

**Republican Resolution No. ( 226 ) for 2010**  
**On the Regulations of Law No. (1) for 2010**  
**On Combating Money Laundering and Terrorism Financing**

*President of the Republic:*

After perusal of:

- The Constitution of the Republic of Yemen
- Law No. (1) for 2010 on Combating Money Laundering and Terrorism Financing
- The Republican Resolution No. (50) for 2007 on the Formation of the Cabinet and Naming its Members and the amendment thereof, and
- Based on the presentation of the National Committee for Combating Money Laundering and Terrorism Financing, and
- The approval of the Cabinet

*Resolved*

**Chapter One**  
**Definitions**

Article (1): These Regulations shall be named the Regulations of Law No. (1) for 2010 on Combating Money Laundering and Terrorism Financing.

Article (2): For the purposes of the application of these regulations, the following words and terms shall have the meanings set forth before each, unless the text indicates otherwise:

Republic	Republic of Yemen
Central Bank	Central Bank of Yemen
Governor	Governor of the Central Bank of Yemen
Committee	The National Committee for Combating Money Laundering and Terrorism Financing
Unit	Unit for Collection of Financial Information
Law	Law No. (1) for 2010 on Combating Money Laundering and Terrorism Financing
Money	The assets of any kind, whether material, moral, movable or fixed, and the currencies of all kinds, foreign or local, and the securities, commercial papers, instruments and documents, and other revenues or values arising or resulting from these

	assets
Collections	The money directly or indirectly arising out of or from the commission of any crime under the law
Money laundering	The act specified in article (3) of the law
Terrorism	The act specified in article (3) of the law
Financing	
Financial institutions	Those which exercise any activities or transactions for the benefit of customers or for them, of any legal form, whether they are in the form of a company or an individual enterprises and exercise the following acts: <ul style="list-style-type: none"> <li>a- Accepting deposits of all kinds</li> <li>b- Granting credit of all kinds</li> <li>c- Leasing</li> <li>d- Transfer of money</li> <li>e- Currency exchange and conversion.</li> <li>f- Issuance of instruments of payment of all kinds, including payment and credit cards, checks and instruments and any other banking transactions under the Commercial Law in force</li> <li>g- Financial guarantees and commitments, including real estate financing and factoring</li> <li>h- Dealing in money market and capital market instruments in terms of sale and purchase, including dealing in foreign currency and in real-time and forward exchange markets</li> <li>i- Dealing in securities, including treasury bills</li> <li>j- Providing administrative and consultative services for portfolios and custodial services</li> <li>k- Managing and saving securities and valuables</li> <li>l- Insuring life and any other insurance products with an investment component</li> <li>m- Other financial activities designated at the decision of the Cabinet based on the proposal of the Committee</li> </ul>
Non financial institutions and designated occupations	Those ones which exercise any of the activities or transactions for the benefit of customers or for them, of any form, whether they take the form of a firm or an individual enterprises , any they mean: <ul style="list-style-type: none"> <li>a- Real estate brokerage</li> <li>b- Dealers of precious metals or stones, and</li> </ul>

- documentation scribes and notary publics
- c- Those engaged in law or accounting (auditing) through private offices
- d- Providers of firm incorporation services and the activities thereof
- e- The people engaged in any of the other activities defined at the decision of the Prime Minister based on the proposal of the Committee

Regulatory and supervisory bodies	<p>The following bodies according to the function of each:</p> <ul style="list-style-type: none"> <li>a- Central Organization for Control and Accounting</li> <li>b- Central Bank of Yemen</li> <li>c- Ministry of Industry and Trade</li> <li>d- Ministry of Communications and Information Technology</li> <li>e- Public Authority for Lands, Survey and Urban Planning</li> <li>f- Yemeni Organization for Standardization and Metrology</li> <li>g- Ministry of Justice</li> <li>h- Ministry of Social Affairs and Labor</li> <li>i- Customs Authority</li> <li>j- Any other agencies defined at the decision of the Prime Minister as a regulatory and supervisory body for any of the activities of the financial institutions or non financial institutions as referred to above at the proposal of the Committee</li> </ul>
True beneficiary	Any natural person in actual possession or control of a customer or of the one for whom a transaction was made or a transaction was made according to his wish
People subject to risk due to their positions	The people who occupy or have occupied a top public post in a foreign state such as a state president, prime minister, notable politician, judge, or soldier, or a high level governmental position or notable figures in a political party, and this includes their family members to third degree
Seizure	The prohibition of the referral, transfer or disposition of money or other property under a

	decision issued by a court for the duration of the decision, that such money or other property seized shall remain the property of the people who have had an interest in them at the time of seizure, and they shall be managed by the Judiciary.
Freezing	The temporary prohibition of the transfer or disposition of money or other property under a decision issued by a court or a competent authority for the duration of the decision, that such money or other property frozen shall remain the property of the natural or legal persons who have had an interest in such money or property at the time of freezing, but the relevant financial institution may continue managing them
Transient customer	The customer who has no ongoing relationship with the financial institution or non financial institution.
Ongoing relationship	The financial or commercial relationship that is expected when established to extends for a period of time and involve different transactions, that an ongoing relationship includes any commercial or professional relations relevant to one of the activities specified in the definition of financial institutions and non financial institutions, when the institution expects for such a relationship to extends for a period of time
Seizure	Permanent deprivation of property under a final judgment by a court of justice
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 affiliated with any range of financial services under effective unified supervision
Physical presence	A financial institution has physical presence if it: <ul style="list-style-type: none"> <li>a- has a fixed place of business to receive customers, that it is enough for it to have a local agent or low-level employees;</li> <li>b- has effective management;</li> <li>c-has a record for transactions</li> <li>d-subjects to inspection by the regulatory and supervisory bodies in the state where it is incorporated and in the state where it exercises its business;</li> </ul>
Due diligence	Exerting effort to identify a customer or true

	beneficiary, and verifying and monitoring the transactions conducted within the framework of an ongoing relationship, in addition to identify the nature of the future relationship among financial institutions, non-financial institutions , designated occupations and a customer and the purpose thereof;
Non-profitable organization	Any legal person incorporated under the provisions of the law in force with his main purpose is to provide social or voluntary services without seeking to make or share profits or achieving a personal benefit, and he collects or disburses money for charitable, religious, educational, educational or social purposes;
Non-resident customer	Any natural or legal person who resides or whose residence is usually outside the Republic, or who does not complete one year of residence inside the Republic, irrespective of his nationality, however this definition does not apply to the people who have economic activities and permanent residence in the Republic even if they reside intermittently;

## **Chapter Two**

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

Article (3) Criminalization of Money Laundering:

a-Any person shall be a criminal of money laundering, if he commits an act or refrains from doing an act involving money acquisition, possession, disposition, transfer, management, saving, replacement, depositing or investment to hide it, or its resource, real nature or place or how to dispose of it or of its property or the rights thereof. This applies when such money is collected from one of the below-listed crimes, whether the crime takes place inside or outside the Republic, on the condition that knowledge and will are established in it:

- 1- Theft and embezzlement of public funds or acquiring them by fraudulent means, or bribe and dishonesty as specified in the Penal Code;
- 2- Counterfeiting official and customary documents, paper money and coins, promoting false or non-current currency, counterfeiting stamps and bonds and alike, and the crimes affecting the national economy as specified in the Penal Code;
- 3- Seizure of private funds as specified in the Penal Code;
- 4- The crimes specified in the Anti-Corruption Act;

- 5- Tax-evasion and customs smuggling;
  - 6- Import and trade in arms;
  - 7- Growing and producing narcotic plants and substances and dealing in them inside or exporting them, as well as importing, producing or dealing in alcohol and other legally-forbidden activities such as prostitution and gambling;
  - 8- Membership in an organized criminal group;
  - 9- Sexual exploitation of children and dealing in human beings;
  - 10- Dealing in things collected from theft;
  - 11- Trafficking persons and migrants;
  - 12- Smuggling antiques and historical manuscripts;
  - 13- Counterfeiting trademarks and commodities and dealing in them;
  - 14- Environmental crimes;
  - 15- Fraud to financial markets and trade in market instruments based on undisclosed information;
  - 16- The crimes specified in the Law for Combating Carjacking and Kidnapping, including heading a gang for carjacking, kidnapping and looting public or private property by force, kidnapping and assaulting on persons or the pursuit of a foreign state or a gang to carry out such acts, hijacking air, land or sea transportation means, holding persons as hostages to affect public authorities or the performance of their work or get a benefit or interest of any kind, or assaulting on the persons in charge with combating these crimes or their relatives;
- b- Any person shall be a criminal of money laundering, if he attempts, incites or assists in the commission of any the acts listed in item (a) above.

Article (4): Criminalization of Terrorism Financing: Any person shall be a criminal of terrorism financing, if he:

- a- collects or provides money directly or indirectly, with any mean and he knows well that it will be used, in whole or in part, to finance the commission of the following acts:
  - 1- Any act of violence or threat of it, whatever its motives or purposes, that takes place in implementation of an individual or collective criminal enterprise, and aims at spreading terror among people or intimidating them by abusing them and endangering their lives, freedom and safety, endangering the environment or a public or private utility and property or occupying or seizing them, endangering a national resource, or forcing an international government or organization to carry out illicit act or refrain from doing a licit act;
  - 2- Any act that constitutes a crime under the relevant conventions or treaties ratified or joined by the Republic;

- 3- Any act that constitutes a crime specified in the Law for Combating Carjacking and Kidnapping;
- 4- Attempts, participates, incites or assists in the commission of any of the acts listed in item (a) above;
- 5- Cases of struggle by whatever means against foreign occupation and aggression for liberation and self-determination in accordance with the principles of international laws shall not be of the crimes covered in this article, however these cases shall not include any act affecting the territorial integrity of any Arab State.

### **Chapter Three**

#### **Duties of Financial institutions, non-financial institutions and Designated occupations**

Article (5): The activities of financial institutions, non-financial institutions and designated occupations listed in article (2) therein shall not be exercised, unless a prior permit is obtained from the authorities concerned in accordance with to the provisions of the laws in force.

Article (6): Financial institutions may not deal or keep dealing with any other false financial institution, and may not deal with encounter financial institutions that provide services to globally-banned financial institutions including false financial institutions.

Article (7): Financial institutions, non-financial institutions and designated occupations shall take diligent actions to identify true customers and beneficiaries, particularly in the following cases:

- a- When making on-going working relationship;
- b- When making a transaction for a transient customer with more than a million Yemeni Riyal or its equivalent in other currencies, and this includes the cases where transactions are made in the form of a single process or multiple processes appearing to be linked with each other;
- c- When making incidental transactions for a transient customer in the form of wire transfers with more than two hundred thousand Riyals or its equivalent in other currencies;
- d- When there is suspicion of a crime of money laundering or terrorism financing, irrespective of any amounts specified in these regulations;

e- When there is suspicion of the accuracy, sufficiency or correction of the information already obtained regarding customer identification;

Article (8): Financial institutions, non-financial institutions and designated occupations – according to the nature of the case- shall not maintain unknown accounts or accounts in fake names, and shall exert due diligence to identify customers of natural or legal persons and verify them, and also identify true beneficiaries and take reasonable measures to verify them, that they must meet the following documents and data:

First: Individuals

- 1- Full name with surname
- 2- Sex (male/female)
- 3- Nationality
- 4- Official document number and type
- 5- Identity or family card, or passport for non-Yemenis provided they have valid residence in the Republic, and maintaining a copy of it after signing it by the competent employee if conforming to original;
- 6- Place of residence
- 7- A document showing the place of residence such as a bill of a public utility or any other possible mean;
- 8- Phone/fax number
- 9- E-mail address (if any)
- 10- Date and place of birth
- 11- Occupation
- 12- Employer and its address
- 13- Names and data of the people licensed to deal with the account, and the documents indicating that and their nationalities (if any);
- 14- Names, addresses and data of authorized people for imperfect or incapable people, and the documents indicating that;
- 15- Name of the true beneficiary of the account
- 16- Customer's signature
- 17- Purpose for handling the account
- 18- Customer's commitment for updating data upon any changes to them or when requested by the financial institution;

Second: Legal persons

- 1- Facility name
- 2- Facility address
- 3- Phone/fax number
- 4- Copy of the articles of Association for the facility

- 5- Name and address of owner, and addresses of shareholders whose shares are more than 10% of the capital of the facility;
- 6- True copy of the articles of association and articles of incorporation and the decision of license
- 7- True copy of the commercial record
- 8- Names of the directors authorized to sign on behalf of the facility
- 9- Signature samples for the persons authorized to deal with the account
- 10- Written approval from the customer showing the identity of true beneficiary, including his full name, surname and place of residence and data on his financial position
- 11- Resolution of the chairman or administrative official of the company for opening the account and the person enjoying the right to handle the account

#### Third: Joint-Stock Companies

- 1- Name and addresses of the chairman, director general and financial manager;
- 2- The requirements and documents listed in item (Second) above;

#### Fourth: Non-profitable organizations

Financial institutions must not open any accounts for non-profitable organizations unless the following documents are provided:

- 1- A letter issued by the Ministry of Social Affairs and Labor confirming the identity of the relevant organization and the licensing for that organization to open bank accounts;
- 2- True copy of the articles of association;
- 3- True copy of the license;
- 4- Name of the organization and its legal form;
- 5- Address of the head office and branches;
- 6- Phone and fax numbers;
- 7- The purpose for handling the account, and the resources and applications of funds and any other data required by the authorities concerned;
- 8- Names and addresses of the people authorized to signed on behalf of the organization;
- 9- Signature samples for the people authorized to handle the account in accordance with the requirements of the Ministry of Social Affairs and Labor;

Article (9): In case a person deals with the financial or non-financial institution and designated occupations by proxy for a customer, it must be made sure that a legal proxy or authenticated authorization provided that

the proxy and the authorization or a true copy of it must be maintained and the agent and principal must be identified and verified in accordance with the procedures set forth in these regulations.

Article (10): Financial institutions must apply the procedures for the verification of customers' identity and due diligence process for correspondent financial institutions and banks when establishing a work relationship with them, and must also take the following actions:

- 1- Obtain the approval of the top management before establishing the relationship with the correspondent financial institutions and banks;
- 2- Collect sufficient information on the correspondent financial institutions and banks to reach a complete understanding of the nature of their work, and identify then the kind of their fame and the kind of monitoring that they subject to, including if they have previously subjected to investigation for money laundering and terrorism financing or any other regulatory measures;
- 3- Evaluate the rules used by the correspondent financial institutions and banks to combat money laundering and terrorism financing, and make sure they are sufficient and effective depending on a questionnaire or survey that must be answered by the correspondent financial institutions and banks showing the position of the correspondent financial institution or bank from the compliance with its own local legislation and rules, the identity verification procedures applied to its customers and its efforts in combating money laundering and terrorism financing, and also the availability of effective internal procedures in this regard;
- 4- Determine in writing the responsibility of the correspondent financial institution or bank for money laundering and terrorism financing;
- 5- Make sure that the correspondent financial institution and bank subject to effective regulatory supervision by the authorities concerned;
- 6- Document all the information and written documents and agreements, and provide them to the authorities concerned if necessary;
- 7- Make sure that the correspondent financial institutions and banks that maintain accounts for payment by correspondence with Yemeni banks apply the due diligence process to their customers who have the right to have access to such accounts and that they are capable to provide the relevant customer identification data upon request;

Article (11): Financial institutions, non-financial institutions and designated occupations shall take from their customers the information concerning the purpose of the work relationship and its nature and the activities of the customers and their size, commensurate with the nature of each activity and each customer and the risks that such customers are exposed to.

Article (12): Financial institutions, non-financial institutions and designated occupations must give particular attention to the transactions that take place or are made via electronic means, and develop necessary policies and measures to prevent the application of technological developments in money laundering and terrorism financing. Further, they must apply the due diligence process when indirectly dealing with customers, that it may request for this purpose documents pertaining to the documents requested, create independent communications with the customer or rely on a third-party mediation that applies the due diligence process.

Article (13): Financial institutions, non-financial institutions and designated occupations shall carefully and continuously follow up the transactions made by customers and this shall include the sources of their funds if necessary, to make sure they are in conformity with the available information on their identity, nature of activities and degree of risk.

Article (14):

- 1- Financial institutions, non-financial institutions and designated occupations shall do the following:
  - a- Classify customers and their services according to the degree of money laundering and terrorism financing risks;
  - b- Exert particular attention in dealing with the persons and cases with high-risk degrees;
- 2- Customers are with high risk if they are:
  - a-The individuals exposed to risks due to their titles
  - b-Non-resident customers
  - c-The customers linked with states not applying effective measures in combating money laundering and terrorism financing and not adhering to international principles and standards;
  - d-The customers who request special banking transactions
- 3-The following cases are with high risk:
  - a- The transactions related to states not applying effective measures in combating money laundering and terrorism financing and not adhering to international principles and standards;

- b- Unusual complex or big transaction and 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;
- c- The cash transactions whose value is more than ten millions Riyals or its equivalent in other currencies;
- d- 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.

Article (15): Financial institutions, non-financial institutions and designated occupations shall apply the due diligence process to identify customers with high risk, and this must be, at least, the following procedures:

- 1- Obtain additional information from the customer;
- 2- Refer to any information available to the public or database on the internet;
- 3- Obtain the approval of the top management for opening the account for the customer;
- 4- Take reasonable measures to identify the source of customers' and true beneficiaries' wealth and funds;

Article (16): Financial institutions shall give particular attention in the following cases:

- 1- When opening an account by correspondence, and they must obtain recommendation or official approval for the signature of the applicant from banks or financial institutions applying the procedures for combating money laundering and terrorism financing;
- 2- When requesting facilities in exchange for deposits;
- 3- When renting safe deposit boxes;
- 4- When depositing cash or traveler's checks in an existing account by a person whose name does not appear in a power of attorney for that account;

Article (17): In case the financial or non-financial institution and designated occupations fails to fulfill the obligations pertaining to the customer identification procedures and exert the due diligence specified in these regulations, it shall not open an account for the customer or undertake a working relationship or conduct any transaction with him,

and it should notify when necessary the Unit in accordance with the law and these regulations.

Article (18): The customer and true beneficiary identification procedures may be postponed when there are no money-laundering and terrorism-financing risks, and when postponement is temporary and necessary, provided the financial institution shall complete the identification procedures within a period not exceeding 15 days. In case of failure to complete the identification procedures within this period, the financial institution must not open the account or begin the relationship with the customer or carry out any transaction for him, that it must notify the Unit of the same promptly and monitor the risk management of this kind of customers during this period.

Article (19): Financial institutions, non-financial institutions and designated occupations shall upgrade the data, information and documents pertaining to the cases specified in article (7) of the Law, particularly for the customers with risk, and in accordance with the following rules:

- 1- Updating for the data, information and documents specified in article (8) of these Regulations shall take place every five years or when causes for this emerge or when there is uncertainty with the financial or non-financial institution or designated occupation with regard to the correctness or accuracy of the data or information already registered;
- 2- Updating for specific documents shall be made in accordance with the following:
  - a-For the accounts opened for (individuals) with an identity or family card or passport, updating must take place every five years, if the term of their validity exceeds this term or before the expiry of their validity in three months.
  - b-For the accounts opened for (companies and commercial enterprises) under the career practice license or commercial record, updating must take place at the end of the validity of the license or record.
  - c-For the accounts opened under official letters – from the competent authority - for non-profitable organizations such as charitable associations, updating must take place when the term specified in the law in force expires.
  - d-For the accounts opened for correspondent banks, updating must take place every three years or whenever the need arises.

Article (20): The financial institutions that are engaged in wire transfers shall take the due diligence process with regard to customer identification, when the sum of the transfer is more than two hundred thousands or its equivalent in other currencies, that the following matters must be considered:

- 1- Transferor's name, address and account number, as well as his identity card or passport for non Yemenis must be presented, and a copy of the card or passport must be maintained.
- 2- In case the transferor has no account with the financial institution, the transferor shall be given a special identity number.
- 3- In case the financial institution issues bulk transfers forwarded in as a single transfer, the financial institution that issued the transfer must enclose to it the account number of the transferor or his special identity number in case he has no account, on the condition that:
  - a- The financial institution maintains complete information on the transferor as specified in item (1) of this article;
  - b- The forwarding financial institution is capable of providing the receiving financial institution with the complete information required within three working days from the receipt of the request for information;
  - c- The financial institution shall make sure that non-routine transfers are not forwarded within bulk transfers in the cases that increase money-laundering and terrorism-financing risks.
- 4- The financial institution shall enclose all the data referred to in this article to the transfer.

Article (21): The financial institutions that receive transfers shall take the following actions:

- 1- They shall make sure they have all the information required for the transferor as mentioned in items (1 and 2) of article (20) of these regulations, particularly transferor's name, address, account number or special identity card, and develop effective systems for detecting any incomplete information.
- 2- They shall adopt effective measures, depending on the assessment of the risk degree in determining the deal with the transfers with incomplete information on the transferor. These measures include request for the information not completed by the forwarding financial institution. In case the information are not completed, the financial institution shall take actions according to the assessment of the risk degree, including rejection and return of the transfer and informing the Unit of the same.

Article (22): Intermediary financial institutions shall take the following actions:

- 1- To ensure that the information attached to the transfer are accompanying the transfer when transferring if the financial institution is involved in the execution of the transfer without being a forwarder or recipient of it;
- 2- If the financial institution fails to keep the information accompanying the transfer for technical causes, it must maintain all the information attached to it whenever it receives them for five years, irrespective of the completion or incompleteness of these information, so that it becomes able to provide the available information to the receiving financial institution within three working days from request.
- 3- To notify the receiving institution when causing the transfer, if the intermediary financial institution receives insufficient information on the transferor, that the financial institutions to which the wire transfer is forwarded must reject the transfer if it does not include complete information on the transferor;

Article (23): The commitment contained in articles (20, 21 and 22) of these Regulations shall not apply in the following cases:

- 1- The transfers that are executed due to transactions of credit and debit cards, provided the transfer resulting from this transaction is attached with the credit or debit card number, except in the cases involving the use of these cards as a means for executing financial transfer;
- 2- The transfers that take place among financial institutions when the forwarder and beneficiary are financial institutions working for their own benefit;

Article (23):

- 1- Financial institutions, non-financial institutions and designated occupations must maintain the records, data, documents and information pertaining to local and international transactions for five years at least from the completion of the transaction and for a longer term if requested by the competent authority under proper authorization, that the records must be adequate for re-copying the transactions when used - when necessary - as evidence in criminal trials.
- 2- The records and documents to be maintained must include the following:
  - a- The records, data and documents relating to customer's or true beneficiary's identity;

- b- The records, data and information on the banking transactions executed for the benefit of a customer or true beneficiary;
  - c- The records of the correspondence with a customer;
  - d- The records and documents of the suspicious transactions reported to the Unit;
  - e- The records and documents of suspicion reports decided by the Compliance Officer in the institution to be maintained;
  - f- Any other records or data specified by the regulatory and supervisory bodies;
- 3- Financial institutions, non-financial institutions and designated occupations must maintain the records, data and documents in a safe place to avoid any unauthorized use or change to them, that the method of maintaining shall be characterized by easy retrieval of such records, documents and data so that any information or data required by the competent authority can be provided.
  - 4- Financial institutions, non-financial institutions and designated occupations must enable the competent authorities to have access to all the records and information relating to customers and transactions as specified in the Law and these regulations.

Article (25): Financial institutions, non-financial institutions and designated occupations shall notify the Unit of any financial or banking transaction as soon as they suspect that it is related to money laundering or terrorism financing or it is linked to terrorism or terrorist acts including the proceeds of the predicate crimes listed in articles (3 and 4) of the Law, irrespective of the value of the transaction, whether the transaction took place or not, in accordance with the following rules 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, the value and nature of the transaction, the sources of the money and reasons for suspicion.
- 2- The financial institution must 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- No body 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 this 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 (26): The commitment of notification under No. (25) of these Regulations shall not apply in the following circumstances:

- a- Lawyers and accountants if they have information relating to their customers and obtain such information when assessing the legal status of a customer or representing him before the courts or giving a legal opinion in a matter related to judicial proceedings, including advice-giving on undertaking or avoiding taking such proceedings, whether the information are obtained before, during or after the completion of the judicial proceedings;
- b- Dealers in precious metals and gems in relation to cash transactions with less than three million Riyals or its equivalent in other currencies;
- c- Real estate agents when engaged in works for the benefit of their customers not related to sale or purchase;

Article (27): Financial institutions, 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 rules set by the competent regulatory bodies, including:

- 1- Develop internal policies, measures and rules to combat money laundering and terrorism financing, and communicate them to their employees;
- 2- Develop control and commitment systems and due diligence process, keep books and reveal unusual and suspicious transactions, and comply with notification;
- 3- Create a compliance unit at the level of the headquarter and branches;
- 4- Appoint qualified and honest compliance officers at the level of the headquarter 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 rules, including testing compliance through testing samples;
- 7- Develop on-going programs to train employees involving the definition of laws and regulations, especially in respect to the requirements of customer due diligence and notification of suspicious transactions thereof and the information relating to tactics, techniques and trends in combating money laundering and terrorism financing;

## **Chapter Four**

### **Duties of Regulatory and supervisory Bodies**

Article (28): No final license for establishing a bank in Yemen shall be granted, unless the publicity and registration procedures are completed in accordance with the laws in force, including verification of physical presence, and that it becomes subject to effective control regulations. Also, a branch for a foreign bank may not be licensed unless its main office has physical presence in the state where it is registered and subjects to effective control.

Article (29): The regulatory and supervisory bodies must verify the compliance by all financial institutions, non-financial institutions and designated occupations that are not subject to their supervision or regulation with their obligations under the Law and these regulations.

Article (30): The regulatory and supervisory bodies must adopt the necessary measures to determine disciplined standards governing the ownership, management and operation of the financial institutions in accordance with the laws that organize the establishment and management of such institutions to ensure non-exploitation of these institutions in money laundering and terrorism financing, including the providing for the availability of validity and fairness to all the shareholders, board members and senior employees of such institutions. Also, these bodies must verify the license and registration of the financial institutions, non-financial institutions and designated occupations, and their appropriate organization and subjection to risk-based supervision.

Article (31):

1-The Ministry of Foreign Affairs shall receive the consolidated list issued by the UN to freeze the funds of the persons and entities whose names are mentioned in it and the lists that contain the names of the persons and parties suspected of being linked to terrorism financing, in

accordance with the UN resolutions, and urgently send them to the Committee to circulate them to the regulatory and supervisory bodies for distribution to the financial institutions, non-financial institutions and designated occupations.

The Committee shall also prepare the lists that contain the names of the persons and parties suspected of being linked to terrorism financing in accordance with relevant laws, and study the requests for freezing received by it from other states, and circulate them to the regulatory and supervisory bodies for distribution to the financial institutions, non-financial institutions and designated occupations.

2-Financial institutions, non-financial institutions and designated occupations shall freeze the funds of the persons whose names are mentioned in the consolidated list and other relevant lists, and promptly provide the Unit and competent authorities with any information in this regard.

3-Financial institutions, non-financial institutions and designated occupations shall ensure that the persons and entities whose names are mentioned in the consolidated list and other lists are the ones really intended and concerned.

In case it finds that the persons and entities are not the ones really intended, it shall notify the Unit of the same to take the necessary action to lift freezing.

4-The victim of the freezing procedures in accordance with the provisions of this article may follow all possible means available to lift freezing, or cancel or correct the name, including:

- a- Submit a grievance note to the Minister of Foreign Affairs requesting for lifting freezing or canceling or correcting the name in accordance with the mechanisms specified in the UN resolutions;
- b- File a case before the Courts to lift freezing in accordance with the Law and the provisions of these regulations;

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

Article (32): The victim of the freezing procedures if taking place in accordance with the UN consolidated list and other lists may apply to the Committee to disburse from his frozen accounts to encounter the expenses of any of the following human 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 service charges for regular conservation of the frozen funds, that the Committee shall submit the request to the Ministry of Foreign Affairs to take the necessary actions in accordance with the mechanisms specified in the UN resolutions;

Article (33): The body concerned with supervising non-profit organizations under the relevant laws in force shall exercise effective control to prevent misusing such organizations for money laundering and terrorism financing purposes, and issue the regulations and instructions governing that.

Article (34):

- 1- No natural or legal person shall exercise the profession of money or value transferring without a license from the Central Bank.
- 2- The Central Bank shall maintain a list of the natural and legal persons licensed to provide money or value transfer services, and update it continuously, and monitor and supervise their compliance with the provisions of the Law and these Regulations when exercising their activity, that the natural and legal persons licensed to provide money or value transfer services shall maintain a list of the names of their agents and enable the competent authorities to have access to them.

Article (35): When entering or leaving the Republic, each person shall disclose, upon request, to the competent customs authorities the cash or any circulatable instrument with him, whether in national or in foreign currency, and the precious metals and gems, if their value is more than three million Riyals or its equivalent in other currencies. Disclosure must be in conformity with the fact and according to the form prepared for that by the Customs Authority after coordination with the Unit. The disclosure form must include the following data:

- 1- Traveler's name and personal data
- 2- Data in his passport
- 3- Data on his place of residence inside the Republic and outside it, if any
- 4- Purpose for coming to the state if not residing in it
- 5- Data, value, description and kind of his cash

The employees of the Customs Authority shall be responsible for receiving the disclosure form, that these forms shall be registered in special records at the Customs Authority and be sent to the Unit to be registered in its database and take necessary actions.

Article (36): The competent customs authorities shall seize the cash and financial instruments referred to in article (35) above in accordance with the provisions of the Customs Law in force if not disclosed or disclosed contrary to the provisions of article (35) above, or when there is suspicion of money laundering or terrorism financing, that they should then promptly notify the Unit of the same. They should also maintain information and statistics on the amount of the cash or the circulatable financial instruments or the precious metals and gems not disclosed or discovered, and also data on the identity of holders, that these information shall be access-able by the Unit. Also, the competent customs authorities shall request information from holders on sources and the intended use.

## **Chapter Five**

### **National Committee for Combating Money Laundering and Terrorism Financing**

Article (37): a-The Committee shall be formed at the decision of the Prime Minister upon the proposal of the Minister of Finance, that it shall consist of one representative from the following parties based on their nomination. Each representative shall be, at least, a director general or his equivalent.

1- Ministry of Finance	Chairman
2- Central Bank	Vice Chairman
3- Central Organization for Control and Accounting	Member
4- National Security Organization	Member
5- Ministry of Justice	Member
6- Ministry of Interior	Member
7- Ministry of Foreign Affairs	Member
8- Ministry of Industry and Trade	Member
9- Ministry of Social Affairs and Labor	Member
10- Association of Banks	Member
11-General Federation for Chambers of Commerce and Industry	Member
12-General Investment Authority	Member

b-The Committee shall choose one of its members to be its reporter, and it may use necessary experts, specialists and technicians to help it achieve its tasks.

c-At the decision of Minister of Finance, the Committee shall have an executive management consisting of a number of employees and subjecting to the Chairman's supervision and directives, 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 management, and determination of its tasks.

Article (38): The Committee shall exercise the following functions:

- 1- Propose policies for money laundering and terrorism financing and present them to the Cabinet for approval;
- 2- Develop regulations and procedures for combating money laundering and terrorism financing, and present them to the Cabinet for approval, not inconsistent with the provisions of the Law and these regulations;
- 3- Develop and approve the internal regulations of the Committee in accordance with the provisions of the Law and these regulations;
- 4- Develop the mechanisms for ensuring effective coordination and easy exchange of information on activities and operations in combating money laundering and terrorism financing;
- 5- Provide the Unit with its information on the operations of money laundering and terrorism financing;
- 6- Receive reports from the Unit on its performance and fulfillment of its obligations under the Law, and take necessary actions;
- 7- Develop training plans and programs and hold symposiums and workshops on combating money-laundering and terrorism-financing, and help the regulatory and supervisory bodies to carry out their training programs;
- 8- Represent the Republic in the international forums relating to combating money-laundering and terrorism-financing;
- 9- Develop and discuss the Committee's budget and present it to the competent authorities for approval;
- 10- Any other functions under the Law and these regulations;

## **Chapter Six**

### **Unit for Collection of Financial Information**

Article (39):

- 1- The Unit for Collection of Financial Information shall be formed at the decision of the Prime Minister upon the proposal of the Governor, and it shall consist of a chairman and members with expertise as contained in the Law, and it shall be staffed with full-time necessary administrative workers.

- 2- Compliance officers in the financial institutions, non-financial institutions and designated occupations, and compliance evaluation officers in the regulatory and supervisory bodies shall be liaison officers with the Unit.
- 3- The Unit shall develop internal regulations for its work covering the organizational structure and administrative and operational systems, and present them to the Cabinet for approval.

Article (40): The Unit shall exercise the functions stipulated in the Law, and in particular:

- 1- Receive the notifications coming from the financial institutions, non-financial institutions and designated occupations and the regulatory and supervisory bodies on the transactions suspected of being involving money-laundering and terrorism-financing, and register them on its database;
- 2- Analyze the notifications and the information contained in them on any of the transactions mentioned in item (1) of this article;
- 3- Refer notifications to relevant parties for action, when necessary;
- 4- Create a database for its information and give the Prosecution access to such information, in accordance with the provisions of the Code of Criminal Procedures, that all things coming to it shall be registered and this includes in particular the following:
  - a-Notification number, and time and date of receipt by the Unit;
  - b-Summary for the data of the notification covering the suspicious transaction and causes for suspicion;
  - c-The information collected and the analysis for the procedures taken for the disposition of the notification;
  - d-The decisions or judgments issued in this regard;
- 5- Request any additional information that it finds useful to carry out its tasks if related to any other information already received by it when undertaking its functions or at a request received from counterpart units in other states, that those responsible for notification should provide the Unit with the information required within a period not exceeding one month from the date of request and the Unit may specify a shorter period in case of emergencies according to the following rules:
  - a-If the information required by investigation or trial authorities are related to a crime of money-laundering or terrorism financing filed before them;
  - b-If the information required lead consequently to provisional measures and freezing for the funds and property obtained for the crime of money-laundering and terrorism-financing;

c-If the information required are related to the freezing of the funds of the persons or entities mentioned in the UN consolidated list or other lists;

d-In case the information required lead consequently to take urgent action to avoid harm difficult to be remedied;

6-Develop notifications forms for the transactions suspected of being involving money-laundering or terrorism-financing or that represent the proceeds of the predicate crimes, covering all the data that help the Unit carry out its works in 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 for suspicion on which the compliance officer at the financial or non-financial institution or designated occupation relied, and the compliance officer's signature;

However, the form must be updated when necessary.

7-Refer notifications to the Prosecution when there are serious indications of the existence of money laundering or terrorism financing, together with the necessary inferences on it;

8- The Unit may request the following bodies to provide it additional information relating to the notifications received by it when it finds that useful to carry out its tasks or based on a request from a foreign anti-money laundering:

a- The bodies required to report

b- The regulatory and supervisory bodies

c- Any governmental bodies

The above-mentioned bodies shall provide the Unit with the information within a period not exceeding two months from request.

9-Make field visits to the financial institutions, non-financial institutions and designated occupations under the Law to ensure their compliance with the provisions of the Law and these regulations;

10-Notify the Committee and the relevant regulatory and supervisory bodies of any breach of the provisions of the Law and these Regulations by the financial institutions, non-financial institutions and designated occupations under the Law;

11-Publish periodical reports on its activities, involving in particular statistical data and analytical studies in combating money-laundering and terrorism-financing;

12-Participate in international and regional symposiums, conferences and meetings relating the functions of the Unit;

Article (41):

- 1- The Unit shall have, at its discretion or at the request of counterpart units in other states, the right to exchange information with them when they are bound to rules on confidentiality and the requirement of reciprocity, and it shall use such information only for the purposes relating to combating money-laundering and terrorism-financing provided it gets consent from the providers of such information.
- 2- For the purposes of the execution of item (1) of this article, the Unit may conclude agreements of understanding with foreign counterpart units performing similar functions and subjecting to similar commitments on confidentiality.

Article (42): The Unit shall develop the regulations, rules and measures pertaining to its internal work, including the rules that ensure the confidentiality of the information in the database, and in particular:

- 1- Determine levels of safety and confidentiality;
- 2- Determine the members and workers of the Unit who are authorized to use the database and have access to the information and data in it;
- 3- Develop systems for document and data receipt, registration and preservation;

Article (43): The Chairman, members and workers of the unit shall maintain the confidentiality of any information received by them by virtue of their work and even after they leave work at the Unit, that they shall use such information only in the purposes under the Law and these regulations.

## **Chapter Seven**

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

Article (44): The Committee shall refer to the Unit the information that are reported by any state and state that a person residing or existing in the Republic commits any of the crimes under the Law, that the Unit shall analyze the information and refer findings to the competent authorities in accordance with the provisions of the Law and these regulations.

Article (45):

- 1- Taking into account the provisions of the Law, the Committee may provide, at an official request submitted by a state, it with information on the transaction specified in the request when they

are related to any of the crimes of money-laundering and terrorism-financing stipulated in the Law.

2- The Committee shall provide the information indicated to in item (1) of this article through the Unit.

3- Taking into account the provisions of mutual or multi-party conventions on the exchange of legal assistance to which Yemen is a party and the principle of reciprocity, the competent judicial authorities may provide any of the following legal assistance:

a -Judicially act for the counterpart authority in listening to statements by witnesses and experts;

b- Declare the judicial documents from the counterpart authorities;

c- Provide original copies or certified true copies of documents and records, including banking or financial records, corporate records or records of transactions;

d-Detect or track criminal proceeds, funds or property, or the instruments or other things for the purposes 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;

4-When the request of legal assistance is related in part or in whole to a crime of money-laundering or terrorism-financing, requests shall be submitted directly to the Committee or through diplomatic channels as usual, provided that such requests shall include the following information:

a- The name of the authority requesting the assistance;

b- Summary of the facts relevant to the subject of the request;

c- Explanation of the kind of the assistance required and the purpose for request;

d- The identity of the person concerned, and his place of residence and nationality;

5-Additional information may be requested from the state requesting the legal assistance for the purpose of the execution of the request, and the request may be rejected in the following cases:

a-If the request is not issued by a competent authority according to the law of the sate requesting the legal assistance, or if the request is not sent in accordance with the laws in force, or if its contents are contrary to the provision of item (4) of this article;

b-If the execution of the request is likely to affect the security and system of the Republic, or its sovereignty, public order or other essential interests;

- c-If the crime to which the request relates is a subject of criminal proceedings, or a final judgment was issued for it in the territory of Republic;
  - d-If there are substantial grounds for believing that the request targets the person concerned only due to his race, religion, nationality, ethnic origin, political opinions, sex or status;
  - e-If the crime mentioned in the request is not stipulated, nor has features in common with a crime stipulated in the laws in force;
  - f-If the laws in force do not permit to take the required measures, or any other measures with similar effects, or do not permit to use them in relation to the crime mentioned in the request;
  - g-If the request is not enforceable under the laws in force;
  - h-If there is no adequate protection for the person concerned;
- 6-In case the request is rejected, the competent authority in the Republic shall notify the foreign competent authority promptly of the reasons of rejection.

Article (46):

- 1-Taking into account the provisions of the mutual or multi-party conventions on the exchange of legal assistance to which Yemen is a party, the request of confiscation related, in whole or in part, to a crime of money-laundering or terrorism-financing shall be submitted directly to the Committee or through diplomatic chancels.
- 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 article (34), item ( c ) of the Law, an official copy of the final judgment issued for confiscation, and additional information may be requested from the state requesting the legal assistance for the purpose of the execution of the judgment.
- 4-The Committee shall refer the requests for confiscation to the competent judicial authorities for consideration in accordance with the Law.
- 5-In no case the state requesting the confiscation shall be given such funds or their proceeds, unless a mutual agreement is signed with it on sharing such funds.

Article (47): The state requesting the confiscation shall have no right to refer the information or evidence that it was provided with to a third party in accordance with the above two articles or use them in investigations or any other kind of prosecutions and judicial proceedings other than those mentioned in the request.

Article (48): Non Yemenis convicted of any of the crimes set forth in the Law and the laws in force and the international conventions ratified by the Republic may be extradited, in accordance with the principle of reciprocity, and after securing the consent of the Prosecutor.

## **Chapter Eight Procedures of Investigation and Trial**

Article (49): The Prosecution shall assume the power to undertake the procedures of investigations and institute criminal proceedings before the court in crimes of money-laundering or terrorism-financing or related crimes as specified in the Law.

Article (50): Law enforcement officers and prosecutors shall have the right to use the power and authority prescribed in the Code of Criminal Procedures for the purpose of detecting, intercepting and tracking proceeds of crime.

Article (51): The Prosecution may request the competent court to take precautionary measures, including the seizure and freezing of the funds and property received for the crime of money-laundering or terrorism-financing, in accordance with the Code of Criminal Procedures.

## **Chapter Nine Final Provisions**

Article (52): The provisions herein shall apply to:

- 1-The financial institutions, non-financial institutions and designated occupations set forth in article (2) of the Law;
- 2-Branches of the foreign financial institutions, non-financial institutions and designated occupations in the Republic, whose head offices are abroad;

Article (53): The financial institutions, non-financial institutions and designated occupations, that are headquartered in the Republic and have subsidiaries abroad, shall make them comply with the measures and procedures for combating money-laundering and terrorism-financing stipulated in the Law and the rules set forth in these Regulations to the extent permitted by the domestic laws of the state in which these subsidiaries are located. In case different requirements for combating money-laundering and terrorism-financing between the Republic and the

host state, these subsidiaries must adhere to the most stringent requirements.

Also, the financial institutions, non-financial institutions and designated occupations must give particular attention to ensure that they comply with the provisions contained in the above item with regard to their subsidiaries operating in the states not applying the FATF Recommendations or not applying them efficiently.

Article (54): The financial institutions that have subsidiaries abroad shall inform the Unit when a subsidiary of them cannot execute appropriate procedures to combat money-laundering and terrorism-financing as a result of the ban on the laws, regulations or other measures in force in the host state.

Article (55): The regulatory and supervisory bodies shall have the right to impose appropriate penalties and gradually in case the financial institutions, non-financial institutions and designated occupations are in violation of the duties set forth in these Regulations, including warning, alert and non renewal of license. In case the financial institutions, non-financial institutions and designated occupations are in violation of their duties set forth in the Law, the violation shall be raised to the Prosecution to apply the penalties set out in article (43), item (a) of the Law identified by imprisonment for a term not exceeding one year or a fine of not less than one hundred thousand Riyals and not exceeding one million Riyals.

Article (56): The members of the Unit shall be as judicial officers when carrying out their duties.

Article (57): Financial or banking secrecy shall not be invoked in the face of the Unit or the authorities concerned with investigation or trial when they carry out their duties regarding the implementation of the provisions of the Law.

Article (58): The Committee shall have an independent budget, included within the general budget of the State.

Article (59): The Unit shall have an independent budget, included within the budget of the Central Bank.

Article (60): The Republican Resolution No. (89) for 2006 on the Regulations of the Anti-Money Laundering Act No. (35) for 2003.

Article (61): This resolution shall come into force from the date of issuance, and shall be promulgated in the Official Gazette.

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On    /    / 2010

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