



## **SUPPLEMENTARY INFORMATION**

### **Appendix AML- (v)**

### **Guidance Notes**



**Guidance Notes History**

<b>Change Date</b>	<b>Description of Changes</b>
October 2010	Initial Launch



## **Appendix AML – (v): Guidance Notes**

### **Source of Funds**

The following provides Guidance on the requirement contained in Rule AML-1.2.1 (l), that information on the source of funds must be obtained with respect to transactions above BD 6,000 in value, when dealing with natural persons.

The information required by Rule AML-1.2.1 (l), on source of funds, might typically be obtained by licensees in the form of a declaration signed by the customer stating the source of funds used to fund the transaction. Once the nature and level of business of the customer relationship has been established, information on the source of funds does not have to be documented for every subsequent receipt of funds, providing these later receipts fall within the previously identified parameters of normal expected customer activity.

Capital Market Service Providers should note, however, that for all significant or abnormal transactions, the source of funds for the transaction in question must also be *verified*: see Rule AML-2.2.5. Where licensees do not have automated transaction-monitoring systems, all transactions above BD 6,000 must be viewed as ‘significant’ (see Rule AML-2.2.3), and hence require verification. Where such systems are used, Capital Market Service Providers have discretion in defining ‘significant’ in relation to what might reasonably be considered normal or expected behaviour on the part of a customer, based on their knowledge of the customer’s circumstances (see Rule AML-2.2.1 and Paragraph AML-2.2.2).

CBB would expect verification to be undertaken by crosschecking information with official documents, showing the source of funds. Such documents might include copies of a contract of employment, copies of salary receipts or similar, appropriate official papers from a Ministry or lawyer (e.g. in the case of an inheritance), or a copy of a lease contract in respect of receipts by a landlord. In the case of a commercial company, the licensee should make reference to the type and scale of business, and the latest accounting information. Where a Capital Market Service Provider is receiving funds by way of a cheque drawn on a Bahraini bank, it does not need to perform verification of source of funds if the cheque is drawn on the account of the customer.

Where the source of funds cannot be adequately verified, Capital Market Service Providers should consider the need to make a suspicious transaction report: see Sections 4.1 and 4.2.

### **CDD**

For Bahraini nationals born before 1971, birth certificates were not compulsorily issued. Where no birth certificate is available for a Bahraini national born before 1971, the year of birth should be taken from the passport or CPR. For Bahraini residents, only a certified copy of the CPR will be required if it shows the correct permanent residential address. If the customer wishes for correspondence to be sent to an address other than that shown on the CPR (other than a P.O. Box or employment address) then the customer’s address must be verified by one of the documents mentioned in Rule AML-1.2.3 (b).