

**Republican Decree No. (2)/2014**  
**On Amending Executive Regulations of Law No. 1/2010**  
**Amended by Law No. (17)/2013 On Combating Money Laundering**  
**and Counter- Terrorism Financing**

**President of the Republic,**

Upon;

Reviewing the Constitution of the Republic of Yemen;

Law No. (1) of 2010 on Anti-Money Laundering and Counter-Terrorism Financing and its amendments;

Republican Decree No. (226) of 2010 on the Executive Regulation of Law no. (1)/2010 on AML/CFT

Republican Decree No. (184) of 2011 on Formation of Cabinet and Naming of its Members and the amendments thereof;

And;

Based on the Presentation of the National Committee on Combating Money Laundering and Counter-Terrorism Financing;

And;

Being approved by the Cabinet,

**//Resolved//**

**Article (1):** Articles 1, 2, 3, 4, 14, 25, 27, 31, 32, 37, 38, 40, 44,45,46,51 and 55 of the Republican Decree No. (226) of 2010 concerning the Executive Regulation of Law No. (1) of 2010 on Anti-Money Laundering and Counter-Terrorism Financing shall be amended as follows:

**Article (1)** These Regulations shall be named (the Executive Regulations of Law No. 1/2010 amended by Law No. 17/2013 on Combating Money laundering and Counter-Terrorism Financing).

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

**Republic:** Republic of Yemen.

**Central Bank:** Central Bank of Yemen.

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|--------------------------------|--|
| <b>Governor:</b>               | Governor of the Central Bank of Yemen.   |
| <b>Committee:</b>              | National Committee on Anti-Money Laundering and Counter-Terrorism Financing formed under the provisions of the Law and this Regulation.  |
| <b>The Unit:</b>               | The Financial Information Unit (FIU) .   |
| <b>The Law</b>                 | Law No. (1)/2010 on Anti-Money Laundering and Counter-Terrorism Financing and its amendments.  |
| <b>Funds:</b>                  | Assets of any kind, tangible or intangible, movable or immovable, which are obtained by any means, 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>               | Shall mean the funds derived from or obtained, directly or indirectly from any offenses.   |
| <b>Money Laundering:</b>       | The act defined in Article (3) of the Law.   |
| <b>Financing of Terrorism:</b> | The act defined in Article (4) of the Law.   |
| <b>Financial Institutions:</b> | Any financial institution practicing any kind of activities or operations for customers or on behalf of them, - of any legal form and whether it is in the form of a company or an individual enterprise - which is engaged in any of the following businesses: <ul style="list-style-type: none"> <li>a. Acceptance of deposits of all kinds.</li> <li>b. Granting credit of all kinds.</li> <li>c. Financial leasing.</li> <li>d. Money transfer services.</li> <li>e. Currency exchange.</li> <li>f. Issuing means of payment of all kinds including credit and debit cards, cheques, instruments and any other banking business as stipulated in the commercial law in force.</li> <li>g. Financial guarantees and commitments, including mortgage financing and factoring.</li> <li>h. Trading in money and capital market instruments through buy/sell transactions</li> </ul> |

including trading in foreign currency, spot and forward exchange markets.

- i. Dealing in securities, including treasury bills.
- j. Providing administrative and consultancy services to the investment portfolios and trustee investment services.
- k. Management and keeping of securities and precious items.
- l. Life insurance and any other insurance products that have investment element.
- m. The other financial activities, identified by virtue of a decree from the Prime Minister and according to the Committee's proposal.

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

Any institution practicing any kind of activities or operations for customers or on behalf of them, of any legal form, whether in the form of a company or individual entity – including the following:

- a. Real estate brokerage
- b. Dealers in precious metals or stones, clerks and notaries.
- c. Private firms of lawyers and accountants.
- d. Services of establishing companies and their associated activities.
- e. Any other activity or activities identified by a decree issued by the Prime Minister based on the Committee's proposal.

**The Control and  
Supervision Entities:**

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

- a. The Ministry of Justice.
- b. The Ministry of Social Affairs and Labor.
- c. The Ministry of Industry and Trade.
- d. The Ministry of Communications and Information Technology.
- e. Central Bank of Yemen.
- f. The Customs Authority.
- 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 designated professions specified under a decree issued by the Prime Minister based on the Committee's proposal.

**Real Beneficiary:**

The natural person who owns or controls a customer or accounts, the person on whose behalf a transaction is being conducted, or according to his own will.

**Politically Exposed Persons (PEPs):**

Any natural person who is or has been entrusted with prominent public functions in the Republic or a foreign country such as the heads of States 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 position, including family members or close associates of the PEPs. This definition shall not apply to middle ranking or more junior individuals.

**Seizing**

Shall mean prohibiting the transfer, conversion, disposition or movement of funds or other property on the basis of, and for the duration of the validity of, a court's decision. The seized funds or other property shall remain the property of the persons or entities that held an interest in the specified funds or other property at the time of the seizure, but shall be administered by the judicial authority.

**Freezing:**

Shall mean prohibiting the transfer, conversion, disposition or movement of funds or other property on the basis of, and for the duration of the validity of, a decision of a judicial or other competent judicial authority under a freezing mechanism for the duration of the procedure or until a confiscation order is taken. The frozen funds, property, equipment, tools or other assets shall remain the property of the natural or legal person(s) or entities that held an interest in the specified funds, property, equipment or tools at the time of freezing, and may continue to be administered by the financial institution assigned by the natural or legal person(s), or by a third party pursuant to a decision from the competent

authority or the competent judicial authority which issued the freezing order before taking a decision under the freezing mechanism.

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

**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.

**False Financial Institution:** A financial institution that has no physical presence in the State where it is incorporated and obtains a license, and is not related to any group of financial services under effective unified supervision.

**Physical presence:** A financial institution has a physical presence if it:

- a) has a permanent place of business to receive customers, that it is not enough for it to have a local agent or low-level employees.
- b) has actual management.
- c) Keeps records for transactions.
- d) is subject to inspection by the supervisory and control bodies, whether in the country it is incorporated or in the country it exercises its business.

**Due Diligence:** Exerting effort to identify and verify a customer or real beneficiary's identity and the continuous follow-up of transactions conducted within the framework of an ongoing relationship, in addition to identify the nature of future relationship among financial or non-financial institutions, designated professions and the customer and the purpose

thereof.

**Confiscation:**

The permanent deprivation of funds, assets or other property, including tools and media used in committing the crime and the tools and media intended to be used, under a final court judgment 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 which constitutes an offense under any of the following conventions:

1. Convention for the Suppression of Unlawful Seizure of Aircraft (1970)
2. Convention for the Suppression of Unlawful Acts 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 death or serious bodily injuries to a civilian, to any other person not part in the hostilities or in a situation of armed conflict, when the purpose of such 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 to abstain from doing any act.

**Terrorist:**

Any natural person doing any of the following acts:

- a. Commits or attempts to commit terrorist acts, by any means, directly or indirectly, and willfully.
- b. Participates as an accomplice in terrorist acts.
- c. Organizes or directs others to commit terrorist acts.
- d. Contributes to the commission of terrorist acts by a group of persons acting with a common purpose where the contribution is made intentionally and with the aim of furthering the terrorist act or with the knowledge of the intention of the group to commit a terrorist act.

**Terrorist organization:**

Any group of terrorists that:

- a) Commits or attempts to commit terrorist acts, by any means, directly or indirectly unlawfully and willfully.
- b) Participates as an accomplice in terrorist acts.
- c) Organizes or direct others to commit terrorist acts.
- d) Contributes to the commission of terrorist acts by a group of persons acting with a common purpose where the contribution is made intentionally and with the aim of furthering the terrorist act or with the knowledge of the intention of the group to commit a terrorist act.

**Article (3):**

- a. Any person, who commits one of the following acts inside or outside the Republic, shall be guilty of a money laundering offense:
1. Converting or transferring funds by any person who knows or should have known that such property is the proceeds of crime for the purpose of concealing or disguising the illicit origin of such property, or for the purpose of assisting any person who is involved in the commission of the predicate offense to evade legal consequences for his actions.
  2. Concealing or disguising the true nature, source, location, disposition, movement or ownership of or rights with respect to property by a person who knows or should have known that such property is the proceeds of crime.
  3. Acquisition, possession or use of property by any person who knows or should know at the time of receipt that such property is the proceeds of crime.

The 'knowledge' referred to in the provisions of paragraph (a) of Article (3) of the Law and this Regulation may 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 Paragraph (a) of Article (3)of the Law and this Regulation, shall be guilty of a money laundering offense.
- c. The acts specified in items (1, 2 & 3) of Paragraph (a) of this Article shall be deemed money laundering crimes in the event such funds have been obtained from the following predicate offenses:
1. Participation in an organized criminal group.
  2. Terrorism, including terrorism financing.
  3. Slavery, trafficking in human beings and smuggling of migrants.
  4. Sexual exploitation, including sexual exploitation of children.
  5. Cultivation, manufacture and illicit trafficking in narcotic drugs and psychotropic substances.
  6. Illicit trafficking in arms and ammunition.
  7. Illicit trafficking in stolen and other goods.
  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 grievous bodily injuries.

13. Kidnapping, illegal restraint and hostage-taking.
  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 Code.
  21. All the crimes that are not listed above, which are punishable under the provisions of laws in force.
- d. The predicate offenses set forth in paragraph (a) of this Article of the Law and this Regulation 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 offenses that yielded the funds. However, conviction of committing the predicate offense 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. directly or indirectly, collects or provides funds, intentionally and willfully, by any means, and whether such funds are from licit or illicit sources, with the intention that they should be used or in 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 full 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 assists to commit any of the acts mentioned in paragraph (a) of this Article from the Law and this Regulation.
- c. Organizes the committing of an offense set forth in paragraph (a) or Paragraph (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 paragraph (a) of the Law and this Article, and such involvement is intentional and implemented in order to:

1. Expand the criminal activity or purpose of the group when such activity or purpose involves the committing of an offense referred to in Paragraph (a) of this Article of the Law and this Regulation.
2. Commit an offense referred to in Paragraph (a) of this Article of the Law and this Regulation.

**Article (14):**

- 1- The financial, non-financial institutions and designated professions shall be obliged to 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. The classification should be as follows:
    1. Classify their customers by at least two degrees and this classification should be reviewed every two years.
    2. Risks should be classified based on several elements, including as minimum:
      - Type of customer.
      - Type of product.
      - Type of transaction carried out by the customer.
      - The geographical location of customer.

The supervisory and control entities should make special instructions for classifying customers based on the nature of institution and its activity.

- b) Exert particular attention in dealing with the persons and cases with high-risk degrees; the high-risk customers, in which due diligence should be exerted to, are:

**First:** Persons (Customers) are with high risk if they are:

1. Politically exposed persons.
2. Non-resident customers.
3. The customers linked with States not applying effective measures in combating money laundering and counter-terrorism financing and not adhering to international principles and standards;
4. The customers who request special banking transactions.
5. Companies that have nominal or stakeholders or in the form of bearer share.

**Second:** The following cases are with high risk:

1. Transactions related to States not applying effective measures in combating money laundering and counter-terrorism financing and not adhering to international principles and standards;
  2. Unusual complex or big transaction or unusual patterns of transactions that have no clear economic or legal justification, and do not fit customer's transactions and account movement, or the transactions that are related to his activity;
  3. Cash transactions whose value is more than ten millions Riyals or its equivalent in other currencies;
  4. In all cases, financial institutions, non-financial institutions and designated occupations shall give particular attention with regard to the cases and transactions specified in items (a, b and c) of item (3) of this article by making necessary analysis and study to verify sources of funds and any other necessary measures to verify the nature of transactions.
- c) The financial, non-financial institutions and designated professions shall be obliged to examine and discuss the background of the big and complex transactions and make sure of their purpose, record them and make them available to the competent authorities, where appropriate, and for auditors for a period of at least five years.
- d) Develop suitable system for risk-management to determine whether a potential customer, customer, or real beneficiary is a politically exposed person, including obtaining information directly from the customer or refer to any information available to the public or any other available means, and if they find that he is a PEPs, they should take the following measures:
1. Get the senior management approval before making or continuing a business relationship with the customer.
  2. Take the necessary measures to know and identify the source of his wealth.
  3. Control the business relation on an ongoing and intensive basis.

**Article (25):** Financial, non-financial institutions and designated occupations which suspect or have reasonable grounds to suspect that money or property related to or linked to money laundering or they are the proceeds of predicate offenses listed in article (3) of the law or related or linked to terrorism, terrorist acts, terrorism financing or will be used in carrying out terrorist acts or by terrorist organizations or those who finance terrorism, shall notify the Unit immediately of these transactions whether the transaction took place or not, in accordance with the following controls and measures:

- 1- The notification shall contain adequate information about the reporter, and the details related to the persons involved in the suspicious transaction, as well as dealers' names, accounts numbers, and the transferors and the persons to whom the money is transferred, value and nature of the transaction, source of the money and reasons for suspicion.
- 2- The financial institution must not close any suspicious account before consulting the Unit.
- 3- The reporter must send the notification promptly via one of the following means: - electronic system, e-mail, fax, hand or any other means specified by the Unit.

- 4- The Unit shall issue the necessary instructions for showing the measures required when submitting the notification and its form.
- 5- Nobody undertaking work in financial or non-financial institutions and designated occupations shall disclose directly or indirectly or by any means to a customer or beneficiary or to parties other than the authorities or parties concerned with the application of the provisions of the Law any measure of notification, investigation or inspection taken with regard to suspicious transactions.
- 6- Notification shall not involve any penal, civil, administrative or disciplinary responsibility against any natural or legal person, who reports- in good faith- any suspicious transactions, or provides information or data thereof under the provisions of the Law and these regulations.

**Article (27):**

Financial, non-financial institutions and designated occupations shall develop the systems that ensure the application of the provisions of the Law and these Regulations in accordance with the standards and controls set by the competent control and supervision bodies, including:

- 1- Develop internal policies, procedures and controls to combat money laundering and counter-terrorism financing and apply them to existing customers and new customers; and inform and train their employees on them and ensure their application. The board of directors, director general, owner, or who has been authorized in the financial and non-financial institutions and designated professions is responsible for issuing, applying and developing these internal policies, procedures and controls.
- 2- Develop systems of control , commitment , due diligence procedures, keeping records , reveal unusual and suspicious transactions, and comply with notification;
- 3- Create a compliance unit at the level of the head office and branches to be responsible for AML/CFT procedures, report and contact the Unit. Regarding the individual institutions, the owner or his agent should directly do that.
- 4- Appoint qualified and honest compliance officers at the level of the head office and liaison officers at the level of branches;
- 5- Enable the compliance officers to gain access to customer identification data and the other information obtained from the due diligence process, and to the transaction record and the other relevant information;
- 6- Create an independent internal audit job to test compliance with these policies, measures and controls, including testing compliance through testing samples;
- 7- Develop an on-going program to train employees includes the definition of laws and regulations, instructions, and international conventions related to AML/CFT, especially in respect to the requirements of customer due diligence , notification of suspicious transactions , the information relating to tactics, techniques and trends in combating money laundering and counter-terrorism financing; and to acknowledge employees of the criminal and civil responsibility of each employee in the case of violating the laws, regulations and instructions of anti-money laundering and counter- terrorism financing, and adopting plans, programs and budgets for training and qualifying employees in relation to AML/CFT in accordance to their size and activity, and in coordination with the control and supervision bodies.

**Article (31):**

1. 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.
2. 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 or non-financial institutions or designated professions, or with other natural or legal persons, taking into account the rights of bona fide third parties.
3. The Public Prosecutor should circulate such decisions of freezing to the control and supervision bodies in the next day of issuance, and the control and supervision bodies shall circulate these decisions upon receiving to the financial and non-financial institutions and designated professions and natural and legal persons.
4. 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 frozen funds, assets and property in accordance with the provisions of this Article (17) of the law and the provisions of this article.
5. 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 Paragraph (b) of the law and this Article.
6. 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, including:
  - a- Submit a grievance to the Minister of Foreign Affairs requesting revoking the freezing or removing the name or correcting it in accordance with the mechanisms set by the Security Council Resolutions.
  - b- File a case in the court to revoke the freezing according to the law and the provisions of this Regulation.
7. The financial and non-financial institutions, designated professions shall verify that the persons and entities specified their names in the consolidated list and other lists are the intended and actually concerned.

In the case of verifying that the persons and entities identified are not the intended actually, it shall so inform the Unit to take the necessary measures to revoke the freezing.

8. If the accounts frozen generate revenues or profits according to the nature of the account, freezing shall not prevent these accounts from such revenues, that the revenues or profits shall be subjected to freezing in accordance with the provisions of this article.

**Article (32):**

Those who incur damage by the Public Prosecutor decisions to freeze the funds, assets and property of individuals and entities designated by the Committee established under the UN Security Council Resolution 1267 ( 1999) and subsequent resolutions under the provisions of Article (17) paragraph (b ) of the Law, may apply to the Public Prosecutor requesting to disburse from the frozen accounts to meet the expenses of any of the following humanitarian cases :

1. Cover basic expenses including expenses for food, clothing, medicine, rental and meeting payments on debt.
2. Pay the expenses owed to the State such as taxes, Zakkat and others.
3. Pay the necessary expenses paid over reasonable professional fees and legal services or wages and service charges for regular conservation of the frozen funds, that the Public Prosecutor shall submit the request to the Minister of Foreign Affairs to take the necessary actions in accordance with the mechanisms specified in the Security Council resolutions.

**Article (37):**

- a. A Committee called the (National Committee on Anti-Money Laundering and Counter-Terrorism Financing) shall be established under the provisions of the Law and this Regulation, and has a legal personality and financial independence. The Committee belongs to the Prime Minister and shall be based in the capital, Sana'a.
- b. The Committee shall be formed by virtue of a Prime Minister's Decree based on a proposal from the Minister of Finance; and shall be made up of one representative no less than Director General or equivalent from the following bodies based on their nominations:

|  |                           |
|--|---------------------------|
| 1. Ministry of Finance                                   | Chairman of the Committee |
| 2. Central Bank of Yemen                                 | Vice-chairman             |
| 3. Ministry of Justice                                   | Member                    |
| 4. Ministry of Interior                                  | Member                    |
| 5. Ministry of Foreign Affairs                           | Member                    |
| 6. Ministry of Industry and Trade                        | Member                    |
| 7. Ministry of Social Affairs and Labor                  | Member                    |
| 8. Ministry of Communications and Information Technology | Member                    |
| 9. Political Security Agency                             | Member                    |
| 10. National Security Agency                             | Member                    |

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|---|--------|
| 11. The Central Organization for Control and Auditing.        | Member |
| 12. Public Prosecution  | Member |
| 13. Supreme National Authority for Combating Corruption.      | Member |
| 14. General Authority for Investment                          | Member |
| 15. General Authority for Land, Survey and Urban Planning     | Member |
| 16. Customs Authority   | Member |
| 17. The Financial Information Unit                            | Member |
| 18. Yemen Banks Association                                   | Member |
| 19. The Federation of Yemen Chambers of Commerce and Industry | Member |

- c. The Committee shall choose one of its members to be its rapporteur.
- d. The Committee may seek the assistance of experts and technical specialists.
- e. At the decision of Minister of Finance, the Committee shall have an executive Administration consisting of a number of employees and subject to the Chairman's supervision and guidance, that the internal regulations of the Committee shall determine its structure and the functions of its members, as well as the formation of the executive administration, and determination of its tasks.

**Article (38):**

The Committee shall practice the following functions and tasks:

- a. Develop a national anti-money laundering and counter-terrorism financing strategy.
- b. Propose policies on anti-money laundering and counter-terrorism financing and submitting them to the Cabinet for approval.
- c. Study and follow up international developments in the field of anti-money laundering and counter-terrorism financing and make recommendations on the development of guidelines, regulations and procedures issued by the Control and Supervision bodies in the Republic and propose legislative amendments in line with such developments.
- d. Raise awareness on the risks of money laundering and financing of terrorism.
- e. Coordinate the efforts of the bodies represented in the Committee and find a suitable mechanism for the exchange of information among them.
- f. Organize and hold seminars and workshops related to anti-money laundering and terrorism financing

- g. Represent the Republic in the international events and participate in meetings and conferences on anti-money laundering and counter-terrorism financing.
- h. Develop and adopt the by-laws of the Committee's work.
- i. Discuss the Committee's budget and submit it to the competent authorities for incorporation in the public budget of the State.
- j. Any other functions stated in the Law and this Regulation.

**Article (40):**

The Unit shall be in charge of the following functions:

1. Receive and analyze notifications received from financial and non-financial institutions, and designated professions, and the Supervisory and Control bodies on the suspicious transactions that 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 to take action.
2. Establish a database for the information in possession and make it available to the public prosecution in accordance with the provisions of the Criminal Procedure Law, and all the notifications and information contained in the database should be recorded, especially the following:
  - a) Notification number and time and date of receiving by the Unit.
  - b) A summary of the notification data includes the suspected process and the reasons and causes of suspicion.
  - c) All the information and analysis of actions taken regarding the disposition of notification.
  - d) What comes out of the judicial decisions and judgments in this regard.
3. 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. In case of emergency, the Unit may specify a shorter period of time according to the following controls:
  - a) If the information required from the investigation and trial bodies relating to money laundering and terrorism financing offenses is displayed in front of it.
  - b) If the required information entails precautionary measures and procedures for seizing and freezing funds and property resulted from money laundering and financing of terrorism offense.

- c) If the required information relating to freezing funds of persons and entities whose names are stated in the consolidated list or other lists issued by the UN Security Council.
  - d) If the required information entails taking urgent measures to avoid a damage which is difficult to rectify.
4. Develop notification forms for the transactions suspected of being involving money-laundering or terrorism-financing or that represent the proceeds of predicate offenses, covering all the data that help the Unit carry out its work of data collection, analysis and registration in its database, that a notification form must include the following data:
- a) Statement of the suspicious transaction and its parties, discovery conditions and current condition;
  - b) Statement of the amounts under the suspicious transaction;
  - c) Causes and reasons for suspicion on which the compliance officer or the owner of individual institution based on to combat money laundering and counter-terrorism financing at the financial or non-financial institution or designated profession and his signature;

However, the form must be updated when necessary.

5. Inform the public prosecution of the outcomes of the notifications analysis, 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.
6. 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 Entities.
  - 2. Any other governmental bodies.
- The entities referred to above shall provide information to the Unit within a period not exceeding two weeks from the date of request.
7. Notify the Committee and the Supervisory and Control Entities on any breach of the provisions of the Law and this Regulation by financial and non-financial institutions and designated professions that are subject to the provisions of the Law and this Regulation.
8. Publish periodical reports on its activities containing in particular statistical data and analytical studies in the field of anti-money laundering and counter-terrorism financing.
9. Make field visits to the entities and institutions covered by the Law and this Regulation to ensure compliance with the provisions of the Law and this Regulation.

10. Participate in international and regional seminars, workshops, conferences and meetings related to its competences.
11. Any other functions stated in the Law and this Regulation.

**Article (44):**

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 the Law and this Regulation; and shall investigate such reports in accordance with the laws in force.

**Article (45):**

1. Subject to the provisions of bilateral or multilateral agreements on mutual legal assistance in which the Republic is a party, confiscation requests, relating in full or in part to a crime of money laundering or terrorism financing, shall be submitted to the competent judicial authority through diplomatic channels, in which those requests should include the following:
  - a) Name of the authority requesting the legal assistance.
  - b) Summary of the facts relevant to the subject of the request.
  - c) Explanation of the kind of technical assistance required and the purpose of request.
  - d) Identify the person concerned identification, his place of residence and nationality.
2. Types and forms of legal assistance requests include the following:
  - a) Letters rogatory of the counterpart authority in hearing the statements of witnesses and experts.
  - b) Declaring the judicial documents from counterpart authorities.
  - c) Providing the original copies or certified true copies of relevant documents and records, including banking or financial records or companies records or business processes.
  - d) Detect or trace criminal proceeds, funds, property, instruments or any other things for the purpose of evidence or confiscation, and to take precautionary measures, including freezing and seizure.
  - e) Take actions of inspection and control.
  - f) Any other form of legal assistance but not inconsistent with the laws in force.
3. It is allowed to request additional information from the State requesting the technical assistance for the purpose of executing the request, and a request for mutual legal assistance may be refused only if:

- a) It was not made by a competent authority according to the legislation of the requesting country, or if it was not transmitted in accordance with laws in force or its contents are in substantial non-conformity with paragraph (1) of this article.
  - b) Its execution is likely to prejudice the law and order, sovereignty, security, public order or other essential interests of the Republic.
  - c) The offence to which it relates is the subject of criminal proceedings or has already been the subject of a final judgment in the territory of the Republic.
  - d) There are substantial grounds for believing that the measure or order being sought is directed at the person in question solely on account of that person's race, religion, nationality, ethnic origin, political opinions, gender or status;
  - e) If the offence referred to in the request is not provided for under the legislation, or does not have features in common with an offence provided for under the legislation in the laws in force.
  - f) If the laws in force do not permit to take the measures requested, or any other measures having similar effects, or they may not be used with respect to the offence referred to in the request;
  - g) If the decision whose execution is being requested is not enforceable under the laws in force.
  - h) If there is no sufficient protection with respect to the rights of the defendant.
4. In case of refusal, the competent authority of the Republic shall promptly inform the foreign competent authority of the grounds for refusal to execute the request.

**Article (46):**

1. Subject to the provisions of bilateral or multilateral agreements on mutual legal assistance in which the Republic is a party, confiscation requests, relating in full or in part to a crime of money laundering or terrorism financing, shall be submitted to the competent judicial authority through diplomatic channels.
2. Confiscation shall only be made under a final judicial judgment.
3. The request for mutual assistance shall include, in addition to the information stipulated in the paragraph of Article (34) of the Law, an official copy of the final judgment issued for confiscation, and additional information may be requested from the state requesting legal assistance for the purpose of the execution of the judgment.
4. In all cases, the State requesting the confiscation shall not be given such funds or their proceeds, unless a mutual agreement is signed on sharing such funds.

#### **Article (51):**

The Public Prosecution may, during an investigation or at the request of the Unit or the competent authority, issue decisions or orders of precautionary 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.
- d. Property equivalent in value of the funds or assets contained in Paragraphs (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.

#### **Article (55):**

The Control and Supervision Authorities shall have the right to impose appropriate penalties and gradually in case the financial and non-financial institutions and designated professions are in violation of the duties set forth in these Regulations, including warning, alert and non-renewal of license. In case the financial and non-financial institutions and designated professions are in violation of their duties set forth in the Law, the violation shall be referred to the Public Prosecution to apply the penalties set out in the Law.

#### **Article (2):**

Articles (30 bis, 32 bis, 32 bis (1), 38) are added to the Republican Decree No. (226)/ of 2010 on the Executive Regulation of the Law No. (1)/ of 2010 on AML/CFT. And its amendments and their texts are as follows:

#### **Article (30) bis: The Control and Supervision Entities shall:**

- a) Provide periodical comprehensive statistics for their efforts in combating money laundering and counter- terrorism financing in accordance with the AML/CFT requirements and provide the Committee with these statistics, and oblige financial and non-financial institutions and designated professions to provide statistics related to their work in this field and review AML/CFT regimes.
- b) Review the effectiveness of their regimes in AML/CFT orderly in light of what statistics reveal.

#### **Article (32) bis:**

- a. 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 subsequent resolutions

thereto and send them to the Public Prosecutor together with the documents supporting that.

- b. 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 Paragraph (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 circulate all such decisions to the financial or non-financial institutions, designated professions and other natural and legal persons.
- c. The Public Prosecutor should circulate such decisions of freezing to the control and supervision authorities in the next day of issuance, and the control and supervision authorities shall circulate these decisions upon receiving to the financial and non-financial institutions, designated professions and natural and legal persons.
- d. 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.
- e. 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 Paragraph (b) of this Article.
- f. 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, and the court's order to appeal is regarded final.
- g. If the Court issued a decision to revoke the freezing, the Public Prosecutor shall take the legal procedures to revoke the freezing in no later than one week from the date of issuance of the court's decision and inform the competent authorities of that.

**Article 32 bis (1):**

- a. The Public Prosecutor shall directly or through the diplomatic channels 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 and these requests should be supported by texts. The Public Prosecutor shall examine such requests and documents and decide thereon. In case of approval, he shall issue an order to freeze the funds, property or assets.
- b. The Public Prosecutor should inform the State submitted the request of freezing to accept or reject the freezing's decision and the actions taken thereon.

- c. 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 became aware of such decision.
- d. The provisions of paragraphs (c , d , e) of Article 17 bis of the law shall be applied on the obligations of financial and non-financial institutions and designated professions and control and supervision entities of the implementation of freezing decision issued under paragraph (a ) of this article and the appeal of it.
- e. The Public Prosecutor receives from the State the request of revoking the freezing, either directly or through diplomatic channels and will study the request and the documents supporting it and inform the State of accepting or rejecting the request and the actions taken.

**Article (38) bis:**

- f) It is not permitted to raise the criminal, civil or administrative case against the Chairman of the Committee or any of its members or employees or the head of the FIU or any of its members or employees or take any legal action against them due to carrying out the tasks assigned to them under the law.

**Article (3):**

This amendment is considered part and parcel of the Republican Decree No.(226)/of 2010 on the Executive Regulation of Law No. (1) of 2010 on AML/CFT and shall be read together.

**Article (4):**

This Law shall come into force from the date of its issuance and shall be published in the Official Gazette.

**Issued at the Presidency of the Republic in Sana'a**

**on January 8, 2014**

**Sakhr Ahmed Al-Wajeih  
Finance Minister**

**Mohammed Salim Basondowah  
Prime Minister**

**Abd Rabbo Mansour Hadi  
President of the Republic**