

Law of Anti-Money Laundering and Combating **the Financing of Terrorism**

Chapter One
Definitions

Article (1): For the purpose of (In implementation of) this Law, the following phrases and words shall have the meanings hereby respectively assigned to them unless the context requires another meaning: (and unless the context otherwise requires, the following words and expressions shall have the corresponding meanings)

Term	Definition
Minister	Minister of National Economy.
Committee	National Committee for Combating Money Laundering and Terrorism Financing.
Unit	Financial Intelligence Unit at Royal Oman Police.
Competent Regulatory Entities	Ministry of Justice, Ministry of Commerce and Industry, Ministry of Housing, Ministry of Social Development, Central Bank of Oman, and Capital Market Authority.
Regulation	The Executive Regulation of Law of Anti-Money Laundering and Terrorism Financing.
Funds	Local currency, foreign currencies, financial and commercial instruments, any property or physical or juristic immovables of value, and all the rights vested therein, proving deeds and documents of all the above of whatever nature including the electronic and the digital.
Money Laundering Crime	Each of the acts set forth in Article (2) of this Law.
Terrorism, Terroristic Crime, Terroristic Organization	Each of them has the same meaning set forth in Article (1) of the Terrorism Combating Law promulgated by Royal Decree No. (8/2007).
Terrorism Financing Crime	Each of the acts set forth in Article (3) of this Law.
Person	Natural and juristic person.
Financial Institutions and Non-Financial Businesses and Professions	Each person licensed to practice banking, financial or commercial activities such as banks, exchange companies, investment companies, investment and credit funds, financing companies, insurance companies; companies and

	professionals who provide financial services; stock, securities and real estate brokers; traders of gold, precious metals and precious stones; the notaries public; the offices of lawyers and accountants upon their execution of transactions for their clients regarding purchasing and selling real estate, management of funds, other securities or any other assets owned by their clients; management of bank accounts, deposit accounts or securities accounts; organization of contribution, operation or management of juristic persons or legal arrangements for the establishment of these companies; purchasing and selling commercial or financial institutions; and facilities and other professions to be determined by decision of the Minister, upon the recommendation of the Committee.
Non-Profit Associations and Bodies	Each organized composed of several persons for the purpose of raising or spending funds for charitable, religious, cultural, social, educational purpose or any other purpose other than gaining financial profit.
Persons at Risk by Virtue of their Positions (Politically Exposed Person)	Persons who hold or have held senior public office in a foreign country such as the Heads of States or Governments; prominent politicians; judicial or military officers; high-ranking government officials; or prominent members in a political party including their intimates, family members until the third degree.
Original Crime (Predicate Offence)	Each act that violates the applicable laws in the Sultanate and enables its perpetrator to obtain the proceeds of a crime.
Proceeds of Crime	Funds and properties obtained from a crime whether directly or indirectly.
Means (Instrumentalities)	Tools and media of whatever kind used or intended to be used in any way in the perpetration of money laundering or terrorism financing crimes.
Transaction	Each purchase, sale, loan, extension of credit, mortgage, gift, transfer, movement, delivery, deposit, withdrawal, transfer between accounts, currency exchange; purchasing or selling of stocks, bonds, or certificates of deposit; rental of

	safes; or any other disposition of funds.
Transaction Log	The register in which are recorded the data of the documents and official papers relating to the identity of the transaction-relevant persons, their domiciles and details of any account used in the transaction and the total value thereof.
Freezing	Temporary ban on (prohibition of) the transfer, conversion, replacement or disposal of funds pursuant to an order from (of) a competent judiciary authority.
Actual Beneficiary	The person who owns or fully controls funds or on whose behalf the transactions are conducted. This shall include the persons who practice a comprehensive efficient control on a juristic person.
Client (Customer)	The person who has an ongoing relationship with the financial institution and (or) the non-financial businesses and professions, and non-profit associations and bodies.
Confiscation	Permanent expropriation and deprivation of funds belonging to the crime of money laundering or terrorism financing or the means used in either of them pursuant to a final ruling issued by a court of competent jurisdiction.
Financial Instruments Negotiable for their Holder (Bearer Negotiable Instruments)	Monetary instruments such as checks, promissory notes, payment orders to the holder or endorsed unconditionally to him, or issued to a formal beneficiary, or in a form that allows the transfer of the right therein upon delivery, signed payment orders, and shares for their holder.

Chapter Two

Crimes of Money Laundering and Terrorism Financing

Article (2): Any person shall be guilty of the crime of money laundering if he intentionally, carries out any of the following acts:

- 1) Exchange, transfer, or move funds; carry out any transactions by the proceeds of the crime while being consciously aware they are obtained directly or indirectly from a crime, or any other act that constitutes a participation in a crime in order to whitewash or conceal the nature and source of these proceeds, help any accomplice(s) in a crime, hinder the exposure of a person who has committed the crime from which the proceeds have been obtained, or help a person escape the legal penalty fixed for his acts.
- 2) Whitewash or conceal the nature, source, location, movement and ownership of the proceeds of the crime and the related or resulting rights while being consciously aware that they are obtained directly or indirectly from a crime, or any other act that constitutes a participation in a crime.
- 3) Acquiring, owning, receiving, managing, investing, guaranteeing, or using the proceeds of the crime, holding or keeping the same while being consciously aware that they are obtained directly or indirectly from a crime, or any other act that constitutes a participation in a crime.

Article (3): Any person who collects or provides funds directly or indirectly and by any means while being consciously aware that they will be used wholly or in part in financing any of the following shall be considered as a perpetrator of terrorism financing crime:

- 1) Terrorism, terroristic crime or terroristic organization.
- 2) Perpetration of an act that constitutes a crime under the conventions or treaties related to combating terrorism and to which the Sultanate is a party and whether this crime takes place inside or outside the Sultanate.

The crimes covered in this article shall not include the cases that involve struggle, by whatever means, against foreign occupation, aggression for liberation and self-determination in accordance with the principles of international law.

Article (4): Any person shall be guilty of a crime related to money laundering or terrorism financing if he has information or

suspicious owing to his profession, activity, employment, businesses or any other means relating to:

- 3) Any money laundering or terrorism financing crime **but has not informed** the competent authorities thereof.
- 4) **Taking any measure** of inquiry or intelligence in one of money laundering or terrorism financing crimes but has disclosed them in a way it would prejudice the interests of that inquiry or intelligence.

Article (5): Any person who has initiated, participated, instigated, assisted, or agreed to commit money laundering or terrorism financing crime shall be considered as an original perpetrator. The financial institutions, the non-financial businesses, professions and associations and non-profit bodies shall be liable for that crime if committed in their name or on their behalf.

Chapter Three Financial Intelligence Unit

Article (6): **Royal Oman Police shall establish** an independent unit called 'Financial Intelligence Unit' under the supervision of the Assistant Inspector General of Police and Customs. The Inspector General of Police and Customs shall issue a resolution regarding the nomination of its director, work mechanism, and its financial and administrative system. A sufficient number of officers and staff shall be annexed to it and the Ministry of Finance shall provide the funds necessary for its work.

Article (7): The Unit shall receive the reports and information from financial institutions, non-financial businesses and professions, non-profit associations and bodies and other competent entities regarding the transactions suspected to involve the proceeds of any crime or to be related to terrorism, terroristic crime, or terroristic organization or money laundering, terrorism financing and the attempts to execute these transactions.

The Unit shall establish a database of all available reports and information and develop enough means to make them available to the judicial authorities as well as the exchange of such information and coordination with the competent entities in the Sultanate, foreign countries and international organizations

in accordance with the provisions of international or bilateral conventions and agreements to which the Sultanate is a party, or in application of reciprocity principle provided that the information is used for the purposes of combating money laundering and terrorism financing.

The Unit shall develop an annual report on its activities in the fields of combating money laundering and terrorism financing crimes. This report shall include its work on the received reports, and its proposals regarding the activation of combating systems and mechanisms. The Minister shall submit that report to the Council of Ministers upon the recommendation of the Committee.

Article (8): The Unit shall conduct analytic and investigative work regarding the reports and information it receives with respect to the transactions referred to in the previous article. In order to do that, the Unit shall have the right to demand and review any necessary information, data or documents from financial institutions, non-financial businesses and professions, non-profit association and bodies, and the competent entities.

The Unit shall notify Public Prosecution of the outcome of the analysis and intelligence when the evidence of the commission of any of the crimes of money laundering and terrorism financing, or any other crime is established.

The Unit may request Public Prosecution to take precautionary measures regarding the crimes referred to in this Law pursuant to the provisions prescribed in the Penal Procedure Code.

Article (9): In case of suspicion of any crime stipulated in this Law, the Unit may request a stay of execution of the related transaction for a term not exceeding (48) forty-eight hours. Upon the request of the Unit, Public Prosecution may order the extension of this period for a term not exceeding (10) ten days if there is evidence suggesting that the transaction is suspicious of violating the provisions of this Law.

Article (10): The Unit shall provide the financial institutions, non-financial businesses and professions, non-profit associations and bodies and competent regulatory entities with the results of the analysis and intelligence regarding the reports received in accordance with the rules and procedures set by the regulation.

Article (11): In the course of conducting its work, the Unit may issue the instructions and guidelines necessary for the financial institution, non-financial businesses and professions, and non-profit associations and bodies in the field of combating money laundering and terrorism financing.

Chapter Four
Obligations of Financial Institutions, Non-Financial Businesses and Professions, Non-Profit Associations and Bodies and Competent Regulatory Entities

Article (12): Financial institutions, non-financial businesses and professions, and non-profit associations and bodies undertake to:

- 1) Verify they are dealing with other counterparts that have a physical presence in the countries in which they are registered and that are subject to regulation in these countries.
- 2) Exert due diligence to identify, verify, and update the identity of actual clients and beneficiaries in accordance with the conditions and controls specified in the regulation.
- 3) Avoid opening of anonymous accounts or accounts in pseudonyms, fake names, or secret numbers or codes or to provide services to them.
- 4) Monitor clients' transactions on an ongoing basis and verify of the sources of their funds to ensure they match the information available on their identity, nature of their activities and the degree of risk.
- 5) Classify their clients and services according to the degree of risk of money laundering and terrorism financing. They shall exert special care in dealing with persons who are exposed to risk owing to their positions and the other cases that represent high degree of risk in accordance with the cases and controls specified in the regulation.
- 6) Retain records, documents, information and data relating to the identity of actual clients and beneficiaries and their activities and transaction log in a way which facilitates the retrieval thereof upon request in accordance with the provisions of this Law and for a period of (10) ten years commencing from the date of conducting or initiating the transaction or closing the account or end of work relationship, whichever is later. Upon request, they shall provide these records and documents to the judicial authorities that may keep authenticated copies of these

records and documents for the said period. These copies shall have the same legal proving effect as the originals. The regulation shows the records, documents, information and data that must be retained.

- 7) Verify the compliance of their branches abroad with the procedures of combating money laundering and terrorism financing.
- 8) Provide the Unit directly with the information, data and documents it may require to conduct its functions.
- 9) Develop the sufficient systems for the application of the provisions of this Law provided that these systems include internal policies, procedures, control systems, compliance, training and appointment of compliance officers at these institutions in accordance with regulations, standards and rules established by regulatory entities.

Article (13): Financial institutions engaged in wire transfers shall ensure the client's identity verification statement as indicated in the regulation. The financial institutions receiving the wire transfer shall refuse to receive it unless it contains a statement of identity verification. The provision of this Article shall not apply to the following:

- 1) Transfers conducted as a result of credit card and ATM card transactions provided that the number of credit card or ATM card is attached to the transfer resulting from the transaction.
- 2) Transfers conducted among financial institutions when the source and beneficiary are financial institutions working for their own interests.

Article (14): In exception from the provisions relating to the confidentiality of banking transactions and professional confidentiality, the financial institutions, non-financial businesses and professions, and non-profit associations and bodies undertake to notify the Unit regarding the transactions as soon as they are suspected of being related to the proceeds of crime proceeds, terrorism, terroristic crime or terroristic organization or involving money laundering or terrorism financing crimes, whether such transactions have or have not been conducted or at the time it is attempted to be conducted in accordance with controls and procedures specified in the regulation.

Article (15): It is forbidden to disclose - directly or indirectly or by any means whatsoever- to the client, the beneficiary or other than competent entities and bodies to apply the provisions of this Law any of the procedures for reporting, analysis, or inquiry taken with respect to financial and non-financial transactions suspected of money laundering or terrorism financing.

Article (16): No person shall be criminally liable who -in good faith- reports any suspicious transactions under the provisions of this Law, or provides information or data in violation of the rules imposed to ensure their confidentiality, and there shall be no civil or administrative liability when such suspicion is based on acceptable reasons.

Article (17): In their respective fields, competent regulatory entities shall circulate the standard list issued by the UN Security Council regarding freezing the funds of the persons and entities included in this list to financial institutions, non-financial businesses and professions, and non-profit associations and bodies, which undertake to immediately inform Public Prosecution of any available information they may have in this regard, so as to take freezing procedures of the same in accordance with the controls and procedures specified in the regulation.

Article (18): Competent regulatory entities shall:

- 1) Verify the compliance of all financial institutions, non-financial businesses and professions, and non-profit associations and bodies under their supervision or control with the obligations stipulated under the provisions of this Law.
- 2) Develop the necessary measures to determine the criteria governing the ownership, management and operation of the financial institutions, non-financial businesses and professions, and non-profit associations and bodies.
- 3) Issue instructions, guidelines, and recommendations to assist financial institutions, non-financial businesses and professions, and non-profit associations and bodies to implement the provisions of this Law.
- 4) Cooperate and coordinate effectively with other competent local authorities to assist in conducting intelligences and in all stages of intelligences and trial related to combating money laundering and terrorism financing.

- 5) Coordinate with the Unit to verify the compliance of the financial institutions, non-financial businesses and professions, and non-profit associations and bodies, with the regulations and rules prescribed by the law to combat money laundering and terrorism financing, including reporting of transactions suspected to involve money laundering or terrorism financing.

Article (19): Competent regulatory entities shall inform the Unit of the information it may receive on money laundering and terrorism financing crimes and the actions they may take in this regard and the results thereof. These entities shall provide the Unit with all the necessary data, information and statistics needed to conduct its functions.

Chapter Five Intelligence Procedures

Article (20): Public Prosecution may take all necessary precautionary measures, including the seizure and freezing of funds the subject of money laundering and terrorism financing crimes their proceeds, and any evidence which may make it possible to identify those funds and proceeds. This decision may be appealed before the Criminal Court held *in camera*.

The competent court may order freezing until a ruling is issued in the subject of the related lawsuit.

Article (21): Without prejudice to the provisions of Article (4) of the Penal Code, Public Prosecution may investigate money laundering funds independently from the original crime.

Article (22): Upon the request of the competent authority of another country with which the Sultanate has signed agreements or in accordance with reciprocity principle, Public Prosecution may order the tracking, seizing or freezing of funds, proceeds and instrumentalities involved in money laundering and terrorism financing crimes.

Chapter Six

National Committee on Combating Money Laundering and Terrorism Financing

Article (23): A Committee shall be formed under the supervision of the Minister, which shall be headed by the Executive President of the Central Bank of Oman (CBO), and the membership of:

- 1) Public Prosecutor
- 2) The Deputy Inspector General of Police and Customs
- 3) Undersecretary of Ministry of Justice.
- 4) Undersecretary of the Ministry of National Economy for Economic Affairs.
- 5) Undersecretary of the Ministry of Commerce and Industry for Commerce and Industry
- 6) Undersecretary of the Ministry of Housing
- 7) Undersecretary of the Ministry of Social Development
- 8) The Executive President of the Capital Market Authority
- 9) Secretary General of Taxation
- 10) Director of the Financial Intelligence Unit

In order to conduct its functions, the Committee may use whomever it deems appropriate from among the experts.

Article (24): The Committee shall be competent to:

- 1) Develop general policy and issue guidelines regarding the prohibition and combating money laundering and terrorism financing crimes in coordination with the Unit and regulatory entities.
- 2) Review the international treaties and conventions on combating money laundering and terrorism financing and issue recommendations thereon to the Minister.
- 3) Follow up global and regional developments in the field of combating money laundering and terrorism financing, submit recommendations on the development of general policies and guidelines and suggest appropriate amendments to this Law.
- 4) Develop programs for the qualification and training of cadres working in the field of combating money laundering and terrorism financing crimes.
- 5) Promote awareness among the financial institutions, non-financial businesses and professions, and non-profit

- associations and bodies on the risks of money laundering and terrorism financing.
- 6) Coordinate with the National Committee on Combating Terrorism regarding the implementation of the resolutions of Security Council on the standard lists for freezing the funds of determined persons and entities.
 - 7) Propose to add any other activities to the financial institutions, non-financial businesses and professions, and non-profit associations and bodies.
 - 8) Determine the cases, conditions, and amount of the financial remuneration paid to officers of combating money laundering and terrorism financing crimes, and those who report on these crimes.
 - 9) Set the budget for practicing its functions, and this shall be allocated by the Ministry of Finance.
 - 10) Develop the organizational structure of the Committee.

Article (25): The Minister shall issue a decision to:

- 1) Identify the Committee's work system, dates and venue of its meetings, and the rules and procedures necessary for exercising its functions.
- 2) Form a technical committee chaired by a representative of the Ministry of National Economy and the membership of the Director of the Financial Intelligence Unit, Royal Oman Police, and representatives at the level of director-general from other entities represented in the Committee for establishing its prerogatives and its mechanism of action.
- 3) Form the Secretariat of the Committee for establishing its functions and duties. Staffing of this Secretariat shall not abide by the rules of Civil Service Law.

Chapter Seven Penalties

Article (26): Without prejudice to any severer penalty stipulated in the Penal Code or any other law, the crimes set forth in the following articles shall be punished by the penalties provided therein.

Article (27): The penalty of imprisonment for a term of not less than (3) three years and not more than (10) ten years and a fine of not less than (5000) five thousand Rials and not more than the equivalent amount of money the subject of money laundering crime shall be applied to any person who commits or attempts to commit money laundering crime.

Article (28): The penalty of imprisonment for a term of not more than (3) three years and a fine of not more than (3000) three thousand Rials or either of them shall be applied to any person who commits the crime stipulated in Article (4) of this Law.

Article (29): The penalty of imprisonment for a term of not less than one year and a fine not exceeding (10.000) ten thousand Rials or either of them shall be applied to any person who violates the provisions of Article (15) of this Law.

Article (30): The penalties stipulated in articles (27-28-29) of this Law shall be doubled in the following cases:

- 1) If the crime has been committed in conjunction with one or more persons.
- 2) If the offender commits the crime through an organized criminal gang.
- 3) If the crime has been committed as a part of / combined with other criminal activities.
- 4) If the offender has committed the crime taking advantage of his powers or influence through a financial institution or the like, or taking advantage of the facilities vested in him by his office or his professional or social activity.
- 5) If the offender is an accomplice in the original crime from which the money the subject of money laundering crime has been obtained, whether being a perpetrator or an accomplice.

Article (31): The penalty of imprisonment for a term of not less than (10) ten years and a fine of not less than (10.000) ten thousand Rials and not more than the equivalent amount of money the subject of terrorism financing crime shall be applied to any person who commits the crime of terrorism financing, or initiates or participates in its perpetration.

Article (32): The penalty of imprisonment for a term of not less than (3) three months and not more than (2) two years and a fine of not less than (1.000) one thousand Rials and not more than (10.000) ten thousand Rials, or either of them, shall be applied to any of the chairmen and directors of the boards of financial institutions, non-financial businesses and professions, and non-profit associations and bodies, their owners, authorized representatives, employees or the employees who act under these capacities who violates any of the obligations set forth in any of the articles of Chapter Four of this Law.

Article (33): A fine of not less than (10.000) ten thousand Rials and not more than the equivalent amount of money the subject of money laundering or terrorism financing crime shall be applied to the financial institutions, non-financial businesses and professions, and non-profit associations and bodies whose liability is established in accordance with the provisions of Article (5) of this Law. In its ruling of conviction the court shall order the convicted to publish the decision through the written press at the expense of the juristic person. The court may revoke the license of the juristic person, stop its activities for a period not exceeding one year, bar it from practicing the activity, close the institution permanently or for a specified period, place a permanent or temporary ban on practicing any professional or social activity during or because of which the crime had been committed either directly or indirectly, put under judicial supervision for a specific period, prohibit the trading of securities in financial markets, either permanently or for a specific period, or prohibit the issuance of checks or using its own ATM cards for a specific period.

Article (34): The penalty of imprisonment for a term of not more than (6) six months and a fine not exceeding (5.000) five thousand Rials or either penalty shall be applied to any person who violates the provisions of Article (40) of this Law. The court

may confiscate the juristic person, revoke its license, suspend its activity for not more than one year, deprive it from practicing the activity again, close the institution permanently or temporarily, or ban it from practicing any other activity if the violation has been committed in its name or favor.

Article (35): In case of conviction with money laundering or terrorism financing crime or attempted perpetration thereof, the court shall issue a ruling for the confiscation of:

- 1) Funds and properties subject of money laundering or terrorism financing crime and the means employed, income and other revenues derived from it that accrue to any person unless he proves that he has obtained the same legitimately and that he has been unaware it was the source of money laundering or terrorism financing crime.
- 2) Proceeds of the crime belonging to a person convicted with money laundering or terrorism financing crime or to his spouse, children, or any other person, unless the parties concerned establish they have acquired them from a legitimate source.
- 3) Funds and properties that have become a part of the assets of the perpetrator of money laundering or terrorism financing crime, wherever found, unless the parties concerned establish they have acquired them from a legitimate source.

When the funds subject of money laundering or terrorism financing crime are mixed with the funds that have been obtained from legitimate sources, the ruling of forfeiture shall apply only to the funds subject of money laundering or terrorism financing crime.

Article (36): Money laundering and terrorism financing crimes shall be excluded from the provisions related to the extinguishment of the public lawsuit. In all cases, the court shall order the forfeiture of funds subject of money laundering and terrorism financing crimes or impose an additional fine equivalent to the value in the case they cannot be seized or in the case of disposing of the same to others in good faith.

Article (37): Without prejudice to others' rights, each contract or conduct whose parties or one of them have been aware or have had reason to believe that the purpose of the same is to prevent

the forfeiture of instrumentalities, revenues, or proceeds relating to money laundering or terrorism financing crimes shall be null and void.

Article (38): Any of the perpetrators who inform the authorities on the crime and the persons involved before any prior knowledge of these authorities of the same shall be exempted from the penalties stipulated in this Law. If the report takes place after the authorities have been aware of the crime and leads to the forfeiture of the instrumentalities, proceeds and revenues related to the crime or the arrest of any of the perpetrators, the court shall suspend the implementation of the imprisonment sentence.

Article (39): Public Prosecution may authorize the sale of confiscated properties, proceeds or means and deposit the proceeds of this sale in the public treasury, all in accordance with the procedures prescribed by law.

Chapter Eight Final Provisions

Article (40): It shall be allowed to bring financial instruments, cash negotiable for their holder, valuable metals and precious stones into the Sultanate provided that they are declared to the customs authority if they reach the amount of (6.000) six thousand Rials or more or its equivalent in other currencies according to the form prepared by the Committee for that purpose and as specified in the regulation.

Article (41): The customs authority shall keep the declaration stipulated in the previous article for a period of not less than (5) five years. The Unit may access and use the same when necessary.

Article (42): In case of suspicion of violating the provisions of this Law the customs authority may hold the movement of cash, financial negotiable instruments, valuable metals and precious stones and seize the same for a period not exceeding (7) seven days, and notify the Unit immediately of the same. Upon the request of the Unit the Public Prosecution may extend the seizure for similar periods.

Article (43): The Sultanate adopts the principle of international cooperation in combating money laundering and terrorism financing crimes in accordance with the laws of the Sultanate, the provisions of international conventions, bilateral agreements entered into or drawn by the Sultanate or application of reciprocity principle in the areas of legal assistance and joint international judicial cooperation.