



# **SUPPLEMENTARY INFORMATION**

## **Appendix FC- 6**

### **Guidance Notes**

<b>Guidance Notes History</b>
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Change Date	New Version no.	Description of Changes
October 2005	02	Edited version of 01
January 2006	03	Addition of “unusual or abnormal” transactions

## Appendix FC –6: Guidance Notes

### Source of Funds

The following provides Guidance on the requirement contained in Paragraph FC-1.2.1 (l) that information on the source of funds must be obtained.

The information 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 for the account or transaction. Licensees should note, however, that for all significant or abnormal transactions, the source of funds for the transaction in question must also be *verified*: see Paragraph FC-2.2.5. Where licensees do not have automated transaction-monitoring systems, all transactions above BD 6,000 must be viewed as ‘significant’ (see Paragraph FC-2.2.3), and hence require verification if they are unusual or abnormal. Where automated systems are used, licensees 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 Paragraphs FC-2.2.1 and FC-2.2.2). Where a transaction is funded by a cheque drawn on a Bahrain bank account in the name of or payable to the customer (e.g. in the case of a wire transfer, or a currency exchange) then the licensee is only required to perform verification or make an STR if the licensee still has suspicions.

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.

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.

Where the source of funds cannot be adequately verified, licensees should consider the need to make a suspicious transaction report: see Sections FC-5.1 and FC-5.2.

### CDD Requirements for Bahrain Residents and Tourists

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 Bahrain 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

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or employment address) then the customer's address must be verified by one of the documents mentioned in FC-1.2.3 (b). Tourists should show proof of their temporary residential address in Bahrain (e.g. hotel key or confirmation) where required. For transactions above BD6,000 by a tourist, proof of permanent residential address is required. If the tourist cannot show such proof, then the licensee may refuse to proceed with the transaction. If the licensee is concerned about tipping off the customer, then the transaction should proceed, and an STR must be made immediately.