

# 3<sup>rd</sup> Enhanced Follow-Up Report for Kingdom of Bahrain

*Technical Compliance Re-Rating Request*

Anti-Money Laundering and  
Combating the Financing of Terrorism

May 2022

Kingdom of Bahrain

Document Language: English.

Original Language: Arabic.

*This document contains the 3<sup>rd</sup> Enhanced FUR for the Kingdom of Bahrain, which includes a TC re rating for (10) recommendations. This report reflects Bahrain's efforts, since the adoption of the MER in June 2018. The 34<sup>th</sup> MENAFATF plenary has adopted this report provided that Kingdom of Bahrain remains in the Enhanced Follow-up process and submits its 4<sup>th</sup> Enhanced FUR in the 36<sup>th</sup> plenary meeting in May 2023.*

©2022 MENAFATF.

All rights reserved. No reproduction or translation of this publication may be made without prior written permission. Requests for permission to further disseminate, reproduce or translate all or part of this publication should be obtained from the MENAFATF, P.O. Box 10881, Manama, Kingdom of Bahrain (e-mail: [info@menafatf.org](mailto:info@menafatf.org)).

**Kingdom of Bahrain's 3<sup>rd</sup> Enhanced Follow-up Report  
(With a Technical Compliance Re-rating)**

**Introduction:**

1. The Kingdom of Bahrain was evaluated jointly between the FATF and MENAFATF pursuant to FATF's 40 recommendations and the 11 Immediate outcomes adopted in 2012, and the MER was prepared according to the methodology adopted in 2013. The MER of the Kingdom of Bahrain was approved by the FATF and MENAFATF joint Plenary Meeting, which was held in June 2018 in Paris, the French Republic.
2. According to the MER of the Kingdom of Bahrain, it was rated "Compliant" in (8) recommendations, "Largely Compliant" in (26) recommendations, and "Partially Compliant" in (6) of the 40 recommendations, and the Report also showed that the country's evaluation as (Moderate level of effectiveness "ME") in (8) IOs, and (Substantial level of effectiveness "SE") in (3) IOs, out of the 11 IOs in the effectiveness evaluation.
3. The following are brief of the Technical Compliance and Effectiveness Ratings:

**Table (1): Technical Compliance Ratings**

R. 1	R. 2	R. 3	R. 4	R. 5	R. 6	R. 7	R. 8	R. 9	R. 10
Partially Compliant	Largely Compliant	Largely Compliant	Compliant	Partially Compliant	Partially Compliant	Partially Compliant	Largely Compliant	Compliant	Largely Compliant
R. 11	R. 12	R. 13	R. 14	R. 15	R. 16	R. 17	R. 18	R. 19	R. 20
Compliant	Largely Compliant	Largely Compliant	Largely Compliant	Compliant	Largely Compliant	Compliant	Largely Compliant	Largely Compliant	Largely Compliant
R. 21	R. 22	R. 23	R. 24	R. 25	R. 26	R. 27	R. 28	R. 29	R. 30
Largely Compliant	Partially Compliant	Partially Compliant	Largely Compliant	Largely Compliant	Largely Compliant	Largely Compliant	Largely Compliant	Compliant	Compliant
R. 31	R. 32	R. 33	R. 34	R. 35	R. 36	R. 37	R. 38	R. 39	R. 40
Compliant	Largely Compliant	Largely Compliant	Largely Compliant	Largely Compliant	Largely Compliant	Largely Compliant	Largely Compliant	Largely Compliant	Largely Compliant

Note: There are four possible ratings for Technical Compliance (Compliant, Largely Compliant, Partially Compliant, and Non-Compliant)

Reference: <https://www.menafatf.org/sites/default/files/Newsletter/MER-Bahrain-2018.pdf>

4. Based on the TC ratings in the 40 recommendations and the level of effectiveness in the 11 IOs in the MER for the Kingdom of Bahrain, and according to the adopted procedures of ME process, the decision of the joint plenary meeting of (MENAFATF/FATF) in June 2018, the Kingdom of Bahrain was placed in the Enhanced Follow-Up process, provided that the first FUR be submitted within the framework of the enhanced follow-up process for the 30<sup>th</sup> Plenary Meeting of the MENAFATF in November 2019, as the Kingdom of Bahrain submitted the first EFUR (without requesting a re-rating for TC) in the MENAFATF's 30<sup>th</sup> plenary meeting, which was held during November 2019 in Cairo, Egypt, in which it referred to the Kingdom's efforts since the adoption of the MER, as the 30<sup>th</sup> Plenary Meeting approved the 1<sup>st</sup> EFUR for the Kingdom, The 2<sup>nd</sup> EFUR for the Kingdom of Bahrain was also presented (without requesting TC re-rating) to the MENAFATF 32<sup>nd</sup> plenary, which was held virtually in June 2021, reflecting the additional

measures taken by the Kingdom of Bahrain in AML/CFT, as the plenary adopted the Report, provided that the Kingdom submits its 3<sup>rd</sup> EFUR to the MENAFATF 34<sup>th</sup> Plenary, scheduled to be held in May 2022.

5. The Kingdom of Bahrain submitted a request to re-rate 10 recommendations namely (1, 2, 5, 6, 7, 15, 18, 21, 22, and 23). These recommendations included those that FATF modified after the adoption of the MER.

6. In coordination with the secretariat, Mr. Abdelsattar El-Najjar, Deputy Director General for International Cooperation in the Egyptian FIU, and Mrs. Fedoua El-Filali, Anti-Money Laundering and Terrorist Financing Analyst at the Moroccan FIU, analyzed the technical compliance with the recommendations which the Kingdom of Bahrain requested to be re-rated and the recommendations that were amended by the FATF.

#### Overview on the progress made in implementing the assessed Recommendations:

8. This chapter tackles the actions taken by the Kingdom in order to comply with the Recommendations requested for re-rating, which are as follows:
  - a. **Address some deficiencies in TC as identified in the MER with relation to recommendations requested to be re-rated.**
  - b. **Implement the new requirements as per the amendments made to FATF Recommendations since the adoption of the MER.**

#### Recommendations of which the Kingdom of Bahrain requested a TC re-rating:

9. Bahrain addressed some TC deficiencies mentioned in the MER related to R.1, 5, 6, 7, 22, and 23). As a result of this progress, the TC ratings were revised with regard to these recommendations.

#### Recommendation 1 - Risk Assessment and implementing Risk-Based Approach (PC):

10. The MER of the Kingdom of Bahrain stated that ML/TF risks were identified to a limited extent. At the time, Bahrain had not completed its first NRA and had not fully implemented a risk-based approach to allocating resources and implementing mitigation measures. At that time, no conditions were imposed on FIs and DNFBPs to ensure that the higher risks identified by Bahrain are included in their risk assessments. Nor were there specific provisions, at the time requiring DNFBPs to document their risk assessment or to consider all relevant risk factors when determining the overall level of risk and applying mitigation measures. The report also indicated, at the time, the absence of some elements of risk management without relying on risk mitigating measures.
11. Also, to address the shortcomings cited in the MER, The Kingdom of Bahrain took a number of measures in case of adopting the first NRA as well as the national AML/CFT strategy in 2019, which includes identifying the risks in several areas and sectors such as the risks of traditional and digital banks, virtual assets as well as a strategic analysis of patterns and trends through the FID. Bahrain also indicated that the committee for the establishment of policies with regard to the prohibition and combating of ML/TF (National Policy Committee) approved the first NRA at the national level and circulated the executive summary thereof at the national

level to the private sector. In addition, the private sector has been obligated to integrate the results of the NRA into the framework of the RBA, and that it has updated the NRA in 2021 to re-evaluate the existing threats, vulnerabilities and risks identified in the previous NRA, and that this update reflects new emerging threats, and specific vulnerabilities that will lead to the identification of sectoral risk assessments.

12. The competence of the National Policy Committee has also been amended to identify and assess the risks of money laundering and terrorist financing at the national level, and to establish a mechanism for coordinating procedures for assessing ML/TF risks at the national level, by sharing the results of risk assessments with all relevant authorities, bodies, financial institutions, and related DNFBPs. The committee is also concerned with working on applying an approach based on allocating and directing resources according to the level of risk, and taking the necessary AML/CFT measures, with the aim of mitigating the risk rate, based on the results of the assessment referred to above.
13. As for the Ministry of Industry, Commerce and Tourism's subject population (Auditors and DPMS), the Ministry required the persons subject to the Order to establish and implement regulations and procedures according to the approach based on the risk assessment, to apply the results of the NRA report and reflect them on the processes and the risk-based internal procedures and to update such procedures whenever the NRA report is updated. As for the Ministry of Justice, Islamic Affairs and Waqf's subject population, it required the relevant sectors to establish and implement regulations and procedures according to the approach based on the risk assessment, to apply the results of the NRA report and reflect them on the internal processes and procedures and to update such procedures so as to keep abreast of any update made to the NRA report. The same measures were also taken for the sectors subject to RERA.
14. On the other hand, the Central Bank's instructions allow the application of simplified due diligence as contained in the rulebook volume, in specific cases that have a low level of ML/TF risk or financing proliferation, and the instructions of the Ministry of Industry, Trade and Tourism allow simplified CDD in cases of dealing with a governmental or semi-governmental entity, government or dealing with a company owned by the government of the Kingdom of Bahrain or one of the governments of the Gulf Cooperation Council countries or dealing with a client who has a long history in previous contracts/transactions, and during that period nothing was found that raises suspicion or raises the level of risk. The Ministry of Justice allows also simplified measures in similar cases.
15. The Central Bank of Bahrain also clarified that onsite inspection are conducted to FIs, and the inspection team works according to a specific control plan based on a risk-based approach. As for legal matters, the follow-up unit or the external auditors of the Ministry of Justice must carry out onsite visits to the lawyer's offices and the foreign audit offices. About inspection work in the real estate sector, RERA works on inspection and investigation of the sector's activities.
16. The CBB requires FIs under the FC Module of the CBB Rulebook Volume to apply the risk-based approach as a basis for establishing programs against money laundering, terrorist financing and proliferation financing, by assessing the ML/TF/PF risks prior to and during the establishment of a business relationship and, on an ongoing basis, throughout the course of the relationship. For DPMS (gold dealers) and auditors, there is an obligation in this regard, as

systems and procedures have been developed and applied in accordance with the RBA, applying the results of the risk report at the national level and reflecting its results on operations and internal procedures based on risks and updating those procedures whenever the NRA report is updated. As for RERA, all licensees must develop and implement systems and procedures in accordance with the RBA, apply the results of the NRA report at the national level, reflect its results on internal processes and procedures, and update those procedures in a manner that keeps pace with any update on the NRA report. As for lawyers and notaries sector, the Ministry of Justice indicated that lawyers and foreign law firms must be required to establish and implement regulations and procedures according to the approach based on the risk assessment, to apply the results of the NRA report and reflect them on the internal processes and procedures and to update such procedures so as to keep abreast of any update made to the NRA report.

17. According to the CBB requirements, simplified CDD measures should not be applied when the licensee knows, suspects or has reason to suspect that the customer is engaged in money laundering, terrorist financing or proliferation financing transactions, or that the transaction is carried out on behalf of another person engaged in ML/TF/PF activities. In addition, simplified CDD measures should not be applied when the licensee has identified higher risks.
18. **Conclusion:** The above analysis shows that the Kingdom of Bahrain has mostly met some of the requirements of R.1. However, the NRA Report of 2021 did not cover the risks of all areas, including legal persons (other than the DNFBPs sector), legal arrangements and NPOs. It does not appear that the supervisory authorities other than the Central Bank have adequate mechanisms for communicating assessment information to the competent authorities and SRBs. It was also not clear that other supervisory authorities - other than the Central Bank - had required the institutions subject thereto to set policies, controls and procedures, approved by senior management, which would enable them to manage and mitigate risks, with the exception of general expressions regarding the application of the RBA. It was not clear that the sectors supervised by the Ministry of Industry, Trade and Tourism, the Ministry of Justice, and RERA were subject to legal provisions that prevent them from taking simplified measures in the event of suspected money laundering or terrorist financing. **Accordingly, the compliance rating for this recommendation is "Largely Complaint".**

#### **Recommendation 5 - Terrorist financing offence (PC):**

19. The Kingdom of Bahrain's MER stated that the crime of terrorist financing in Bahrain is incompatible with the International Convention for the Suppression of the Financing of Terrorism. The Bahraini law's definition of terrorism includes an exception in cases of "peoples' struggle, including armed struggle, against foreign occupation, aggression, colonialism, and foreign domination for liberation or self-determination in accordance with the principles of international law".
20. To address the shortcomings mentioned in the MER, the Kingdom of Bahrain has taken a number of measures. The Kingdom of Bahrain issued Decree Law No. (57) of 2018 amending some provisions of Decree Law No. (4) of 2001 regarding prohibiting and combating money laundering and terrorist financing, so that the definition of financing of terrorism corresponds to that of the Convention for the Suppression of the Financing of Terrorism and the deletion of the exception of situations of peoples' struggle, including armed struggle against foreign

occupation, aggression, colonialism, and foreign domination for liberation or self-determination in accordance with the principles of international law. The Kingdom of Bahrain has also stipulated the penalty against a legal person in the cases in which ML/TF crime is committed, without prejudice to the responsibility of the natural person.

21. On the other hand, the Penal Code covers the general rules related to attempt, incitement and conspiracy, and penalties are imposed for attempting the same as a complete crime as well as for participation, where the Penal Code refers to "criminal accomplices" between the principal offender in Article (43) and the accomplice in Article (44) thereof. Article (45) also defines the penalty for each of them as "Any person involved in an offence, either as a principal offender or an accomplice, shall be liable for the prescribed punishment unless the Law otherwise provides". In addition, Law No. (58) of 2006 on the protection of society from terrorist acts indicates criminalizing the organization or management of others in violation of any of the laws in force in the Kingdom regarding the crime of terrorism and its financing. Decree-Law No. (29) of 2020 amending some provisions of Decree-Law No. (4) of 2001 regarding AML/CFT, "Whoever, natural or legal persons, involved in the crimes stipulated in this Article in his capacity as an actor or accomplice, shall be punished with the penalties prescribed therefor. And even his attempt to commit them shall be punished with the penalties prescribed for the complete crime".
22. **Conclusion:** It is clear from the above analysis that the Kingdom of Bahrain has addressed all the requirements of Recommendation 5. The Kingdom of Bahrain issued the Decree-Law No. No. (57) of 2018, amending some provisions of Decree-Law No. (4) of 2001 regarding prohibiting and combating money laundering and terrorist financing to amend the definition of terrorist financing consistently with the International Convention for the Suppression of the Financing of Terrorism. Also, the deletion of the previous exception stipulated addresses shortcomings in the Mutual Evaluation Report and the provision of the penalty against the legal person. Still, it was unclear whether the same penalties are imposed on subsidiary offenses as on the main offenses. However, it is possible to apply the dependent crimes stipulated in the Penal Code to the crime of financing terrorism mentioned in a decree. **Accordingly, the rating in this recommendation is "Largely Compliant".**

#### **Recommendation 6 - targeted financial sanctions related to terrorism & terrorist financing (PC)**

23. The MER of the Kingdom of Bahrain stated that the Kingdom of Bahrain has a legal framework for FIs and the majority of DNFBPs to implement UNSCRs 1267 and 1988 (and successor resolutions) without delay. However, this framework does not include all natural and legal persons in Bahrain, nor lawyers, notaries, and real estate brokers/agents, which affects a number of criteria under this recommendation. Guidance on the proposed designation on the 1988 Committee's list is not available. Limited guidelines for DNFBPs are also available. In addition, the Ministry of Industry does not require its reporting entities to respond to its email notifications. The Ministry of Industry does not have procedures in place to allow access to the funds. Bahrain has the authority to designate entities on local lists and consider (looks into) designations made by another party.
24. To address the shortcomings cited in the MER, the Cabinet Order No. 12 of 2021 regulates national terrorism lists and the implementation of United Nations Security Council resolutions

issued under Chapter VII of the Charter of the United Nations relating to the prevention and suppression of terrorism and its financing and the prevention, suppression and disruption of proliferation of weapons of mass destruction and its financing, the Kingdom of Bahrain stated that the Ministry of Foreign Affairs submits the requests for listing the names of persons or entities which meet the criteria for designation, pursuant to relevant UNSCRs and which are proposed for designation on the Sanctions List by virtue of a decision taken ex parte by the committee, without prior notification to the concerned person or entity and without requiring the existence of criminal proceedings against them, as mentioned in the Order. It also submits designation proposals to the relevant body at the security council as per the adopted designation formats. The Kingdom of Bahrain also clarified that the Cabinet is competent authority for issuing national lists of terrorism, where the Cabinet Resolution defined (national terrorist lists) as lists in which persons and entities are designated therein as identified by a decision of the Cabinet.

25. Also it was referred to Order 12 of 2021 issued by the Cabinet, in addition to the decision issued by the supervisory authorities to FIs and DNFBPs stating that the competent authorities, institutions and all natural and legal persons shall freeze funds, whenever available thereto, that belong to persons or entities listed on the national terrorism lists or the sanctions list without delay from the date of its publication and without tipping off to the listed person or entity. "Without delay" is defined in the same Order as "immediately within hours not exceeding 24 hours".
26. On the other hand, the Cabinet's decision prohibited the competent authorities, institutions and all natural and legal persons from providing funds or any financial services directly or indirectly to persons or entities listed on the national terrorism lists or the sanctions list, or for entities owned or wholly controlled by the listed persons. or in part, directly or indirectly, or for the benefit of any person or entity acting on their behalf or acting at their direction, unless authorized by the committee in accordance with the provisions set forth in this Resolution and in accordance with relevant Security Council resolutions. The Kingdom of Bahrain has a mechanism for informing FIs and some DNFBPs of changes that occur to the relevant lists immediately.
27. The Kingdom indicated that the Cabinet Order required the competent authorities, institutions and all natural and legal persons shall ensure the availability of any funds they have belonging to the persons or entities listed in the national terrorism lists or the sanctions list or those whose names have been crossed out therefrom, to inform without delay from the date of its publication of the information and measures taken whenever they have such information, Funds, including the value and type of funds that have been frozen or unfrozen, the date and time of their freezing or unfreezing, and any measures that will be taken. Moreover, supervisory authorities on FIs and DNFBPs are obligated to report attempted transactions according to the requirements of the standard, implement judicial rulings and decisions, and take into consideration the rights of bona fide third parties when implementing any of the procedures related to the freezing of funds.
28. The decision issued by the Cabinet clarified that the Committee to Combat Extremism, Combat Terrorism and Its Financing and Money Laundering may submit in its name directly through



the Ministry of Foreign Affairs to the relevant body in the Security Council a request for removal from the sanctions list, either on its own or at the request of the listed person or entity. If it considers that the listing criteria do not apply or no longer apply thereto, or if the entities no longer have an actual presence or activity in the Kingdom. It may also submit, on its own or at the request of the heirs, a request to de-list the names of the deceased persons from the sanctions list, and the request shall be accompanied by official documents supporting the death and the status of the applicants as heirs. The committee shall take the necessary measures to verify that none of the heirs or beneficiaries of the funds is on the national terrorism lists or the sanctions list.

29. The decision issued by the Cabinet assigned the right to each person whose name has been listed on the national terrorism lists to submit a petition against the listing decision before the committee, attaching therewith all the documents supporting it, provided that a decision is made within thirty days from the date of submission, and the elapses of this period without a response is considered an implicit rejection to the petition. The Order assigned the Ministry of Foreign Affairs to publish on its website the procedures for filing requests to remove names from the Sanctions List with the UN competent body, provided that these procedures include guidance for persons and entities designated on the Sanctions List on how to petition the de-listing requests directly at the Ombudsman office or the focal point - as the case may be -, and for Bahraini persons and entities or the persons and entities located or based in Bahrain or having funds which were frozen and which are designated on the Sanctions List, on how to petition requests for de-listing through the committee.
30. The Minister of Interior Resolution No. (120) of 2021 Challenges against a decision of designation on the National Lists of Terrorism, the request to remove names of deceased persons from these lists, the request to remove names from the Sanctions List, and challenges against an error in the implementation, with the Committee Secretariat in writing or electronically through the ' Committee's website. These requests are accompanied by all the supporting information, documents and official papers, and the communication details that the committee can use to communicate with the petitioner and send the notifications.
31. Accordingly, the Cabinet Order stated that the committee receives from the person or entity designated on the Sanctions List a request for authorization to use the frozen funds to meet basic or extraordinary expenses, according to the Committee's mechanism, accompanied with all the documents supporting his request and the amount of money requested for use. and if the committee sought to accept the request, then it shall follow a specific procedure, in all events where the request is accepted, the committee notifies the petitioner, competent authorities, institutions, and the natural or legal persons - as the case may be, who hold the funds authorized for use, to take the necessary actions to implement the decision issued by the committee. They should report to the committee the actions taken to implement the decision within three working days from the date of notification.
32. **Conclusion:** It was clear from the above analysis that the Kingdom of Bahrain mostly met the requirements of Recommendation 6, but it was not found that the text applies to evidentiary standard of proof on the basis of "reasonable grounds" or "reasonable basis". The Order does

not clearly state to provide as much relevant information as possible on the proposed name; and a statement of the case which contains as much detail as possible on the basis for the listing. On the other hand, and through the guides provided by the supervisory authorities on the DNFBPs sectors and the financial sector, it is considered a mechanism for informing financial institutions and some of DNFBPs of changes that occur in the relevant lists that are not detailed as required to serve the requirements of the recommendation. The Ministry of Justice did not have similar notices for lawyers and notaries as it is in other supervisory authorities. RERA does not send similar notices to real estate agents/brokers. In addition, it was not clear a mechanism for automatically publishing the listing decisions on the national terrorism lists and the sanctions list, or de-listing therefrom automatically once the decision is issued by the Cabinet or the relevant body in the Security Council. **Accordingly, the compliance rating for this recommendation is "Largely Compliant".**

### **Recommendation 7 - Targeted financial sanctions related to proliferation (PC):**

33. The MER of the Kingdom of Bahrain stated that the Kingdom of Bahrain has a legal framework for FIs and the majority of DNFBPs to implement UNSCRs related to Iran and Korea and without delay. However, no explicit legal obligations apply to all natural and legal persons in Bahrain to prevent funds or other assets from being made available to the listed persons or entities, which affects a number of criteria in this recommendation. Moreover, there are no requirements for lawyers, notaries, and real estate brokers. The Central Bank and the Ministry of Industry and Trade have provided limited guidance to their reporting entities. The MOICT does not require its reporting entities to respond to their notices via e-mail, and it does not have procedures to allow access to the funds.
34. To address the shortcomings cited in the MER, Order (12) of 2021 issued by the Cabinet stipulates that the competent authorities, institutions, and all natural and legal persons shall freeze funds, whenever available thereto, that belong to persons or entities listed on the national terrorism lists or the sanctions list without delay from the date of its publication and without tipping off to the listed person or entity. "Without delay" is defined in the same Order as "immediately within hours not exceeding 24 hours".
35. The Order indicated to include (freeze) all funds owned by the listed person or entity, in their possession or under their control, in whole or partly, directly or indirectly, not just the funds that can be linked to terrorist act, conspiracy, or threat or those can be linked to PF. It also includes funds acquired or resulting from funds that a listed person or entity may own, in their possession, or under their control, in whole or partly, directly or indirectly. Funds owned by a person or entity act on behalf of those listed persons or entities, under their management or at their direction, or owned or controlled thereby, in whole or partly, directly or indirectly.
36. On the other hand, the Cabinet's order prohibited the competent authorities, institutions, and all natural and legal persons from providing funds or any financial services directly or indirectly to persons or entities listed on the national terrorism lists or the sanctions list or for entities owned or wholly controlled by the listed persons. Or in part, directly or indirectly, or for the benefit of any person or entity acting on their behalf or acting at their direction, unless authorized by the committee in accordance with the provisions set forth in this Resolution and in accordance with relevant Security Council resolutions. The Kingdom of Bahrain indicated

that there is a mechanism for informing FIs and some DNFBPs of changes that occur to the relevant lists immediately, according to what was stated in the order issued by the Cabinet. The competent authorities, institutions, and all natural and legal persons shall ensure the availability of any funds they have belonging to the persons or entities listed in the national terrorism lists or the sanctions list or those whose names have been crossed out therefrom, to inform without delay from the date of its publication of the information and measures taken whenever they have such information, Funds, including the value and type of funds that have been frozen or unfrozen, the date and time of their freezing or unfreezing, and any measures that will be taken according to a specific mechanism. The Order defined that, in all cases, the implementation of judicial rulings and decisions and the rights of bona fide third parties must be taken into account when implementing any of the procedures related to freezing funds. The legislative framework in the Kingdom of Bahrain included the imposition of penalties in case of violation, in light of the supervisory powers granted to the supervisory authorities, and the imposition of (administrative fines) against violators.

37. On the other hand, the Order gave the opportunity to persons and entities designated on the Sanctions List may petition requests for de-listing directly at the Ombudsman's office or at the focal point - as the case may be - provided that the request is accompanied with all the supporting information and documents. It is also permissible to persons or entities which believe that they were wrongfully included on the Sanctions List, as having the similar or same names as designated persons or entities, may challenge the error in the implementation before the committee, which is to consider the challenge according to a specific procedure. The Order also stated that the committee receives from the person or entity designated on the national terrorists List a request for authorization to use the frozen funds to meet basic or extraordinary expenses, according to the Committee's mechanism, accompanied with all the documents supporting his request and the amount of money requested for use, and provided to settle the issue within 30 days as it is submitted. This period's elapses shall be considered an implied rejection to the request. In all events where the request is accepted, the committee notifies the petitioner, competent authorities, institutions, and the natural or legal persons - as the case may be, who hold the funds authorized for use, to take the necessary actions to implement the decision issued by the committee. They should report to the committee the actions taken to implement the decision within three working days from the date of notification. The decisions of listing on the national terrorism lists and the list of sanctions or de-listing therefrom automatically as soon as the decision is issued by the Cabinet or the relevant body in the Security Council, as the case may be, according to Order No. (12) of 2021 issued by the Cabinet.
38. **Conclusion:** The above analysis shows that the Kingdom of Bahrain has mostly met the requirements of Recommendation 7. but through the guidelines provided by the supervisory authorities on DNFBPs and the financial sector, it is considered a mechanism for informing financial institutions and some DNFBPs of the changes that occur to the related lists are not as detailed as required to serve the requirements of the recommendation. It was also not found that the Ministry of Justice provides lawyers and notaries with similar notices to the rest of the supervisory authorities. RERA does not send similar notices to real estate agents/brokers. It also did not appear to what extent there are guidelines on the obligations to respect the procedure for de-listing and unfreezing. The Ministry of Industry, Commerce, and Tourism does not allow the licensed entity/person to add on the frozen accounts interest or other returns

or withdraw from payments due under contracts, agreements, or obligations. **Accordingly, the compliance rating for this recommendation is "Largely Compliant".**

**Recommendation 22 - DNFBPs: Customers Due Diligence (PC):**

39. It was stated in the MER of the Kingdom of Bahrain that the most significant shortcomings are related to the identification and verification of the identity of the beneficial owner, the timing of taking due diligence measures, and the application of these measures to existing clients, and the requirements related to PEPs.
40. The Kingdom of Bahrain has taken several measures to address the aspects of this recommendation. The Kingdom of Bahrain indicated that pursuant to Ministry of Industry, Commerce and Tourism Resolution No. (103) of 2021 (regarding the activities of selling and trading gold and jewelry and auditing accounts), which replaced Resolution No. (173) of 2017, reorganizing the cases in which normal due diligence and enhanced due diligence are applied, so that these provisions are clear and commensurate with the risks that require normal or enhanced due diligence if it appears to the subject that the transaction is separate, legal work or documentation required by the client or it becomes clear through an assessment of levels of the risks during which it is revealed that they involve high risk or a high probability of ML/TF occurrence or illegal transfer of funds across borders. It is the same approach that was followed in the Resolutions of the Ministry of Justice No. (14) and (28) of 2021 (regarding the legal profession, foreign legal advice offices, and notary work), and RERA Resolution No. (2) of 2021 (regarding the activities of the sector).
41. Ministerial Resolutions No. (103), (2), (14), and (28) of 2021 require those subject to the resolutions to identify and verify the identity of customers from reliable sources. It is also prohibited to deal with persons whose identity is unknown or who refuse to prove their identity or the identity of the ultimate beneficiary. Also, inform the FIU of any suspicious information, and keep information and documents regarding the identity of clients and their representatives and what is related to their business for five years. With regards to the application of procedures in line with the RBA, the ministerial orders/resolutions covered the requirement to develop and implement systems and procedures in accordance with the RBA, apply the results of the NRA and reflect its results on the risk0based operations and internal procedures and update those procedures whenever the NRA report is updated.
42. With regards to EDD, Bahrain indicated that those subject to Ministerial Resolutions No. (2), (103), and (14) must apply enhanced due diligence measures and more effective measures if a public figure is a PEP. These measures include verification by available means of the source of funds and the purpose of the business relationship or separate operation related to the business, especially if carried out towards PEPs. In addition to any other measures or more effective measures commensurate with the nature of the business relationship or the separate operation related to the business of the subject to the Order. In contrast, there are similar provisions regarding notaries as indicated under Resolution No. 28 of 2021. As the case may be, the compliance officer or his deputy must be notified immediately after the implementation of the enhanced due diligence measures and measures to identify and verify the UBOs and apply regulations and measures according to the existing RBA PEPs have been defined.

43. **Conclusion:** It is clear from the above analysis that the Kingdom of Bahrain partly met some of the requirements of Recommendation 22, as it was not clear that there are explicit provisions regarding the identification and verification of the ultimate beneficiary for DPMS and auditors in all cases as required by C.22.1. It was not clear that the requirements (C.10.10 and 10.11) were covered, and there does not appear to be any provision in the ministerial decisions to allow for delays in the verification process (C.10.14 and 10.15). In general, it was not clear whether the legal arrangements were covered for each of the DNFBPs with regards to C.22.1. Nor did the requirements for reporting a suspicion and tipping off as well as the explicit declaration not to conduct due diligence (not to cause tip-off) measures by non-legal professions. There are no provisions that apply to family members of PEPs and people close to them regarding the application of enhanced due diligence for the real estate sector (C.22.3). **Accordingly, the compliance rating for this recommendation is "Partially Compliant".**

### Recommendation 23 - DNFBPs Other Measures (PC)

44. As stated in the MER for the Kingdom of Bahrain, the transactions engaged in were not covered. Requirements on internal controls and high-risk countries were not detailed in order to meet the FATF standards.
45. To address the shortcomings mentioned in the MER, Decree-Law No. (29) of 2020 included the obligation of institutions to "immediately report any suspicious transactions – including attempted ones – in an accurate and integrated manner that contains all necessary information and details, regardless of their value. These obligations apply to all persons subject to Decree-Law No. (4) of 2001 (including DNFBPs, with the exception of notaries). According to Resolution No. (28), which stipulated the following": The notary who acts as compliance officer should report to the Enforcement Unit and notify the Monitoring Unit, forthwith, upon detecting the suspicious or unusual transaction or the attempt to deal in such transactions, at the latest within (24) hours after the detection.
46. The Kingdom of Bahrain has also taken a set of measures with regard to real estate agents; Resolution No. (2) of 2021 clarifies the procedures for appointing a public officer at the group level to meet the requirements of the criterion. The same decision stipulated that: The licensee should participate, whenever possible, in training programs against money laundering, terrorist financing, and illegal transfer of funds across borders, which the RERA holds in coordination with relevant entities. The licensee may implement, at the business group level, training programs against money laundering and terrorist financing applicable to customers, provided that the competent unit within the RERA is notified in advance of the content of any training program and its approval is obtained. It also includes conditions to ensure the competence (fitness) of the compliance officer. As for the sector of the legal profession, it has met the requirements in accordance with Resolution No. (14) of 2021.
47. The Kingdom of Bahrain has taken measures regarding EDD, as Ministerial Resolutions No. (2), (103) and (14) and (28) of 2021 indicated EDD procedures if the licensee's work offered to the client is related to being classified as a high-risk country or if the final beneficiary is residing therein or belonging thereto by nationality. Or if the source of the funds is from those

countries or the funds will be sent to. Bahrain reported that all non-financial sector institutions have obligations to conduct a risk assessment before dealing, and based on the result of this assessment, the level of risk is determined regardless of whether the FATF calls for certain countries as high-risk or not.

48. As per Ministerial Resolutions, it clarified the procedures of appointing a general officer at the management level, based on specific conditions. Also, it allowed for exchanging CDD information at the business group level, provided that confidentiality is kept and that the licensee reports any exchange of information to the competent unit within the RERA. In addition to obligating the subsidiaries operating abroad to implement AML/CFT measures in conformity with the FATF Recommendations and instruct them to implement the provisions of this Decision to the extent that the regulations and laws which are applicable in those countries where they operate permit, particularly if these branches are based in high-risk countries or in countries that do not or insufficiently abide by the Decision. The enforcement Unit and the competent unit within the RERA should be reported to if the laws of countries where these branches operate hinder the implementation of the provisions of this Decision.
49. The Kingdom of Bahrain referred to the measures taken with regard to legal protection when reporting, preventing disclosure of confidentiality, and sending STRs or any related information to the competent unit, as it imposed (criminal or disciplinary) penalties and prescribed penalties for violating the provisions of the decree-law or the aforementioned ministerial decisions.
50. **Conclusion:** It is evident from the above analysis that the Kingdom of Bahrain has mostly met most of the requirements of Recommendation 23 due to the absence of a recommendation to apply additional appropriate measures that are applied to manage risks, if the host country does not allow the appropriate implementation of AML/CFT measures that are consistent with the procedures of the mother country. This is in contrast to notaries public, the legal profession and its subsidiaries. With regard to the legal profession, there are no explicit provisions on the permissibility of exchanging customer due diligence information at the group level with a commitment to confidentiality. However, the Kingdom of Bahrain did not indicate the measures taken regarding sub-criterion 19.3 for the sector of the legal profession. **Accordingly, the compliance rating for this recommendation is "Largely Complaint".**

**The recommendations requested by the state and which were amended by the FATF after the adoption of the MER:**

51. The Kingdom of Bahrain has addressed some of the shortcomings cited in the TC with the Recommendations that have been amended by the FATF and related to Recommendations (2, 15, 18, and 21). As a result of this progress, the TC ratings were revised with regards to these recommendations.

**Recommendation 2 - National Cooperation and Coordination (LC)**

52. The MER of the Kingdom of Bahrain stated that the Kingdom of Bahrain has established a mechanism to develop national policies and ensure coordination between authorities, but

national risk-based policies have not yet been adopted. In addition, there have been amendments by the FATF to Recommendation 2, by adding C.2.5, which is that Countries should have cooperation and coordination between relevant authorities to ensure the compatibility of AML/CFT requirements with Data Protection and Privacy rules and other similar provisions (e.g., data security/localization).

53. To address the shortcomings mentioned in the MER, the Kingdom of Bahrain has developed a structure and mechanism for identifying and updating ML/TF risks at the national level in order to formulate national policies to address them. The terms of reference of the Committee for the Development of Policies in AML/CFT have been amended, including setting procedures regulating its work and studying the development of public policies on AML/CFT, in addition to working on applying an approach based on the allocation and directing of resources according to the level of national risk, and following up on any developments in that matter and coordinating with the competent authorities to prepare relevant national statistics, information and data. Accordingly, the Kingdom of Bahrain approved the NRA in 2019, and the assessment was updated in October 2021 to re-rate the existing threats, vulnerabilities, and risks identified in the previous risk assessment report.
54. With regard to cooperation and coordination between the relevant authorities to ensure compliance with the AML/CFT requirements in accordance with the new FATF requirements, the Kingdom of Bahrain referred to Minister of Interior Resolution No. (73) of 2021 to form a Committee to develop policies in AML/CFT, which Its membership included all relevant stakeholders to ensure cooperation, coordination, and unification of efforts with regard to AML/CFT. This committee submits to the Minister of Interior its proposals, recommendations, and periodic reports on the results of its work. The decision gave it the authority to address all governmental and non-governmental agencies to obtain all the necessary data and information to carry out its functions. In addition, Decree No. (50) of 2020 was issued to establish and form the Committee to Combat Extremism, Combat Terrorism, Its Financing, and Money Laundering, chaired by the Minister of Interior and formed with the membership of a group of ministers and heads of relevant authorities. It is concerned with proposing policies, coordinating and unifying general national efforts, and reviewing and updating them periodically in the field of combating extremism, combating terrorism and its financing, and money laundering, and that the relevant ministries and agencies must provide the committee with the data, information and studies it requires to carry out its work. The committee submits periodic reports on the results of its work and recommendations to the Cabinet.
55. As with regard to the compliance with the rules for protecting data and information and maintaining its confidentiality and privacy when exchanging information between the competent authorities, Law No. (16) of 2014 regarding the protection of state information and documents included general provisions that apply to all information and documents that are circulated by state authorities, institutions, bodies, various agencies and public legal persons, including information and documents related to ML/TF, and making the original protection of the confidentiality and privacy of such information and documents, and allowed their circulation in accordance with the cases permitted by law, with obligating every public employee or similar positions when circulating such information and documents to take into

account, otherwise would be punished. It imposes penalties related to the confidentiality and privacy of information and documents in accordance with the provisions of the Penal Code. On the other hand, the Personal Data Protection Law promulgated by Law No. (30) of 2018 included provisions that guarantee the protection, confidentiality and privacy of personal data and sensitive personal data during their circulation, and set the conditions, controls and rules that must be observed when undertaking all forms of processing such data.

56. **Conclusion:** The above analysis shows that the Kingdom of Bahrain has addressed all the requirements of Recommendation 2, as the Kingdom of Bahrain has addressed the shortcomings referred to in the MER in Recommendation 2, related to the application of cooperation and coordination mechanisms nationally at the level of policy development and implementation in the field of AML/CFT, in addition to addressing the requirements of the new standard, which included cooperation and coordination between the concerned authorities to ensure compliance with AML/CFT requirements with databases, privacy and other similar provisions such as data and website security, in accordance with the laws referred to in the analysis. **Accordingly, the compliance rating for this recommendation is "Compliant".**

### Recommendation 15 - New Technologies (PC)

57. The Kingdom of Bahrain has met all the requirements of Recommendation 15, according to the MER of the Kingdom. Still, the FATF has added new requirements in relation to VAs and VASPs, as it is necessary to identify and assess ML/TF risks arising from VAs and VASPs. Apply an RBA to manage and mitigate risks, as well as licensing measures for VAs and VASPs and the penalties against those who practice the activity without obtaining a license. On the other hand, the requirements for supervision and ensuring that VASPs comply with the AML/CFT requirements. The recommendation also requires setting guidelines and providing feedback, which helps VASPs implement national AML/CFT measures and impose dissuasive and proportionate penalties for violators. Also, the new requirements identified the preventive measures that VASPs should comply with and, the mechanisms for applying TFS, international cooperation requirements related to VAs, and VASPs.
58. In order to meet the new requirements contained in the methodology, the Kingdom of Bahrain has taken a number of measures. In October 2021, the Kingdom of Bahrain updated the NRA whereby the update takes into account the new emerging threats, and this includes evaluating emerging sectors that rely on modern technology in providing Its services, such as VASPs sector and the digital banking sector, also include assessing the risks arising from the traditional (conventional) sectors' use of new means of providing services such as electronic wallets and establishing the relationship with the customer digitally (remotely). The FC Module of the CBB Rulebook requires all financial institutions to take measures to identify, assess, monitor, manage and mitigate ML/TF/PF risks to which they are exposed and that the measures taken are commensurate with the nature, scale, and complexities of their activities. This includes the assessment of the risks in relation to the development of new products and new business practices, including new delivery mechanisms and the use of new technologies for both new and pre-existing products.
59. The FC Module of the CBB Rulebook, volume 6, includes the VAs and VASPs sectors, and it indicates to the RBA as risk response mechanism posed by the sector and its products and



services. In contrast, it stipulates several guidance and procedures to be followed by the service providers in the sector for AML/CFT/CPF purposes. A guiding paper was issued on the risk indicators and red flags in the virtual asset sector. The CBB undertakes the licensing, supervision, and monitoring of the VASP sector. Also, as per the volumes referred to above, requiring the CBB requires FIs under the FC Module of the CBB Rulebook Volume to apply the risk-based approach in establishing an AML/CFT/CPF program and conduct the risk assessments prior to and during the establishment of a business relationship with the customer. VASPs must establish and implement policies, procedures, tools, and systems commensurate with their business operations' size, nature, and complexity to support the risk-based approach.

60. The CBB has many measures they can resort to with regards to control through ownership. CBB Law stipulates that the Central Bank may refuse to give approval to a "control" if it will affect the legitimate interests of the customers or if it is detrimental to the relevant sector, or if the Central Bank decides, according to its discretion, that it would be inappropriate to control a licensee according to the criteria set by the Central Bank. The Central Bank of Bahrain considers the applicant's financial situation, judicial and regulatory record, business standards, reputation, and records.
61. Bahrain indicated that it had issued guidance papers regarding red flags and indicators in the virtual assets sector, signs of analysis of suspicious transactions, and examples of ways of misuse of virtual assets by criminals. The obligations of the private sector with regards to the United Nations resolutions and other elements to combat the financing of Proliferation, the various threats, scenarios and indicators of potential proliferation financing activities, the positions identified by the FATF regarding the nature of clients and transactions most vulnerable to proliferation financing activities. The authorities also indicated that it receives feedback only through meetings with the sector's representatives.
62. With regards to sanctions, CBB indicated that without prejudice to any greater penalty in the Penal Code or under any other law, any officer or employee of a licensee shall be punished by imprisonment and a fine not exceeding twenty thousand Bahraini Dinars or by either penalty, if he: Concealed any data, information, records or documents relevant to the activities of the licensee, requested by the Central Bank or any person appointed by the Central Bank to conduct an investigation or inspection on the business of the licensee, or provides any of them, in bad faith, with statements or information which proves to be false or misleading or do not reflect the actual financial position of the licensee. The Law stipulates that A person shall be liable to imprisonment for a term not exceeding five years and a fine not exceeding twenty thousand Bahraini Dinars, or by either penalty if he falsifies, conceals, destroys a document that he knows or he should know that such document is relevant or shall be of relevance to a current investigation or an investigation likely to be conducted in accordance with chapter 1, Part 9 of the CBB Law. Any person who participates in such an offense shall be liable for the same penalty as the principal offender. A person shall be liable to imprisonment for a term not exceeding three months and a fine not exceeding three thousand Bahraini Dinars, or either penalty if he intentionally obstructed any investigation carried out by the Central Bank or an investigator appointed by the Central Bank. The CBB is allowed after notification sent to the licensee, impose against any officer employed by the licensee as a board member or in an executive position penalties if it is established that the licensee has violated the provisions of the CBB Law or the regulations, decisions or directives issued in implementation thereof:

63. The Central Bank of Bahrain requires all VASPs to implement guidelines on customer due diligence, risk-based approach, record-keeping, PEPs profiles, correspondent banking relationships, wire transfers, third-party reliance, internal controls, overseas branches and subsidiaries, high-risk countries, and suspicious transaction reporting. The beneficiary VASP shall take reasonable measures to identify transfers of virtual assets that lack the required originator or requested beneficiary information. Such measures may include post-event or real-time monitoring where applicable; the beneficiary's VASP must verify the identity of the beneficiary if the identity has not been verified previously and retain such information. VASPs must implement and comply with United Nations Security Council resolutions relating to preventing and suppressing terrorism and terrorist financing and proliferation financing. VASPs must freeze funds or other assets without delay and ensure that no funds or other assets are made available, directly or indirectly, to or for the benefit of any person or entity. On the other hand, the AML Law refers to the exchange of general or specific information about suspicious transactions or natural or legal persons involved in those transactions or in the investigation or charge regarding the ML/TF crime by the implementing unit and the competent authorities represented by ministries and agencies of government concerned with licensing, institutions in foreign countries and supervise them, but it was not clear how quickly information was exchanged with regard to predicate offenses.
64. **Conclusion:** The above analysis shows that the Kingdom of Bahrain has mostly met most of the requirements of Recommendation 15, through the obligations related to VASPs which include (a) the name of the originator; (b) the originator account number (such as IBAN or crypto-asset wallet) where that account is used to process the transaction; (c) the originator's address, national identification number, customer identification number, or date and place of birth; (d) the name of the beneficiary; and (e) the beneficiary's account number (such as IBAN or crypto-asset wallet) where this account is used to process the transaction, and the Central Bank has many measures that it takes regarding control through ownership and verification thereof in the institutions subject to its supervision, but it is largely focused on control through ownership and key functions without extending to the comprehensive definition of the beneficial owner, and it was not clear that there are procedures to identify the unlicensed or registration, according to the requirements of the criterion, except social media. The mechanisms of RB supervision by the CBB and their adequacy were not clear, including regulations to ensure compliance with national requirements in line with the requirements of Recommendations 26 and 27. It was not clear how to quickly provide the information referred to in relation to the predicate offenses. **Accordingly, the compliance rating for this recommendation is "Largely Compliant".**

#### **Recommendation 18 - Internal controls and foreign branches and subsidiaries (LC):**

65. The MER of the Kingdom of Bahrain mentioned an absence of certain provisions to ensure adequate guarantees regarding the confidentiality and the use of information exchanged. In addition, after the approval of the MER, there were amendments to Recommendation 18 regarding the exchange of information at the group level; this should include information and analysis of reports or activities that appear unusual (if such analysis is conducted), as well as that branches and subsidiaries should receive such information from the compliance, audit and/or AML/CFT functions at the group level and in proportion to the risk management; It should also include safeguards regarding confidentiality and the use of information exchanged, as well as guarantees of non-disclosure.

66. To address the shortcomings mentioned in the MER in addition to the new requirements, the Kingdom of Bahrain has amended some provisions of Decree-Law No. (4) of 2001 through Decree-Law No. (29) of 2020. FIs are required to apply policies and procedures to combat money laundering and terrorist financing, including policies and procedures regulating the exchange of information on customer due diligence, risk management, analyzing reports, setting up training programs, and setting up internal control systems and procedures to ensure the confidentiality of information, which applies to all companies in the commercial group, including branches and companies affiliated to it and associated with it, whether inside or outside the Kingdom, in accordance with the decisions issued by the competent authorities in this regard. It also requires all FIs to implement the requirements contained in the FC Module of the CBB Rulebook volumes , including the implementation of group-wide programs by financial groups, which must include adequate safeguards regarding confidentiality and the use of information exchanged.
67. On the other hand, the Central Bank of Bahrain obliges financial institutions under the FIU section from the FC Module issued by the Central Bank of Bahrain to implement programs at the group level aimed at AML/CFT, including policies and procedures for exchanging information within the group for AML/CFT purposes, which should be applicable and suitable for all branches of the financial group and its subsidiaries. Such programs shall include adequate safeguards regarding confidentiality and the use of information exchanged.
68. **Conclusion:** The above analysis shows that the Kingdom of Bahrain has met all the requirements of Recommendation 18, as the Kingdom of Bahrain has addressed the shortcomings referred to in the MER in terms of providing adequate guarantees regarding confidentiality and the use of information exchanged in financial institutions through the FC Module volumes issued by the CBB, and with regard to the new FATF requirements regarding the exchange of information at the group level, the inclusion of information and analysis of reports or activities that appear unusual, and the receipt of such information by branches and subsidiaries from the functions of compliance, auditing and/or AML/CFT at the group level whilst being in line with the risk management, in addition to including guarantees regarding confidentiality and the use of exchanged information, guarantees of non-disclosure under the texts of the referenced FC Module volumes issued by the CBB, and **accordingly, the level of technical compliance in this Recommendation is "Compliant"**.

#### Recommendation 21 - High-Risk Countries (LC)

69. The MER for the Kingdom of Bahrain states that FIs, their managers, and employees are protected from criminal and civil liability even though they are not required to report "in good faith and the need to clarify the provision related to reporting suspected TF. As for the new requirements in the methodology, they are the non-disclosure provisions in accordance with C.21.2 that should not impede the process of sharing information under Recommendation 18.
70. In order to address the shortcomings mentioned in the MER, in addition to meeting the new requirements, AML/CFT Law stated, financial institutions, their directors, officers, and employees must not warn, or inform their customers, beneficiary, or other persons of suspicious transaction reports when the relevant authorities are informed of information related to them. The provisions of Law (4) of 2001 (as amended) and Ministerial Resolution No. (7) of 2001 and the FC Module issued by the Central Bank of Bahrain are broad enough to cover

the requirements of C.21.2. With regard to the new requirements of Recommendation 21, the country indicated that, in practice, the application of these provisions does not impede the sharing of information under Recommendation 18.

71. **Conclusion:** It is clear from the above analysis that the Kingdom of Bahrain has mostly met the requirements of Recommendation 21, by addressing the shortcomings contained in the MER in addition to fulfilling the new requirements contained in the methodology except in terms of providing new information about the procedures it has taken in order to reflect the reporting requirement in good faith, which is a minor shortcoming identified in the MER, **accordingly, the rating of technical compliance in this recommendation is "Largely Compliant"**.

**Conclusion**

72. The reviewers, after analyzing the information provided by the authorities in the Kingdom of Bahrain, attached to their request to re-rate some ratings of technical compliance in Recommendations (2, 5, 6, 7, 15, 18, 21, 22, and 23), states the following:
- a. Recommendations of which Bahrain requested a TC re-rating:
    - To upgrade the rating from "PC" to "LC" for Recommendations 1, 5, 6, 7, and 23.
    - Recommendation 22 Remains at "PC".
  - b. Recommendations requested by Bahrain and amended by FATF:
    - To upgrade the rating from "LC" to "C" for Recommendations 2 and 18.
    - Recommendation 21 remains at "LC".
    - To downgrade Recommendation 15 from "C" to "LC".

73. Compliance ratings after re-rating can be summarized as follow:

**Table (2): TC ratings as of May 2022**

R. 1	R. 2	R. 3	R. 4	R. 5	R. 6	R. 7	R. 8	R. 9	R. 10
<i>Largely Compliant</i>	<i>Compliant</i>	<i>Largely Compliant</i>	<i>Compliant</i>	<i>Largely Compliant</i>	<i>Largely Compliant</i>	<i>Largely Compliant</i>	<i>Largely Compliant</i>	<i>Compliant</i>	<i>Largely Compliant</i>
R. 11	R. 12	R. 13	R. 14	R. 15	R. 16	R. 17	R. 18	R. 19	R. 20
<i>Compliant</i>	<i>Largely Compliant</i>	<i>Largely Compliant</i>	<i>Largely Compliant</i>	<i>Largely Compliant</i>	<i>Largely Compliant</i>	<i>Compliant</i>	<i>Compliant</i>	<i>Largely Compliant</i>	<i>Largely Compliant</i>
R. 21	R. 22	R. 23	R. 24	R. 25	R. 26	R. 27	R. 28	R. 29	R. 30
<i>Largely Compliant</i>	<i>Partially Compliant</i>	<i>Largely Compliant</i>	<i>Largely Compliant</i>	<i>Largely Compliant</i>	<i>Largely Compliant</i>	<i>Largely Compliant</i>	<i>Largely Compliant</i>	<i>Compliant</i>	<i>Compliant</i>
R. 31	R. 32	R. 33	R. 34	R. 35	R. 36	R. 37	R. 38	R. 39	R. 40
<i>Compliant</i>	<i>Largely Compliant</i>	<i>Largely Compliant</i>	<i>Largely Compliant</i>	<i>Largely Compliant</i>	<i>Largely Compliant</i>	<i>Largely Compliant</i>	<i>Largely Compliant</i>	<i>Largely Compliant</i>	<i>Largely Compliant</i>

Note: There are four possible ratings for Technical Compliance (Compliant, Largely Compliant, Partially Compliant, and Non-Compliant)

74. Based on the above, the Kingdom of Bahrain obtained "Compliant" in 9 recommendations, "LC" in 30, and "PC" in 1 of the 40 recommendations as a result of the re-rating request within the 3<sup>rd</sup> EFUR. Accordingly, and as per MENAFATF applicable procedures, the Kingdom of Bahrain shall remain in the ICRG process, provided that it submits its 4<sup>th</sup> EFUR to the 36<sup>th</sup> Plenary to be held in May 2023.