



UAE Anti Money Laundering Regulations

Obligations of regulated businesses and their compliance
officers under the law

UAE Anti Money Laundering Regulations

UAE AML Developments

FATF Review in 2019

Report published 1Q2020

UAE added to FATF Grey List in 2022

UAE removed from Grey List in Feb'2024



UAE Anti Money Laundering Regulations

Regulatory Framework



The UAE Anti Money Laundering framework is based on:

1. [Federal Decree by Law No \(20\) of 2018](#) - Anti Money Laundering and Combatting the Financing of Terrorism and Illegal Organizations
2. [Federal Decree law no. \(26\) of 2021](#) - To amend certain provisions of Federal Decree Law No (20) of 2018, on anti-money laundering and combatting the financing of terrorism and financing of illegal organizations.



UAE Anti Money Laundering Regulations

Regulatory Framework



The UAE Anti Money Laundering framework is based on:

[3. Cabinet Decision No \(10\) of 2019](#) Concerning the Implementing regulation of decree law no. (20) of 2018 Anti Money Laundering and Combatting the Financing of Terrorism and Illegal Organizations.

[4. Cabinet Resolution No \(24\) of 2022](#) Amending some provisions of Cabinet Resolution No (10) of 2019 On the Executive Regulations Of Federal Decree-Law No (20) of 2018 on Combating Money Laundering and the Financing of Terrorism and Illegal Organizations.



UAE Anti Money Laundering Regulations

Regulatory Framework - KEY OBLIGATION



REPORT SUSPICIOUS TRANSACTIONS OR SUSPICIOUS ACTIVITIES

UAE Anti Money Laundering Regulations

Scope of UAE AML regulations

1. Money Laundering
2. Combatting the financing of terrorism
3. Countering proliferation financing
4. Sanctions compliance - TFS

UAE Anti Money Laundering Regulations

DNFBPs

- DNFBPs are Designated Non Financial Businesses and Professions
- Following businesses are classified as DNFBPs
 - ✓ Auditors and accountants
 - ✓ Company and trust service providers
 - ✓ Dealers in precious metals and stones
 - ✓ Real estate agents and brokers
 - ✓ Lawyers, notaries and other legal professionals and practitioners

[AML video](#)

UAE Anti Money Laundering Regulations

UAE AML - Some Relevant Regulations

- **Ministry of Economy** has issued a number of regulatory updates in 2021:

1. Circular No. 1 / 2021 - real estate brokers and agents
2. Circular No. 2 / 2021 - dealers in precious metals and stones
3. Circular No. 3 / 2021 - account auditors
5. Circular No. 4 / 2021 - company service providers
6. Circular No. 5 / 2021 - goAML deadline
7. Circular No. 6 / 2021 - high risk countries

- **Cabinet Decision No (16) of 2021** regarding the unified list of violations and administrative fines for the said violations



UAE Anti Money Laundering Regulations

Fines and penalties

What are penalties for not complying? The AML Law specifies the following powers of the supervisory authority:

Article (14) of Federal Decree by law no. 20 of 2018

- Suspending Managers, Board of Directors, and supervisory and executive management members who are proven to be responsible of the violation for a period to be determined by the Supervisory Authority or request their removal.

UAE Anti Money Laundering Regulations

Fines and penalties

Some of the penalties specified in the Federal Decree law no. 20 of 2018

1. Fail to report suspicious transactions - Fine of **AED 100k - AED 1m** and /or **imprisonment**;
2. Tipping off - Fine of **AED 100k - AED 500k** and/or **imprisonment** of not less than 6 months;
3. Failure to comply with sanctions - **imprisonment** or a fine of **AED 50k - AED 5m**;
4. Any legal person whose representatives or managers or agents commit for its account or its name any of the crimes mentioned in the Decree-Law - fine of **AED 500k to AED 50m**.



UAE Anti Money Laundering Regulations

Consequences of non-compliance

As per Cabinet Decision No. (16) of 2021 there are 26 fines defined in the law some of which are noted below and relate to failure to manage AML risks:

Violation	Fine
Failure to undertake the actions and procedures necessary to identify the risks associated with the crime in the violator's field of work.	AED 100,000
Failure to identify and assess the risks that may arise in the violator's field of work when developing the services that the violator offers or when conducting new professional practices through its facility.	AED 100,000
Failure to take the necessary enhanced due diligence measures to manage high risks.	AED 200,000
Failure to take the necessary simplified due diligence measures to manage low risks.	AED 50,000
Failure to undertake the necessary customer due diligence measures before establishing the business relationship or resuming a business relationship or performing a transaction under the customer's name or in his/her favor.	AED 100,000
Failure to take the necessary measures regarding customers included in the international or domestic sanctions lists before establishing or continuing a business relationship with those customers.	AED 1,000,000
Failure to appoint a compliance officer	AED 50,000

UAE Anti Money Laundering Regulations

Regulatory Framework

So what is Money Laundering ?

The official definition:

“Any person, having the knowledge that the funds are the proceeds of a felony or a misdemeanour, and who wilfully commits any of the following acts, shall be considered a perpetrator of the crime of Money Laundering:



UAE Anti Money Laundering Regulations

Regulatory Framework

So what is Money Laundering ?

The official definition:

a- Transferring or converting proceeds or conducting any transaction with the aim of concealing or disguising their Illegal source.



UAE Anti Money Laundering Regulations

Regulatory Framework

So what is Money Laundering ?

The official definition:

“

b- Concealing or disguising the true nature, source or location of the proceeds, or the method involving the disposition, movement or ownership of the Proceeds or rights related thereto.



UAE Anti Money Laundering Regulations

Regulatory Framework



So what is Money Laundering ?

The official definition:

“

c- Acquiring, possessing or using proceeds upon receipt.



UAE Anti Money Laundering Regulations

Regulatory Framework

So what is Money Laundering ?

The official definition:

“d- Assisting the perpetrator of the predicate offense to escape punishment.”

In short, handling proceeds from any illegal activities constitutes money laundering!



UAE Anti Money Laundering Regulations

Regulatory Framework

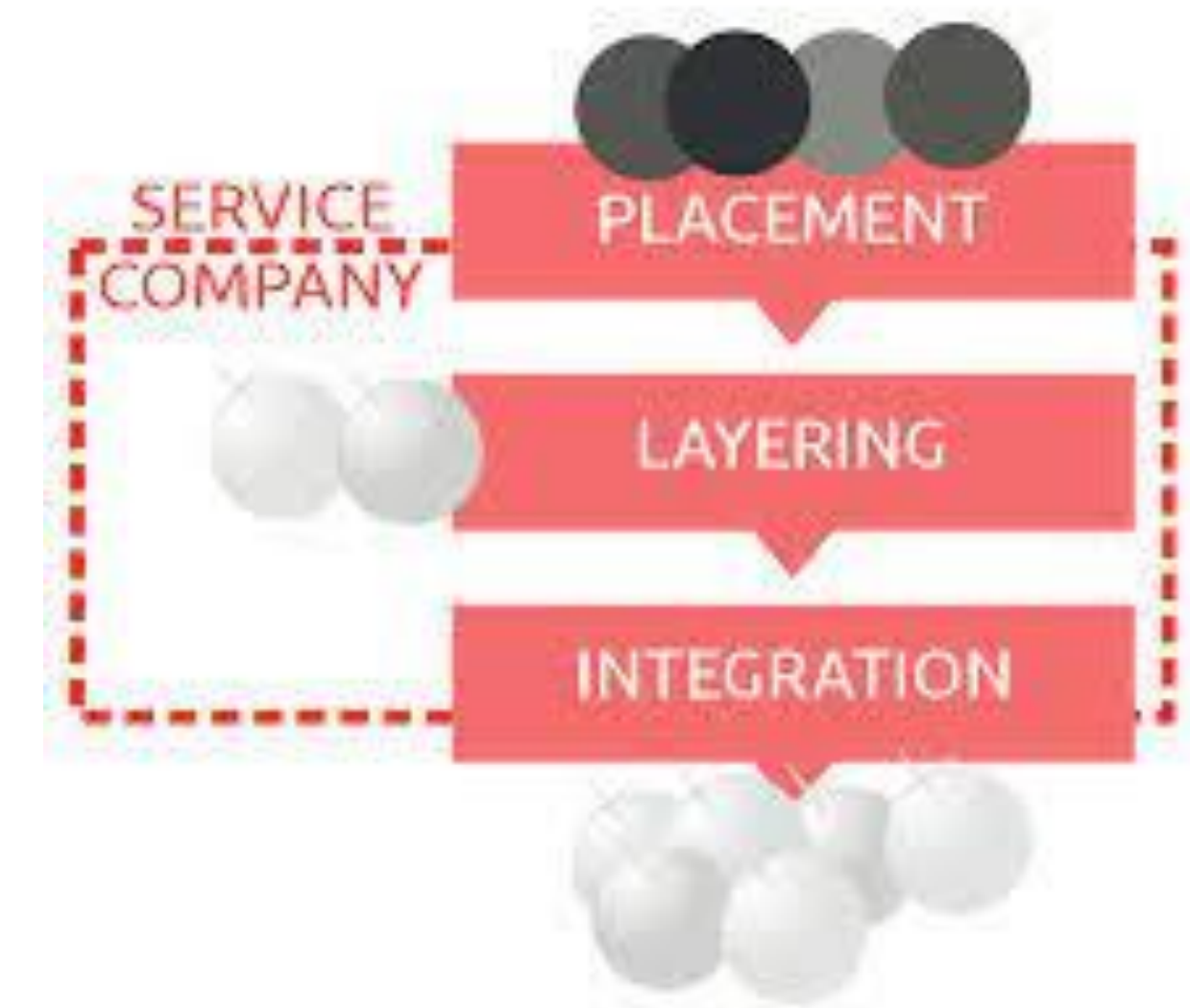
The regulators in UAE who monitor compliance with the AML laws:

Mainland UAE and commercial free zones

1. the Central Bank of the UAE
2. Securities and Commodities Authority
3. the Ministry of Economy - DNFBPs
4. Ministry of Justice - DNFBPs

Financial Free Zones

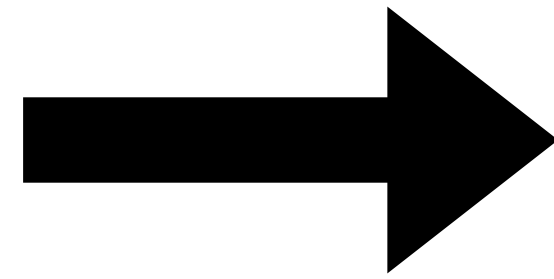
1. ADGM - FSRA
2. DIFC - DFSA



UAE Anti Money Laundering Regulations

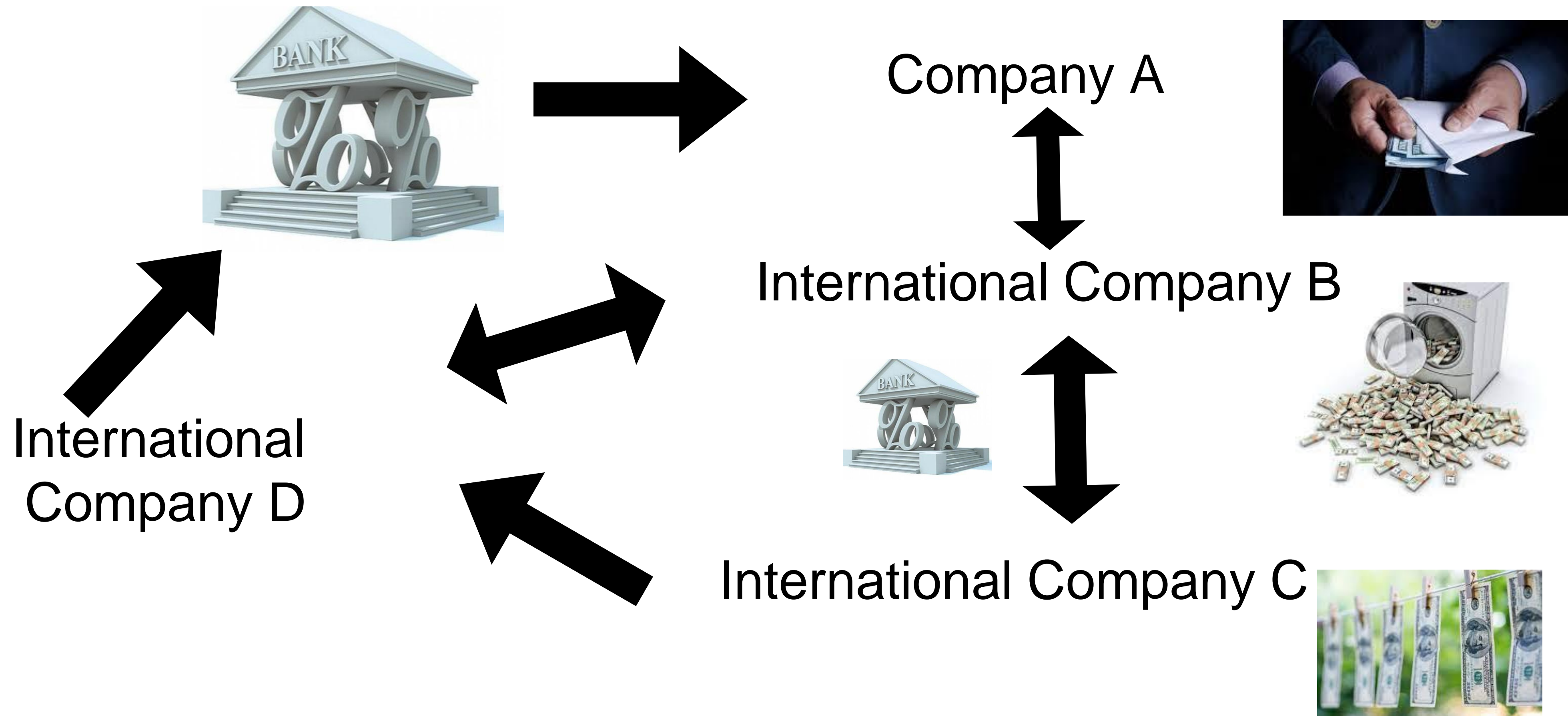
3 Stages of Money Laundering - 1. Placement

\$\$\$



UAE Anti Money Laundering Regulations

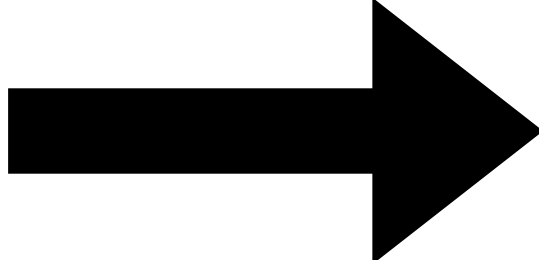
3 Stages of Money Laundering - 2. Layering



UAE Anti Money Laundering Regulations

3 Stages of Money Laundering - 3. Integration

\$\$\$



UAE Anti Money Laundering Regulations

DNFBPs - Terrorist Financing

UAE Anti Money Laundering Regulations

DNFBPs - Terrorist Financing

1. Terrorist financing - separate crime from money laundering but may use similar techniques to hide source of money
2. TF uses money to commit illegal political acts.
3. Money can be from legal sources.
4. Individuals responsible for raising money not the beneficiaries of the money as it is used to commit terrorist acts.
5. Amounts involved may be smaller

UAE Anti Money Laundering Regulations

Terrorist Financing - How Does it impact your Business?

Be Aware Of the

Red Flags

Applicable to Your Business!

UAE Anti Money Laundering Regulations

Terrorist Financing - general red flags

- Unwilling to provide identification information or documents
- use of fake documents
- use of front men or shell companies to hide ownership
- use of cash to avoid paper trail
- names appear in media reports linking to terrorist activities
- names appear on sanctions lists

Anti Money Laundering Training

DNFBPs - Proliferation Financing

Anti Money Laundering Training

DNFBPs - Proliferation Financing

Weapons of Mass Destruction (“WMD”) Proliferation

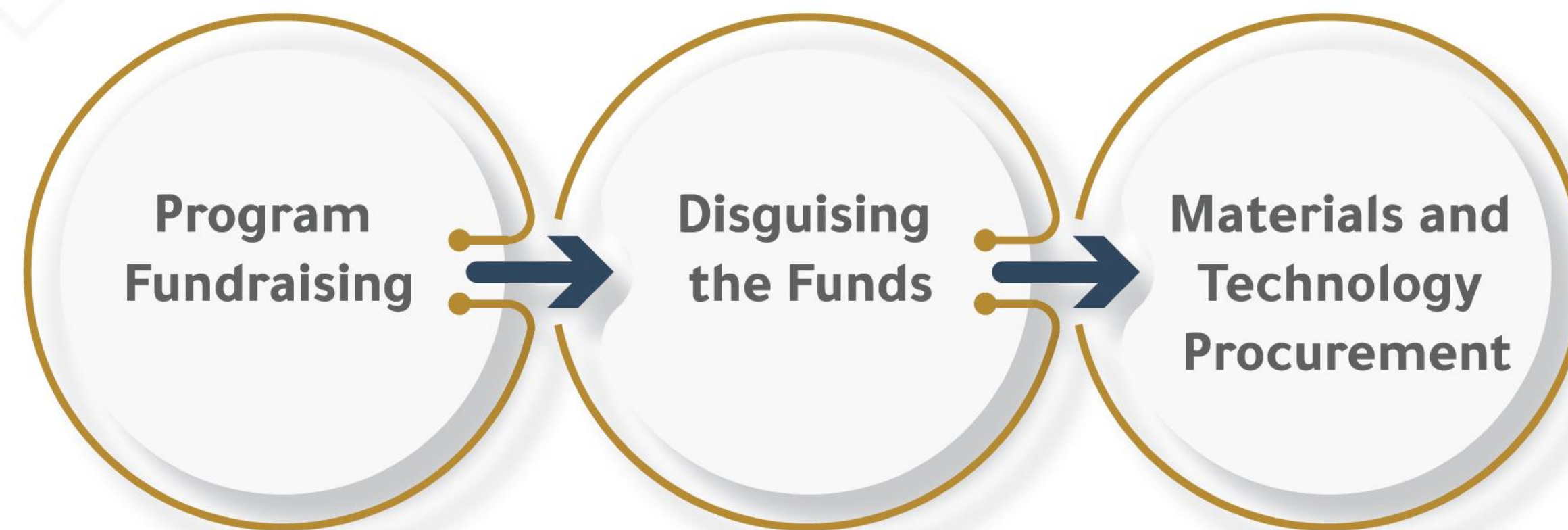
WMD Proliferation - refers to the manufacture, acquisition, possession, development, export, trans-shipment, brokering, transport, transfer, stockpiling, or use of nuclear, chemical, or biological weapons and their means of delivery and related materials (including both Dual- Use technologies and Dual-Use goods used for non-legitimate purposes)

Financing of Proliferation - refers to the risk of raising, moving, or making available funds, other assets or other economic resources, or financing, in whole or in part, to persons or entities for purposes of WMD proliferation, including the proliferation of their means of delivery or related materials (including both Dual-Use technologies and Dual-Use goods for non-legitimate purposes)

Anti Money Laundering Training

Proliferation Financing - stages

3 Stages of Proliferation Financing



Anti Money Laundering Training

Proliferation Financing - Stages

Stage 1: Program Fundraising: Raising money for the weapons.

Stage 2: Disguising the Funds: Hide where money came from and what it will be used for.

Stage 3: Materials and Technology Procurement: Buy the materials to make nuclear weapons.

UAE Anti Money Laundering Regulations

Proliferation Financing - How Does it impact your Business?

Be Aware Of the

Red Flags

Applicable to Your Business!

Anti Money Laundering Training

Proliferation Financing - Some General Red flags

TFS – PF Potential Red Flags

1. Dealings, directly or through a another party with sanctioned countries
2. The use of shell companies.
3. Dealings with sanctioned goods or under embargo. For example:
 - a). Oil or other commodities
 - b). Dual-Use items (wire nickel, inverters, etc.)
4. Activity is different from that authorized e.g. companies that are importing high-end technology devices, but they are registered as a company that commercializes nuts.
5. Complicated ownership structure of legal entities that seem designed to hide the beneficial owner.

UAE Anti Money Laundering Regulations

DNFBPs - Targeted Financial Sanctions

UAE Anti Money Laundering Regulations

DNFBPs - Targeted Financial Sanctions

Cabinet Resolution No. (74) of 2020 Regarding the Terrorist List System and The Implementation of Security Council Resolutions Related to Preventing and Suppressing Terrorism and Its financing, Counter of Proliferation and its financing, and the relevant resolutions

UAE Regulations require sanctions screening against United Nations and UAE sanctions lists

UAE Anti Money Laundering Regulations

DNFBPs - Targeted Financial Sanctions

Targeted Financial Sanctions includes

- a. asset freeze without delay
- b. prohibit providing funds or assets (including any economic resources) or services directly or indirectly to sanctioned individuals, entities and groups

UAE Anti Money Laundering Regulations

DNFBPs - Targeted Financial Sanctions

Targeted Financial Sanctions actions

DNFBPs: a freezing measure can be stopping the facilitation of or blocking the transfer of ownership of immovable or movable assets.

UAE Anti Money Laundering Regulations

DNFBPs - Targeted Financial Sanctions

Targeted Financial Sanctions actions to Comply

DNFBPs: to comply with the legal requirements install a standard software eg **Intellegings** to automate sanctions screening and avoid the risks of breaking the law!

UAE Anti Money Laundering Regulations

DNFBPs - Targeted Financial Sanctions

Targeted Financial Sanctions actions to Comply

DNFBPs: Report confirmed or partial / potential matches on goAML.

Confirmed matches - Freeze transactions – Report on goAML using FFR

Partial matches - suspend until govt advises next steps - Report on goAML using PNMR.

UAE Anti Money Laundering Regulations

Regulatory Framework - KEY OBLIGATION REMINDER



REPORT SUSPICIOUS TRANSACTIONS OR SUSPICIOUS ACTIVITIES

UAE Anti Money Laundering Regulations

How To Comply?

What actions are required to show evidence of compliance with the AML law?

1. Business risk assessment;
2. Customer risk assessment;
3. CDD policies and procedures;
4. Perform customer due diligence on a risk based approach;
5. Monitor customer activity;
6. Suspicious transaction reporting;

UAE Anti Money Laundering Regulations

How To Comply?

What actions are required to show evidence of compliance with the AML law?

7. Maintain records;
8. Train all staff;
9. Periodic reporting;
10. Senior management supervision;
11. Independent review and audit.

UAE Anti Money Laundering Regulations

DNFBPs - how to ensure compliance?

Ensure compliance

Please contact Jasbir Bindra to discuss your requirements:

Call: 055 603 1714

Email: jasbirbindra@alphaomegaprojects.com

Website: www.alphaomegaprojects.com