entities, their managers, members of the board of directors, owners, authorized representatives, employees, agents, partners and professionals performing any work for their account, must notify the Centre immediately if they suspect or have reasonable grounds to suspect that funds are the proceeds of crime, or are related to money laundering or terrorism financing. The reporting obligation also extends to attempted transactions regardless of their value.

There shall be no penal, civil, or administrative liability on the reporting persons when reporting according to the provisions of this Article.

Article 48 The requirement to report stipulated in Article 47 of this Law shall not apply to attorneys, notaries public, accountants, and other professionals including certified auditors, if the information concerning their clients was obtained in order to evaluate their legal status, defend or represent them in court or arbitration procedures, or to provide a legal opinion on a matter related to judicial proceedings, including giving advice on starting or avoiding such proceedings, regardless of whether the information was obtained before, during, or after the conclusion of the judicial proceedings.

Article 49 Reporting persons as identified under Article 47 of this Law shall not reveal to the customer, beneficial owner or any other party, directly or indirectly and by any means whatsoever, that they have issued or are about to issue a suspicious transaction report nor should they give any information or data in relation to such reports or alert them to any investigation in this regard.

Article 50 Financial institutions shall require their branches and majority owned subsidiaries to implement the requirements of this chapter, within the limits authorized by laws and regulations in effect in the country where the company or branch is located. If such laws do not require their compliance with these requirements, the financial institution shall notify the supervisory authority to this effect.

Chapter Six **Supervisory Authorities**

Article 51 Supervisory authorities should, regulate, supervise and monitor compliance by financial institutions, non-financial businesses and professions and non- profit associations and entities with the requirements to implement the provisions of this Law, and regulations, resolutions and instructions issued in implementation thereof, in addition to relevant regulations, resolutions and instructions, according to a risk-based approach. Supervisory authorities shall especially abide by the following:

- a. Collect information and other data from financial institutions and non-financial businesses and professions, and non- profit associations and entities and to conduct on-site supervision. Supervisory authorities may implement this obligation by contracting with a third party.
- b. Compel financial institutions, non-financial businesses and professions and non- profit associations and entities to provide any information and take copies of documents and files, however and wherever stored inside or outside their premises.
- c. Issue regulations, controls, instructions, guidelines, and recommendations to assist financial institutions, non-financial businesses and professions and non- profit associations and entities in implementing the provisions of this law, in coordination with the Centre .
- d. Cooperate and coordinate effectively with other competent authorities to provide assistance in carrying out inquiries in all stages of investigation and prosecution related to combating money laundering, related predicate offenses, and terrorism financing.
- e. Cooperate effectively with counterpart entities that carry out similar functions in other countries, by exchanging information and signing memoranda of understanding.
- f. Inform the Centre without delay of any information related to suspicious transactions or any other information that may be related to money laundering, its predicate offenses, or terrorism financing; provide the Centre with the data, information, and statistics required to carry out its duties.
- g. Apply consolidated supervision on financial groups and ensure that foreign branches and majority-owned subsidiaries of financial institutions and non-financial business and professions adopt and implement procedures in accordance with this law.
- h. Develop and implement controls and procedures for the ownership and control of financial institutions, and non-financial businesses and professions and non- profit associations and entities as well as participation in managing or operating them, directly or indirectly.
- i. Evaluate the members of the board, senior management, and managers of financial institutions, non-financial businesses and

professions and non- profit associations and entities based on fit and proper standards including, experience and integrity.

- j. Maintain statistics on measures taken and penalties imposed within the framework of implementing the provisions of this law.
- k. Specify the threshold of transactions and verify compliance of financial institutions, non-financial businesses and professions and non- profit associations and entities with their reporting requirement to the Centre.
- l. Identify the type and scope of measures to be taken by financial institutions, non-financial businesses and professions and non- profit associations and entities in accordance with Article 42 of this law in line with the money laundering and terrorism financing risk level and the volume of commercial activity.

Article 52 Without prejudice to any sanctions stipulated for in this Law or any other law, supervisory authorities shall, in cases of violation by financial institutions, non-financial businesses and professions and non- profit associations and entities under their supervision of the obligations stipulated for in this law or relevant regulations, resolutions or instructions, impose one or more of the following measures or sanctions:

- a. Send a written warning;
- b. Issue an order to comply with specific instructions;
- c. Issue an order to submit regular reports on the measures being taken;
- d. Impose an administrative fine of not less than RO 10,000 and not more than RO 100,000 for each violation;
- e. Replace or limit the mandate of compliance officers, directors, members of the board, or controlling owners, including the appointment of a special administrative supervisor;
- f. Suspend the work of violating persons in the commercial business sector or in a particular occupation or activity, either permanently or temporarily;
- g. Impose guardianship over the entity
- h. Suspend, cancel, or place restrictions on the license to practice operations or activity;

The competent supervisory authority shall notify the Centre of the measures and sanctions taken in this respect, and may publish information on these measures through available means of publication.

Chapter Seven Customs Declaration

Article 53 Any person entering or exiting Omani territory carrying currency or bearer-negotiable instruments, or arranging for their transfer inside or outside the country by mail or shipping services, shall declare such

instruments to the Customs Authority if they amount to or exceed the threshold set by the Committee.

The Customs Authority may request the person for additional information concerning the source and purpose of use of such instruments.

Article 54 The Customs Authority shall establish an electronic system to retain declarations and information stipulated in Article 53 for a period of not less than five years, which may be extended at the request of competent authorities. The Centre shall have the right to access and use the same when necessary.

Article 55 In case of suspicion of money laundering, its related predicate offense, or terrorism financing, or in case of non-declaration as stipulated in Article 53 or false declaration, the Customs Authority shall seize the currency and bearer-negotiable instruments for a period not to exceed 45 days and immediately notify the Centre. The Office of the Public Prosecutor may extend the seizure for a similar period upon request of the Centre.

Article 56 Employees of the Customs Authority must maintain the secrecy of the information they obtain or get to know in implementing the provisions of this Law. This obligation shall be applicable even after termination of their service. In all cases, such information may be used only for the purposes of implementing the provisions of this law.

Article 57 The Customs Authority shall issue procedures and instructions for the purposes of implementing the provisions of this chapter.

Chapter Eight International Cooperation

Article 58 Without prejudice to the provisions of conventions and agreements ratified by the Sultanate of Oman, or in accordance with the principle of reciprocity, competent and supervisory authorities shall cooperate with their counterparts in other countries for the purposes of legal and judicial assistance and extraditing criminals in the field of money laundering, related predicate offenses, and terrorism financing, in accordance with the provisions of this Chapter.

Article 59 In the context of implementing the provisions of this Law, the National Counter-Terrorism Committee shall establish the necessary procedures for the implementation of UN Security Council Resolutions, pursuant to Chapter 7 of the UN Charter on:

- a. The prevention and suppression of terrorism and its financing
- b. The prevention, suppression and disruption of proliferation of weapons of mass destructions (WMD) and its financing.

Article 60 In the context of implementing the provisions of this Law, in case of a request to extradite criminals or for legal or judicial assistance, the double incrimination principle shall apply regardless of whether the laws of the country requesting assistance place the crime in the same category or not or denominates the crime using the same term as in Oman or not.

Article 61 The Public Prosecutor shall have the jurisdiction to receive requests for legal and judicial assistance and extradition from competent foreign authorities in relation to money laundering, related predicate offenses, and terrorism financing.

Article 62 Requests for legal and judicial assistance or extradition must include the following information:

- a. Identification of the requesting entity,
- b. Identification of the party in charge of investigating, prosecuting, or examining the case;
- c. Identification of the entity to which the request is addressed;
- d. The purpose of the request;
- e. The facts supporting the request,
- f. Any information that may facilitate the identification and tracking of the wanted individual, particularly his name, social status, nationality, address, and profession;
- g. Any information needed to identify and track funds or instrumentalities;
- h. Legal provisions that criminalize the act committed and the penalty that may be imposed on the perpetrator of the crime;
- i. The type of assistance requested and the details of any particular procedures that the requesting country wishes to implement.

In addition, the request must include the following information in certain specific cases:

- 1) In case of a request to take provisional measures, the details of the measures requested;
- 2) In case of a request to confiscate, a statement of the relevant facts and evidence to allow issuance of a confiscation court decision in accordance with the laws of Oman;
- 3) In case of a request to execute an order for a provisional measure or confiscation court decision:
 - a. A certified copy of the order/decision and justification for issuing it, if not explained in the order/-decision itself;
 - b. A document certifying that the order/—decision must be implemented and is irrevocable by means of ordinary appeal;
 - c. A statement indicating the purpose to be achieved from the execution of the order/decision and the amount to be recovered out of the value of the funds;
 - d. Any information concerning the rights of third parties to the funds, proceeds, instrumentalities, or other related items;

- 4) In the case of a request for extradition:
- a. An arrest warrant or subpoena issued by the competent authority where the person was not convicted of a crime and the original or a certified copy of the judicial decision stating that the decision must be implemented and is irrevocable where the person has been convicted of committing a crime.
 - b. An undertaking by the requesting country that it will not prosecute or sanction the person to be extradited for any crime that took place prior to the extradition request other than the crime mentioned in the extradition request.
 - c. An undertaking by the requesting country to refrain from extraditing the person to a third country unless after obtaining the approval of the Sultanate.
 - d. An undertaking by the requesting country to provide a fair trial of the extradited person and ensure sufficient guarantees for him to defend himself.

Article 63 The Public Prosecutor or the competent authority may request additional information from the competent foreign authority if such information is necessary to implement legal assistance or extradition requests or facilitate its execution.

Article 64 The request for legal assistance or extradition must remain confidential if this is specified in the request, and if this is not possible, the requesting party must be notified immediately.

Article 65 The Public Prosecutor may delay forwarding the request for legal assistance and extradition to the authorities responsible for implementing it if such forwarding may affect an investigation or lawsuit currently under way, in which case the requesting authority must be informed immediately.

Article 66 Mutual legal and judicial assistance includes the following:

- a. Obtaining evidence or statements from persons;
- b. Assisting in the appearance of detained persons, voluntary witnesses, or other parties appear before the judicial authorities of the requesting country in order to present evidence or assist in investigations;
- c. Delivering legal or judicial documents;
- d. Implementing search and seizure operations;
- e. Inspecting and examining objects and sites;
- f. Submitting information or physical evidence and expert reports;
- g. Submitting originals or certified copies of relevant documents and records, including government, banking, or financial records, or the records of commercial establishments, businesses, or professions;
- h. Identifying or tracking the proceeds of a crime or funds, instrumentalities, or other items for the purposes of providing evidence or confiscation;
- i. Confiscating assets;

- j. Implementing measures of freezing assets or other provisional measures;
- k. Any other type of legal and judicial assistance that does not conflict with the laws in force in Oman.

Article 67 A request for mutual legal assistance may only be refused in the following cases:

- a. If the request was not issued by the competent authority in accordance with the law of the requesting country, if the request was not sent in accordance with the laws in force, or if it fails to meet any of the requirements under Article 62 of this law.
- b. If implementing the request could adversely affect Oman's security, sovereignty, public order, or other fundamental interests.
- c. If the crime to which the request is related is the subject of a lawsuit or if a final verdict has been issued regarding it in Oman.
- d. If the requested order or measure targets the person concerned because of his race, religion, nationality, origin, political opinions, gender, or condition.
- e. If the crime referred to in the request is not stipulated for in the laws of Oman or does not have characteristics in common with a crime described in the laws of Oman. In all cases, assistance may be provided if it does not contain obligatory measures.
- f. If the order to take the requested measures cannot be issued or implemented owing to the statute of limitation applicable to money laundering or terrorism financing in accordance with the laws of the requesting country.
- g. If the order to be implemented cannot be implemented in accordance with the law in Oman.
- h. If the decision was issued in the country requesting assistance under circumstances that do not provide sufficient guarantees and protection with respect to the rights of the defendant.

Article 68 A request for mutual legal assistance may not be refused on the basis of confidentiality requirements imposed on financial institutions, or simply because the crime includes fiscal or financial matters. Any decision issued by the court concerning a request for mutual legal assistance shall be considered final. A request for extradition may also not be refused simply because the crime includes fiscal or financial matters.

In case of refusal to implement the request, the Public Prosecutor shall inform the requesting authority immediately of the reasons for the refusal.

Article 69 A mutual legal assistance request may be implemented if it includes a request for civil confiscation of the funds of a dead, absent or anonymous person.

Article 70 Requests for investigation shall be implemented in accordance with the procedures prescribed in the Law of Criminal Procedure provided that

the request does not include specific procedures that do not conflict with the procedures prescribed by such Law.

Article 71 Requests to implement provisional measures are implemented in accordance with the Law of Criminal Procedure, and if the requested measures are not mentioned in the Law of Criminal Procedure, the Public Prosecutor may replace them with similar measures from that Law with similar effects. Before issuing an order to lift provisional measures, the country requesting assistance must be informed.

Article 72 If a request for mutual legal and judicial assistance is received to execute a confiscation order issued by the court of the requesting country, the Public Prosecutor shall forward it to the competent court to decide on. The confiscation order shall only apply to the funds described in Article 100 and located within the Sultanate of Oman.

Article 73 The Sultanate of Oman shall have the authority to share in the confiscated funds in its territory in accordance with any agreement concluded with the requesting country and without prejudice to the rights of third parties in good faith.

Article 74 The Public Prosecutor's Office may conclude bilateral or multi-lateral agreements concerning joint investigations. In the absence of such agreements, joint investigations may be carried out on a case by case basis.

Article 75 Requests for extradition of perpetrators of crimes of money laundering, related predicate offenses, or terrorism financing shall be subject to the procedures and principles stipulated for in treaties and agreements on the extradition of criminals to which the Sultanate of Oman is a party, and to the provisions of this Law and the Law of Extradition.

Article 76 Requests for extradition may be denied in the following cases:

- a. If investigations are currently underway against the person to be extradited in the Sultanate of Oman, in connection with the crime for which the extradition is requested.
- b. If the crime was committed outside the territory of both the Sultanate of Oman or the requesting country, and Omani law does not stipulate for jurisdiction over crimes committed outside its territory with respect to the crime for which the extradition is requested.
- c. If a final judicial order was issued against the person to be extradited for committing the crime for which the extradition is requested, or if he would be prosecuted in the requesting country by a –an irregular court, an exceptional court, or by a special court or other body for this purpose.
- d. If the Sultanate of Oman believes, that due to the nature of the crime and its circumstances, that extraditing the person in question would be incompatible with human considerations because of their age, health, or other personal circumstances.

- e. If the request for extradition is based on a final ruling in absentia of the convicted person without providing him with legal guarantees for a fair trial, and giving him the opportunity for the case to be reviewed.
- f. If the crime falls within the Sultanate judicial jurisdiction.

Article 77 Extradition is not possible in the following cases:

- a. If the person to be extradited is an Omani citizen.
- b. If there are serious reasons to believe that the request for extradition was submitted for the purposes of prosecuting or sanctioning a person on account of his gender, race, religion, nationality, origin, or political opinions, or that implementing the request would lead to their being harmed for any of these reasons, or that the person to be extradited was or will be subjected to torture or harsh, inhuman or humiliating treatment, or does or will not have the minimum guarantees of security with respect to the criminal procedures, in accordance with international standards on this subject.
- c. If a final judgment has been issued in the Sultanate of Oman concerning the crime for which the extradition was requested.
- d. If criminal liability of the person to be extradited no longer exists for any reason whatsoever.

Article 78 The denial of an extradition request for any of the reasons mentioned in the provisions of this law, does not preclude the legal prosecution of the person concerned with the extradition request.

Article 79 A person may be extradited after receiving a request for temporary arrest from the requesting country, provided that the person to be extradited agrees in writing to the extradition.

Article 80 When a request for extradition is accepted, the Sultanate of Oman may, within the limits permitted by its national laws and with due consideration to the rights of third parties in good faith, turn over all funds, proceeds of crime, and instrumentalities within its territory linked to the crime committed, or required as evidence, if requested by the country in question. Funds may be turned over to the requesting country, even if the agreed-upon extradition does not take place.

If such funds, proceeds or instrumentalities were subject to seizure or confiscation in the Sultanate of Oman, the State may retain it on a temporary basis.

In all cases, the Sultanate may require the return of such funds, proceeds and instrumentalities to it free of charge after the purpose of its turning over is achieved.

Chapter Nine Investigation

Article 81 The Public Prosecutor may, in order to uncover facts concerning a crime of money laundering, terrorism financing, or related predicate offenses, review the records and documents, and obtain information in the possession of financial institutions, non-financial businesses and professions and non-profit associations and entities, or any other person, and may seize such records and documents and any other documents if deemed necessary for the investigation.

Article 82 The Public Prosecutor or his deputy may issue an order to take provisional measures including freezing or seizure of funds, instrumentalities, or proceeds of a crime of money laundering, its predicate offenses, or terrorism financing, and any property of a similar value of such proceeds. Concerned parties may submit a grievance before the Court of First Instance in chambers within 30 days of the date of its implementation. The decision of the court regarding such grievance shall be final.

Article 83 When there is sufficient evidence or serious indications of the commission of a crime of money laundering, terrorism financing, or the related predicate offenses, the Public Prosecutor or his deputy may issue an order to monitor or intercept communications, record actions or conversations using audio-visual equipment, access to computer systems, account monitoring, controlled delivery, determination of funds, seizure of documents and correspondence, travel bans, and other measures to help uncover such facts. In all cases, such measures must be justified and temporary for a period not to exceed three (3) months, which may be extended only by an order from the competent court upon request of the Public Prosecutor-

Article 84 The Public Prosecutor may authorize investigating a crime of money laundering, terrorism financing, or related predicate offenses through an undercover operation or controlled delivery for the purposes of obtaining evidence related to these crimes, or to trace the proceeds of a crime.

Any person conducting an investigation through undercover operations or controlled delivery may not be held accountable or accused for carrying out any act that may constitute a money laundering offense, related predicate offense or terrorism financing as long as he does not exceed the powers granted to him or investigates the commission of such crimes.

Article 85 The Public Prosecutor shall issue a decision to establish a specialized administration for the supervision of frozen, seized and confiscated funds, the tracking of funds that may be subject to freezing, seizure or confiscation, collecting and preserving all data related to such funds and measures taken in that regard.

Such administration may authorize a competent person in the field to manage seized or confiscated funds.

It may also entrust the management of the frozen funds to the financial institution or the entity appointed by the concerned party itself before the order is issued.

Article 86 Without prejudice to the provisions of Article 4 of the Law of Criminal Procedure, the Public Prosecutor may investigate a crime of money laundering independently of the predicate crime.

Chapter Ten Penalties

Article 87 Without prejudice to a more severe punishment provided for in any other law, the offences specified in this law shall be punishable by the penalties provided therein.

Article 88 Whoever commits a crime of money laundering shall be punishable by the following:

- a. Imprisonment for a term of not less than 5 years but not exceeding 10 years and with a fine of not less than RO 50,000 but not exceeding the equivalent of the value of the funds subject of the offence, when such person knows or suspects that the funds are proceeds of a crime.
- b. Imprisonment for a period of not less than six months but not exceeding three (3) years, and a fine of not less than RO 10,000 but not exceeding the equivalent of the value of the funds subject of the offence, when such person should have known that funds are the proceeds of a crime.

Article 89 Whoever commits a crime of terrorism financing shall be punishable with imprisonment for a term of not less than 10 years and a fine of not less than RO 50,000 but not exceeding the equivalent of the value of the funds collected or provided.

Article 90 A Legal person the responsibility of which has been proven in a crime of money laundering or terrorism financing shall be punishable with a fine of not less than RO 100,000 and not exceeding the equivalent value of funds subject of the offence. The Court may in addition order to suspend its commercial activities permanently or temporarily, close down its headquarter used for the perpetration of the crime, liquidate the business or place it under judicial supervision to manage its funds. The final decree of conviction shall be published through the means of publication.

Article 91 Any person who attempts or participates by conspiring, abetting or aiding, to commit a money laundering or terrorism financing offence, shall be punished as an original offender.

Article 92 Penalties stipulated for in this Law shall be doubled in the following cases:

- 1) If the offender committed the offence through a criminal organization.
- 2) If the offender committed the offence by abusing his powers or influence through a financial institution or a non-profit or non-governmental organization or the like, or by using the facilities vested in him by his office, professional activity or social status.
- 3) In cases of recidivism.

Article 93 A perpetrator who reports to competent authorities information about the offence and the persons involved, before the crime is perpetrated and provided that the authorities have no prior knowledge of such offence, may be exempted by court from penalties stipulated in this law. If the reporting takes place after the authorities have knowledge of the offence and leads to the arrest of any of the perpetrators or the confiscation of the instrumentalities and proceeds of the offence, the court may order to suspend the execution of the imprisonment sentence.

Article 94 The Court may mitigate the penalties stipulated for in this Law in cases where the reporting took place after the authorities have knowledge of the offence and enabled it the following:

- a. Discovering the identity of the other perpetrators of the crime;
- b. Obtaining evidence;
- c. Preventing the commission of other crimes related to money laundering or terrorism financing;
- d. Depriving criminal organizations from their resources or proceeds of crime.

Article 95 A penalty of imprisonment for a term of not less than six months but not exceeding two years and a fine of not less than RO 10,000 but not exceeding RO 50,000, or one of these two punishments, shall be imposed on any of the chairmen and members of the boards of financial institutions, non-financial businesses and professions and non-profit associations and entities, their owners, authorized representatives or employees who, acting intentionally or because of gross negligence, contravene any of the obligations specified in any of the Articles of Chapter Five of this law.

Article 96 Chairmen and members of the boards of financial institutions and non-financial businesses and professions, non-profit associations and entities, their owners, authorized representatives or employees who have failed to comply whether intentionally or by gross negligence with obligations stipulated in Articles 47 and 49 of this Law, shall be punishable with imprisonment for a term of not less than six months but not exceeding three years and a fine of not less than RO 10,000 but not exceeding RO 20,000 or one of these two penalties. If the violation is in the interest or on behalf of a legal person, they shall be

punishable with a fine of not less than RO 50,000 but not exceeding RO 100,000.

Article 97 Any person who intentionally or because of gross negligence fails to comply with obligations stipulated in Articles 30 and 56 of the present Law, is punishable with imprisonment for a term not exceeding two years and a fine not exceeding OR 10,000, or one of these two penalties.

Article 98 Any person who intentionally or with gross negligence contravenes the provisions of Article 53 of this Law to provide declarations, or by providing false data or information about currencies or bearer negotiable instruments, or concealing facts that should be disclosed, shall be punishable with imprisonment for a term not exceeding three years and a fine not exceeding RO 10,000 or one of these sanctions. If the violator is a legal person, it should be punishable with a fine of not less than RO 10,000 and not exceeding the value of the funds subject of the crime.

Article 99 The imposition of penalties under the provisions of this Chapter shall not prevent the imposition of sanctions and measures by supervisory authorities against financial institutions or non-financial business and professions as stipulated in Article 52 of this Law.

Article 100 Without prejudice to the rights of third parties in good faith, in the event of a conviction for a crime of money laundering, related predicate offenses, or terrorism financing, the court shall issue a decision for the confiscation of the following:

- a. Funds subject of the offense;
- b. Proceeds of the offence, including funds resulting from or exchanged for such proceeds;
- c. Incomes and interests generated by funds subject of the offense or by proceeds of crime;
- d. Instrumentalities; or
- e. Any funds of corresponding value to the funds under items a to d, if these cannot be located, or have dissipated.

Confiscation shall take place even if the funds or proceeds are in the possession or owned by another party, unless such party proves that he acquired them in good faith and in exchange of a service rendered corresponding to the value of such funds without knowledge of their illicit origin.

The confiscated property shall remain encumbered within the limits of its value with the lawfully determined rights of third parties in good faith.

Article 101 Death of the perpetrator or his anonymity shall not impede confiscation pursuant to Article 100 of this Law.

- Article 102** The competent authority managing funds at the Office of the Public Prosecutor may authorize the sale of confiscated funds, proceeds and instrumentalities involved in the crime.
- Article 103** Money laundering and terrorism financing offences shall be excluded from the provisions governing the lapse of a public lawsuit and the court shall order in all cases the confiscation of the funds in accordance with the provisions of this Law or the imposition of an additional fine of equivalent value in case such funds cannot be seized.
- Article 104** Without prejudice to the rights of third parties in good faith, any contract or disposition in which one or more of the parties knew that its purpose was to prevent confiscation of the funds, shall be null and void.
- Article 105** A percentage of not less than 30% of the total of confiscated funds shall be used for the development of combating money laundering and terrorism financing systems in accordance with procedures and controls stipulated by the Committee.

Chapter Eleven Final Provisions

- Article 106** Without prejudice to the provisions of Article 51 of this Law, the chairman may issue any necessary decisions for the implementation of the provisions of this Law. Until such decisions are issued, regulations and decisions in force shall remain applicable when not in conflict with the provisions of this Law.
- Article 107** The powers and allowances of the FIU at the Royal Omani Police shall be transferred to the Centre. Staff of the Unit appointed by decision of the Inspector General of the Police and Customs shall be transferred to the Centre.
- Article 108** The Law on Combatting Money Laundering and Terrorism Financing issued by Royal Decree no. 79/2010 shall be repealed in addition to any texts contradicting or conflicting with the provisions of this Law.
- Article 109** This law shall come into force on the day following its publication in the Official Gazette.