



Financial Information Unit

Guide to Money Laundering and Terrorist Financing Suspicious Transaction Reporting

Preamble:

- This guidance is issued to assist financial institutions, designated non-financial businesses and professions (DNFBP's) and non-profit organizations ('Reporting Entities') to meet their reporting obligations under *Law No. (4) Of Year 2010 on Anti- Money Laundering and Combating the Financing of Terrorism* (AML/CFT Law). This will in turn contribute to ensuring Qatar continues to meet its ongoing commitment to international standards, including the FATF 40+9 Recommendations and contributes positively to the international fight against money laundering and terrorist financing.
- Suspicious transaction reports play a crucial role in the fight against money laundering and terrorist financing and the Financial Information Unit (FIU) is committed to ensuring that Reporting Entities in Qatar file suspicious transaction reports of the highest quality.

Reporting Entities obligations under the AML/CFT Law

Who is required to report ML/FT suspicious transactions?

Pursuant to Article (18) of law no (4) of 2010,

The AML/CFT Law requires that suspicious transaction reports (STRs) must be made to the FIU by Reporting Entities where they have a suspicion or reasonable grounds for suspicion of money laundering or terrorist financing. For the purposes of Article (18) of the Law, Reporting Entities include:

Financial Institutions

Any person or entity who conducts as a business one or more of the following activities or operations for or on behalf of a customer:

- (1) Accepting deposits and other repayable funds such as private banking services.
- (2) Lending.
- (3) Financial leasing.
- (4) Transferring money or things of value.
- (5) Issuing or managing means of payment, such as credit and debit cards, cheques, traveller's cheques, money orders, banker's drafts and electronic money.
- (6) Financial guarantees and commitments.
- (7) Trading in money market instruments, such as cheques, bills, certificates of deposit and derivatives, foreign exchange, exchange instruments, interest, rate, index instruments, transferable securities, and commodity futures trading.
- (8) Participating in securities issues and providing financial services related to securities issues.
- (9) Undertaking individual or collective portfolio management.
- (10) Safekeeping or administering cash or liquid securities on behalf of other persons.
- (11) Investing, administering or managing funds or money on behalf of other persons.
- (12) Underwriting or placing life insurance and other investment-related insurance, whether as insurer or insurance contract intermediary.
- (13) Money or currency changing.

Designated Non-Financial Businesses and Professions (DNFBPs)

- (1) Real estate agents, if they act in transactions for clients in relation to buying or selling of real estate, or both.
- (2) dealers in precious metals or stones, if they engage with their customers in cash transactions equal to a minimum of 55,000 Rials.
- (3) lawyers, notaries, other independent legal professionals, or accountants, whether sole practitioners, partners or employed specialists in specialist firms, if they prepare, execute, or conduct transactions for clients in relation to any of the following activities:

- (a) buying or selling real estate.
 - (b) managing client money, securities or other assets.
 - (c) managing bank, savings accounts or other securities accounts.
 - (d) organising contributions for the creation, operation or management of companies or other entities.
 - (e) creating, operating or managing legal persons or legal arrangements.
 - (f) buying or selling business entities.
- (4) Trust and Company Service Providers, and other company service providers, if they prepare, or conduct transactions for clients on a commercial basis in relation to:
- a) acting as a formation agent of legal persons.
 - b) acting as, or arranging for another person to act as, a director or secretary of a company, a partner of a partnership, or a similar position in relation to other legal persons.
 - c) providing a registered office, a business address, or a correspondence address or an administrative address, for one of the companies, partnerships or any other legal person or legal arrangement.
 - d) acting as, or arranging for another person to act as, a trustee of an express trust.
 - e) acting as, or arranging for another person to act as, a nominee shareholder for another person.

Non-Profit Organisations (NPO's)

Any organization or association which collects, or disposes of funds for charitable, religious, cultural, educational, social, or fraternal purposes, or to do any other kind of charitable activities.

Lawyers, Notaries and other Independent Legal Professional

Under Article (18) of the AML/CFT Law, Lawyers, Notaries and other Independent Legal Professionals are under no obligation to report information they receive from or obtain on a client, in the course of determining the legal position for their client or performing their task of defending or representing that client in, or concerning judicial proceeding, including advice on instituting or commencing proceedings, whether such information is received or obtained before, during or after such proceedings.

FIU STR process

When should suspicious transactions be reported?

Under Article (18) of the AML/CFT Law, Reporting Entities and their personnel shall report promptly to the FIU any suspicious financial transactions or any attempts to perform such transactions, regardless of the amount of the transaction, in the following circumstances:

- A) when they suspect or have reasonable grounds to suspect that these transactions include funds that are proceeds of a criminal activity
- B) or are linked or related to, or to be used for terrorist acts or by terrorist organisations or those who finance terrorism.

What is a suspicion?

Reporting entities may become suspicious because the customer activity deviates from the normal activity for that customer, business or sector. Reporting entities must therefore understand what the normal activity is for each customer and how this transaction differs from that.

Suspicion involves a much more personal and subjective assessment. Suspicion of money laundering or terrorist financing requires a degree of satisfaction that may not amount to belief, but should extend beyond mere speculation and be based on some foundation that money laundering or terrorist financing has occurred or is about to occur.

Reporting Entities must also consider whether there are *reasonable grounds* for suspicion which involves an objective test likely to be met in circumstances where there are facts or circumstances from which a reasonable person engaged in that business would have formed a suspicion that a person was engaged in money laundering or terrorist financing.

The Reporting Entity, upon the examination of Suspicious Transactions, must build its conclusions on objective basis and consider carefully all related conditions and evidence.

When considering making a suspicious transaction report, the reporting entities should consider all the circumstances of the transaction. As a general principle, any transaction that causes a reporting entity to have a feeling of apprehension or mistrust about the transaction should be reported. Reporting entities should consider the unusual nature or circumstances of the transaction and the person or group of persons with whom they are dealing. Finally, reporting entities should bring together of all relevant factors including knowledge of the person's or person' business or background as well as any behavioral factors in deciding to report a suspicious transaction.

Distinction between knowledge and suspicion

Having *knowledge* means actually knowing something to be true and can be inferred from surrounding circumstances. Suspicion of money laundering or terrorist financing requires a degree of satisfaction that may not amount to belief, but should extend beyond mere speculation and be based on some foundation that money laundering or terrorist financing has occurred or is about to occur. In the case of either knowledge or suspicion a suspicious transaction report must be filed with the QFIU.

Impact on reported transactions

The law does not stipulate any provisions requiring Reporting Entities who have filed an STR to end or terminate their financial relationships with the reported entity or person. Reporting Entities should be aware that the decision to continue the business relationship after filing a STR should be based on commercial or risk containment reasons. However, a decision to terminate the business relationship must also ensure that the customer is not alerted to the filing of the STR which would constitute the offence of tipping off under Article (39) AML/CFT Law.

It is recommended that in circumstances where Reporting Entities decide to terminate a business relationship, the Reporting Entity liaise directly with the FIU to ensure the termination does not tip off the entity or person or prejudice an investigation in any way.

However, it is preferable that the Reporting Entity acts in coordination with the FIU, upon deciding to terminate its relationship with the suspected entity or person.

Reporting Entities are also reminded of the protections provided under Article (82) of AML/CFT law of 2010.

Protection provided by the law for Reporting Entities

Under Article (82) of the AML/CFT Law, every person, who reports, in good faith, any suspicious transaction covered under the provisions of the AML/CFT Law or submits any information or data on such transactions is exempted from any criminal or civil liability for breach of professional secrecy requirements.

No criminal action for money laundering or the financing of terrorism shall be brought against Reporting Entities or their personnel as a result of the execution of a suspicious transaction where reports of suspicions were made in good faith in accordance with the AML/CFT Law.

Preventative Measures

Financial Institutions and DNFBP's are reminded that under Article (35) of the AML/CFT Law, there are requirements to develop and implement programmes, including internal policies, procedures, systems and controls, to prevent money laundering and terrorist financing. Those programmes should also include training and ongoing training for officers and employees in the recognition of suspicious transactions and the procedures to be followed once a suspicious transaction has been recognized.

Reporting Entities are also reminded that under Article (42) (2) of the AML/CFT Law, Supervisory Authorities are required to ensure that Reporting Entities are in compliance with the requirements of the AML/CFT Law. Reporting Entities should be aware of any additional obligations placed on them by their Supervisory Authorities (e.g. Rules or Instructions).

Sanctions

The AML/CFT Law sets out a number of offences relating directly to suspicious transaction reporting obligations. The key offences include:

- failing to report information to the FIU about a suspicious transaction ((3) and (5) of the AML/CFT Law);
- disclosing to a customer, beneficiary or any third party, other than a competent authority, information relating to any measures being taken to combat money laundering or terrorist financing (*tipping off*) (Article (39) of the AML/CFT Law); and

Article (72) (3) of the AML/CFT Law establishes that individuals that violate Articles (3), (5), (39), of this law is liable to imprisonment for up to 3 years and a fine not exceeding 500,000 Riyals.

Reporting Entities are also reminded that under Article (44) of the AML/CFT Law, Reporting Entities that fail to meet their obligations under the AML/CFT Law can be subject to further sanctions and measures from Supervisory Authorities, including:

- financial penalties;
- suspension, restriction or withdrawal of license; and
- prohibitions on business, profession or activity.

Reporting procedures: Filling in the Suspicious Transaction Report Form

A standard Suspicious Transaction Reporting form (attached) is available on the FIU's website <http://www.qfiu.gov.qa/> and should be used by Reporting Entities.

It is essential that Reporting Entities complete all relevant fields in the standard form with accurate information.

Form and Content of the STR

The value of an STR depends on the quality of information it contains. An STR must set out in a clear manner the basis for *knowledge* or *suspicion* of money laundering or terrorist financing.

Reporting Entities should include as much relevant information about the customer, transaction or activity that it has available from its records.

Item #4 "Statement of the grounds on which the Reporting Entity holds the suspicion" should give a detailed explanation as to why the reporting entity is filing a suspicious transaction report.

If a Reporting Entity has its own STR form, it may be used to report a suspicious transaction only if it contains all the appropriate sections.

STRs reporting mechanisms

STRs must be reported, in order of priority, through the following means:

- 1- On the FIU e-system (only for the reporting entities who have an electronic link with the QFIU)
- 2- via email address approved by the FIU
- 3- By driver/courier to the QFIU Office: 07 Abdullah Bin Jasim, United Bank Building, 5th Floor
- 4- By Fax to +9744410327

The Reporting Entity may in limited circumstances, make an STR via telephone (+974 4456290) where the Reporting Entity believes the immediate attention of the FIU is required i.e. urgent cases where the Reporting Entity believes the immediate attention of the FIU is required.

An oral report would be appropriate where a Reporting Entity's impression of a transaction has gone beyond suspicion and amounts to knowledge or belief that the transaction involves money laundering or terrorist financing.

In each case that an oral report is made it must be followed as soon as practicable by a written report.

FIU procedures upon the receipt of STRs

Upon the receipt by the FIU of ML and /or FT STRs, the FIU will conduct analysis to assess the basis for suspicion. The FIU is empowered under (15) of the AML/CFT Law to require a Reporting Entity to produce specific information that the FIU may reasonably require to conduct its analysis and expects Reporting Entities to be cooperative in this regard. Reporting Entities must ensure full access to all relevant records and information in relation to the STR.

QFIU Reporting form

To: Qatar Financial Information Unit PO Box 1234, Doha Fax: 4410327 Tel: 4456293	From: Tel: Fax:
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SUSPICIOUS TRANSACTION REPORTING UNDER LAW NO. (4) OF YEAR 2010 ON ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM

Your reference:	QFIU Ref:	Incident date:
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1 Person subject of the suspicious transaction report

1.1 *If the subject of the disclosure is an individual, fill in the following*

Surname(s)	
Other name(s)	
Father's Name:	
Address	
Telephone(s)	
Aliases	
Gender	Male <input type="checkbox"/> Female <input type="checkbox"/>

Nationality	
Passport number	
ID card number	
Date of birth	
Place of birth	
Occupation	
Place of work	

1.2 *If the subject of the disclosure is a company, fill in the following*

Name	
Registered address	
Incorporation number	
Type of business	
Other particulars	

1.3 *If the subject of the disclosure is a Trust, fill in the following*

Trust name	
Nature and purpose of the trust	
Jurisdiction and date of the establishment	

of the trust	
Identity of settler (s)	
Identity of trustee (s)	
Identity of protector (s)	
Beneficiary or beneficiaries	
Other particulars	

2 Account(s) subject of suspicious transaction report

2.1 Account

Account number

Held at (*name of institution*)

Sort / bank code

Account type

Date opened

Date closed

Balance held

Date of Balance Held

2.2 2nd Account

Account number	
Held at (<i>name of institution</i>)	

Sort code		
Account type		
Date opened		Date closed
Balance Held		Date of Balance Held

3 Associates

3.1 Individuals

If the subject of the disclosure has an associate and the associate is an individual, fill in the following about the associate. If there are 2 or more associates that are individuals, attach the number of pages required to give the following information for the other associate(s).

Surname(s)	
Other name(s)	
Father's name	
Aliases	
Gender	Male <input type="checkbox"/> Female <input type="checkbox"/>
Nationality	
Passport number	
ID card number	
Date of birth	
Place of birth	
Occupation	
Place of work	
Reason for association to main	

subject	
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3.2 Companies

If the subject of the disclosure has an associate and the associate is a company, fill in the following about the associate. If there are 2 or more associates that are companies, attach the number of pages required to give the following information for the other associate(s).

Name	
Registered Address	
Incorporation No.	
Type of Business	
Other particulars	
Reason for association to main subject	

3.3 Trusts

If the subject of the disclosure has an associate and the associate is a Trust, fill in the following about the associate. If there are 2 or more associates that are Trusts, attach the number of pages required to give the following information for the other associate(s).

Trust name	
Nature and purpose of the trust	
Jurisdiction and date of the establishment of the trust	
Identity of settler (s)	
Identity of trustee (s)	

Identity of protector (s)	
Beneficiary or beneficiaries	
Reason for association to main subject	

4 Suspicion – Statement of the grounds on which the Reporting Entity holds the suspicion

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5 Transaction details

Amount (Currency)	Source (account, sort / bank code, institution, account name)	Destination (account, sort / bank code, institution, account name)	Type (cheque, cash, SWIFT)

Submitted By (MLRO)

Signature

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Date Submitted ____/____/20__