

Guidance on the effective implementation of Targeted Financial Sanctions related to Terrorism, Terrorism Financing and Financing of Proliferation of Weapons of Mass Destruction

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GLOSSARY OF TERMS

AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
AML/CFT Law	State of Qatar Law No. (20) of 2019 on Combating Money Laundering and Terrorism Financing
Competent Authority	An AML/CFT Regulator in the State of Qatar or the Qatar Financial Centre
DNFBP	Designated Non-Financial Businesses and Professions
FIRM	A Financial Institution or a DNFBP operating in the Qatar Financial Centre
Guidelines	Decision of the Public Prosecutor No. (59) of 2020 Promulgating Guidelines to the Effective Implementation of the Targeted Financial Sanctions Regime in the State of Qatar
MLRO	Money Laundering Reporting Officer
NAMLC	Qatar National Anti-Money Laundering and Terrorism Financing Committee
NCTC	Qatar National Counter Terrorism Committee
PPSC	Policies, Procedures, Systems and Controls
QCB	Qatar Central Bank
QFC	Qatar Financial Centre
QFCRA	Qatar Financial Centre Regulatory Authority
QFIU	Qatar Financial Information Unit
QFMA	Qatar Financial Markets Authority
Regulatory Authority	Qatar Financial Centre Regulatory Authority
TFS	Targeted Financial Sanctions
UNSC	United Nations Sanctions Committee

OVERVIEW

Purpose

1. The purpose of this paper is to provide guidance to firms on appropriate Policies, Procedures, Systems and Controls (PPSC) to screen their customers and their transactions against Targeted Financial Sanctions (TFS).

Background

2. TFS have been imposed by countries and international bodies to target entities and individuals including foreign countries and government officials, terrorists, and those involved with the proliferation of weapons of mass destruction.¹
3. QFC Firms must comply with TFS in relation to UN designated individuals and entities and State of Qatar designated individuals and entities. This includes the following broad requirements:
 - Not enter into financial transactions or provide financial assistance or services in relation to: (i) designated individuals or entities; or (ii) proliferation and nuclear, or other sanctioned activities;
 - Immediately freeze funds, other financial assets or economic resources of designated individuals and entities; and
 - Inform the relevant Regulatory Authority and the NCTC of any fact or information relating to the funds, other financial assets or economic resources owned or controlled, directly or indirectly, by a designated individual or entity.

Regulatory Framework

4. The following guidance should be read within the framework and provisions of:
 - [Law No. \(20\) of 2019 on Combatting Money Laundering and Terrorism Financing](#);
 - [Law No. \(27\) of 2019 Promulgating the Law on Combating Terrorism](#);
 - [Council of Ministers' Decision No. \[41\] of 2019 Promulgating the Implementing Regulations of Law No. Implementing Regulations of Law No. \(20\) of 2019 on Combatting Money Laundering and Terrorism Financing](#);
 - [The Anti-Money Laundering and Combating the Financing of Terrorism Rules 2019](#) and the [Anti-Money Laundering and Combating the Financing of Terrorism \(General Insurance\) Rules 2019](#);

¹ This guidance is focused on TFS. For guidance on weapons of mass destruction proliferation financing refer to [Guidance for Financial Institutions and DNFBPs on Countering Proliferation Financing](#)

- [Decision of the Public Prosecutor No. \(1\) of 2020 Regulating the Implementation Mechanisms of the Targeted Financial Sanctions related to Combatting the Financing of Terrorism and the Financing of the Proliferation of Weapons of Mass Destruction;](#)
- [Decision of the Public Prosecutor No. \(59\) of 2020 Promulgating Guidelines to the Effective Implementation of the Targeted Financial Sanctions Regime in the State of Qatar \(the "Guidelines"\);](#)
- [Decision of the Public Prosecutor No. \(86\) of 2020 on the Designation on the "Sanctions List" of Persons and Entities designated on the UNSC and Sanctions Committees Lists;](#)
- [Guidance for Financial Institutions and DNFBPs on Countering Proliferation Financing;](#) and
- Other guidance papers issued by the Regulatory Authority from time to time.²

The Sanctions List

5. The State of Qatar, has established a "[Sanctions List](#)"³ to designate the following:
- any person or entity designated by the Public Prosecutor by virtue of a UN Security Council or Sanctions Committee resolution pursuant to Chapter VII of the Charter of the United Nations.
 - any person or entity designated by virtue of a decision by the Public Prosecutor, upon the proposal of the NCTC, for three (3) renewable years⁴, without the need of a criminal proceeding, in any of the following cases:
 - If there are reasonable grounds or a reasonable basis to believe that the person or entity will commit, finance, threatens, plans, attempts, promote, or incite to commit terrorist acts or any related acts, or facilitates or participates in such acts, or trains or facilitates the travel of individuals to another State for the purpose of committing, devising, preparing for, or participating in terrorist acts.
 - The designation includes any entity owned or controlled, directly or indirectly, by a designated person or entity, or any person or entity acting on their behalf, or at their direction.
 - If a person or entity carries out an armed or unarmed terrorist act against the State of Qatar or its interests abroad.
 - If the person or entity has publicly recognised, adopted, threatened, incited or publicly promoted a terrorist act.

² Guidance papers are available here: <https://www.qfcra.com/aml-cft-publications/>

³ Article (32) of Law No. (27) of 2019 on Combating Terrorism.

⁴ Article (3) of the Decision No. (1) of 2020 of the Public Prosecutor.

6. The designation on the Sanctions List is made without prior notification to the person or entity.
7. The NCTC publishes the designations on its [website](#) immediately upon the issuance of the designation orders by the Public Prosecutor⁵. The NCTC also immediately sends the designations to the reporting entities by e-mail upon their issuance

Overview of TFS screening obligations of Firms

8. TFS screening is not a risk-sensitive due diligence measure and should be carried out irrespective of the risk profile of the customer.
9. Firms must have an effective and appropriate screening system to check their customers and their financial transactions against the database of the persons and entities subject to TFS issued by the State of Qatar and the UNSC.⁶
10. Firms should ensure that they have a sufficient number of trained staff with the necessary economic and technical resources to review, examine and process TFS notices promptly and take freezing action where necessary.

⁵ Article (32) of Law No. (27) of 2019 on Combating Terrorism

⁶ In addition, Firms may wish to consider screening against TFS issued by other government bodies and international organisations, which are relevant to the firms business operations.

TFS SCREENING PROCESSES AND SYSTEMS

The screening frequency

11. Firms should screen customers against relevant sanctions lists prior to the commencement of a business relationship or an occasional transaction and throughout the business relationship, including real-time screening of customer transactions and the counterparties to those transactions.
12. The screening should be carried out without delay from the publication of UN list regarding UN lists and PPO orders regarding local designations imposing new freezing measures.
13. Further screening should occur at trigger events, e.g. when there are changes to the customer, such as directors, controllers, major shareholders, company name, etc.
14. Identification information of a customer, a connected party of the customer, a natural person appointed to act on behalf of the customer and beneficial owners of the customer, should be entered into the Firm's customer database for ongoing name screening purposes. This will help the Firm to promptly identify any existing customers who become subject to sanctions after the commencement of the business relationship.

The screening system

15. Firms must have an effective and appropriate screening system to check their customers and their financial transactions against the database of the persons and entities subject to TFS issued by the State of Qatar and the UNSC.⁷
16. The screening system implemented must in all cases allow the application of freezing measures and prohibiting any transaction falling within the scope of these measures. There is no requirement to have automated tools for screening customer databases and operations for the benefit of designated persons or entities, an automated system is however highly recommended and such a system is necessary when the size of the organization as well as the nature and volume of its activities do not allow manual detection in real time.

⁷ In addition, Firms may wish to consider screening against TFS issued by other government bodies and international organisations, which are relevant to the firms business operations.

17. The use of an automated screening system (automated tool) cannot by itself guarantee the Firm the proper implementation of its asset freezing obligations. The effectiveness of a screening system depends on the completeness and quality of customer identification data in customer databases or in transaction messages. The configuration of the tool, the frequency of screening, the alert processing time are also essential elements for the effectiveness of the system. For transactions that are not covered by the automated screening system, Firms should use a manual system provided that this screening method allows effective detection.
18. Firms that decide, given their size and activities, to use exclusively a manual system should ensure that this system is effective and be able to justify it to the Regulatory Authority.

The lists used

19. In order to identify the designated persons and entities whose funds are subject to monitoring and freezing, the Firm may rely on the Sanctions List published on the [NCTC website](#). Where Firms rely on commercial screening systems provided by service providers, the Firm must ensure that the screening system is accurate and current and includes all the designated persons and entities subject to freezing.

Configuration of the system: spelling criteria

20. As a general rule, exact name searches should be avoided and consideration should be given to different name variants and partial matches of names of the customers, entities and their branches, particularly if written in foreign languages. Firms should consider screening protocols such as “fuzzy matching” to identify non-exact matches. The fuzzy matching process should be calibrated to the risk profile of the Firm’s business. As application of the fuzzy matching process is likely to result in the generation of an increased number of alerts which have to be checked, the Firm’s employees will need to have access to CDD information to enable them to exercise their judgment in identifying potential matches. Records should be kept of TFS screening.

Internal Policies and Procedures

21. Firms are required to draft internal procedures relating to the implementation of freezing measures. The procedures should be:
 - formalized in a written document;
 - established or validated by the competent internal body;
 - compliant with the regulations in force (including changes of regulations);
 - adapted to the size, structure and activity of the organization;
 - complete, detailed and operational;

- disseminated to all the firm's employees concerned;
- updated regularly.

22. Firms should put in place procedures that clearly explain how to implement asset freezing measures and should specifically and clearly set out:
- the legal framework for asset freezing measures, including the risk of criminal or disciplinary sanctions in the event of non-compliance with obligations;
 - the screening system put in place by the Firm;
 - the scope of screening and its frequency;
 - the electronic lists used (external service providers, UN lists, Qatar Sanctions lists)
 - The information sources used by the Firm for screening individuals and entities (including commercial databases used to identify adverse information on individuals and entities);
 - the roles and responsibilities of the employees involved in the screening, reviewing and discounting of alerts, maintaining and updating of the various screening databases, and escalating potential matches;
 - The necessary authorisations to access and process the alerts;
 - the process for analyzing the alerts from screening and determining whether a potential match is a false positive or a confirmed match;
 - the measures to be taken when the firm sends a confirmation request to the Regulatory Authority regarding potential matches (including homonym) and following the response of the Regulatory Authority to such a request.
 - the steps to be taken by the Firm's employees for reporting confirmed matches to the Firm's senior management and to the QFIU, the Regulatory Authority and the NCTC;
 - the steps to be taken to freeze or restrict access to funds by sanctioned persons.
 - the management of the customer or the business relationship impacted by a freezing measure and the information to be provided to the customer whose funds have been frozen;
 - the conservation of the steps carried out during the processing of the alert;
 - the implementation of the lifting of the freezing measure.

Processing of alerts (potential matches)

23. When dealing with Alerts (potential matches), Firms must determine whether the match is a false positive or a confirmed match, i.e. does the match relate to the Firm's customer or party to a customer transaction or does it relate to a different person or entity, e.g. with the same name or trade name.
24. False positive cases include homonyms. There is homonym when:

- the spelling of the first and last name or alias or that of the company name is identical to that of the designated person or entity, including cases where the name is not distinguishable from the first name;
 - the spelling of the first and last name or alias or that of the company name differs from that of the designated person due in particular to the use of foreign alphabets, which appear phonetically close.
25. In case of alert, the Firm must suspend any business relationship or transaction until the alerts has been processed, without tipping off the customer or counterparty.
26. The Firm must compare the identification elements of the person or entity subject of the alert, with those of the designated person or entity:
- For natural persons: name, first name including previous names or aliases, maiden name, gender, country of usual residence, place of birth, date of birth, occupation, address, nationality, official identification number (example: passport; identity card).
 - For legal persons: the activity, the registration number in the trade register or equivalent in foreign law, the place of the registered office or its activity, the managers / legal representatives, the shareholders.
27. When the Firm does not have enough information at its disposal to process the alert, the firm can collect the elements necessary to carry out this analysis:
- from its client, if necessary, by updating the elements of KYC of the business relationship;
 - and / or by consulting external sources of information (Official Gazette, Trade register, search engine...);
28. Where the Firm validates a confirmed match to a designated person or entity, the Firm must immediately implement the freezing measures (within a maximum of 24 hours from the date of designation) including:
- refrain from establishing or continuing a business relationship with or for that person or entity;
 - submit a suspicious transaction report (STR) to the Qatar Financial Information Unit (QFIU);
 - inform the Regulatory Authority; and
 - provide the NCTC with a detailed report on the measures taken and the value and type of the funds frozen.
29. The notifications and reports referred to above must contain as much data as possible, including, at minimum, the following:
- details related to whether there is any direct or indirect link between the conducted or attempted transactions the subject of the report and any other designated person or entity;
 - details related to the financial transactions, including the incoming transfers which led to the balance change of the frozen account; and

- details related to any attempt to use the frozen account by or for the benefit of the person or entity subject to freezing.
30. If a Firm is unable to verify whether a match is false positive or a confirmed match, e.g. due to the inability to distinguish between similar names, or to the lack of data, or doubt about the information required to verify identities, the Firm must suspend any business relationship or transaction without tipping off the customer or counterparty, and immediately communicate with the AML/CFT Department of the Regulatory Authority by email to aml@qfcra.com or telephone +974 4495 6888. In this case, the Regulatory Authority may, in view of the information provided by the Firm and those it holds/requests:
- fully confirm that this is not the designated person or entity. In this case, the alert is lifted;
 - confirm that this is the designated person or entity, the Firm then immediately implements the freezing measure;
 - if it is not able to exclude with certainty that it is not the designated person or entity, authorize the Firm not to freeze the assets of that person or entity. In this case, the Firm adapts its level of vigilance and, if necessary, reassesses the profile of the business relationship. In the event of suspicion, the Firm should report to the QFIU.
31. Firms should formalize and keep the processing elements of the analysis, in particular those relating to the classification of the alert, requests for additional information and exchanges with the Regulatory Authority and NCTC if any.

Internal control of the screening system

32. Firms should put in place an internal control system for the proper implementation of the freezing measures. To this end, Firms are expected to put in place a permanent control system for compliance with freezing measures, including the system for detecting designated persons or entities (screening systems, content and updating of the lists they use), processing of the alerts, reporting to the Regulatory Authority and to the NCTC when required.
33. The internal control system enables the Firm to ensure the effectiveness of the freezing system put in place and to detect any incident or gap in compliance with asset freezing obligations. To this end, the checkpoints relate among other points to:
- the registration in the NCTC Mailing list on the NCTC website allowing immediate receipt of updates regarding any amendment to the Sanctions list (UN and local);
 - adapting the configuration of the system to national and UN requirements in terms of freezing of funds;
 - the suitability of the scope of the system and the data quality of customer bases and transaction messages;
 - the time needed in integrating updates to the sanctions lists into the screening system (the tool);

- the time spent in generating alerts by the tool;
 - the deadlines and the quality of the analyses of alerts generated by the tool;
 - compliance with the reporting obligations for the implementation of measures to the Regulatory Authority and the NCTC and where applicable to other authorities;
 - monitoring of the concrete application of the freezing or the prohibition on the provision of funds;
 - the training and qualification of the personnel concerned and their timely access to all the necessary information.
34. In the event of significant incidents noted (for example: not meeting the requirement of speed specific to the freezing of assets, a failure to update the lists used by the screening tool, a violation of freezing measures, failure to report to the Regulatory Authority or other authority), the Firm has to immediately take the necessary corrective measures and inform the Regulatory Authority.
35. Firms that use external service providers to carry out screening or that use lists provided by external service providers, or even to process alerts, should include in their internal control system the activities which are carried out by these external providers; Firms remain fully responsible for the activities they outsource.
36. Firms should ensure that their branches implement Qatar sanctions list. The group's parent company should ensure within the framework of its internal control system in place at group level, that the relevant group entities effectively implement the National and UN freezing measures.
37. In the event of a legal obstacle to the implementation of freezing measures, the Firms shall immediately inform the Regulatory Authority.

Awareness raising and training

38. Firms are required to provide regular training and information to the personnel concerned, with a view to comply with the asset freezing measures (local and UN designations). Training and information should be adapted to the Firm, its activities, as well as to the levels of responsibility of the concerned personnel.

IMPLEMENTATION OF FREEZING MEASURES

Provision of funds or services is prohibited

39. Except with a prior authorisation from the Public Prosecutor, Firms must not:⁸
- Provide any funds, financial services or other related services, directly or indirectly, in whole or in part, or jointly with others, for the benefit of

⁸ Article (39) of Law No. (27) of 2019 on Combating Terrorism and Article (26/e) of Decision No. (1) of 2020 of the Public Prosecutor.

designated persons or entities, or for entities owned or controlled directly or indirectly by the designated persons or entities; or

- Provide, receive from, or engage in any financial transactions involving any relevant funds or financial services or other related services for the benefit of persons and entities acting on their behalf or at their direction.

Freezing of funds

40. Firms must immediately and without delay, within the subsequent 8 hours of receiving the notification and no later than twenty-four (24) hours of designation on the UN Security Council List, freeze the funds of the person or entity designated by the Security Council or Sanctions Committee, without requiring the issuance of the designation order on the Sanctions List, or announcement thereof, and without prior notification to the concerned person or entity.⁹
41. Firms must freeze all the funds of persons or entities designated on the Sanctions List pursuant to an order of the Public Prosecutor, including financial transfers made for the designated person or entity or for their benefit, immediately upon announcement of the designation order on the Sanctions List, and without delay or prior notification to the designated person or entity. In all cases, the designation and freezing order must be implemented within twelve (12) hours of announcement.¹⁰
42. The freezing applies initially on the interests, dividends and earnings of the designated person or entity, depending on the interests owned by that person in the company and the relevant due profits and earnings as long as they can be separated. The ownership right of the remaining shareholders/partners will not be affected, as long as it has not been established that the company is controlled, directly or indirectly, by that designated person or entity.
43. If the person or entity designated on the sanctions list shares the ownership of the same entity with another non- designated person, and they both manage that entity, and it is not possible to separate the interests owned or managed by each of them, all the funds of the entity (assets, properties, interests, profits and earnings etc...) must be subject to freezing.
44. The freezing imposed on the funds of the designated person applies to the assets and financial services associated with the entities owned or controlled, directly or indirectly, by such designated person, although the names of those entities do not appear on the sanctions list.

⁹ Article (39) of Law No. (27) of 2019 on Combating Terrorism and Article (26/b) of Decision No. (1) of 2020 of the Public Prosecutor.

¹⁰ Article (39) of Law No. (27) of 2019 on Combating Terrorism and Article (26/a) of Decision No. (1) of 2020 of the Public Prosecutor.

45. Whenever any of the designated persons or entities, or entities owned or controlled directly or indirectly by the designated persons or entities, attempt to conduct any financial transaction or other related services, all Firms must:¹¹
- Freeze the funds transferred for the benefit of the designated persons and entities, once the transaction is completed.
 - Freeze the funds they receive to conduct transactions for the benefit of the designated persons or entities.
 - Immediately notify the NCTC in writing to take the appropriate actions.
 - Immediately notify the Regulatory Authority of the matter in writing.
46. Firms must adopt adequate measures to take into account the interests and rights of bona fide third parties that have interest in such funds.

Implementation of particular freezing measures

Accounts

47. Firms should not open an account with, or provide financial services to, designated persons or entities. However, the PPO may authorize, on a case-by-case basis, at the request of the person or entity concerned, the opening of an account with a designated person or entity. The account can then be opened, but the funds that will be entered into the account will be frozen.
48. As soon as a freezing measure comes into force, Firms shall suspend all debit transactions from frozen accounts. They cannot give cash to the designated person or entity. Payments by means of payment instruments are also blocked (e.g. cards, checks). Financial institutions are advised to ask for the return of the payment instruments in the letter informing the designated person or entity of the implementation of the freezing measure, to prevent a check or a card number from being used. However, funds received can be credited to the account of the designated person or entity, once the account is frozen. Any amount credited to a frozen account should be declared to the Regulatory Authority and to the NCTC.

Loans

49. Firms should not enter into loan contracts with a designated person or entity. In all cases, no funds are returned to the designated person or entity. Firms should not accept any guarantee from a designated person or entity.
50. When the loan contract was concluded before the freezing measure and the borrowed funds have not yet been made available to the designated person or entity, Firms shall refrain from paying the funds after the entry into force of the freezing measure.

¹¹ Article (39) of Law No. (27) of 2019 on Combating Terrorism and Article (26/d) of Decision No.(1) of 2020 of the Public Prosecutor.

51. If the contract was concluded before the entry into force of the freezing measure, Firms are required not to reimburse funds borrowed from a designated person or entity (example: freezing of bank assets), unless authorisation from the PPO is obtained for the reimbursement of the designated person or entity and on the condition that these funds are paid into a frozen account.

Documentary credits

52. It is forbidden to issue or notify a documentary credit that would directly or indirectly benefit a designated person or entity. Firms are therefore required to ensure before participating in such transactions that the originator, the issuing / notifying bank and the beneficiary are not on the Qatar Sanctions list (local and UN designations). Even if the Firm that notifies a documentary credit is only called upon to pay funds to the exporter, it is also required to screen the insurers and carriers before and during the operation, and each time the Qatar Sanctions list (UN and local) is updated.

Prepaid cards

53. Firms that issue and manage electronic money are required to implement the freezing measures. In particular, they are prohibited from making a prepaid card available to a designated person / entity, even if it is not activated or loaded.
54. If the freezing measure occurs during the course of a business relationship, the electronic money units contained on the card should be immediately frozen. The Firms should inform the Regulatory Authority of the holding of a prepaid card by a designated person, even if its balance is zero. Firms are advised to request in the letter informing the person or entity designated of the implementation of the freezing measure, the return of the card to prevent the card number from being used. In addition, card loading or recharging, payment, cash withdrawal or cash reimbursement operations, as well as transfers to an account from the card are prohibited. The Firms should inform the Regulatory Authority of any attempted operations.

Insurance Sector

Life insurance

55. Insurance companies are required to freeze the execution of life insurance or capitalization contracts when a designated person or entity is:
- the subscriber or member;
 - the co-subscriber or co-member;
 - the payer, when the latter is not the subscriber;
 - the beneficiary.

56. Firms are not required to freeze the execution of the contract when only the insured is a designated person since the insured neither pays nor receives the funds.
57. The freezing measure applies at each stage of the life of the contract, whether it be during the conclusion, waiver, partial or total payments or redemptions and the cancellation of a contract.

Subscription of an insurance contract

58. Insurance companies shall refrain from concluding a life insurance or capitalization contract when the subscriber or the co-subscriber, the payer or the beneficiary identified by name is a designated person or entity. It is prohibited to provide financial services (including insurance or reinsurance) to designated persons or entities.
59. PPO authorisation is however needed in cases where this subscription aims to meet basic needs. These authorisations are granted on a case-by-case basis at the request of the designated person or entity.
60. Firms should detect any designated person or entity before taking out a life insurance or capitalization contract. In all cases, in the event that the life insurance contract exists, they do not pay any funds and do not carry out any transactions on the contract. They should immediately inform the Regulatory Authority and the NCTC.

Contracts concluded before the entry into force of a freezing measure

61. When the insurance company detects a designated person or entity, it is not expected to terminate contracts entered into before the entry into force of a freezing measure. In this case, the company has to immediately inform the Regulatory Authority and the NCTC. In its declaration of implementation of a freezing measure, the Firm must specify in particular the following elements:
 - the date of subscription of the contract;
 - the identity of all the persons mentioned in the contract;
 - the amount of outstanding;
 - the characteristics of the payments.
62. During the freezing measure, interest may be paid on the contract as long as it does not lead to any provision of funds for the benefit of the designated person or entity.

The conclusion of the contract: the payment of the capital

63. The payment of capital to a beneficiary subject to an asset freezing measure is prohibited. When the beneficiary is a designated person or entity, the insurer should not pay him the funds and should inform the Regulatory Authority. The funds are held in a suspense account until the freeze measure is lifted. The NCTC and PPO should be notified about the suspense account. Upon prior

request to PPO by the designated person or entity, an authorisation may be granted to pay of capital to a frozen account. The asset freeze also prohibits a designated person or entity from pledging its contract.

Non-life insurance

64. Insurance companies are required to implement their obligations to freeze assets at the underwriting stage, payment of contributions or premiums and compensation as well as, where applicable, termination of the contract.

The conclusion of the contract

65. Insurance companies should not enter non-life insurance contracts with designated persons or entities. However, in order to take into account the basic needs of designated persons or entities, the PPO may authorize insurers to enter into non-life insurance contracts with a person or entity designated in the following conditions:
- if it is a legally compulsory insurance (examples: Health, car);
 - if membership in a collective contract, including health, disability, invalidity, death or retirement guarantees, is an obligation imposed by the employer of the designated person and the contributions or premiums are deducted from the salary of the designated person.

66. In all these cases, the Insurance Company should inform the Regulatory Authority and the NCTC of the conclusion of the contract. The insurance company should inform the Regulatory Authority as well as the NCTC of the conclusion of the contract. In all other cases, whatever the guarantees offered, or the risks covered, the subscription is subject to specific and prior PPO authorisation including “complementary health” contracts, individual contracts (death, invalidity, incapacity) and retirement insurance.

Contracts concluded before the freezing measure and payment of contributions

67. Insurers are not expected to terminate the insurance contracts concluded prior to the entry into force of the freezing measure. The payment of contributions to the insurer, including any annual variation in their amount, is subject to PPO authorisation.
68. As soon as a designated person or entity is detected, insurers are required to declare current contracts to the Regulatory Authority and the NCTC as well as the date of conclusion of the contract, the amount of contributions and the risks covered.

Compensation

69. Insurance companies can only pay compensation to a designated person or entity with the prior and specific PPO authorisation. In this case, the funds have to be paid into a frozen account subject to the freeze measure.

70. When compensation is paid to a third party, insurance companies implement appropriate due diligence measures in order to detect any attempt to indirectly make funds available for the benefit of a designated person or entity or to circumvent freezing measures. In case of doubt, insurers should refrain from paying the funds and request specific and prior PPO authorisation.

Legal Persons (companies/firms, institutions, associations or any similar entity)

71. The criterion of control over the entity resulting in the freezing of its associated assets is met, if the designated person is in the possession of 50 % or more of the proprietary rights of an entity or has a majority interest in it.
72. The designated person or entity meets the criterion of control over the legal person or entity in any of the following cases:
- Exercising the power to appoint or remove a majority of the members of the administrative, management or supervisory body of such legal person or entity.
 - Having appointed, solely as a result of the exercise of one's voting rights a majority of the members of the administrative, management or supervisory bodies of a legal person or entity during the present and previous financial year.
 - Controlling alone, pursuant to an agreement with other shareholders in or members of a legal person or entity, a majority of shareholders or members voting rights in that legal person or entity.
 - Having the right to exercise a dominant influence over a legal person or entity, pursuant to an agreement entered into with that legal person or entity, or to a provision in its Articles of Association or Statutes , where the enforceable law permits its being subject to such agreement.
 - Having the right to exercise a dominant influence over the legal person or entity in conformity with the foregoing item, without being the holder of that right, including by means of a front company.
 - Having the right to use all or part of the assets of a legal person or entity.
 - Managing the business of a legal person or entity on a unified basis, through publishing consolidated accounts.
 - Sharing jointly and severally the liabilities of a legal person or entity or guaranteeing them.

Reporting

73. Firms must provide the following reports:
- within a maximum of forty eight (48) hours from the issuance of the UN list or the PPO designation order (for local designation), report by email to the Regulatory Authority any positive matches.
 - within a maximum of forty eight (48) hours from the issuance of the UN list or the PPO designation order (for local designation), submit a first report to the Regulatory Authority and the NCTC, on the measures

taken to implement the freezing order and all actions taken in compliance with the designation order. The report must particularly include the value and type of the frozen funds, the date and time of freezing, and any attempted transactions or other relevant information. Firms then have to send the complete original file with supporting documents to Regulatory Authority (the Regulatory Authority will then provide it to the NCTC).¹²

- within thirty (30) days from the issuance of the UN list or the PPO designation order (for local designation), submit a second report on updates related to the initial report and any additional actions taken.¹³
- in case of changes in the information and data related to the funds and economic resources frozen for the same purposes, submit another report in this regard¹⁴.
- In addition to the requirements above must also report the following matters to the Regulatory Authority:
 - a. that screening has been conducted, even when no matches are found; and
 - b. where a positive match has been found, but there were no funds to freeze.

UNFREEZING OF FUNDS

Unfreezing mistakenly frozen funds: (False Positives)

74. The Firm holding the frozen funds must decide on the unfreezing request by persons or entities who believe that their funds were mistakenly frozen, e.g. because they have the same or similar name as the designated persons or entities.¹⁵
75. The Firm must have procedures to receive written unfreezing requests from the requesting persons or entities.
76. The Firm must consider the request based on the documents attached to the request and the information it holds concerning the relevant customers. It must contact the NCTC and the Regulatory Authority, if necessary, to seek further information required to decide on the request, no later than twenty-four (24) hours from the date of receiving the relief request.
77. If the Firm is satisfied with the relief request, it must spontaneously initiate the release of the frozen funds and notify the petitioner in writing and notify the NCTC and the Regulatory Authority.

¹² Article (26/c) of Decision No. (1) of 2020 of the Public Prosecutor.

¹³ Article (26/c) of Decision No. (1) of 2020 of the Public Prosecutor.

¹⁴ Article (26/c) of Decision No. (1) of 2020 of the Public Prosecutor.

¹⁵ Article (28) of Decision No. (1) of 2020 of the Public Prosecutor.

78. If the Firm decides to reject the relief request, it must provide written notice of the rejection, stating the reasons for rejection, and the right of the petitioner to petition the NCTC against the decision.
79. The Firm must disseminate the rejection notice immediately upon issuance to the NCTC and the Regulatory Authority by email; and must then send the original notice and its annexes to the Regulatory Authority to refer it directly to the NCTC, no later than twenty-four (24) hours from the date of the notice.
80. The Firm must send the rejection notice to the petitioner by any written means within twenty-four (24) hours from the date of the notice.
81. If satisfied with the petitioner's request, the listing official will issue a written decision to unfreeze the funds of the petitioner and will notify the NCTC immediately of his decision by any written means (fax, email, and official letter addressed through the Government e- correspondence System).
82. The NCTC, upon receipt of the listing official's decision, will notify the Regulatory Authority to unfreeze the funds of the petitioner. The Regulatory Authority will circulate the notifications to the Firm to implement the decision and unfreeze the funds within twenty-four (24) hours from the date of the listing official's decision.
83. The Firm must inform the Regulatory Authority and the NCTC without delay of the implementation via email and enclose a relevant official letter.

Unfreezing Funds to protect the rights of bona fide third parties¹⁶

84. Adequate measures must be adopted by the Firm to take into account the interests and rights of bona fide third parties that have interest in such funds.¹⁷
85. Any person, or entity, who is not designated and has rights and legitimate interest in the frozen funds, may petition the NCTC to unfreeze Funds.
86. The NCTC will examine the petition request and verify whether the petitioner is a genuine bona fide third party, whether unfreezing funds is necessary to protect the rights of the petitioner, whether unfreezing funds are in line with the objectives of the sanctions program, and any other considerations that the NCTC determines to be relevant. The NCTC will make its recommendations to the Public Prosecutor within one (1) month of receiving the petition.
87. In case the petition is approved by the Public Prosecutor, the NCTC will inform the Implementing Party to immediately unfreeze funds.

¹⁶ Article (30) of Decision No. (1) of 2020 of the Public Prosecutor.

¹⁷ Article (29) of Decision No. (1) of 2020 of the Public Prosecutor.

Exemptions to the freezing of funds for necessary authorisations

88. If the Firm holding the frozen funds receives a request to make or release the payments referred to in Articles (31), (32), and (33) of the Public Prosecutor's Decision No.(1) of 2020, the request must be immediately referred with the supporting documents to the Regulatory Authority to send it without delay to the NCTC.¹⁸
89. The NCTC will verify that the application meets the payment conditions or release of payments, and once satisfied, it will propose to the listing official to issue the authorisation after notifying the appropriate UN body of the State's intention to respond to the request.
90. The listing official will issue the authorisation to pay or release the funds and send it to the NCTC through the Government e-correspondence System. The NCTC will notify the Regulatory Authority and the Firm holding the funds by email to immediately implement the payment or release authorisation.
91. If the freezing order applies to the persons and entities designated under UNSCR 1718 (2006) and any successor resolutions, the NCTC will take the necessary measures to authorize the relevant Firm that had frozen funds subject to a judicial, administrative or arbitral lien or judgement, to make the due payments related to such lien or judgment, as per the conditions stipulated in Article (31) paragraphs (b) and (c) of the Decision No. (1) of 2020 of the Public Prosecutor.¹⁹
92. If the freezing order applies to the persons and entities designated under UNSCR 1737 (2006) and under UNSCR 2231 (2015), the NCTC will take the necessary measures to authorize the relevant Firms that had frozen funds, to make payments due under contracts that arose prior to placing such person or entity on the UN List, as per the conditions stipulated in Article (32) of the Decision No. (1) of 2020 of the Public Prosecutor.²⁰

Releasing funds to cover basic and extraordinary expenses²¹

93. If the person or entity is designated by a Security Council or Sanctions Committee resolution pursuant to Chapter VII of the Charter of the United Nations, and the listing official has issued the final authorisation to release certain funds to cover basic or extraordinary expenses, the Firm holding the funds must immediately unfreeze the relevant authorised funds.²²
94. The listing official will issue the authorisation to pay or release the funds and send it to the NCTC through the Government e-correspondence System. The

¹⁸ Article 13 of the Decision of the Public Prosecutor No. (59) of 2020. Articles (31) to (33) of Decision No. (1) of 2020 of the Public Prosecutor.

¹⁹ Article (31) of Decision No. (1) of 2020 of the Public Prosecutor.

²⁰ Article (32) of Decision No. (1) of 2020 of the Public Prosecutor.

²¹ Article (42) of Law No. (27) of 2019 on Combating Terrorism.

²² Article (34) of Decision No. (1) of 2020 of the Public Prosecutor.

NCTC will notify the Regulatory Authority and the Firm holding the funds by email to immediately implement the payment or release authorisation.²³

95. If the person or entity is designated on the Sanctions List by a decision of the Public Prosecutor, and the listing official has issued an order to approve the petition to exempt certain funds from freezing to cover the basic or extraordinary expenses of such person or entity or of their dependents, the Firm holding the funds must take the necessary procedures and implement the order.²⁴
96. If the listing official decides to approve the request, the NCTC will immediately inform the petitioner by any written means, and will send, via email, the relevant notifications to the Regulatory Authority. The Regulatory Authority will immediately circulate such notifications to the Firms holding the frozen funds to implement the decision and unfreeze certain funds, and they must inform the Regulatory Authority and the NCTC of the implementation thereof within three (3) working days of the implementation.²⁵

Submission of reports regarding exempted funds

97. In all cases, where certain funds are exempted from freeze to cover basic or extraordinary expenses, the Firm holding the frozen funds must submit a report to the Regulatory Authority on any actions taken to implement the orders issued by the Public Prosecutor, within three (3) business days of the implementation.²⁶
98. The Firm holding the frozen funds must send periodic reports to the Regulatory Authority on the disposal method of the funds used to cover basic and extraordinary expenses.²⁷

OBLIGATIONS ON REVOCATION AND DE-LISTING

Obligations related to revoking the Designation Order on the Sanctions List

99. The revocation of the designation order must nullify all the related implications thereof.²⁸ The NCTC will, with the assistance of the Regulatory Authority and other competent authorities, develop effective procedures in order to ensure the prompt termination of sanctions upon de-listing.²⁹

Obligations related to de-listing persons and entities designated on the UN Security Council List

²³ Articles (36) and (37) of Decision No. (1) of 2020 of the Public Prosecutor and Item (XII/e) and Item (XIII/(c), (d)) of the Guidelines.

²⁴ Article (36/d) of Decision No. (1) of 2020 of the Public Prosecutor.

²⁵ Item (XII/e) of the Guidelines.

²⁶ Article (37/c) of Decision No. (1) of 2020 of the Public Prosecutor.

²⁷ Article (37/a) of Decision No. (1) of 2020 of the Public Prosecutor.

²⁸ Article (24/b) of the Decision No. (1) of 2020 of the Public Prosecutor.

²⁹ Article (22/b) of the Decision No. (1) of 2020 of the Public Prosecutor.

100. If the listing official decides to revoke the designation on the Sanctions List in implementation of the Resolution of the appropriate UN body, he will immediately notify the NCTC of his decision through the Government e-correspondence System, or by any other written means (fax, email).³⁰
101. The NCTC, upon receipt of the listing official's decision, will immediately remove the name of the person or entity from its website, and liaise regarding the relevant notice with the Regulatory Authority. The Regulatory Authority will immediately circulate the notifications to the relevant Firms to implement the decision, release the frozen funds, and inform the Regulatory Authority and the NCTC of the implementation via email, enclosing a relevant official letter.³¹
102. All relevant Firms must:
- release the frozen funds within maximum of three (3) business days after delisting from the Sanctions List³².
 - adopt adequate measures, taking into account the interests and rights of bona fide third parties that have interest in such funds³³.

Obligations related to de-listing persons and entities designated by a decision of the Public Prosecutor

103. If the Public Prosecutor decides to revoke the designation order and remove the person or entity from the Sanctions List when he determines that there is no basis to keep them listed, revoking the designation order must nullify all the related implications thereof.³⁴
104. The NCTC will immediately announce the revocation order on its website and remove the person or the entity from the relevant Sanctions List and will notify the Regulatory Authority. The Regulatory Authority will immediately circulate the notifications to the relevant Firms to implement the order, release the frozen funds, and inform the Regulatory Authority and the NCTC of the implementation via email, enclosing a relevant official letter.³⁵
105. All relevant Firms must:
- release the frozen funds within maximum of three (3) business days after delisting from the Sanctions List.
 - adopt adequate measures taking into account the interests and rights of bona fide third parties that have interest in such funds.³⁶

³⁰ Item (XI/g) of the Guidelines.

³¹ Item (XI/h) of the Guidelines.

³² Article (22/b) of Decision No. (1) of 2020 of the Public Prosecutor.

³³ Article (29) of Decision No. (1) of 2020 of the Public Prosecutor.

³⁴ Article (24/(a), (b)) of Decision No. (1) of 2020 of the Public Prosecutor.

³⁵ Article (24/b) of Decision No. (1) of 2020 of the Public Prosecutor.

³⁶ Article (29) of Decision No. (1) of 2020 of the Public Prosecutor.

REGULATORY AUTHORITY CONTACT DETAILS

106. The AML/CFT Department of the Regulatory Authority can be contacted by email at aml@qfcra.com or by telephone at +974 4495 6888.