KCG

ISSUE 01 · 23 SEPT 2026

The Compliance Bridge

A weekly briefing on the regulatory developments shaping compliance across Lebanon, the Gulf and beyond.

THIS WEEK'S DEVELOPMENTS

01 OFAC Sanctions Two Lebanese Exchange Houses Over Hezbollah Financing

On 10 September 2026, the U.S. Treasury's Office of Foreign Assets Control designated two Beirut area financial firms – Gold Pro SARL and Yousef Ibrahim Mansour and Partner for Exchange – along with four Lebanese nationals, citing their role in a Hezbollah linked financial network. The action was paired with a policy shift under Operation Economic Outcast that places future Iran related licensing requests under a presumption of denial, effective immediately.

Implication: *Correspondent banks and money service businesses with Lebanese exchange house counterparties should refresh screening against this update without delay, and revisit due diligence on any relationship touching Beirut's cash economy – an area Treasury has now flagged more than once this year as a Hezbollah financing channel.*

Source: U.S. Department of the Treasury, OFAC designations, 10 September 2026

02 CBUAE's New Risk Rules Add a Four-Hour Reporting Clock

The Central Bank of the UAE issued Regulation No. C 1/2026 on 14 September 2026, replacing its 2018 operational risk framework. Licensed institutions must now report significant incidents, including internal and external fraud, within four hours, notify the Central Bank of high severity events within 72 hours, and maintain a three lines of defence model supported by regular resilience testing.

Implication: *The regulation exposes senior management and board members to supervisory action for failures, so MLROs should confirm that fraud and financial crime escalation paths already feed into this four hour clock rather than running as a separate track.*

Source: Central Bank of the UAE, Regulation No. C 1/2026, 14 September 2026

03 Kuwait Rolls Out Tiered AML Penalties for DNFBPs

Kuwait published Decision No. 25 of 2026 in its Official Gazette in March 2026, introducing a three tier, risk based penalty matrix for designated non financial businesses and professions, with fines reaching KD 500,000 for serious or repeated violations. The decision followed Kuwait's addition to the FATF grey list in February 2026, when the country made a high level political commitment to strengthen its AML/CFT regime.

Implication: *Real estate agents, dealers in precious metals, and legal professionals operating in or with Kuwait should confirm electronic customer data systems, five year record retention, and two day suspicious transaction reporting are already in place, as enforcement under the new matrix is now live.*

Source: Kuwait Official Gazette, Decision No. 25 of 2026; FATF, Increased Monitoring, February 2026

04 FATF Adds Iraq to Grey List, Removes Algeria and Namibia

At its June 2026 plenary, FATF added Iraq and Bosnia and Herzegovina to its list of jurisdictions under increased monitoring, while Algeria and Namibia graduated off the list following demonstrated progress. Lebanon and Kuwait both retained their existing grey list status, with no change reported at the June review.

Implication: *Institutions with correspondent or trade finance exposure to Iraq should begin enhanced due diligence reviews now, ahead of the next plenary, while those with Algerian or Namibian counterparties can reasonably ease the incremental scrutiny applied since their respective listings.*

Source: FATF, Jurisdictions under Increased Monitoring, 19 June 2026

LOOKING AHEAD KCG is quietly developing a new initiative in compliance technology. Details will follow in a future issue – subscribers will be the first to know.

KCG

When you call, a founder answers.

Reply to this newsletter to speak with us directly, or visit **khalifehconsulting.com**.