

Anti-Money Laundering Law

Article 1

The following terms and phrases – wherever mentioned in this Law – shall have the meanings assigned thereto unless the context requires otherwise.

1- Money Laundering: Committing or attempting to commit any act with the intention to conceal or disguise the true origins of funds acquired by means contrary to *Sharia* or law in order to make such funds appear as if they were from a legitimate source.

2- Funds: Assets or properties of any value or type, whether material or immaterial, tangible or intangible, movable or immovable, along with documents, deeds and instruments of any form, including electronic or digital systems and bank credits that indicate ownership or interest therein, including, for example, all types of checks, transfer, stocks, securities, bonds, promissory notes and letters of credit.

3- Proceeds: Any funds directly or indirectly obtained or acquired by committing a crime punishable pursuant to the provisions of *Sharia* or this Law, if such funds are transferred or converted wholly or partially into assets, properties or investment returns.

4- Means: Anything used or prepared for use in any form for committing a crime punishable pursuant to the provisions of *Sharia* or this Law.

5- Financial Institutions: Any institution in the Kingdom engaging in one or more banking activities, money transfer, currency exchange,

investment, securities, insurance and financing. The Implementing Regulations of this Law shall specify the financial activities to be engaged in by said institutions.

6- Designated Non-Financial Businesses and Professions: Any institution in the Kingdom engaging in one or more commercial or professional activities. The Implementing Regulations of this Law shall specify the types of designated non-financial businesses and professions engaged in in the Kingdom.

7- Non-Profit Organizations: Any legal entity that collects, receives, or expends funds for charitable, religious, cultural, educational, social or cooperative purposes or for any other charitable work.

8- Transaction: Any action involving funds, properties or proceeds in cash or in-kind including, for example, deposit, withdrawal, transfer, sale, purchase, lending, exchange or use of safe deposit boxes and the like, as specified by the Implementing Regulations of this Law.

9- Criminal Activity and Original Crime: Any activity constituting a crime punishable by *Sharia* or law.

10- Provisional Seizure: Temporary ban on transport, transfer, exchange, disposal, or movement of funds and proceeds, or temporary possession or seizure thereof, pursuant to an order issued by a competent court or authority.

11- Confiscation: Permanent dispossession and deprivation of funds, proceeds or means used in a crime, pursuant to a judicial ruling issued by a competent court.

12- Monitoring Agency: A government agency in charge of granting licenses to financial institutions, designated non-financial businesses and professions and non-profit organizations as well as monitoring or supervising such institutions.

13- Competent Authority: All administrative authorities, law-enforcing agencies and monitoring agencies related to combating money laundering.

14- Corporate Person: Commercial bodies, establishments, entities, companies, societies or any other similar body capable of establishing a permanent business relationship or holding assets.

Article 2

A person committing any of the following acts shall be deemed a money launderer:

- 1- Carry out any transaction involving funds or proceeds, knowing that they are derived from a criminal activity or an unlawful or illegitimate source;
- 2- Transport, acquire, use, keep, receive, or transfer funds or proceeds, knowing that they are derived from a criminal activity or an unlawful or illegitimate source;
- 3- Conceal or disguise the nature of funds or proceeds or their source, movement, ownership, place, or manner of disposal, knowing that they are derived from a criminal activity or an unlawful or illegitimate source;

- 4- Complicity by means of agreement, assistance, incitement, counsel, advice, facilitation, collusion, or cover-up or the attempt to commit any of the acts provided for in this Article.

The Implementing Regulations shall specify criminal activities as well as unlawful and illegitimate sources where the use of funds derived from such activities or sources constitutes a money laundering crime in accordance with the provisions of this Article.

Article 3

A person or entity shall be deemed a money launderer if the person or entity carries out or participates in any of the acts provided for in Article 2 of this Law, including financial institutions, designated non-financial businesses and professions as well as non-profit organizations, chairmen and members of boards of directors, owners, employees, authorized representatives, auditors or hired hands of said entities who act under these capacities, without prejudice to the criminal liability of such entities if the crime is committed in their names or on their behalf.

Article 4

A money laundering crime shall be deemed a crime separate from the original crime, and any penalty enforced against the perpetrator of the original crime shall not preclude punishment for a money laundering crime committed within the Kingdom or abroad, if such act is deemed a crime according to the law of the state where the crime was committed and the law of the Kingdom.

Article 5

Financial institutions, designated non-financial businesses and professions as well as non-profit organizations shall not carry out any financial or commercial transactions or other activities under an anonymous or fictitious name, nor shall they open or deal with digital accounts. The identities of clients shall be constantly verified according to official documents upon initiating transaction or upon concluding commercial deals with such clients, whether directly or on their behalf. These institutions shall verify the official documents of corporate entities, showing the name and address of the institution as well as the names of its proprietors and managers authorized to sign on their behalf, and shall continuously take the necessary due diligence measures, as specified by the Implementing Regulations of this Law.

Article 6

Financial institutions, designated non-financial businesses and professions, and non-profit organizations shall keep all records and documents for a period not less than ten years from the date of concluding the transaction or closure of account, for the purpose of indicating domestic or foreign financial dealings as well as commercial and monetary transactions. They shall also keep account files, commercial correspondences and photocopies of personal identification documents.

Article 7

Competent monitoring agencies shall issue directives, rules, guidelines or any other instruments to entities under their supervision in

implementation of the provisions of this Law. Said agencies shall ensure the compliance of said entities with anti-money laundering requirements. Financial institutions, designated non-financial businesses and professions, and non-profit organizations shall set precautionary measures and internal monitoring to detect and abort any of the crimes specified in this Law and shall comply with the directives issued by the monitoring agencies in this regard.

Article 8

Financial institutions, designated non-financial businesses and professions, and non-profit organizations shall give due diligence to complex and unusually large transactions and all types of unusual transactions that have no clear economic or legal objective, examine the circumstances and purpose of such transactions to the extent possible and keep records of the findings for a period of ten years and make them available to competent authorities upon request.

Article 9

- 1- If financial institutions, designated non-financial businesses and professions, and non-profit organizations suspect or have reasonable grounds to suspect that funds or parts thereof are proceeds of a criminal activity or they are related to transactions of money laundering, financing of terrorism, acts of terrorism, terrorist organizations, terrorist financiers, or if such funds, regardless of their amounts, would be used in transactions of money laundering, financing of terrorism, acts of terrorism,

terrorist organizations, terrorist financiers, including attempts to engage in such transactions, they shall take the following measures:

- a- Report said transaction to the Financial Intelligence Unit immediately;
- b- Provide the Financial Intelligence Unit with a detailed report including all available data and information on said transaction and the parties involved therein.

2- The Financial Intelligence Unit shall take necessary legal measures upon verifying that the suspected transaction involves any of the crimes related to financing of terrorism, acts of terrorism, terrorist organizations, terrorist financiers, punishable in accordance with the provisions related to crimes of terrorism and financing thereof.

Article 10

As an exception to provisions relating to confidentiality, financial institutions, designated non-financial businesses and professions, and non-profit organizations shall submit documents, records and information to the Financial Intelligence Unit, the competent investigation authority or the judicial authorities upon request by the monitoring agency.

Article 11

Financial institutions, designated non-financial businesses and professions, and non-profit organizations as well as their staff and others bound by the provisions of this Law shall not alert clients or allow them to be alerted of any suspicions regarding their activities.

Article 12

Financial institutions, designated non-financial businesses and professions, and non-profit organizations shall set up programs for combating money laundering transactions, provided that said programs include the following as a minimum:

- 1- Set internal policies, measures and controls for combating money laundering and inform staff thereof, including due diligence measures, record keeping, detection of unusual and suspicious transactions and reporting suspicious transactions;
- 2- Avail the compliance department with adequate resources and appoint a compliance officer in charge of meeting anti-money laundering standards at the execution level. Said officer shall work independently and may communicate with senior management and have timely access to clients' identification data, due diligence information and other relevant transaction records;
- 3- Establish an independent audit unit with adequate resources for verifying compliance with said measures, policies, and controls in accordance with the risk-based approach;
- 4- Set ongoing training programs for relevant employees to acquaint them with laws, directives and updates in the area of combating money laundering in a way that enhance their abilities to identify such transactions, their patterns as well as methods of dealing with them;
- 5- Apply measures to ensure competency of staff upon appointment.

Article 13

The Financial Intelligence Unit at the Ministry of Interior shall enjoy adequate practical independence and shall act as a national central agency to receive, analyze and publish reports, and direct and channel notifications on suspicious transactions and other information related to money laundering activities. The Implementing Regulations of this Law shall specify the location, formation, powers and affiliation of said unit as well as manner of carrying out its duties.

Article 14

If reasonable suspicion of a money laundering crime is established, the competent investigation authority may, of its own accord or upon request by the Financial Intelligence Unit, order enforcement of provisional seizure of the funds, properties and means associated with the crime of money laundering for a period or periods not exceeding thirty days. Should there be a need for the seizure to be extended for a longer period, this shall be pursuant to a judicial order by the competent court, without prejudice to the rights of bona fide third parties.

Article 15

Information disclosed by financial institutions, designated non-financial businesses and professions, and non-profit organizations, according to the provisions of Article 10 of this Law, may be exchanged between such institutions and the competent authorities where such information relates to a violation of the provisions of this Law. The competent authorities shall keep such information confidential and not disclose it, except as

necessary for use in investigations or suits relating to a violation of the provisions of this Law.

Article 16

The Implementing Regulations of this Law shall set rules and procedures for declaration of cash amounts, bearer negotiable instruments as well as precious metals and stones entering or exiting the Kingdom, and shall determine the amounts and weights that must be declared.

Article 17

If a judgment is rendered to confiscate funds, proceeds or means used or intended to be used, pursuant to the provisions of this Law, and they are not required to be destroyed, the competent authority may dispose of the same according to the law or share them with countries that are parties to valid agreements or treaties with the Kingdom.

Article 18

Without prejudice to the rights of bona fide third parties, a person committing a crime of money laundering, provided for in Article 2 of this Law, shall be punished by a term of imprisonment not exceeding ten years and a fine not exceeding five million riyals or by either penalty, together with the confiscation of funds, proceeds and means subject of the crime. In case the funds and proceeds are commingled with funds acquired from legitimate sources, said funds shall be subject to confiscation within the limits equivalent to the estimated value of the illegitimate proceeds.

The competent court may invalidate or prohibit certain acts, whether contractual or otherwise, if one or more of the parties know or is ought to know that such acts could influence the ability of the competent authorities to recover the property subject to confiscation.

The competent court may exempt from such penalties the owner, possessor or user of funds or proceeds subject of the criminal violation if he notifies the authorities prior to their knowledge of the sources of said funds or proceeds and the identity of the parties involved, without him benefiting from their proceeds.

Article 19

A person committing a money laundering crime shall be punished by a term of imprisonment not exceeding fifteen years and a fine not exceeding seven million riyals, if he:

- 1- commits the crime through an organized crime syndicate;
- 2- uses violence or weapons;
- 3- occupies a public office and the crime is connected thereto or if he exploits his powers in committing the crime;
- 4- deceives and exploits women or minors;
- 5- commits the crime through a correctional, charitable, or educational institution or in a social service facility; or
- 6- has prior convictions pursuant to domestic or foreign judgments, especially in similar crimes.

Article 20

Without prejudice to other laws, any of the chairmen of the boards of directors or board members, owners, managers, employees, authorized representatives, and hired hands who act under such capacities, of financial institutions, designated non-financial businesses and professions, and non-profit organizations, shall be punished by a term of imprisonment not exceeding two years and a fine not exceeding five hundred thousand riyals or by either penalty, if they violate any of the obligations stipulated in Articles 5, 6, 7, 8, 9, 10, 11 and 12 of this Law. The penalty shall apply to any person engaging in said activities without obtaining the required license.

Article 21

Based on a judgment and upon referral by the competent authority, financial institutions, designated non-financial businesses and professions, and non-profit organizations shall be subject to a fine not less than one hundred thousand riyals and not exceeding the value of the funds, subject of the crime, if their liability is established according to the provisions of Article 3 of this Law.

Article 22

Upon commission of any of the criminal acts set forth in Article 2 of this Law, the following shall apply:

- 1- A Saudi national who has served his term of imprisonment shall be barred from travelling outside the Kingdom for a period equal to the term of imprisonment served. Such period shall not be less than

two years. The Minister of Interior, or his designee, may grant said person permission to travel during such period when necessary.

- 2- A non-Saudi shall be deported from the Kingdom upon execution of the penalty imposed against him. He may not return to the Kingdom save as permitted by *Hajj* and *Umra* directives.

Article 23

Except for the penalties set forth in this Law, a person violating its provisions shall be punished by a term of imprisonment not exceeding six months and a fine not exceeding one hundred thousand riyals, or by either penalty.

Article 24

Penalties stipulated in this Law shall not apply against persons violating its provisions in good faith.

Article 25

The competent authorities may exchange information disclosed by financial institutions, designated non-financial businesses and professions, and non-profit organizations with their foreign counterparts in other countries which are signatories with the Kingdom to valid agreements, treaties or memorandums of understanding, or on the basis of reciprocity, pursuant to applicable statutory procedures, without prejudice to the provisions and customs related to confidentiality of information.

Article 26

Upon the request of a competent court or authority in another country which is a signatory with the Kingdom to a valid agreement or treaty or

on the basis of reciprocity, the judicial authority may order seizure of funds, proceeds or means associated with the money laundering crime, according to laws in force in the Kingdom.

Upon the request of a competent authority in another country which is a signatory with the Kingdom to a valid agreement or treaty or on the basis of reciprocity, the competent authority may order tracking of funds, proceeds or means associated with a money laundering crime, according to laws applicable in the Kingdom.

Article 27

A final judgment providing for the confiscation of funds, proceeds or means related to a money laundering crime, issued by a competent court in another country which is a signatory to a valid agreement or treaty with the Kingdom or on the basis of reciprocity, may be acknowledged and enforced if the funds, proceeds or means subject of the judgment can be confiscated, according to laws applicable in the Kingdom.

Article 28

Relevant authorities and their employees, financial institutions, designated non-financial businesses and professions, and non-profit organizations as well as the chairmen and members of their boards of directors, owners, employees, hired hands or authorized representatives shall be exempted from criminal, civil or administrative liability that may result from the implementation of the duties provided for in this Law or upon infringement of any restriction imposed to ensure confidentiality of

information, unless it is established that their actions were carried out in bad faith for the purpose of harming the person subject of the transaction.

Article 29

The competent court shall have jurisdiction to decide on all crimes provided for in this Law.

Article 30

The Bureau of Investigation and Public Prosecution shall investigate and prosecute crimes stipulated in this Law before the competent court.

Article 31

The Minister of Interior, upon agreement with the Minister of Finance, shall issue the Implementing Regulations of this Law within ninety days from the date of its issuance.

Article 32

- 1- This Law shall supersede the Anti-Money Laundering Law, issued by Royal Decree No. M/39, dated 25/6/1424H;
- 2- This Law shall come into force sixty days from the date of its publication in the Official Gazette.