

**Law no. 1/2010**  
**On Anti-Money Laundering and Counter- Terrorism Financing\***

**In the Name of**

**The People;**

**The President;**

**Upon;**

*Reviewing the Constitution of the Republic of Yemen;*

**and;**

*Being passed by the House of Representatives;*

**We Shall enact the following law:**

Chapter One

Names and Definitions

*Articles 1* This law is called “The Law on combating Money Laundering and Financing of Terrorism”.

*Article (2)* For the purposes of applying the provisions of this Law, words and phrases listed below shall have the meanings ascribed against each of them, unless the context otherwise requires a different meaning or the context indicates otherwise:

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\* Modified by Law No. (17) of 2013 Amending Certain Articles of the Anti-Money Laundering and Counter-Terrorism Financing Law No. (1) of 2010

<b>Republic:</b>	Republic of Yemen.
<b>Central bank:</b>	Central Bank of Yemen.
<b>Governor:</b>	Governor of the Central Bank of Yemen.
<b>Committee:</b>	National Committee for Anti-Money Laundering and Counter-Terrorism Financing formed under the provisions of this Law.
<b>The Unit:</b>	The Unit assigned to collect financial information.
<b>Regulations:</b>	The implementing regulations of this Law.
<b>Funds:</b>	Assets of any kind, tangible or intangible, movable or immovable, which are obtained by any means whatsoever, and legal documents or instruments in any form including electronic or digital form, which indicate the ownership of such funds or interest therein. Such assets include, for example, all types of local and foreign currency, securities, trade instruments and bank credits, travelers' checks, money orders, stocks, bonds, drafts and letters of credit, any interest or dividends or returns of such funds or the amount due or arising therefrom.
<b>Proceeds:</b>	Funds directly or indirectly resulting from or attributable to the commission of any crime.
<b>Money Laundering:</b>	The act defined in Article (3) of this Law.
<b>Financing of Terrorism:</b>	The act defined in Article (4) of this Law.
<b>Financial Institutions:</b>	<p>Any financial institution exercising any activities or operations in favor of customers or for their own accounts - whatever its legal form is, whether a company or an individual enterprise - which is engaged in any of the following businesses:</p> <ol style="list-style-type: none"> <li>a. Accepting any types of deposits.</li> <li>b. Granting any types of credit.</li> <li>c. Finance leasing.</li> <li>d. Remittance of funds.</li> <li>e. Currency exchange.</li> <li>f. Issuing payment instruments of all types including debit and credit cards, checks, instruments and any</li> </ol>

other banking business as stipulated in the applicable commercial law.

- g. Financial guarantees and assurances, including real estate finance and factoring.
- h. Dealing in money and capital market instruments through buy/sell transactions including dealing in foreign currency, spot and forward exchange markets.
- i. Dealing in securities, including treasury bills.
- j. Providing administrative and consultancy services for investment portfolios and custodian trustee services.
- k. Management and custody of securities and valuables.
- l. Life insurance and other insurance products with an investment component.
- m. Other financial activities, determined by a decision issued by the Prime Minister based on a recommendation from the Committee.

**Non-financial  
Institutions and  
Designated  
Professions:**

Any institution exercising any of the following activities or operations in favor of customers or for their own account-whatever its legal form is, whether in the form of a company or individual enterprise – including the following:

- a. Real estate brokerage
- b. Trading in precious metals or gems, and authentication clerks and trustees.
- c. Legal or accounting work through private offices.
- d. Incorporation services and activities associated thereto.
- e. Any other activity or activities as determined by a decision issued by the Prime Minister based on a recommendation from the Committee.

**Control and  
Supervision  
Authorities:**

The following authorities are mandated, each within its scope of jurisdiction, with supervision and control powers over any of the activities of the financial institutions, non-financial institutions and designated professions:

- a. The Ministry of Justice.
- b. The Ministry of Labor and Social Affairs.

- c. The Ministry of Industry and Trade.
- d. The Ministry of Communications and Information Technology.
- e. Central Bank of Yemen.
- f. The Customs Department.
- g. The Central Organization for Control and Auditing.
- h. General Authority for Land, Survey and Urban Planning.
- i. General Authority for Standardization, Metrology and Quality Control.
- j. Any other body vested with the authority to control and supervise any of the activities of financial or non-financial institutions and professions specified under a decision issued by the Prime Minister based on a recommendation from the Committee.

**Beneficial Owner:** The natural person holding the ownership or actual control over the client or the person for whose account or interest the transaction is made or executed according to his will.

**Politically Exposed Persons (PEPs):** Any natural person who is or has been entrusted with prominent public functions or holds/has held senior public office positions in the Republic or a foreign country such as the heads of state or government; other high-ranking politicians; senior government, judicial or military officials; senior executives of state-owned corporations; important political party officials; or persons assigned by a regional or international organization in senior positions, including family members or close associates of the PEPs. This definition shall not apply to middle ranking or more junior individuals.

**Lien:** Prohibiting the assignment, disposal or transfer of funds or other property pursuant to a court order for the duration of such order. The liened funds or other property shall remain the property of the persons who have had an interest in such funds or property at the time of lien, and shall be administered by the judiciary.

**Freezing Order:** A ban on the transfer, assignment, disposition or

movement of funds, o property, equipment, tools or any other assets, pursuant to an action taken by a competent authority, or in accordance with a decision of a competent judicial authority under a freezing mechanism for the duration of the procedure or until a confiscation procedure is taken. The frozen funds, property, equipment, tools or other assets shall remain the property of the natural or legal person(s) who has/have had an interest in such funds, property, equipment or tools as specific at the time of the Freezing Order. They may continue to be managed by the financial institution assigned by the natural or legal person(s), or by a third party pursuant to the decision of the competent authority or the competent judicial authority which issued the Freezing Order before taking the action under the freezing mechanism.

**Walk-in Customer:** A client who does not have an ongoing relationship with the financial or non-financial institution.

**Ongoing Relationship:** Every financial or commercial relationship expected at its inception to last for a period of time and to include multiple operations. The ongoing relationship includes any relevant commercial or professional relationship related to one of the activities or operations carried out by the specific financial and non-financial institutions and professions when such institution expects the relationship to last for a period of time.

**Confiscation:** The permanent deprivation of funds, assets or other property under a final court ruling in favor of the state, whereby the natural or legal person, or other natural or legal persons, shall lose all ownership rights of such funds, assets or other property.

**Terrorist Act:** a. Any act that constitutes an offense under any of the following agreements:

1. Convention for the Suppression of Unlawful Seizure of Aircraft (1970)
2. Convention for the Suppression of Crimes Against the Safety of Civil Aviation (1971).
3. Convention on the Prevention and Punishment of Crimes Against Protected Persons, Including Diplomatic Representatives (1973).

4. The International Convention against the Taking of Hostages (1979).
5. Convention on the Physical Protection of Nuclear Material (1980).
6. Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, supplementary to the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation (1988).
7. Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation (1988).
8. Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms Located on the Continental Shelf (1988).
9. International Convention for the Suppression of Terrorist Bombings (1997).
10. International Convention for the Suppression of the Financing of Terrorism (1999).

b. Any other act intended to cause the death of or infect serious bodily injuries to a civilian or anyone else who is not involved in hostilities in a situation of armed conflict, whenever the purpose of such an act by its nature or context is to intimidate the population, or to compel a government or an international organization to take a particular action or abstain from taking such action.

**Terrorist:**

Any natural person doing any of the following acts:

- a. Commit or attempt to commit intentional terrorist acts, by any means, either directly or indirectly.
- b. Involve as a party in terrorist acts.
- c. Organize terrorist acts, or direct others to commit them.
- d. Contribute to the committing of terrorist acts with a group of people acting for an intentional common purpose, with a view to promoting the terrorist act or with the knowledge of the intention of the group to commit a terrorist act.

**Terrorist**

Any group of terrorists do any of the following acts:

- organization:**
- a. Commit or attempt to commit intentional terrorist acts, by any means, either directly or indirectly.
  - b. Involve as a party in terrorist acts.
  - c. Organize terrorist acts, or direct others to commit them.
  - d. Contribute to the committing of terrorist acts with a group of people acting for an intentional common purpose, with a view to promoting the terrorist act or with the knowledge of the intention of the group to commit a terrorist act.

## **Chapter 2**

### **Money Laundering and Financing of Terrorism Offences**

#### ***Article ( 3)***

- a. Any person, who commits one of the following acts inside or outside of the Republic, shall be guilty of a money laundering offense:
  1. Remittance or transfer of funds by any person who knows or should know that the funds are criminal revenues or proceeds with a view to conceal or disguise the illicit origin of the funds, or for the purpose of assisting any person who is involved in the commission of the predicate crime resulting therefrom to evade legal consequences for his actions.
  2. Conceal or disguise the true nature, source, location, manner of disposition, movement or ownership of the funds or the rights related thereto by a person who knows or should know that the funds are criminal revenues or proceeds.
  3. Acquisition, possession or use of funds by any person who knows or should know at the time of receipt that they are criminal revenues or proceeds.

The 'knowledge' referred to in the provisions of Clause (a) of this Article can be inferred from the objective factual circumstances.
- b. Any person, who initiates, participates in, instigates, orders, colludes, conspires, provides advice to or helps in committing any of the acts

listed in items (1, 2 & 3 ) of Clause (a) of this Article, shall be guilty of a money laundering offense.

- c. The acts specified in items (1, 2 & 3) of Clause (a) of this Article shall be deemed money laundering crimes in the event such funds have been obtained from the following predicate crimes:
  1. Involvement in an organized criminal group.
  2. Terrorism, including the financing of terrorism.
  3. Slavery, trafficking in human beings and smuggling of migrants.
  4. Sexual abuse, including sexual abuse of children.
  5. Cultivation, manufacture and illicit trading of narcotic drugs and psychotropic substances.
  6. Illicit trafficking in arms and ammunition.
  7. Trafficking in stolen goods and illicit trade in other commodities.
  8. Corruption and bribery.
  9. Fraud and cheating.
  10. Forgery and counterfeiting, including the falsification of official and legal documents; counterfeiting of currency; promotion of counterfeit or non-current currency; counterfeiting and piracy of goods; faking official seals, tags, public bonds and the like, and trademark counterfeiting.
  11. Environmental Crimes.
  12. Murder and inflicting serious bodily injuries.
  13. Kidnapping, hostage taking and restriction of freedoms.
  14. Burglary, theft and seizure of public or private funds.
  15. Smuggling, including customs smuggling, tax evasion and smuggling of antiquities and historical manuscripts.
  16. Tax offenses.
  17. Extortion.
  18. Piracy.
  19. Commercial fraud and concealment and manipulation of markets, including financial markets and trading in market instruments by insiders based on undisclosed information.
  20. Offenses against national economy as stipulated in the Penal Law.

21. All the crimes that are not listed above, which are punishable under the provisions of applicable laws.
- d. The predicate offenses set forth in Clause (a) of this Article shall include predicate offenses committed outside the Republic if they constitute a crime under the law of the country where they were committed and shall, at the same time, constitute a crime under the laws in force in the Republic.
- e. A money laundering offense shall be considered independent of the predicate crime that yielded the funds. However, conviction of committing the predicate crime is not a condition to prove the illicit source of the proceeds of the crime.

#### ***Article (4)***

Every person shall be guilty of an offense of financing of terrorism if he:

- a. Raises, provides, procures to collect, or moves funds, intentionally and willfully, by any means, directly or indirectly, and whether such funds are from legitimate or illegal sources, with the intention to using them for or with the knowledge that they will be presented to a terrorist organization or body or a terrorist association, or to a terrorist or a terrorist act. The ‘knowledge’ can be inferred from objective factual circumstances. The criminal responsibility shall remain valid whether such funds have been used in whole or in part, or not used, and whether such acts have occurred inside or outside the Republic.
- b. Initiates, participates in, incites, orders, colludes, conspires, provides advice to or helps to commit any of the acts listed in Clause (a) of this Article.
- c. Organizes the committing of an offense set forth in paragraph (a) or Clause (d) of this Article.
- d. Involves in a group of people with a common purpose of committing one or more crimes of the offenses referred to in Clause (a) of this Article, and such involvement is intentional and implemented in order to:

Expand the criminal activity or purpose of the group when such activity or purpose involves the committing of an offense referred to in Clause (a) of this Article.

Commit an offense referred to in Clause (a) of this Article.

## Chapter 3

### Duties of the Supervisory Bodies and the Financial And Non-Financial Institutions

*Article (5)* A licence may not be issued for establishing a bank in Yemen unless it has completed its registration and declaration according to the effective laws, and it is verified that it physically exists, under effective supervisory systems. A licence may not be issued for the establishment of an offshore bank branch, unless its headquarters physically exists in the state where it is registered and it falls under effective supervision.

*Article (6)* The Yemeni financial institutions are not allowed to deal with any other financial institution that does not physically exist in the state where it is registered and does not fall under effective supervision in the state where it is registered. The Yemeni financial institutions are not allowed to deal with counterpart financial institutions that provide services to the globally banned financial institutions under this article.

*Article (7)* The financial and non-financial institutions are committed to the principle of due diligence in identifying customers and real beneficiaries, both natural or legal persons and to verify their identities, particularly in the following cases:

- a. At the startup of an extended relation with the client.
- b. Completing an operation for a walk-in customer that exceeds the value ceiling stated in the regulations or doing a local or international wire transfer for more than the limit stated in the regulations.
- c. Having doubts in the accuracy or correctness of the previously registered identification data.

- d. Having suspicions about a money laundering or financing of terrorism offence.
- e. Confirming that the corresponding financial institutions have the required effective systems for combatting money laundering and financing of terrorism.
- f. Giving due diligence to electronic operations.

The regulations established the controls that should be applied in the customers' identification process, to verify it and examine the purpose expected from this relation and its nature, according to the special nature of each activity and each client and the margin of risk involved in the operation. This includes the measures and regulations that should apply to the cases that require due diligence in identifying the customers and the cases that allow for the postponement of the verification measures and their related controls.

**Article (8)** Financial and non-financial institutions shall update the data, information and documents related to the cases stated in article (7) herein, according to the controls specified in the regulations.

**Article (9)** Financial and non-financial institutions shall undertake scrupulous and continuous follow up of the customers operations, and the sources of their funds if necessary. The purpose of that is to make sure that they are compatible with the information available about their identity, the nature of their activities and the degree of risk involved.

**Article (10):**

The financial non-financial institutions and designated professions shall take the following actions:

- a. Classify their customers and services according to the level of money laundering and financing of terrorism risks and take adequate measures to address such risks. They should practice due diligence in dealing with cases which represent a high level of risk, including:
  1. Unusual transactions which have no economic justification.
  2. Transactions and persons associated with states that do not apply effective anti-money laundering and terrorism financing measures in accordance with the international principles and standards.

The Regulations shall set forth the controls that need to be followed in the classification of customers and due diligence.

- b. Examine and discuss the background of large and complex transactions, verify their purpose and record them and made them available to the competent authorities, where appropriate, and the auditors for a minimum period of five years.
- c. Take the necessary measures to prevent the misuse of technological developments in the field of money laundering and financing of terrorism.
- d. Develop appropriate systems for risk management to determine whether a potential customer, or the customer or the beneficial owner is a politically exposed person. If he proves so, the following actions must be taken:
  1. Obtain the approval of the senior management before the establishment or continuation of a business relationship with the customer.
  2. Take the necessary measures to know and identify the source of his wealth and identify the actual beneficiary of his money.
  3. Monitor the business relationship on an ongoing and intensive basis.
- e. Develop internal policies, procedures and controls to combat money laundering and financing of terrorism and apply them to existing customers and new customers; and inform and train their employees on them and ensure their application.

**Article (11)** Financial institutions that operate wire transfers shall enclose the identity data as stated in the regulations. As for the receiving financial institutions, they should refuse receiving them if the identification data were missing. However, this shall not apply to the following cases:

- a. Transfers through credit and debit cards, provided that the number of the credit or debit card is attached to the transfer.
- b. Transfers among the financial institutions themselves, when the source and the beneficiary are financial institutions working for self-interest purposes.

**Article (12)** Financial and non-financial institutions shall keep the following:

- a. The records, data and documents related to the client and the real beneficiary's identity and activities for at least 5 years after the end of the institution's relation with them.
- b. The records, data and written reports acquired according to the provisions of this chapter on the financial operations for at least 5 years, effective from the date of executing or attempting on the operation.
- c. Any other records or data to be kept according to the law herein. The regulations stated down all the records and data that should be kept and the measures of storing them to facilitate their retrieval upon request in a reasonable manner accepted by the control and supervisory authorities and courts according to the applicable legislation.

**Article (13)**

The financial institutions, non-financial institutions and designated professions that suspect or have reasonable grounds to suspect that the money or property are related to or associated with money laundering or they constitute proceeds of the predicate crimes listed in Article (3) herein or have a link to or association with terrorism, acts of terrorism or terrorist financing, or they will be used in carrying out terrorist acts or by terrorist organizations or those who finance terrorism, must report such transactions to the Unit immediately, whether they occurred or not. The Regulations shall set forth the controls and procedures relating to this obligation.

**Article (14)** The notification obligation under article (13) herein shall not apply in the following cases:

- Lawyers and accountants: If they gathered the information related to their customers through evaluating their legal status; or representing them in court; or providing a legal opinion in any issue related to any judicial procedures, including providing initial advice or evasion of such procedures. This applies whether the said information had been acquired before or during or after the completion of the judicial procedures.
- Merchants of valuable metals and precious stones: for cash operations less than the limit stated in the executive regulations.
- Real estate brokers in serving their customers in matters unrelated to sales and purchase.

**Article (15)** Any person working in the financial or non-financial institutions shall not disclose, either directly or indirectly, or by any means to the customers or beneficiaries or anybody else except the competent authorities under this law, any notification, enquiries or examination measures taken in relation to the suspicious operations of money laundering and financing of terrorism.

**Article (16)** The notification does not result into any criminal or civil or administrative or disciplinary liability for any natural or legal person who notifies upon duty –bone fide- about any suspicious operations, or provides any information or data about them under the law herein.

**Article (17)**

- a. As soon as they are issued, the Ministry of Foreign Affairs shall provide the Public Prosecutor with the lists issued by the Committee on al Qaeda and Taliban Sanctions formed under the Security Council

Resolution No. (1267) of 1999 and the subsequent resolutions thereto concerning the identification of persons and entities.

- b. Immediately upon receiving the lists from the Ministry of Foreign Affairs, the Public Prosecutor shall issue the necessary decisions to freeze the funds, assets and property of the persons and entities identified by the Committee formed under the Security Council Resolution No. (1267) of 1999 and the subsequent resolutions thereto, including the funds derived from other funds or assets or generated thereby and are owned or controlled directly or indirectly by such persons or persons acting on their behalf or at their instructions, whether such funds are with financial institutions, non-financial institutions or designated professions, or with other natural or legal persons, taking into account the rights of bona fide third parties. The control and supervision authorities must communicate such decisions to the financial and non-financial institutions, designated professions and natural and legal persons.
- c. The financial and non-financial institutions, designated professions and natural and legal persons must freeze such funds, assets or other property immediately without prior notice to the persons or entities subject of the Freezing Orders, and inform the Unit of the funds, assets and property frozen in accordance with the provisions of this Article. The Regulations shall set forth the freezing mechanism and the governing procedures thereof.
- d. The Control and Supervision Authorities shall ensure compliance by the financial and non-financial institutions with the implementation of the decisions of the Public Prosecutor issued in accordance with the provisions of Clause (b) of this Article.
- e. Those who incur damage by the Freezing Orders or seizure decisions referred to herein may use all available diplomatic, legal or judicial means to revoke the freezing or seizure or to remove their names from the list in line with the international obligations of the Republic. Persons who have been inadvertently affected by the freezing or seizure procedures without being the persons or entities designated in those lists may use those available means.

The Regulations shall set forth the appropriate procedures for licensing the use of funds, assets or other property that have been frozen under the provisions of this Article for essential uses to cover basic expenses or to pay certain types of fees or expenses, service charges or extraordinary expenses.

***Article (17) bis:***

- f. The competent authorities in charge of combating terrorism shall prepare lists of the names of persons and entities that commit or attempt to commit terrorist acts, or participate in or facilitate the commission of such acts under the laws in force and the UN Security Council Resolution No. 1373 of 2001 and the resolutions subsequent thereto.
- g. The Public Prosecutor shall issue decisions to freeze the funds, property and assets of persons and entities whose names are on the lists in accordance with Clause (a) of this Article, including the funds derived from other funds or assets or generated thereby and owned or controlled, directly or indirectly, by such persons and entities or by persons acting on their behalf or at their instructions, and whether such funds are with financial or non-financial institutions, designated professions or other natural or legal persons, subject to the rights of bona fide third parties. The Control and Supervision Authorities shall communicate all such decisions to the financial or non-financial institutions, designated professions and other natural and legal persons.
- h. The financial and non-financial institutions, designated professions and natural and legal persons must freeze such funds, assets or other property immediately without prior notice to the persons or entities subject of the Freezing Orders, and inform the Unit of the funds, assets and property frozen in accordance with the provisions of this Article.
- i. The Control and Supervision Authorities shall ensure compliance by the financial and non-financial institutions with the implementation of the decisions of the Public Prosecutor issued in accordance with the provisions of Clause (b) of this Article.
- j. Those who incur damage by the Freezing Orders or seizure decisions referred to herein may appeal the decision of the Public Prosecutor before the competent court within 30 days from the date they become aware of such decision.
- k. The Regulations shall determine the freezing mechanism and the governing procedures thereof.

***Article 17 bis (1)***

- 1. The Public Prosecutor shall receive requests for freezing submitted by any country relating to the freezing of funds, property or other assets of persons residing on the territory of the Republic. The Public Prosecutor shall examine such requests and decide thereon. In case of approval, he shall issue an order to freeze the funds, property or assets.

- m. The provisions of Clauses (c, d, e ) of Article (17 ) bis concerning the obligations of financial and non-financial professions, designated professions, and Control and Supervision Authorities in the enforcement of the Freezing Order issued under Clause (a) of this article and in the grievance against it.
- n. The Regulations shall set forth the necessary bases for handling requests submitted by any country for the freezing of funds and property.

**Article (18)** Financial and non-financial institutions shall put in place all the systems required to apply this law, provided that these systems include internal policies, measures, supervision systems, training and recruiting compliance officers in these institutions are according to the rules, standards and regulations set out by the concerned supervisory bodies.

**Article (19)** The body overseeing the non-profit organizations, according to the related laws in force, should apply an effective system of supervision to prevent misusing them for the purpose of money laundering and financing of terrorism, and to issue the regulations and instructions required to organize it.

**Article (20)** No person shall hold an activity for transferring cash or values without getting a licence from the concerned authority.

**Article (21)** The concerned control and supervisory bodies shall be committed to the following:

- a- Verifying that all the financial and non-financial institutions that fall under their supervision and control had satisfied their obligations hereto.
- b- Adopting the measures required for setting out discipline standards to organize the ownership, management and operation of financial insititutions.

- c- Notifying the Unit with any information on suspicious transactions in relation to money laundering or financing of terrorism.
- d- Issuing any instructions, guidelines and recommendations to assist the financial and non financial institutions in applying the provisions of this law, including the suspicious indications, according to the international and national standards.
- e- Effective cooperation and coordination with the rest of the concerned local and counterpart authorities in providing assistance and inquiries, and in all phases of investigations and trial related to AML/CFT.
- f- Assigning specialists to fulfill the requirements hereto.

**Article (22)** The Prime Minister may decide, according to the Committee's proposal, to exclude any category of the financial or non-financial institutions or any specific institution from the obligations under this chapter, upon his discretion, putting into consideration the size or nature of their activities or for any other considerations relevant to the meagreness of the risks of AML/CFT.

**Article (23)** Each person shall disclose upon his arrival or departure from Yemen, and upon the costum duties request, the cash amounts or any negotiable instruments, either in the local or foreign currencies, the precious metals and stones, if their value exceeded the limit set out in the regulations. The disclosure should be true and according to the disclosure form.

**Article (24)** The costum duties have the right to seize the funds and financial instruments under the aforementioned article (23), in accordance with the provisions of the custom duties law in force, if they were not disclosed, or if they were disclosed in a way against the provisions of the said article or if there is a susupicion of money laudering or financing of terrorism. In this case, the Unit shall be immediately notified.

*Article (25)* The financial and non-financial institutions shall not undertake the activities under article (2) herein without a prior licence from the concerned authorities, according to the laws in force.

## **Chapter 4**

### **The National Committee on Anti-Money Laundering And Financing of Terrorism**

#### *Article (26)*

- a. A Committee called the (National Committee on Anti-Money Laundering and Counter-Terrorism Financing) shall be established under the provisions of this Law. The Committee shall report to the Prime Minister and shall be based in the capital, Sana'a.
- b. The Committee shall have a legal personality and financial independence.
- c. The Committee shall be formed by the decision of the President of the Prime Minister based on a recommendation from the Minister of Finance; and shall be made up of one representative from the following authorities based on their nominations:

Ministry of Finance	Chair of the Committee
Central Bank	Vice President
Ministry of Justice	Member
Ministry of Interior	Member
Ministry of Foreign Affairs	Member
Ministry of Industry and Trade	Member
Ministry of Labor and Social Affairs	Member
Ministry of Communications and Information Technology	Member
Political Security Agency	Member

National Security Agency	Member
.The Central Organization for Control and Auditing	Member
..Public Prosecution	Member
..Supreme National Anti-corruption Authority	Member
..General Authority for Investment	Member
..General Authority for Land, Survey and Urban Planning	Member
..Customs Authority	Member
..The Financial Intelligence Unit	Member
..Association of Banks	Member
..General Union of Chambers of Commerce and Industry	Member

- c. The Committee shall select one of its members to be its Reporter.
- d. The Committee may seek the assistance of experts and technicians, at its discretion.

***Article (26) bis:***

A criminal, civil or administrative action may not be lodged against the Chair of the Committee, or any of its members or employees, or against the Head of the Unit or any of its members or employees, or take any legal action against them due to their performance of the tasks assigned to them under this Law.

***Article (27)***

The Committee shall exercise the following functions and tasks:

Develop a national anti-money laundering and counter-terrorism financing strategy.

Propose policies on anti-money laundering and counter-terrorism financing and submitting the same to the Cabinet for approval.

Study and follow up international developments in the field of anti-money laundering and the financing of terrorism and make recommendations on the development of guidelines, regulations and procedures issued by the Control and Supervision Authorities in the Republic and propose legislative amendments in line with such developments.

Raise awareness of the risks of money laundering and financing of terrorism.

Coordinate the efforts of the authorities represented on the Committee.

Organize and hold seminars and workshops related to anti-money laundering and terrorism financing

Represent the Republic in international forums and participate in meetings and conferences on anti-money laundering and terrorism financing.

Develop and adopt the by-laws of the Committee's work.

Discuss the Committee's budget and submit same to the competent authorities for incorporation in the public budget of the state.

**Article (28)** For the purpose of facilitating its tasks and duties as identified by law and regulations, the Committee may establish any relations and communications with its counterparts in different countries as well as in international and regional organizations. It may specifically do the following:

- a- Exchange information, experts and expertise.
- b- Receive technical assistance in the field of AML/CFT.
- c- Hold effective coordination in the field of AML/CFT.

**Article (29)** The Committee shall submit a quarterly report on its activities to the Ministerial Cabinet or upon request.

## **Chapter 5**

### **Financial Intelligence Unit**

#### ***Article (30)***

a- An independent unit shall be established under the Central Bank, in accordance with the provisions herein. The said unit is called the Financial Intelligence Unit. It shall be established by a Prime Ministerial decree, by virtue of a proposal submitted by the Governor of the Central Bank. It shall be composed of a head of committee and a number of specialized and expert members as follows:

- Financial experts in organization and supervision.
- Law enforcement experts.
- An information systems expert.
- A legal expert.

The Committee shall be provided with a sufficiently qualified staff, technically and scientifically to undertake its tasks. It is also provided that all members and staff should work on full-time basis. The compliance and assessment officers overseeing the level of commitment in the supervision and control authorities shall function as liaison officers with the Unit.

The Committee shall prepare the by-laws required for its functions, including the organization chart and the administrative and operational systems to be submitted to the ministerial cabinet for adoption.

#### ***Article (31)***

The Unit shall be in charge of the following functions:

- a. Receive and analyze notifications received from financial and non-financial institutions, the designated professions, and the Control and Supervision authorities about transactions that are suspected to include

money laundering or financing of terrorism or any predicate offense associated therewith. Where appropriate, the Unit will forward the result of analysis of such notifications to the concerned authorities for action.

- b. Establish a database for the information available to the Unit and make it available to the public prosecution in accordance with the provisions of the Criminal Procedure Law.
- c. Request any additional information it deems useful to perform its functions if such information is linked to any information previously received during the performance of its functions or at the request received from counterpart units in other countries. Those having the duty of notification must provide the Unit with such information on the form approved by the Unit within a period not exceeding one week from the date of request unless the Unit specifies another period. The Unit may specify a shorter period of time according to the controls set forth in the Regulations.
- d. Inform the public prosecutor of the analysis outcome of the notifications, when it has serious indications of the existence of suspicion of money laundering, financing of terrorism or any predicate offenses associated therewith, together with the necessary conclusions.
- e. Request information from the following entities regarding the notifications received when the Unit deems it useful to perform its functions, or at the request of a counterpart unit:
  1. Control and Supervision Authorities.
  2. Any other government agencies.The entities referred to above shall provide information to the Unit within a period not exceeding two weeks from the date of request.
- f. Notify the Committee and the Control and Supervision Authorities on any breach of the provisions of this Law by financial and non-financial institutions and designated occupations that are subject to the provisions of this Law.
- g. Publish regular reports on its activities containing in particular statistical data and analytical studies in the field of anti-money laundering and financing terrorism.
- h. Make field visits to the entities and institutions covered by this Law to ensure compliance with the provisions of this Law and its Regulations.
- i. Participate in international and regional seminars, workshops, conferences and meetings relevant to its jurisdiction.

***Article (32)***

- a. The Unit may, at its own motion or at the request of counterpart units in other countries, exchange information with such units if they are committed to the rules of confidentiality and subject to the condition of reciprocity. Such information may only be used for purposes of anti-money laundering and counter-terrorism financing, subject to the prior approval of the disclosing party.
- b. For the purpose of Clause (a), the Unit may enter into memoranda of understanding with foreign counterpart units performing similar functions and are subject to similar obligations of confidentiality.

**Chapter 6**

**International Cooperation, Exchange of Information  
and Extradition**

***Article (33)***

The Public Prosecution shall receive, directly or through diplomatic channels, reports from any country that a person resident or existing in the Republic has committed any offense stipulated in this Law; and shall investigate such reports in accordance with the applicable laws and the provisions of this Law.

***Article (34)***

- a- Deleted.
- b- Without detriment to the bilateral or multilateral conventions on mutual legal assistance, which the Republic is party to and the principle of reciprocity, the concerned judicial authorities may present any of the following legal mutual assistance:
  - 1. Provide a letter rogatory for counterpart authorities in hearing the witnesses and experts' testimony.
  - 2. Disclose the judicial documents received from the counterpart authorities.

3. Provide original copies or authenticated or signed copies of the documents and records, including the banking or financial papers or companies records or commercial operations.
4. Detect or trace the criminal proceeds or funds or properties or instruments or other things for the purpose of proof or confiscation or taking any provisional measures against them, including freezing or seizure.
5. Undertake measures of searching or seizure.
6. Undertake any form of legal assistance, in congruence with the laws in force.

c. If the mutual assistance request is related, either in full or in part to money laundering or financing of terrorism, it should be directly submitted to the Committee or through the usual diplomatic channels, provided that the requests include the following information:

1. The identity of the authority requesting assistance.
2. A brief of the subject issue or a summary of case related to the request.
3. Explanation of the kind of assistance requested and the purpose of requesting it.
4. The identity of the subject person, his residential address and nationality.

d. Additional information may be requested from the country requesting assistance for the purpose of executing the request.

e. The request may be rejected in the following cases:

1. If the request is issued by a competent authority, in accordance with the domestic law of the requesting country, or if it were not furnished according to the laws in force, or if the content breached paragraph (c) of this article.
2. If executing it holds the probability of infringing the Republic's security, regime, sovereignty, public order or fundamental interests.
3. If the offence forwarded in the request, were subject to a criminal action or a final verdict in the Republic.
4. If there were fundamental reasons to believe that the request targets the concerned person because of his race, religion, nationality, ethnic origin, political views, gender or position.

5. If the subject offence in the request is not mentioned, or does not have any common features with the offence stated in the enforced laws.
  6. If the enforced laws do not allow undertaking the requested measures, or any other measures with similar effect, or do not allow using them in relation to the requested subject offence.
  7. If the request cannot be enforced under the executed laws.
  8. If the rights of the person subject to the request are not guaranteed.
- f. If the request were rejected, the concerned authority in the Republic shall immediately inform the competent foreign authorities about the reasons of rejection.

***Article (35)***

- a. Subject to the provisions of bilateral or multilateral agreements on mutual legal assistance in which the Republic is a party, confiscation requests, relating in whole or in part to a crime of money laundering or terrorism financing, shall be submitted to the competent judicial authority through diplomatic channels.
- b. Confiscation may not take place without the issuance of a final court ruling.
- c. A request for mutual assistance must include, in addition to the information set forth in Clause (c) of Article (34) of this Law, an official copy of the final judgment for the confiscation. Additional information may be requested from the states requesting the legal assistance for the purpose of enforcing the judgment.

In all cases, the state requesting the confiscation may be given access to such funds or their proceeds only after the signing of a bilateral agreement with the requesting state about the sharing of such funds.

***Article (36)*** The requesting state shall not have the right to submit the information or evidence sent to her to a third party, in accordance to the two previous articles, or to use them in any investigations or any kind of prosecution or judicial procedures, except for the purpose identified in the request.

**Article (37)** It is allowed to extradite foreigners sentenced under the offences stated hereof and in the other enforced laws and international conventions ratified by the Republic, and according to the principle of reciprocity, upon an approval from the General Prosecutor.

## **Chapter 7**

### **Investigation and Prosecution Procedures**

**Article (38)** The Public Prosecution assumes the direct authority of running investigations and filing criminal actions to court for money laundering and financing of terrorism offences and the related offences defined hereof.

**Article (39)** Law enforcement officers and prosecutors have the right to use the competencies and authorities under the criminal procedures law for the purpose of detecting, seizing and tracing the offence proceeds.

**Article (40)** The Public Prosecution may, during an investigation or at the request of the Unit or the competent authority, issue decisions or orders of temporary seizure or freezing of the following funds or assets:

- a. Laundered property.
- b. The proceeds and the tools that have been used or intended for use in the money laundering and the predicate offenses.
- c. Property earned, used, intended to be used or allocated for use in terrorist acts, terrorism financing or terrorist organizations.

Property equivalent in value of the funds or assets contained in Clauses (a, b & c) of this Article in order to prevent the trading in, the transfer or disposition thereof, subject to the rights of bona fide third parties.

## Chapter 8

### Penalties

#### *Article (41):*

- a. A perpetrator of a money laundering crime stipulated in Article (3) of this Law shall be punishable by imprisonment for a period not exceeding seven years.
- b. A perpetrator of a terrorism financing crime stipulated in Article (4) of this Law shall be punishable by imprisonment for a period not exceeding ten years
- c. In the event of conviction for any offense set forth in Articles (3 & 4) herein or any predicate offense, and without prejudice to the rights of bona fide third parties, the competent court shall rule to confiscate:
  1. Funds that constitute the proceeds of the crime, including the proceeds that are mixed with other property, or property in equal value of those proceeds.
  2. Funds forming the subject of the crime.
  3. Funds that make up the proceeds and other benefits derived from such funds or property or from the proceeds of the crime.
  4. Media and tools used to commit the crime.
  5. The funds referred to in the preceding Clauses of this Article, which has been disposed of to any third party, unless the court is satisfied that such property was acquired against the payment of an appropriate price or obtained against the provision of services commensurate with its value or based on other legitimate reasons, and that such third party was unaware of its illicit origin.

The confiscation must be made under a final court ruling in favor of the public treasury of the State.

The court may rule with any supplementary punishment according to the laws in force. The punishments prescribed in Clauses (a) and (b) of this Article shall be doubled if the crime was committed by an organized criminal group or a terrorist organization or if the crime was committed as part of other criminal acts or in abuse of authority or power.

***Article 41 bis:***

In the event of a crime punishable under the provisions of this Law, and the perpetrator could not be convicted due to his death or because he was anonymous, the Public Prosecution shall have the right to refer the case to the competent court to rule for the confiscation of funds obtained therefrom, if the Public Prosecution provided sufficient evidence that they were proceeds of the crime. In all cases, the confiscation judgment must determine the funds involved, and must include the details needed to identify and locate such funds.

***Article (42)***

- a. The criminal action of any of the offences hereof shall not lapse by time.
- b. The penalties sentenced hereof shall not abate by time.

***Article (43)***

- a. Anyone who violates the provisions of Articles ( 6, 13, 15, 17/c., 17 bis/c., 18, 20, 23, 25) of this Law shall be punishable by imprisonment for a term not exceeding three years or a fine not exceeding ten million riyals.
- b. Anyone who violates the provisions of Articles ( 12, 31/c) shall punishable by imprisonment for a term not exceeding two years or by a fine not exceeding five million riyals
- c. Anyone who violates the provisions of Articles (7, 8, 9, 10, 11) of this Law shall be punishable by imprisonment for a term not exceeding one year or by a fine not exceeding one million riyals.
- d. In addition to the penalties provided for in Clauses (a, b, c ) of this Article, the court may rule for one of the following supplementary penalties:
  - 1. Cancellation of the license.
  - 2. Prohibition from practicing the profession or activity.
  - 3. Changing managers or restricting their powers.
  - 4. Publishing the judgment against the violator.
  - 5. Any other supplementary penalties.

**Article (44)** If the offence were committed by a legal person, the natural person responsible for the virtual management of the violating legal person, shall be punished with the same penalties imposed on violating the law hereto, if it were proven that he knew about it, and the offence took place because of his failure or negligence in assuming his professional duties.

The legal person shall have a joint and several liability to pay the compensation incorporated in the verdict, if the offence were in breach to the law herein and were committed by one of his staff, under his name and for his interest.

**Article (44) bis:**

- a. A punishment by a fine of not less than five million riyals shall apply to every legal person in the name or favor of which a crime of money laundering or terrorism financing was committed by a natural person who occupies a leading position therein, or who has authority to take decisions on its behalf or authorized to exercise power therein, regardless of whether the natural person was or was not convicted for committing the crime.
- b. The punishment prescribed for the legal person in accordance with Clause (a) of this Article shall not prevent punishing the natural person responsible for the actual management of the violating legal person using the same penalties prescribed for acts committed in violation of the provisions of this Law, if it is proved that he was aware of the crime or it has occurred due to his breach of the duties of his job or if it was the result of his negligence of his job duties.
- c. The Court may rule to subject the legal person to one of the following supplementary penalties:
  1. Suspend the practice of the profession or activity.
  2. Revoke the license to practice the profession or activity.
  3. Permanently or temporarily shut down the shop where the profession or activity is practiced or the associated facilities used in the commission of the crime.
  4. Liquidate its business.
  5. Place it under receivership in accordance with the provisions of the applicable laws.
  6. Publish the verdict issued against it.

**Article (45)** Any of the perpetrators initiated and reported the offence to the Unit or any of the concerned authorities before having knowledge of it, shall be exempted from the original penalties defined hereof.

## **Chaper 9**

### **Concluding Provisions**

**Article (46)**

a. Provisions hereof apply to the financial and non-financial institutions and the designated professions under this law and the branches of foreign financial institutions within the territories of the Yemeni Republic which have their headquarters overseas.

b. Financial and non-financial institutions, which have their headquarters within the Republic and offshore branches, shall oblige the said branches to abide by the AML/CFT measures and procedures related to combatting money laundering and financing of terrorism outlined herewith, within the scope of the domestic laws of the countries where these branches are located.

**Article (47)** The committee shall have an independent budget under the State Budget.

**Article (48)** The Unit shall have an independent budget covered by the Central Bank.

**Article (49)** Members of the FIU shall enjoy the capacity of law enforcement officers while assumng their duties.

**Article (50)** No one can use financial or banking confidentiality as a reason for not cooperating with the FIU or the investigation or prosecution authorities in assuming their duties in implementing the law hereto.

**Article (51)** The executive regulation of this law shall be issued by virtue of a Presidential decree, after its submission by the Committee and approval of the Council of Ministers.

**Article (52)** Law 35/2003 on AML and any provision or text that is contrary to the law hereby shall be repealed.

**Article (53)** The law shall shall come into effect upon being passed and shall be published in the official gazette.

Issued at the presidency – Sana'a

**Ali Abdullah Saleh,**

**The President of The Republic.**