



GUIDANCE

CUSTOMER DUE DILIGENCE (CDD) MEASURES FOR LAWYERS AND NOTARIES

This guidance assists lawyers and notaries in implementing customer due diligence (CDD) measures to protect the legal profession from being misused for money laundering, terrorist financing and proliferation financing, in accordance with Bahraini legislation.

DECISIONS ISSUED BY THE MINISTRY OF JUSTICE,
ISLAMIC AFFAIRS AND WAQF

Ministerial Decision
No. (100) of 2025
for Lawyers and Foreign
Legal Consultancy Offices

Ministerial Decision
No. (102) of 2025
for Notaries



INTEGRITY
STRENGTHENS OUR
PROFESSION



TRANSPARENCY
PROTECTS OUR
MARKET



COMPLIANCE
IS OUR
RESPONSIBILITY

LOW RISK

MEDIUM RISK
(MODERATE)

HIGH RISK

1 RISK-BASED APPROACH

Q What is the risk-based approach?

A Lawyers and notaries shall determine the appropriate level of Customer Due Diligence based on the level of ML/TF/PP risks associated with the client, the services and the transaction.

2 REGULAR CUSTOMER DUE DILIGENCE (CDD) – CLIENT IS A NATURAL PERSON

Q When must regular CDD be applied for a natural person?

A Apply regular CDD when:

- The client is a natural person and not a Politically Exposed Person (PEP).
- The client is a government entity, a wholly state-owned entity, or a financial institution licensed by the Central Bank of Bahrain.
- The client is the beneficial owner.
- The services or transactions are not related to high-risk countries and not suspected to be related to suspicious transactions.

Q What are the regular CDD measures for a natural person?

A

- Verify the information provided by the client.
- Verify and document the identity of the client and the beneficial owner and keep the data updated on a periodic basis.
- Do not deal with anonymous person or where the identity of the client or the beneficial owner cannot be verified.
- Maintain confidentiality of any report or suspicion and do not inform the client.

3 REGULAR CUSTOMER DUE DILIGENCE (CDD) – CLIENT IS A LEGAL PERSON OR LEGAL ARRANGEMENT

Q When must regular CDD be applied for a legal person or legal arrangement?

A In addition to the cases mentioned for natural persons, regular CDD must be applied when the client is a legal person or legal arrangement.

Q What additional information must be obtained for a legal person or legal arrangement?

A In addition to the regular CDD measures stated in Section 2, where the client is a legal person or legal arrangement, lawyers and notaries shall obtain and verify the following information:

- Name**
Obtain the full legal name of the legal person or legal arrangement.
- Legal form**
Obtain the legal form of the entity (e.g., company, foundation, association, etc.).
- Registered office and branch address (if any)**
Obtain the address of the registered office and any branch address, if applicable.
- Registration number and place of registration**
Obtain the registration number and the place where the entity is registered.
- Nature of business and purpose**
Obtain information on the nature of the business and the purpose for which the entity or arrangement operates.
- Owner(s) and principal shareholders**
Obtain information on the owner(s) of the entity and the name(s) of the principal shareholders.
- Chairman and members of the Board of Directors**
Obtain the names of the Chairman and all members of the Board of Directors.
- Authorized signatories**
Obtain the names of the authorized signatories of the entity and specimen signatures.

4 ENHANCED CUSTOMER DUE DILIGENCE (CDD)

Q When must enhanced CDD be applied?

A Apply enhanced CDD when:

- The client is a Politically Exposed Person (PEP).
- The beneficial owner cannot be known or determined.
- The services or transaction fall within the scope of special nature business or services.

Enhanced CDD measures include:

- Obtain additional information about the client and the beneficial owner.
- Verify the source of funds, source of wealth and the purpose of the relationship.
- Verify the suitability of the legal activity or business relationship with the nature of the client's business.
- Obtain senior management approval before establishing or continuing the relationship.
- Increase the frequency and intensity of ongoing monitoring.
- Request explanation for complex or unusual transactions and operations.
- Take any other enhanced measures that are commensurate with the level of risk.

5 SIMPLIFIED CUSTOMER DUE DILIGENCE (SCDD)

Q When can simplified CDD be applied?

A Simplified CDD may be applied only when:

- The risk of the client or transaction is low according to the national risk assessment.
- The client risk is low according to the Ministry's own assessment.



Simplified CDD shall never be applied when there is suspicion of money laundering, terrorist financing, proliferation financing or where higher-risk circumstances exist.

6 REFUSAL, SUSPICION AND REPORTING

Q What should the licensed person refuse to provide information?

A Refrain from entering into a business relationship or executing the transaction.

Q What should be done in case of suspicion?

A Identify and verify the client and beneficial owner, whether regular or occasional. Submit a suspicious transaction report to the Financial Intelligence Unit (FIU) without delay and maintain confidentiality.

7 ONGOING OBLIGATIONS

Q What are the licensed person's ongoing obligations?

Keep customer information accurate, up-to-date and review it periodically.



Monitor, search and screen the client for at least five (5) years.



Ensure self or staff updates and KYC/PEP obligations and data providers.



Apply internal policies, controls and procedures effectively.

Q What must be reported?

A Lawyers and notaries must report any suspicion of money laundering, terrorist financing or proliferation financing to the Financial Intelligence Unit (FIU) without delay. Reporting is a legal obligation and must be kept confidential.

Q What must be avoided?

A Do not inform the client or any third party that a report has been made. Do not provide justification or tip-off in any way that may compromise the reporting obligation.

Compliance with these requirements protects our profession and supports Bahrain's efforts to combat financial crime and maintain the integrity of the financial system.



COMPLIANCE TODAY,
INTEGRITY ALWAYS.