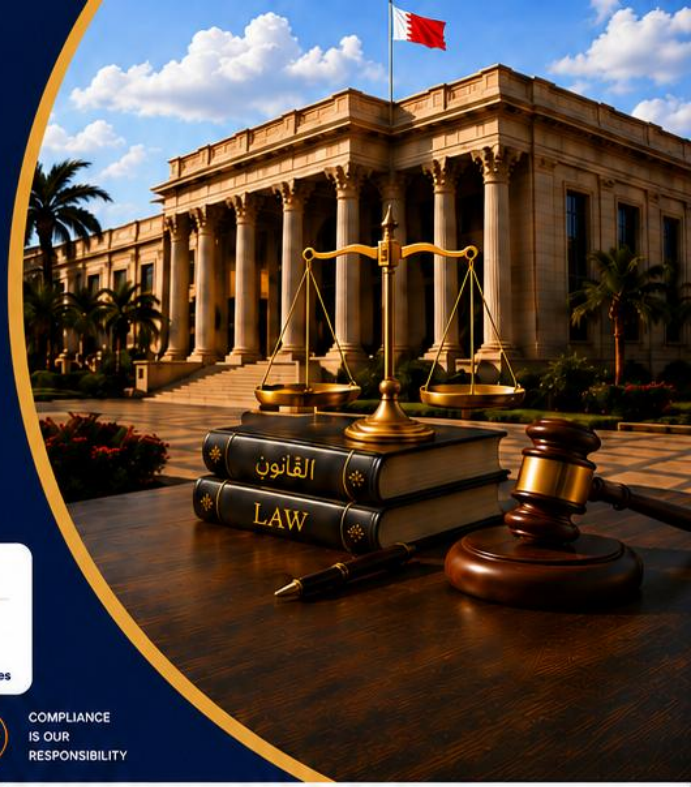
KINGDOM OF BAHRAIN
MINISTRY OF JUSTICE, ISLAMIC AFFAIRS AND WAQF

# GUIDANCE ON POLITICALLY EXPOSED PERSONS (PEPS)

## FOR NOTARIES, LAWYERS AND FOREIGN LEGAL CONSULTANCY OFFICES

This guidance assists notaries, lawyers and foreign legal consultancy offices in identifying and managing risks related to Politically Exposed Persons (PEPs), in line with Bahrain's legal/regulatory obligations, including the Ministerial Decisions No. (102) of 2025 for Notaries, Ministerial Decision No. (100) of 2025 for Lawyers and Foreign Legal Consultancy Offices, and Bahrain's AML/CFT legal framework.




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

- Ministerial Decision No. (102) of 2025 for Notaries
- Ministerial Decision No. (100) of 2025 for Lawyers and Foreign Legal Consultancy Offices

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## 1 WHO ARE POLITICALLY EXPOSED PERSONS (PEPs)?

PEPs are individuals who currently hold or have previously held prominent public functions in:

- The Kingdom of Bahrain
- A foreign country
- An international organization

**Examples include:**

- Head of State and Government
- Ministers or Deputy/Senior Ministers
- Senior officials of regulatory bodies
- Senior judges
- Members, deputies, and senior officers military
- Senior officials of state-owned enterprises
- Senior officials of public organisations
- Members of senior political parties or senior officials of unions and NGOs
- Ambassadors and High-level diplomats

## 2 FAMILY MEMBERS AND CLOSE ASSOCIATES

**A FAMILY MEMBERS (up to second degree) include:**

- Father or stepfather
- Spouse
- Sons and daughters
- Sons or daughters of spouse
- Father or mother of spouse
- Brothers and sisters
- Brothers or sisters of spouse
- Grandfather and grandmother
- Grandchildren

**B CLOSE ASSOCIATES include:**

- Business partners in ownership of a legal person or legal arrangement
- Beneficiaries of an entity or arrangement by the PEP
- Any person having a close professional or social relationship with the PEP

## 3 OBLIGATIONS OF NOTARIES, LAWYERS AND FOREIGN LEGAL CONSULTANCY OFFICES

You must apply enhanced due diligence when the client, beneficial owner or any person acting on behalf of the client is a Politically Exposed Person (PEP), a family member or a close associate.

- The client
- The beneficial owner
- Any party to

**Legal basis:**

- Gathering information on the client
- Using publicly available information
- Referring to reliable databases
- Documenting the conclusions reached

## 4 WHAT SHOULD YOU DO IF THE CLIENT IS A PEP?

Use a consistent or risk-based approach in line with risk & PEP, the following Enhanced Due Diligence (EDD) measures must be applied.

**OBTAIN SENIOR MANAGEMENT APPROVAL**

- Before establishing a business relationship
- Or conducting an
- existing relationship

**ENHANCE VERIFICATION OF SOURCE OF WEALTH AND FUNDS**

Including:

- understanding how the wealth was acquired
- identifying the source of funds used in the transaction
- ensuring the transaction is consistent with the customer's financial profile

**APPLY ENHANCED AND ONGOING MONITORING**

- Monitoring transactions throughout the relationship
- Identifying unusual changes or activities
- Investigating suspicious or risk indicators
- Ensuring transactions remain consistent with the customer's risk profile

## 5 IMPORTANT CLARIFICATIONS & ONGOING OBLIGATIONS

- Existing PEPs as of PEPs does not automatically mean elevated risk until risk is mitigated
- Enhanced verification regardless of source
- Increased monitoring required
- More attention on complex transactions

**ONGOING OBLIGATIONS**

- Maintain records supporting decisions and actions taken
- Report suspicious transactions to MLRO
- Apply reasonable care and professional judgment
- Report any significant change in the client or transaction

**SUSPICIOUS TRANSACTION REPORTING (STR)**

Lawyers and notaries must report any suspicion of money laundering or terrorist financing or proliferation financing to the National Center for Financial Information within the legal timeframes.

**Legal basis:**

- Ministerial Decision No. (102) of 2025 for Notaries
- Ministerial Decision No. (100) of 2025 for Lawyers and Foreign Legal Consultancy Offices
- Law No. (4) of 2001 on the Combating of Money Laundering and Terrorist Financing

## 6 ADDITIONAL PROCEDURES FOR IDENTIFYING FOREIGN PEPS

When the client, beneficial owner, or any person acting on behalf of the client is a foreign Politically Exposed Person (PEP), the following measures must be applied:

1. Screen for lists and beneficial ownership databases in reliable public sources, including information.
2. Determine whether the individual holds a public position/rank or standards are high-risk.
3. Obtain senior management approval before establishing or continuing a business relationship.
4. Take reasonable measures to establish the source of the customer's wealth.
5. Apply enhanced ongoing monitoring throughout the relationship based on the customer's profile and risk.
6. Record the results and reasons for measures taken and supporting documents.
7. Re-assess the client whenever there is a material change in risk factors or in risk factors or new information.

## 7 KEY COMPLIANCE MESSAGES

- Verify the identity of the client and the beneficial owner
- Use appropriate and reliable sources
- Identify PEPs and apply enhanced due diligence measures
- This obligation promotes the legal profession, supports reputation traceoperency and is a legal responsibility
- Your compliance strengthens the integrity of the legal

**LEGAL BASIS**

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