

Circular No. (5) of 2020 on Dealers in Precious Metals or Stones in Terms of Implementation of Enhanced Customer Due Diligence for Non-Face-to-Face Transactions

Gentlemen / Dealers in Precious Metals and Stones ,
Pursuant to the requirements of Article (15) of Law No. (20) of 2019 issuing the Anti-Money Laundering and Terrorist Financing Law,
And Articles (25) and (60) of the executive regulations of the Anti-Money Laundering and Terrorist Financing Law issued by Cabinet Resolution No. (41) of 2019,
And Article (2) of the Decision of Minister of Commerce and Industry No. (95) of 2019 establishing the Anti-Money Laundering and Terrorist Financing Section in the Companies Affairs Department,

The Anti-Money Laundering and Terrorist Financing Division issues the following circular:
Within the framework of preventive procedures and precautionary measures taken by the State to limit the spread of the Coronavirus (Covid-19), the Ministry of Commerce and Industry (MOCI) has issued a circular on temporary closure of all shops and commercial and service activities since the beginning of March 2020, including shops that sell precious metals and stones.

It was revealed to MOCI that purchase and sale of precious metals and stones have increased during the period of closure of commercial shops via websites, without taking into account the requirements of Law No. (20) of 2019 on Combating Money Laundering and Terrorism Financing and its Implementing Regulations that dealers in precious metals and stones must comply with when they conduct transactions in cash or attempt to conduct a transaction with their customers of a value equivalent to or exceeding 50 thousand Qatari Riyals or of equivalent value in other currencies, whether consisting of one or several transactions conducted in a manner that indicates a relation between them.

MOCI also noticed some individuals conducting trade in precious metals or stones through electronic platforms without registration in the Commercial Registry and obtaining a commercial license, which represents a violation of the provisions of Article No. (7) of Law No. (25) of 2005 on the Commercial Register which stipulates the following:” No physical person or legal entity may practice commercial activities or establish a business prior to being registered in the Commercial Register”.

Within the scope of supervision conducted by MOCI over the practice of business activities in the State, and as the supervisory authority for dealers in precious metals and stones in the area of combating money laundering and terrorism financing, the following must be complied with:
Firstly: Implementing all requirements needed for the practice of business activities via websites:

MOCI warns of the severity of the practice of trade via websites in the sector of precious metals and stones without following the legal procedures required to conduct business activities and confirms that it will trace violators and notify the Public Prosecution or the competent law enforcement officers in terms of violation of the provisions of Article (16) of Law No. (25) of 2005 indicated above.

Secondly: Implementing all AML/CFT requirements when conducting transactions via websites:

MOCI affirms the need of compliance of dealers in precious metals and stones with AML/CFT requirements stipulated in Law No. (20) of 2019 on Combating Money Laundering and Terrorism Financing and its Implementing Regulations, when they conduct transactions in cash with their customers of a value equivalent to or exceeding 50 thousand Qatari Riyals or of equivalent value in other currencies, whether consisting of one or several transactions conducted in a manner that indicates a relation between them via websites, including the adoption of customer due diligence measures to identify regular or occasional customers and the beneficial owner and understand the nature of the customer's business or activity pattern and the nature and purpose of the business relationship, in addition to maintaining all records, documents and data of all local and international transactions and operations for at least 10 years after the date on which the transaction or operation ends.

Given the increase in risks associated with non-face-to-face transactions, including transactions that are conducted through electronic points of sale and that use payment in cash upon delivery of the merchandise or payment cards, the AML/CFT Section in the Companies Affairs Department at MOCI calls upon all dealers in precious metals and stones to implement **enhanced due diligence measures for non-face-to-face transactions** through the following:

- 1- Obtaining additional information on the customer, including the profession, size of assets and information available through public databases and open sources.
- 2- Verifying the identity of the customer included in the non-face-to-face interaction through electronic identification documentation (scanned or photocopied), with the possibility of requesting additional documents to identify the customer.
- 3- Implementing additional measures to verify the electronic identification documentation, including conducting a direct interview with the customer through a video call (such as Skype or Zoom) to compare physiological characteristics of the customer with scanned or photocopied identity documents, requesting a front-view selfie from the customer that can be compared with electronic identity documents or contacting the customer to ask questions about his identity and the reason for requesting a certain service, as well as other questions that help confirm the identity of the customer.
- 4- Updating customer and beneficial owner identification data regularly.
- 5- Applying enhanced monitoring for the business relationship by increasing the extent and period of supervision and selecting patterns of operations that need additional scrutiny and review.
- 6- Requiring customers involved in the non-face-to-face interaction to make the first payments through accounts in their names at financial institutions subject to similar criteria in terms of due diligence measures.

In case of non-compliance with these requirements, the violator shall be subject to administrative and financial penalties stipulated in Article (44) of Law No. (20) of 2019 on Combating Money

Laundering and Terrorism Financing, in addition to imprisonment and fine stipulated in Article (82) of the same Law.

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Director of the Companies Affairs Department
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