

## *Executive Summary*

1. This report summarises the AML/CFT measures in place in Kuwait as at the date of the on-site visit 5-23 November 2023. It analyses the level of compliance with the FATF 40 Recommendations and the level of effectiveness of Kuwait's AML/CFT system and provides recommendations on how the system could be strengthened.

### **Key Findings**

1. Kuwait has a basic understanding of Money Laundering (ML) risk at a national level and a low understanding of terrorist financing (TF) risk. Kuwait identified and assessed its ML/TF risk through two National Risk Assessment (NRA) exercises, the most recent covering the period of 2016 – 2020. Money Laundering threat levels were determined largely based on prosecution and conviction data and other significant inputs were not incorporated. Kuwait's understanding of TF risk is less developed and has likely led to an under assessment of the overall TF risks the country faces. In addition, there has been no assessment of the vulnerabilities of the abuse of legal persons, or a comprehensive assessment of the virtual asset service providers (VASP) and non-profit organisation (NPO) sectors. The objectives and activities of law enforcement agencies (LEAs) and supervisors are generally in line with national anti-money laundering and countering the financing of terrorism (AML/CFT) policies, although weaknesses in the identification of risk may mean some predicate ML and TF offences are not being investigated.
2. Kuwait authorities have access to a wide range of financial information sources and intelligence to assist financial investigations. The Kuwait Financial Intelligence Unit (KwFIU) provides information to launch ML inquiries and investigations. This information is utilised to a lesser extent during the course of investigations as LEAs obtain information mostly through direct requests to obliged entities. Regarding the use of financial intelligence in TF investigations, most cases are identified through foreign intelligence. Strategic analysis is produced only to a limited extent.
3. Kuwait has increased the number of ML cases investigations over the reporting period demonstrating enhancements in identifying and investigating ML. Competent authorities investigate and prosecute ML related to the main crimes identified in the NRA (corruption, fraud and forgery), but there is a lack of ML investigations and prosecutions for other predicate offences that pose an ML threat. The authorities face challenges in securing an ML conviction without proving the underlying predicate

- offence and most ML cases that led to prosecutions relate to simple cases of self-laundering.
4. Kuwait pursues the confiscation of proceeds, instrumentalities and property of equivalent value as a policy objective to some extent. LEAs have been able to confiscate various types of assets of important value which were instrumentalities or proceeds of crime, including properties and assets located abroad. However, LEAs are not systematically pursuing the proceeds of crime when there is no ML element and are resorting to provisional measures to a lesser extent. Despite significant amounts of cash transiting through Kuwait, competent authorities did not identify any cross-border movement in relation to ML or TF.
  5. Kuwait detects, investigates and prosecutes TF to a limited extent, which does not appear in line with the country's risk profile. Prosecutorial authorities face challenges to achieving TF convictions and this has led to several TF cases being acquitted at trial. All TF cases identified and investigated during the reporting period relate to individuals recognising their allegiance to a terrorist organisation who have been collecting and who have been collecting and moving of funds to foreign terrorist organisations. There is no identification of internal TF channels that could lead to terrorist activities in Kuwait or conducted by Kuwaiti nationals.
  6. Kuwait has a legal framework to implement TF and proliferation financing (PF) targeted financial sanctions (TFS), but its actions to implement TFS are not based in the legal framework, and therefore, lack a legal basis and enforceability. Despite this lack of legal basis, TF and PF TFS are implemented in Kuwait informally and financial institutions (FIs) and designated non-financial businesses and professions (DNFBPs) scan relevant lists to some degree to ensure that they are not doing business with individuals or entities that should be designated. Authorised, legal freezing and prohibition measures are limited, but are applied informally in a more complete way in practice, which has resulted in multi-millions of EUR of asset freezes taken without a legal basis. The lack of complete and reliable beneficial ownership (BO) information, low level of intelligence and information sharing between the authorities, and uneven awareness among FIs and DNFBPs about TFS, may frustrate the detection of assets used in or intended for TF or PF.
  7. Kuwait has identified its NPO population and conducted a risk assessment based on limited factors, focusing on the jurisdictional risk of the NPOs' projects. The Kuwaiti authorities have implemented licensing measures and ongoing requirements for all NPOs that serve as a barrier to entry and discourage prospective NPOs from entering the sector. Measures put in place on the NPO sector are not responsive to the level of TF risk and have been shown to actually disrupt legitimate NPO activity.
  8. Banks and larger FIs in Kuwait have a good understanding of their ML risks and obligations. Understanding of ML risks and obligations are lower and variable amongst other FIs and DNFBPs. Understanding of TF risk is low across all sectors. Customer due diligence (CDD) measures are generally implemented but there remain compliance deficiencies found in a large proportion of onsite inspections. All obliged entities struggle with their obligations with respect to ascertaining and verifying BOs. Suspicious transaction reports (STR) reporting in banks are increasing but reporting remains low in some sectors and some sector participants demonstrated a higher reporting threshold than 'reasonable grounds to suspect'.

9. Kuwait has a fairly robust licensing framework for FI and quality licensing framework for DNFBP sectors, however, all supervisors have issues identifying BOs as part of this process. The Central Bank of Kuwait (CBK), Capital Markets Authority (CMA) and Insurance Regulation Unit (IRU) have a good understanding of ML/TF risk and the Ministry of Commerce and Industry's (MOCI) understanding of risk is developing. CBK and CMA conduct risk-based supervision that features a very significant coverage of the sectors they supervise. Risk informs frequency, but it is not clear that intensity of supervisory coverage is driven by risk. Supervision of DNFBPs is event driven rather than risk based.
10. Kuwait relies on the availability of basic information, fit and proper tests, requirement to hold a bank account (and thus be subject to CDD) and restrictions on foreign ownership and management functions to mitigate the misuse of legal persons/arrangements. These measures, however, are not responsive to the extent to which legal persons can be misused for ML/TF given the lack of an ML/TF vulnerability assessment of legal persons/arrangements in Kuwait. Basic information for legal persons in Kuwait is readily available to competent authorities. Beneficial ownership information is available through FIs/DNFBPs, but a lack of understanding of the concept of BO has led this information to be an unreliable representation of BO and as a result, complete and reliable BO information is not available in Kuwait. Kuwait has begun the creation of a BO database that was due to be fully filled by Summer 2023. This is a positive step, but it remained <5% populated as of the time of the onsite in November 2023. Basic and BO information is available for legal arrangements in Kuwait in a timely manner. There are no sanctions available for non-compliance with basic and BO information requirements for legal persons that are not FIs or DNFBPs.
11. Kuwait has a partial legal basis for Mutual Legal Assistance (MLA) and extradition in relation to ML/TF and associated predicate offences. This legal basis applies only to countries with which Kuwait has bilateral or multilateral agreements. For countries without such agreements, Kuwait relies on the principle of reciprocity for cooperation. Kuwait generally responds to requests for MLA and extradition in a constructive and timely manner. Feedback from FATF global network has been mainly positive in this regard. However, Kuwait does not currently solicit feedback on its MLA, extradition, and international cooperation processes.

## Risks and General Situation

2. Kuwait is a small country but classified as a high-income country by the World Bank Group (ranked 58<sup>th</sup> out of major economies for GDP per capita<sup>1</sup>), based on its strong, largely petroleum-based economy. Kuwait has a relatively diversified financial sector, which includes 22 commercial banks, which include five Islamic banks and branches of foreign banks. Kuwait is generally a safe and law-abiding country. It has a low level of violent crime and is ranked as the 35<sup>th</sup> most peaceful country in the world by the 2023 Global Peace Index<sup>2</sup>. Nevertheless, it is exposed to a range of ML risks. While Kuwait has some threat from domestic acts of terrorism, the country faces a distinct risk from TF related to terrorist acts and terrorist groups operating outside of the country.

<sup>1</sup> [US 53.76 thousand per capita GDP](#)

<sup>2</sup> [wto.org/library/events/event\\_resources/tfp\\_2007202313/233\\_819.pdf](https://wto.org/library/events/event_resources/tfp_2007202313/233_819.pdf)

3. Kuwait has produced two NRAs, the first covering the period from 2013 to 2016 and the second from 2016 – 2020. The most recent assessment determined that Kuwait has a medium level of residual ML risk, based on a medium ML threat exposure and medium ML vulnerabilities. According to its NRA, the main proceeds generating predicate offences in Kuwait are forgery, fraud and embezzlement, usury and corruption and bribery. Robbery is also stated as significant proceeds generating crime, but there is a lack of statistics to fully verify the extent of this crime. The assessment of these main proceeds generating predicate offences is based on a review of convictions. The banking and securities sectors in Kuwait are rated as medium risk based on materiality and risk. The exchange companies' sector, real estate sector and dealers in gold, precious metals and stones and seen as the most risky sectors (medium high risk). TF is rated as low risk by the Kuwaiti authorities. The Assessment Team view that the risk of human trafficking and TF are higher than stated. In addition, the real estate sector may present a lower risk, due to some of the controls the authorities have put in place.

## Overall Level of Compliance and Effectiveness

### *Assessment of risk, coordination and policy setting (Chapter 2; 10.1, R.1, 2, 33 & 34)*

4. Kuwait's key authorities understand ML risk at a national level to some extent and TF to a lesser extent. The most recent NRA was finalised in 2022 covering the period 2016-2020. The exercise was well organised and involved most relevant government agencies, but supervisors were not involved in key aspects of the process.

5. Convictions were relied on to a large extent to determine ML/TF threat levels in the NRA. Other significant inputs such as strategic analysis, credible and reliable open-source information, and other operational activities conducted by LEAs which did not result in convictions were not considered. As a result, some predicate offence risks may not be properly assessed, including human trafficking which is often cited in reports by reliable and credible sources as being a significant issue for Kuwait<sup>3</sup>. The authorities primarily pursue cases related to corruption, fraud and forgery.

6. The Assessment Team considers Kuwait's understanding of TF risk to be less developed. The limited sources used in the assessment process (convictions), has likely led to an under assessment of the overall TF risks the country faces.

7. Kuwait's assessment of cross border threats, NPOs and VASPs does not appear to be based on robust analysis and there has been no assessment to date of the risk of different types of legal persons and arrangements.

8. Kuwait has a solid institutional framework for coordinating national ML/TF policies and strategies. The National AML/CFT Committee (NAMLC) is responsible for coordinating and monitoring implementation of Kuwait's AML/CFT National Strategy and Action Plan. Although the Committee reports that many of the actions on Kuwait's National Strategy and Action Plan are complete, which is a positive achievement, some of the actions marked as complete are still being implemented. When part of the National Strategy and Action Plan, the objectives and activities of

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<sup>3</sup> See for example: [Criminality in Kuwait - The Organized Crime Index \(ocindex.net\)](#); [Report of the Special Rapporteur on trafficking in persons, especially women and children, on her mission to Kuwait | Refworld](#)

competent authorities appear risk-based, however those activities are less risk sensitive when left to the competent authorities themselves.

*Financial intelligence, ML investigations, prosecutions and confiscation  
(Chapter 3; IO.6, 7, 8; R.1, 3, 4, 29–32)*

*Financial intelligence (Immediate outcome 6)*

9. Competent authorities generally access and use financial intelligence and other relevant information in their operational activities. The sources of financial intelligence are diverse and generally originate from the KwFIU and FIs. The KwFIU receives STRs and disseminates financial intelligence to LEAs to some extent. However, the authorities have a limited view on the role of the KwFIU in undertaking operational activities and the KwFIU is not used as a systematic tool to initiate and progress financial investigations, especially with regard to TF. Based on incomplete criteria for prioritisation of the STRs, the KwFIU reports and conducts in depth analysis on a limited number of STRs. This impedes the use of financial intelligence in operational activities. Furthermore, the paper-based system for receiving STRs and the internal approval process impact the timeliness of dissemination to LEAs.

10. Competent authorities have access to a range of financial information both directly and indirectly and make use of this in carrying out their activities. The Public Prosecutors Office (PPO) can obtain any information it deems necessary to conduct a criminal investigation. Investigative authorities, especially the Ministry of Interior (MOI), are authorised by the PPO to access a wide range of intelligence, such as direct information from reporting entities and individuals. The PPO also receives financial information directly from these sources.

11. The KwFIU creates limited strategic analysis products. Two specific reports have been produced to date: reducing the use of cash to mitigate ML/TF and ML/TF risks related to virtual assets. These reports appear to be based on limited analysis of STRs and are mainly developed on information held by the supervisory authorities and reporting entities. Reporting entities appreciate the indicators provided by the KwFIU and the feedback they receive, which contributed to an increase of STRs over the reporting period.

*ML offence (Immediate Outcome 7)*

12. Kuwait has a dual investigative system. Preliminary inquiries are conducted by various LEAs (MOI, KwFIU, Nazaha), while criminal investigations are the sole competency of the PPO for all felonies and some misdemeanours. Nonetheless, the PPO can instruct the other LEAs to undertake additional investigative activities. LEAs are well resourced to identify and investigate ML cases in quick and effective manner. Thanks to the combined efforts of competent authorities, there has been an increase in ML convictions during the reporting period.

13. Competent authorities investigate and prosecute ML related to the main crimes identified in the NRA (corruption, fraud and forgery), to a large extent. In many cases of fraud and forgery this occurs as it is easier to prove such predicate offences. Investigations and prosecutions of fraud and forgery are also resorted to as a way to offset the obstacles in prosecuting other crimes such as drug and human trafficking. This may result in ML activities not being investigated and prosecuted fully in line with the risks identified by the assessment team.

14. Parallel financial investigations are regularly conducted by competent authorities when there is a clear financial nexus and are designed to support ML investigations.

15. Kuwait has a legal framework that provides it with an adequate basis to prosecute ML activities. However, the authorities face challenges in securing an ML conviction without proving the underlying predicate offence. Most ML cases relate to self-laundering, whereas foreign



predicate offence, third-party ML and stand-alone ML are rarely taken forward. In addition, there is in practice, limited criminal liability of legal persons, which is not in line with the risk profile or operational findings showing that legal persons are widely used in ML cases. Sanctions applied to natural persons are effective, proportionate and dissuasive.

*Confiscation (Immediate outcome 8)*

16. Kuwait pursues seizure and confiscation as a policy objective to some extent. Seizures are implemented through Kuwait's PPO and are facilitated by the information provided by the MOI, KwFIU and Nazaha. The legal framework allows for the freezing, seizure and confiscation of a range of assets, yet in practice provisional measures are resorted to in a limited extent especially in non-ML cases. In corruption cases related to the misuse of public funds, restitution can and has been achieved.

17. Kuwait has been able to confiscate significant amounts of funds and a wide range of assets, including some that were located abroad in a few cases. The PPO has a basic mechanism for managing and disposing of seized assets on a case-by-case basis. The absence of a comprehensive system for managing those is a concern, especially in light of the potential high value of confiscated assets.

18. Kuwait has implemented a declaration system for cash and BNIs and the GAC has applied penalties failure to respect this requirement. Despite significant amounts of cash transiting through Kuwait, competent authorities did not identify any cross-border movement in relation to ML or TF which does not appear in line with the country risk profile.

***Terrorist and proliferation financing (Chapter 4; IO.9, 10, 11; R. 1, 4, 5–8, 30, 31 & 39.)***

*Terrorist financing investigations (Immediate Outcome 9)*

19. The classification of TF as low risk broadly aligns with the view of most competent authorities, which highlights their limited understanding of the TF threats faced. The State Security Department (SSD) as the competent authority specifically mandated to deal with terrorism and TF has a solid understanding of the risks associated with TF both domestically and abroad. However, this understanding is not disseminated across other competent authorities. TF activities are identified and investigated by the SSD in cooperation and coordination with international counterparts, when dealing with international terrorist suspects. Kuwait has investigated and prosecuted a limited number of TF cases within the reporting period. Kuwait has effective and dissuasive sanctions for TF at its disposal, when convictions are secured. However, prosecutorial authorities face serious challenges in achieving TF convictions resulting in a low conviction rate for TF which does not appear to be in line with the Assessment Team's understanding of the country's TF risk profile.

20. All TF cases identified relate to the collection and movement of funds to be used abroad. There are no cases relating to use of funds or other assets within Kuwait, despite the presence of designated persons in Kuwait and other TF risk indicators. Kuwait has a range of alternative measures to disrupt TF activities in cases where it is not practicable to secure a TF conviction, but it is unclear the extent to which they are employed.

*Preventing terrorist from raising, moving and using funds (Immediate Outcome 10)*

21. Kuwait has technical and practical deficiencies that prevent the implementation of TF TFS without delay. Kuwait's Counter Terrorism Committee (CTC) is empowered to take all decisions

required to implement TF TFS issued under UNSCR 1267 and successor resolutions without delay. In practice, the CTC has never taken any such decision using its mandated decision process to implement TF TFS in Kuwait, nor does it proactively use TF designations as a means to deprive terrorists of assets. Further, Kuwait's legal framework for the implementation of TFS is not in line with the FATF Standards. It has a limited freezing obligation and limited general prohibition. Despite these fundamental shortcomings, Kuwait has taken measures to implement TF TFS informally, including the freezing of assets of individuals and entities that should be designated.

22. Kuwait has a limited understanding of TF risk in the NPO sector, as its risk assessment focused on jurisdictional risks, misclassifying the TF risk exposure of the sector, and on an NPO-specific basis. Kuwait has implemented stringent licensing requirements that serve as a barrier to entry and discourages entering the NPO sector. Mitigating measures put in place on the NPO sector are not responsive to the level of TF risk and have been shown to actually disrupt legitimate NPO activity.

23. Kuwait has deprived terrorists, terrorist organisations, and terrorist financiers of assets and instrumentalities related to TF activities to some extent through sanctions-related freezing measures and confiscation in some cases.

#### *Proliferation financing (Immediate Outcome 11).*

24. Kuwait has technical and practical deficiencies that prevent the implementation of PF TFS without delay. Kuwait's CTC is empowered to take all decisions required to implement PF TFS issued under UNSCR 1718 without delay. In practice, the CTC does not take and has never taken any such decision using its mandated decision process to implement PF TFS in Kuwait. Further, Kuwait's legal framework for the implementation of PF TFS is not in line with the FATF Standards. It has a limited freezing obligation and no general prohibition.

25. Even though the regime is implemented informally, some FIs and DNFBPs have a good understanding of the implementation of TFS. There are a significant number of TFS-related compliance deficiencies found by supervisors. This has resulted in some delay in implementation by some FIs and DNFBPs. Kuwaiti supervisors routinely inspect compliance with TFS obligations in their supervisory activities. TFS-scoped supervisory activities cover virtually the entire population of obliged entities. The supervisors have shown an ability to detect non-compliance with TFS obligations.

26. Funds or other assets could be detected in Kuwait when directly owned by a listed natural or legal person. The lack of available beneficial ownership information and poor awareness among FIs and DNFBPs about PF (except in some larger FIs), may frustrate the detection of assets used in or intended for PF and the pursuit of potential sanctions evasion.

#### *Preventive measures (Chapter 5; IO.4; R.9-23)*

27. Kuwait's obliged entities have an uneven understanding of the ML/TF risks they're exposed to. While FIs, except for currency exchange organisations, have a sound understanding of ML risks and their AML obligations, DNFBPs have a very limited understanding. Obligated entities have a lower understanding of their TF risks than ML risks.

28. Internal controls and procedures are somewhat understood, administered, and implemented. Customer due diligence and record keeping measures, with the exception of measures to ascertain beneficial ownership, are fairly well understood and applied. Knowledge and application of these measures is better amongst the CBK and the CMA supervised entities, while DNFBPs have a very limited understanding and uneven application.

29. FIs generally have a good understanding of when to apply enhanced and specific measures, although there are some issues in implementing TF TFS requirements. DNFBPs have a limited understanding of when to apply enhanced and specific measures.

30. Only two sectors, banks and exchange companies, report material numbers of STRs and those that do report have a high reporting threshold. Volume and quality of STRs have improved in recent years. However, further improvements are still required, particularly relating to detection and submission of STRs relating to terrorist financing.

### *Supervision (Chapter 6; 10.3; R.14, R.26–28, 34, 35)*

31. Kuwait takes measures to ensure that criminals are not the owners or holding management functions in FIs and DNFBPs. Technical shortcomings in market entry requirements are largely remedied through more stringent operational procedures. However, there remains issues in ascertaining and verifying beneficial owners. VASPs are prohibited, and Kuwait takes some measures to prevent unlicensed VASPs activity within the country.

32. Understanding of ML and TF risks is uneven across FIs and DNFBPs supervisors. For CBK, in particular, and other FIs supervisors to a lesser extent, there is a much more robust and detailed understanding of their entity level risks than what is reflected in the NRA. Financial institutions supervisors generally conduct risk-based supervision in line with their understanding of risks and dedicate their significant resources to extensive coverage and intensity. The insurance sector has not been subject to supervision for at least 3 years. A new supervisor, the Insurance Regulatory Unit (IRU) was put in place in 2021 but is yet to implement a full supervisory programme for the sector. The Ministry of Commerce and Industry (MOCI), the DNFBP supervisor and supervisor of currency exchange organisations (a financial institution), is in the process of implementing risk-based supervision.

33. Remedial actions and sanctions are frequent and have an impact on reporting entity-specific deficiencies, but do not seem to significantly impact obliged entities' compliance behaviour in general. Supervisors undertake significant outreach and training efforts to assist most FIs, and to a lesser degree DNFBPs, in understanding and complying with their obligations.

### *Transparency and beneficial ownership (Chapter 7; 10.5; R.24, 25)*

34. Kuwait has not conducted a vulnerability assessment of the misuse of legal persons and Waqfs, which are the only legal arrangements available in the country, in the context of a legal persons/arrangements environment that has seen significant changes over the time considered for the evaluation. Kuwait has strong identification, business and commercial registry requirements that form a foundation for mitigation measures to be put in place. These measures, even though not necessarily ML/TF risk responsive, include the availability of high-quality basic information that is available to competent authorities in a timely manner. Beneficial ownership information is available in a timely manner through FIs/DNFBPs, but a lack of understanding of the concept of BO has led this information to be an unreliable representation of BO. Accordingly, complete and reliable BO information is not available in Kuwait through FIs/DNFBPs, Kuwait's primary method to access such information.

35. Kuwait has implemented few AML/CFT specific mitigation measures to prevent the misuse of legal persons, but it has recently introduced a BO register. All legal persons in Kuwait had a deadline of June 2023 to provide the BO information required. However, the register was less than 5% populated at the time of the onsite visit in November 2023. This is a positive step towards the goal of making such information available but could not be considered a source of BO by the Assessment Team at this time.



36. Regarding Waqfs, adequate, accurate and current BO information is available in a timely manner in most cases.

37. There have been no sanctions imposed for failure to comply with information requirements, including for businesses that failed to provide BO information within the mandated June 2023 deadline.

### *International cooperation (Chapter 8; IO.2; R.36–40)*

38. Kuwait provides mutual legal assistance in relation to ML, TF and associated predicate offences to countries with which it has bilateral and/or multilateral agreements, or on the principle of reciprocity. The assistance provided on the principle of reciprocity does not have a legal basis, but this has not been an obstacle, generally, in providing assistance.

39. The PPO and MOI seek legal assistance in relation to domestic ML and TF cases which have a transnational element. The MOI can also swiftly access intelligence from a range of international sources. However, in cases where the principle of reciprocity has to be relied on, in the absence of bilateral agreements, requests can be delayed due to need to go through diplomatic channels. The KwFIU requests international cooperation to a limited extent and supervisory authorities engage with foreign counterparts regularly on supervisory visits to branches of international banks.

40. PPO is responsible for formal requests and has good cooperation with some foreign counterparts. Kuwait generally responds to requests for MLA and extradition in a timely manner and feedback from international partners is generally positive. The MOI has good links with international counterparts and can quickly respond to requests for law enforcement information. Supervisory authorities generally respond to incoming requests, particularly in relation to licensing information.

41. Kuwait has achieved positive results in some high-profile cases through MLA and extradition.

### Priority Actions

1. Kuwait should update its risk assessment, particularly in relation to TF threats and vulnerabilities. The updated risk assessment should include reliance on a wider range of factors for the assessment of ML and TF threats, not limited to convictions; a comprehensive assessment of risks relating the misuse of different types of legal persons; proper analysis of cross border risks; and consider a wider range of ML/TF methods and typologies and how they may be being adopted in Kuwait.
2. Kuwait should investigate and prosecute the different types of TF activities in line with the country's risk profile to ensure TF risks are mitigated and all terrorist financing activities are detected. Efforts should also be increased to detect and identify potential TF activities related from cross border movements of currency and Bearer negotiable instruments (BNIs).
3. Kuwait should ensure the legal implementation of TFS without delay by addressing technical deficiencies in the legal framework. Kuwait should implement and make use of a domestic process to identify targets for designation, ensure that third party requests are followed-up upon in a meaningful and timely fashion, proactively utilise TF TFS as a means to deprive terrorists of their assets and publish a full list of those subject to TFS measures to ensure complete implementation.
4. Kuwait should conduct a comprehensive TF risk assessment of the NPO sector. Based on this assessment, Kuwait should adapt accordingly the mitigating measures so that they are proportional with the TF risks identified and targeted to mitigate those risks. Based on the results of this updated risk assessment, Kuwait should take steps evaluate whether other existing measures mitigate risks, and reconsider and remove unnecessary barriers to entry that discourage NPOs and measures which disrupt the legitimate activities of NPOs.
5. Kuwait should take steps to deepen its understanding of proceeds generating offences for ML and implement measures to better detect and proactively investigate ML from a wide range of predicate offences beyond fraud, corruption, forgery and usury including foreign predicate, stand-alone and third-party ML.
6. Kuwait should ensure that both supervisory authorities and obliged entities have a robust understanding of the concept of BO and ensure that competent authorities have a timely access to adequate, accurate and current BO information on legal persons, for example by ensuring the BO registry is populated as a matter of priority.

## Effectiveness & Technical Compliance Ratings

**Table 1. Effectiveness Ratings**

<b>IO.1</b> - Risk, policy and co-ordination	<b>IO.2</b> International co-operation	<b>IO.3</b> - Supervision	<b>IO.4</b> - Preventive measures	<b>IO.5</b> - Legal persons and arrangements	<b>IO.6</b> - Financial intelligence
<b>Moderate</b>	<b>Moderate</b>	<b>Moderate</b>	<b>Moderate</b>	<b>Low</b>	<b>Moderate</b>
<b>IO.7</b> - ML investigation & prosecution	<b>IO.8</b> - Confiscation	<b>IO.9</b> - TF investigation & prosecution	<b>IO.10</b> - TF preventive measures & financial sanctions	<b>IO.11</b> - PF financial sanctions	
<b>Moderate</b>	<b>Moderate</b>	<b>Low</b>	<b>Low</b>	<b>Low</b>	

Note: Effectiveness ratings can be either a High- HE, Substantial- SE, Moderate- ME, or Low – LE, level of effectiveness.

**Table 2. Technical Compliance Ratings**

<b>R.1</b> - assessing risk & applying risk-based approach	<b>R.2</b> - national co-operation and co-ordination	<b>R.3</b> - money laundering offence	<b>R.4</b> - confiscation & provisional measures	<b>R.5</b> - terrorist financing offence	<b>R.6</b> - targeted financial sanctions – terrorism & terrorist financing
<b>LC</b>	<b>LC</b>	<b>LC</b>	<b>LC</b>	<b>LC</b>	<b>NC</b>
<b>R.7</b> - targeted financial sanctions - proliferation	<b>R.8</b> -non-profit organisations	<b>R.9</b> – financial institution secrecy laws	<b>R.10</b> – Customer due diligence	<b>R.11</b> – Record keeping	<b>R.12</b> – Politically exposed persons
<b>NC</b>	<b>PC</b>	<b>C</b>	<b>LC</b>	<b>LC</b>	<b>LC</b>
<b>R.13</b> – Correspondent banking	<b>R.14</b> – Money or value transfer services	<b>R.15</b> –New technologies	<b>R.16</b> –Wire transfers	<b>R.17</b> – Reliance on third parties	<b>R.18</b> – Internal controls and foreign branches and subsidiaries
<b>C</b>	<b>C</b>	<b>PC</b>	<b>LC</b>	<b>PC</b>	<b>PC</b>
<b>R.19</b> – Higher-risk countries	<b>R.20</b> – Reporting of suspicious transactions	<b>R.21</b> – Tipping-off and confidentiality	<b>R.22</b> - DNFBPs: Customer due diligence	<b>R.23</b> – DNFBPs: Other measures	<b>R.24</b> – Transparency & BO of legal persons
<b>PC</b>	<b>C</b>	<b>LC</b>	<b>LC</b>	<b>LC</b>	<b>PC</b>
<b>R.25</b> - Transparency & BO of legal arrangements	<b>R.26</b> – Regulation and supervision of financial institutions	<b>R.27</b> – Powers of supervision	<b>R.28</b> – Regulation and supervision of DNFBPs	<b>R.29</b> – Financial intelligence units	<b>R.30</b> – Responsibilities of law enforcement and investigative authorities
<b>LC</b>	<b>PC</b>	<b>C</b>	<b>PC</b>	<b>LC</b>	<b>LC</b>
<b>R.31</b> – Powers of law enforcement and investigative authorities	<b>R.32</b> – Cash couriers	<b>R.33</b> – Statistics	<b>R.34</b> – Guidance and feedback	<b>R.35</b> – Sanctions	<b>R.36</b> – International instruments
<b>C</b>	<b>C</b>	<b>C</b>	<b>C</b>	<b>LC</b>	<b>LC</b>
<b>R.37</b> – Mutual legal assistance	<b>R.38</b> – Mutual legal assistance: freezing and confiscation	<b>R.39</b> – Extradition	<b>R.40</b> – Other forms of international co-operation		
<b>LC</b>	<b>PC</b>	<b>LC</b>	<b>LC</b>		

Note: Technical compliance ratings can be either a C – compliant, LC – largely compliant, PC – partially compliant or NC – non compliant.