

# ANTI-MONEY LAUNDERING (AML), COUNTER TERRORIST FINANCING (CFT) & TARGETED FINANCIAL SANCTIONS (TFS) WORKSHOP



## ABU DHABI GLOBAL MARKET

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المعلومات  
المالية  
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المكتب التنفيذي  
للرقابة وحظر الانتشار  
EXECUTIVE OFFICE FOR  
CONTROL & NON-PROLIFERATION



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# Mutual Evaluation - ICRG Process : Overview and update on the FATF-UAE Progress Report





## Outline:

- Mutual Evaluation Process.
- ICRG Process.
- Update on the FATF-UAE progress report.
- Next steps.

# Mutual Evaluation Process

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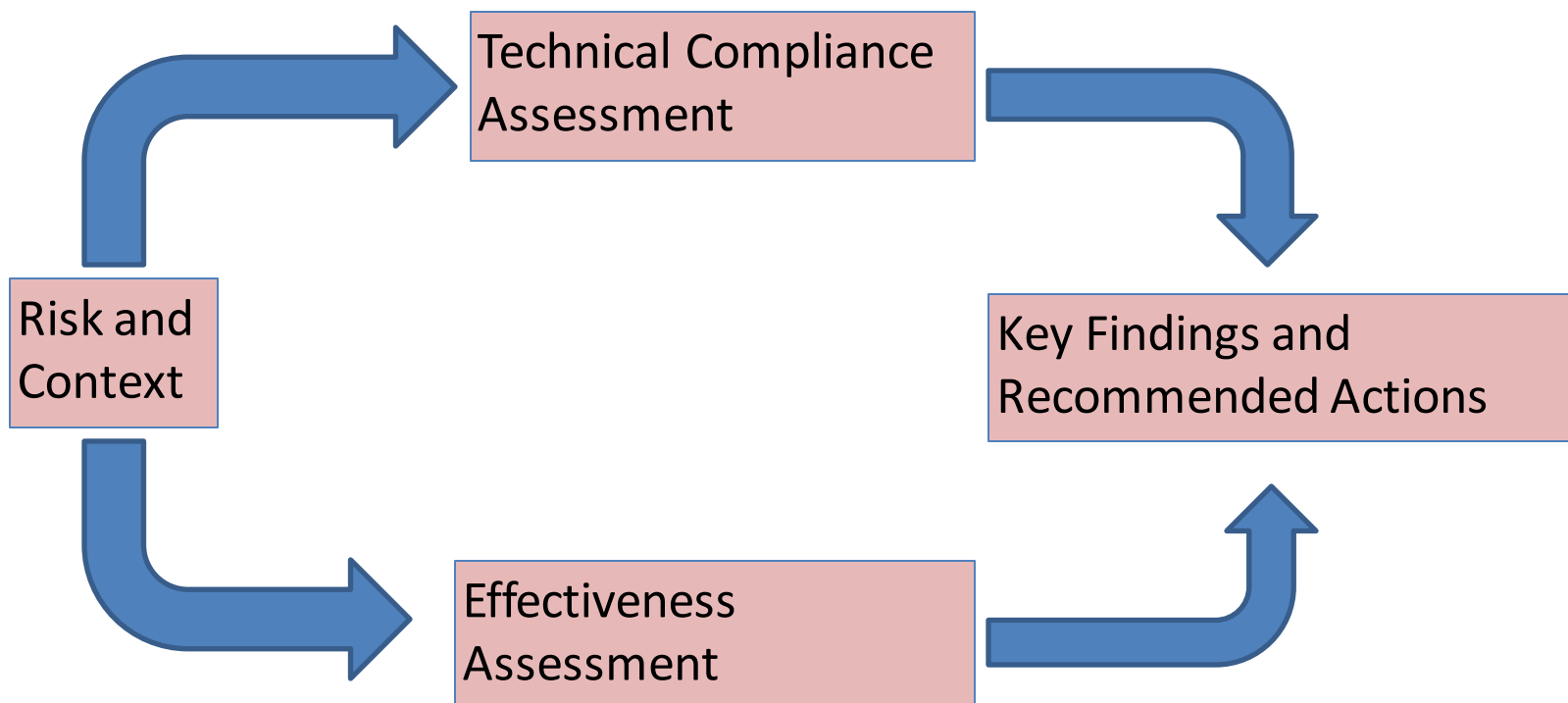


# Why do we evaluate Jurisdictions?

- Assess compliance with the FATF standards.
- Improve AML/CFT regimes.
- Peer review & peer pressure.



# The FATF Methodology





## Participants in the process: Roles and Responsibilities

- Assessors
- Reviewers
- Assessed Country
- FATF / FSRB Secretariat



## Stages of ME process:

### Before and during the on-site visit

- Desk-based TC review
- Scoping exercise
- International Cooperation questionnaire
- Preliminary analysis for the onsite visit
- Preparation for the on-site - Agenda



# Stages of the ME process

- **Onsite visit : 2 – 3 weeks**
  - ✓ Meetings with authorities and private sector
- After the on-site visit.
  - ✓ Draft MER (1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> draft).
  - ✓ Reflect reviewers and global network comments.
  - ✓ Face-to-face meeting.
  - ✓ Key issues Document for plenary.
  - ✓ Adoption and publication of the MER.

# ICRG Process:

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# ICRG Process: entry criteria / 4<sup>th</sup> round

Technical  
Compliance

- 20 or more NC/PC ratings for technical compliance
- NC/PC on 3 or more of the following Recommendations: R.3, 5, 6, 10, 11, and 20

Effectiveness

- low or moderate level of effectiveness for 9 or more of the 11 Immediate Outcomes, with a minimum of two low level ratings.
- low level of effectiveness for 6 or more of the 11 Immediate Outcomes



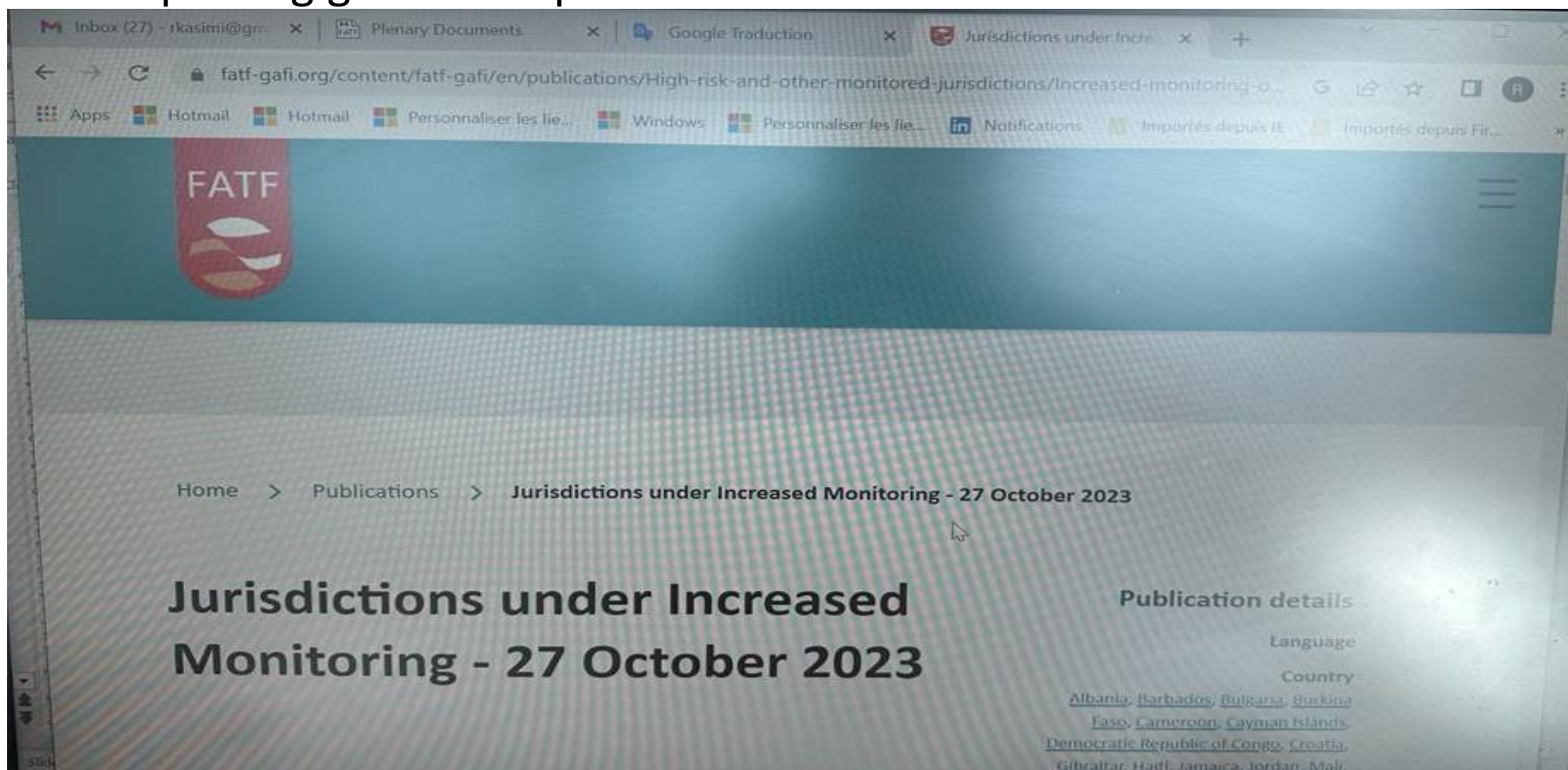
## ICRG Process: nature of the process

- Observation Period: 12 months.
- Preparation of the Post-Observation Period Report (POPR).
- High level political commitment
- Adoption of the action plan and its timeline.
- Collaboration between Country and experts of the Joint Group.
- Once all action items are addressed/Largely addressed, a report is prepared and submitted to the FATF plenary for adoption.
- The Plenary grants the onsite visit
- During onsite: The Joint Group ensures there is high-level political commitment, and the process of implementing the reforms is:
  - ✓ fully in place.
  - ✓ being sustained.



# ICRG Process: Public statement

- The ICRG process
  - Improving global compliance



# The status / efforts of the UAE in the ICRG process

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United Arab Emirates



## Progress made by UAE during ICRG follow up

- The UAE was referred to the ICRG follow up process based on MER results.
- The Post Observation Period Report (POPR) was prepared by the experts of the Joint Group and submitted to the UAE for review according to ICRG procedures.
- The initial POPR included **51 action items** and covered all immediate outcomes of the FATF methodology.
- Authorities have provided supporting documents and necessary information and demonstrated UAE effectiveness in different areas:
  - ✓ IO 1 (Risk understanding) , IO 8 (confiscation).
  - ✓ IO 9 (Terrorism Financing) was already rated with a substantial level of effectiveness in the MER.
- The joint Group reviewed their initial report and reduced the number of action items to **only 15.**
- The revised POPR was submitted to the ICRG meeting for discussion and adoption during 2021 FATF plenary.
- An action plan was approved by UAE and adopted by FATF Plenary with a timeline.



- The national technical teams, under the Higher Committee directions and the Executive Office coordination and follow up, have continued their efforts to respond to all Joint Group inquiries by providing requested information and statistics during 4 meetings held in Zambia, Morocco, Mauritius, and Jordan.
- The joint group analysis indicated, in last F2F meeting, that the 15 action items of the Action Plan were upgraded to "largely addressed" as the UAE was able to demonstrate its effectiveness in different fields.
- Below are the main achievements:



## Progress made by UAE: International Cooperation

- UAE demonstrated a sustained increase in international cooperation requests for legal assistance to ML/TF and high-risk predicate offences, as well as the informal international cooperation by all relevant authorities.
- UAE has identified the jurisdictions that challenge its ML/TF efforts and has established mechanisms that facilitate the use of MLA to address the identified risks.
- UAE has provided statistics on the consistent request for MLA and the use of feedback from formal and informal channels to initiate ML, TF and high-risk predicate offences investigations and prosecutions.
- Overall, positive trend, RBA, MOUs, bilateral and multilateral meetings, increasing Human resources and acquiring IT tools,...etc.





## Progress made by UAE: Supervision & Preventive Measures

- UAE enhanced the DNFBPs supervisory authorities understanding of the ML/TF risks by implementing a comprehensive and dynamic SRA model.
- UAE further significantly increased staffing and the number of inspections in line with the risk profile

- All supervisors continue to issue fines and follow up with the required corrective measures.
- They continue to pursue efforts to maintain a sustained increase in the application of effective, proportionate and dissuasive sanctions for breaches of AML/CFT requirements in line with the risk profile (DPMS , RE Broker,...).

- Supervisors maintain a positive trend in the level of compliance of DNFBPs with their CDD obligations and ensure that CDD measures are implemented using a risk-based approach.
- Regulated entities have increased the number of STRs in line with the country's risk profile (DPMS, Real Estate, VASP,...).





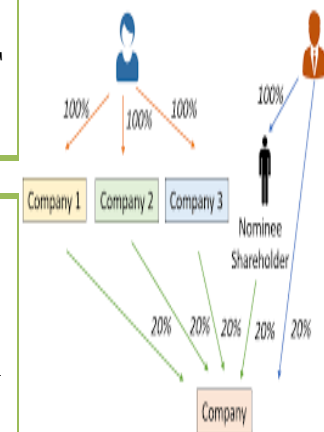
## Progress made by UAE: Beneficial Ownership information

- UAE published a detailed AML/CFT guidance for the registrars on implementing an AML/CFT compliance framework.
- Since April 2022 UAE has conducted regular outreach sessions and increased the level of AML/CFT compliance across the 38 registrars.

- UAE established an assessment methodology to determine the level of compliance of each registrar with 14 AML/CFT criteria and identify areas for improvement.
- Most of registrars (35) have shown increased levels of AML/CFT compliance, and established an effective risk assessment framework.

- UAE registrars continue to increase their use of dissuasive, effective, and proportionate sanctions.
- From Q1-Q2 2023 registrars imposed 1,675 disciplinary actions for failure to maintain adequate, accurate and updated beneficial ownership information, or failure to properly record beneficial ownership information,

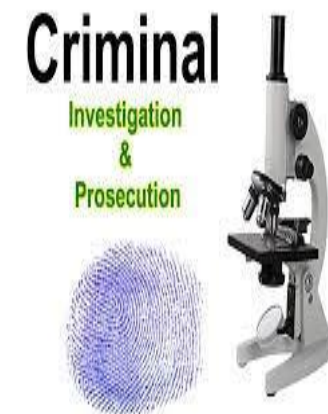
- Demonstrate that all company registrars witnessed an increase in effective and dissuasive sanctions for companies violating Cabinet Resolution No. 53 of 2021.
- UAE primarily detects such breaches through license renewals, on-site inspections but also proactive screening of adverse news and trigger events





## Progress made by UAE: Use of Financial Information & Investigation/Prosecution

- UAE FIU has adequate resources for its analysis function to provide financial intelligence to LEAs and the PP for combating of high ML threats, (foreign predicate offences, TBML, third-party laundering including international facilitators).
  - UAE Promoted the use of FIU disseminations by LEAs and exchange of feedback to increase the quality.
  - UAE continue to seek and integrate into analysis information from foreign counterparts and provide financial intelligence for use by LEAs to pursue high-risk ML threats.
  - UAE continue to use the information from requests it makes to foreign FIUs and responses it provides on RFIs from foreign FIUs to pursue proceeds of foreign predicate offences.
- 
- UAE has improved its institutional and legal framework, and established task forces to combat ML activities, which has resulted in effective ML investigations and prosecutions of high-risk ML offences.
  - UAE continue to prioritize ML cases that are consistent with the country's risk profile and increased effective ML investigations and prosecutions (including foreign predicate offences, third party ML and TBML).
  - UAE efforts have led to the confiscation of approximately USD 356 000 000.





- Supervisory Authorities proactively identify and rectify TFS deficiencies, and apply effective, proportionate and dissuasive sanctions, and monitor the implementation of follow-up remedial actions.
- UAE is using detailed TFS guidance to sustain awareness raising with the private sector and enhance the understanding of sanctions evasion among the private sector.
- UAE uses with the private sector's better understanding of sanctions evasion to support proactive identification and pursuit of sanctions evasion.
- Number of related STRs is important as well as the of disseminations to LEAs/PP.

# Targeted Financial Sanctions

*Proliferation & Terrorism Financing*

# Next Steps

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## Onsite visit and related procedures

- At its October 2023 plenary, the FATF made the initial determination that UAE has substantially completed its action plan **and warrants an on-site assessment** to verify that the implementation of AML/CFT reforms has begun and is being sustained, and that the necessary political commitment remains in place to sustain implementation in the future.
- UAE will prepare a report summarizing the country's efforts. To be submitted by next November.
- Onsite visit (**Public and Private sectors**): during January 2024.
- The Joint Group will prepare a detailed report to be submitted to the ICRG and the plenary for next February FATF Plenary for discussion and adoption.
- Once the report approved by FATF plenary, it is expected to include UAE among the list of “Jurisdictions No Longer Subject to Increased Monitoring by the FATF” (Grey List).



# Ongoing efforts

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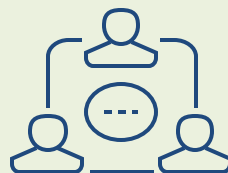
# Sustainability and ongoing AML/CFT efforts

1



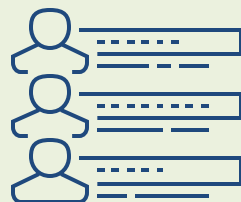
The EOAMLCTF will continue ensuring to sustain the AML/CTF system in the UAE.

2



The EOAMLCTF has developed a roadmap to prepare the country for the next 5th round of mutual evaluation including for the technical compliance and for the effectiveness. The next evaluation is scheduled for the period 2025-2027.

3



The UAE has prioritized multiple critical projects to be addressing the upcoming years, such as, virtual asset and virtual assets service providers supervision, combating the proliferation financing, and governing the Non-Profit Organizations framework.

*ADGM REGULATORY FRAMEWORK  
AND AML RULEBOOK OBLIGATIONS*





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# **ADGM'S LEGISLATIVE FRAMEWORK**

## ADGM's Legislative Framework

- Abu Dhabi Law No. 4 of 2013 and its amendment Abu Dhabi Law No. (12) of 2020
- Financial Service and Market Regulations (FSMR) 2015
- Cabinet Resolution No. (41) of 2023 expanding the jurisdiction of Abu Dhabi Global Market (ADGM)
- FSRA AML Rulebook - proposed Amendments
  - AML Rulebook is currently under review

# ADGM Regulatory Framework

<i>Risk-based approach</i>	
Federal Decree by Law No. (7) of 2014 On Combating Terrorism Offences	
Federal Decree by Law No. (20) of 2018 On Anti-Money Laundering, Combating the Financing of Terrorism and Financing of Illegal Organizations	Amended Law No. (26) of 2021 incl. provisions on VASPs
Cabinet Resolution No. (10) of 2019 Concerning the Implementing Regulations of Federal Decree by Law No. (20) of 2018	Amended Law No. (24) of 2022
Cabinet Resolution No. (74) of 2020 Concerning the UAE list of terrorists and implementation of UN Security Council decisions relating to preventing and countering financing terrorism and leveraging non-proliferation of weapons of mass destruction, and the relevant resolutions	
ADGM FSRA AML and Sanctions Rulebook (referred to as the “AML Rulebook”)	



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# **FSRA AML RULEBOOK**

## FSRA AML Rules - Application

Relevant Person	Applicable Chapters	
Authorised Person and Recognised Body	1-14	
Representative Office	1-6	11-14
Real estate developer or agency	1-9	11-15
Law firm, notary firm, or other independent legal business	1-9	11-15
Accounting firm, audit firm or insolvency firm	1-9	11-15
Company Service Provider	1-9	11-15
Dealer in precious metals or precious stone	1-9	11-15
Dealer in high-value goods	1-9	11-15
Non-Profit Organisations	16	

# ADGM AML Rulebook – AML/TFS Obligations



- Governance and Effective AML/TFS Policies and Procedures**
- MLRO, Deputy MLRO and Reporting**
- Business Risk Assessment (BRA) and Customer Risk Assessment (CRA)**
- Red Flags & Prohibited Relationships**
- KYC, Due Diligence and Ongoing Monitoring**
- Co-operation with the regulator and Internal / External Audit**
- Internal & External STRs/SARs and Tipping off**
- Sanctions Compliance**
- Record Keeping and AML/TFS Trainings**

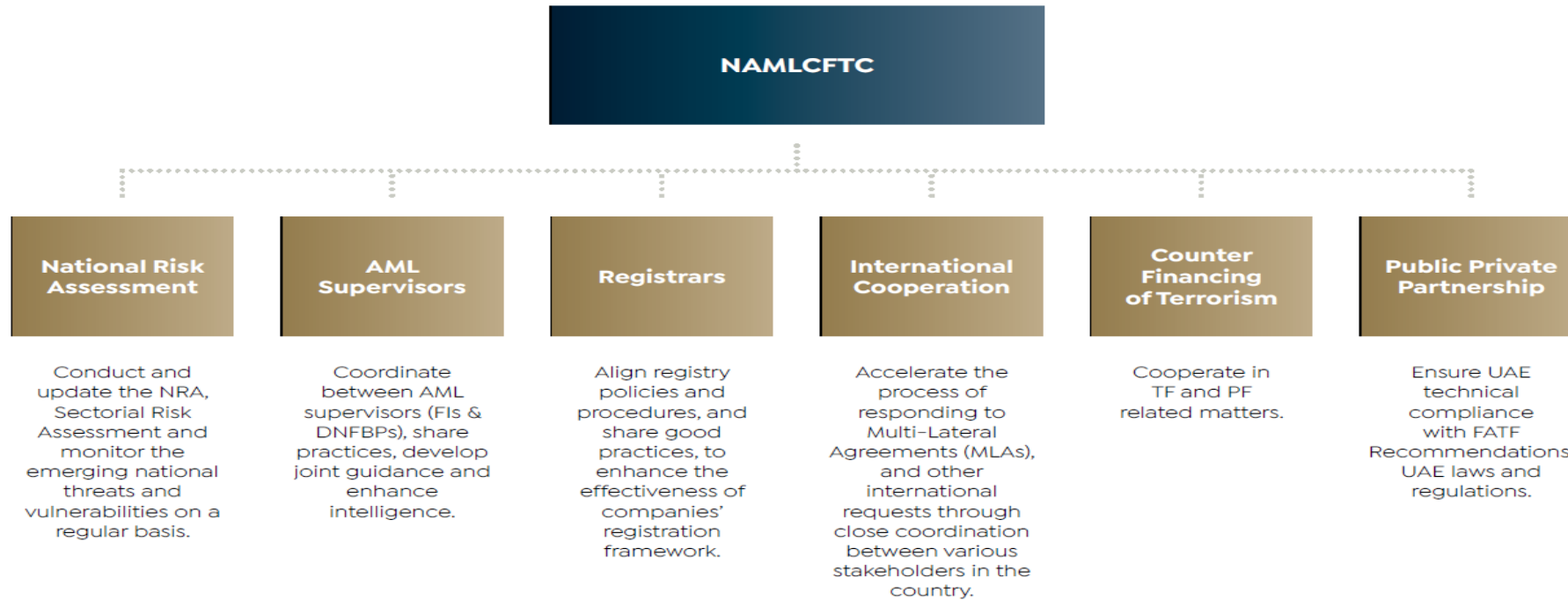


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# **NATIONAL AML/TFS AGENDA**

# Subcommittee Membership

Being a member of the UAE National Anti-Money Laundering and Combatting Financing of six Subcommittees.



# FATF Follow-up work

Our latest engagement encompasses the following areas:



Fourth UAE Follow up Report (July 2023) for September F2F Meeting

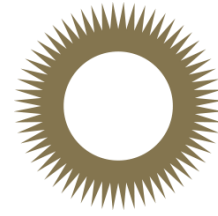


Contribution towards mini on-site from the FATF in 2023/2024



Train and Prepare Resources for the on-site FATF Visit on January 2024

# SUPERVISION APPROACH AND COMMON THEMES



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**REGISTRATION AUTHORITY  
DNFBPS – *SUPERVISION*  
*APPROACH & COMMON THEMES***

# Strategy and Regulatory Priorities – Objectives

*Public document setting out the Registration Authority's monitoring and enforcement strategy and objectives for 2022 to 2023*



1.

To foster an environment of continuous compliance by ADGM licensed persons

2.

To maintain fairness, transparency and efficiency in ADGM

3.

To build and maintain commercial regulatory stakeholder relationships

# Strategy and Regulatory Priorities – Priorities

*Public document setting out the Registration Authority's monitoring and enforcement strategy and objectives for 2022 to 2023*



1. Promote accuracy, timeliness and quality of annual filings and licence renewals to the Registration Authority
2. Promote high standards of audit quality in the ADGM
3. Ensure the effectiveness of the UAE's economic substance requirements in the ADGM
4. Conduct risk-based supervision on ADGM licensed persons
5. Promote high standards of beneficial ownership compliance among ADGM legal persons
6. Identifying possible or actual contraventions of sections 1, 4 and 5 of the *Commercial Licensing Regulations 2015\**
7. Ensure timely, decisive and proportionate enforcement action, alone and in partnership with relevant authorities

# Strategy and Regulatory Priorities – Priority 4

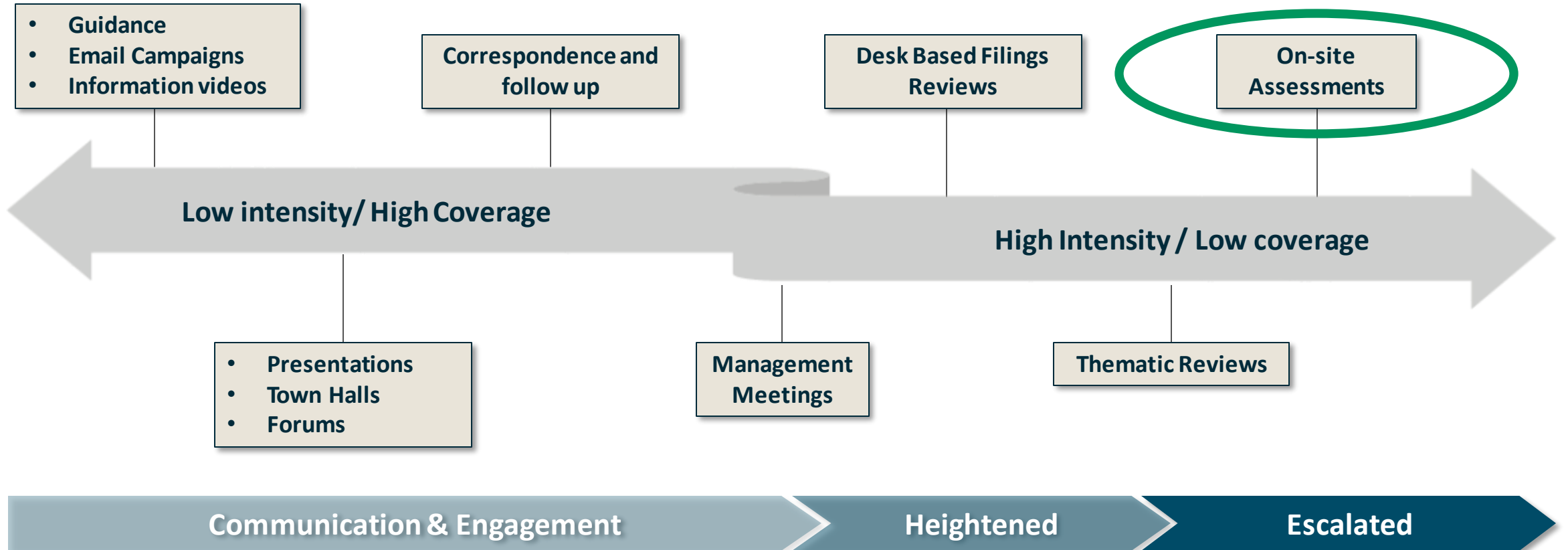
“... the RA will also prioritise the supervision of certain business activities including DNFBPs ... which it monitors under a delegation from the FSRA ...”



1. Promote accuracy, timeliness and quality of annual filings and licence renewals to the Registration Authority
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6. Identifying possible or actual contraventions of sections 1, 4 and 5 of the *Commercial Licensing Regulations 2015\**
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# Monitoring Activities

Risk based supervision using range of supervisory tools



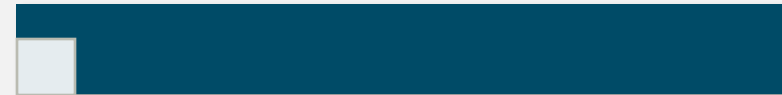
# DNFBP onsite assessments – overview

*Tailored to assess the compliance of a firm and if necessary, to have a direct impact on improving compliance outcomes*



# DNFBP onsite assessments – scope

*Purpose – to assess a DNFBP's overall compliance with ADGM AML Rules*



AML systems and controls, policies and procedures

Customer due diligence

Sanctions monitoring

AML training and awareness

Business risk assessment

KYC templates

Customer risk assessment

Sample client file review



# DNFBP common themes

*Common deficiencies identified from onsite assessments of DNFBPs*

## Customer Due Diligence

- Verification of SOW and SOF absent or deficient
- Certification of KYC docs absent

## MLRO appointments

- Failing to appoint an MLRO

## Ongoing Monitoring

- Ongoing screening absent or deficient
- KYC refresher on client files absent or deficient

## Record keeping

- Reasons for non-filing of SARs absent
- No review of AML policies and procedures



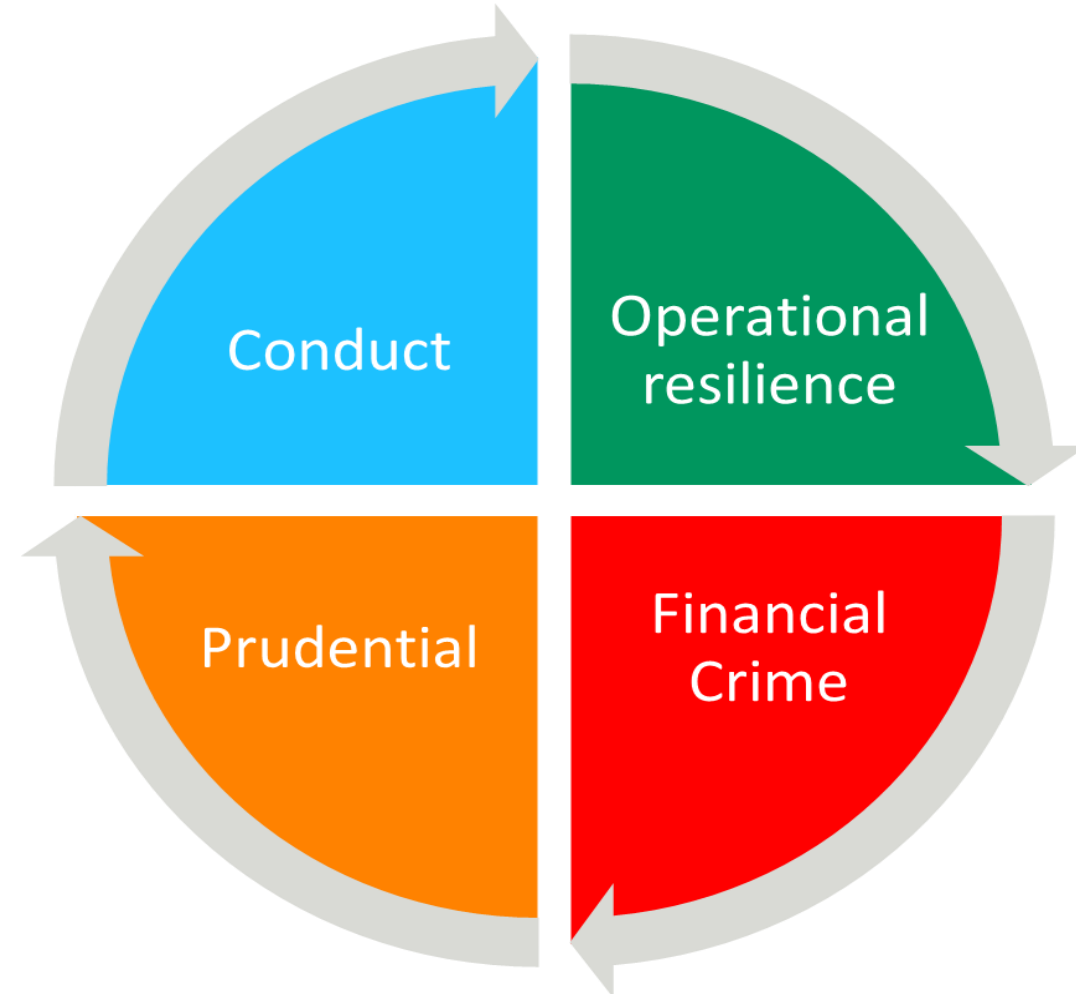
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**FINANCIAL SERVICES REGULATORY  
AUTHORITY FIS – *SUPERVISION  
APPROACH & COMMON THEMES***

# Overview of FSRA Supervision – Core Pillars

Our Regulatory Objectives highlighted under the Financial Services and Markets Regulations 2015 **revolve mainly around** :-

- Fostering fairness, transparency, and efficiency in the ADGM;
- Maintaining financial stability in the ADGM including the prevention of systemic risk;
- Preventing, detecting and restraining conduct that causes or may cause damage to the reputation of the ADGM;
- Promoting public understanding of the regulation of the financial services industry in the ADGM;
- Securing an appropriate degree of protection for consumers of the ADGM; and
- Promoting the safety and soundness of Authorised Persons and Recognised Bodies.



# Supervisory Approach

- The FSRA adopts a risk-based approach to supervision which enables the FSRA to allocate its resources efficiently and prioritise high risk areas.
- The impact / risk rating will determine the intensity of the supervisory approach.
- The FSRA's supervisory approach enables timely supervisory intervention to address any significant changes or elevation in risks by using the following supervisory tools:

## Preventative & Prudential Tools (Baseline Supervision)

- Review of Change in Control/Approved Persons / Recognised Persons
- Approval of Variation of Permission
- Periodic Reporting
- Annual AML Return
- Semi annual MLRO returns
- Capital and Liquidity requirements

## Pro-active Supervisory & Mitigations Tools

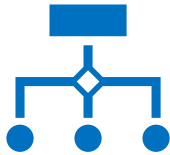
- Onsite/Offsite Supervision Inspections
- Thematic reviews
- Periodic meetings with senior management or board
- Verification visits

## Reactive and Corrective Tools

- Enforcement Actions
- Risk Mitigation Plans
- Independent third-party review
- Industry consultation papers
- Outreach and training sessions
- Dear SEO letters

# FSRA Key Focus Areas – AML/CFT & TFS

- Depending on the nature, size and complexity of the firm (and existing issues identified), FSRA Supervision will consider the following areas:



## ❑ Business Model

- Regulatory Business Plan
- Transaction Flow Chart
- Outsourcing agreements



## ❑ Governance and oversight

- Corporate Governance Framework
- Charters and Terms of Reference of Board/Management committees
- Board/Management's Committee Packs and MI
- Independent Testing and Oversight

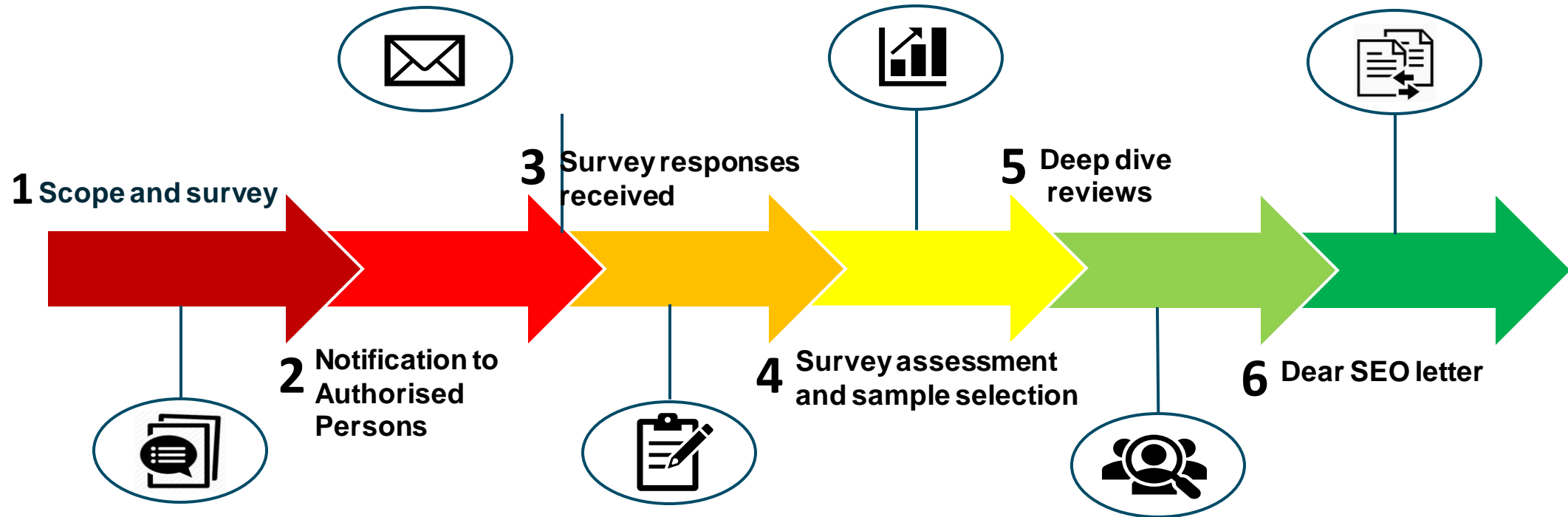


## ❑ Internal Control Framework

- AML/CFT and TFS Frameworks
- Business Risk Assessment
- Customer Risk Assessment
- Customer On-Boarding Approach
- Compliance Monitoring Plan and Reports
- Transaction Monitoring Approach
- Sanctions Screening Approach
- Suspicious activity reporting
- Training and Awareness

# Overview of thematic reviews

- The objective of thematic reviews is to gain a deeper understanding of a particular theme or issue by examining it in a systematic and comprehensive manner.
- The process of a thematic review:



# Annual AML/CFT & TFS Thematic Review 2023

## ❑ The scope of the review:

- Corporate Governance and senior management oversight;
- AML Business and Customer Risk Assessment;
- Enhanced Due Diligence processes;
- Onboarding processes and ongoing due diligence;
- Sanctions practices;
- Suspicious activity monitoring and reporting; and
- AML/CFT training program.

## ❑ Survey assessment approach:

- The survey assessment process was conducted in three main stages:
  - **Stage 1:** Question Categorisation
  - **Stage 2:** Data Point Weights
  - **Stage 3:** Overall Score Calculation and Firm Identification

❑ **Deep dive reviews:** Deep dive review to assess, and test, whether the systems and controls adopted by Authorised Persons for AML/CFT and TFS are compliant with FSRA AML Rulebook, Federal Decree Law No. 26 of 2021, Cabinet Resolution No. 10 of 2019 and Cabinet Resolution No. 74 of 2020.

# Areas for improvement from the Thematic Review

## Governance and oversight

- Clearly defined Senior Management roles and responsibilities.
- Robust management information on Financial Crime Risks.
- Use of Internal Audit to provide independent assurance on the AML/CTF systems and controls.

## Business Risk Assessment (BRA)

- Comprehensive business risk assessment methodology covering end-to-end process.
- Ensure the BRA covers all relevant components, such as terrorist financing and proliferation financing.

# Areas for improvement from the Thematic Review

## Customer and Business Partner Due Diligence

- When assessing CDD requirements based on risk profiles, firms must verify obtained information with valid supporting evidence.
- After setting the review frequency for a client's file reviews, firms should promptly conduct these reviews.
- Establish thorough due diligence procedures for business partners and third-party service providers when outsourcing AML compliance.

## Sanctions

- It's crucial for APs to understand their screening parameters, especially when using a third-party provider.
- Periodically review screening systems, including third-party providers for effectiveness.



# UAE AML/CFT Partnership Forum

The Key Importance of Financial Information  
Sharing Partnerships (FISPs) to AMLCFT – UAE



# Content

- ❑ History and Background of the Executive Office of Anti-Money Laundering and Counter Terrorism Financing (EO AML/CTF)
- ❑ Mandate and Functions of the EO AML/CTF
- ❑ General Importance of PPPs
- ❑ UAE's AML/CFT Partnership Forum (ACPF)
- ❑ High Level Structure of ACPF
- ❑ ACPF's Strategy
- ❑ ACPF's Key Achievements and Tangible outcomes
- ❑ ACPF's Current and Futures Endeavors



# History and Background of EO AML/CFT

- Established in 2021 by Cabinet Decree.
- Mandated to implement the National Strategy on Anti-Money Laundering and Countering Financing of Terrorism 2020 - 2023 and National Action Plan
- The Executive Office is the primary national coordinating body on AML/CFT efforts within the UAE and aims to enable and better equip the UAE in building a strong and sustainable AML/CFT structure.
- To achieve its objectives, the Executive Office holds a wide-range of mandates to assist related Government entities in enhancing their AML/CFT framework.





# Mandate and Functions of the EO AML/CFT

## National Champion



EO deals with various direct & indirect stakeholders involved in AML/CFT agenda

EO is the national coordinator & responsible for driving the AML/CFT Agenda



## Three key core functions

### National Risks & Policies

Responsible for performing national risks assessments; and based on the outcomes of these assessments, developing and proposing policies to mitigate these risks.



### National Cooperation & Follow-Up

Oversight the adoption and implementation of national strategy and action plan, and compile national AML/CFT statistics.

### Communications & Strategic Partnerships

Looking after international partnerships, enhancing UAE contribution to the global agenda, and promoting UAE's profile worldwide.





## General Importance of Public Private Partnerships (PPPs)

- Information sharing between public and private sector stakeholders through PPPs increase the effectiveness of AML/CFT measures by facilitating a more comprehensive view of financial transactions and customers' behaviour.
- Through PPPs, sharing of information happens in a secured environment permitting further data mining, operational analysis and scanning by the private sector to fill potential intelligence gaps.
- The PPPs enable information sharing across supervisors, FIU, law enforcement, vetted participants from the private sector as well as international partners in some cases.
- In a speech dated September 2020, the then FATF President, Dr. Marcus Pleyer emphasised the importance of public-private partnerships in combatting financial crime by quoting that “**the establishment of trust and confidence between public and private sectors is fundamental in this fight against financial crime**” and that “**the Public-private partnerships must be established before the need for a money laundering or terrorist financing investigation arises.**”
- On April 28, 2022, Dr. Pleyer gave an address at the AML Intelligence PPPs Summit, stating that, “**Public-private cooperation plays a role in two ways for the FATF: First of all, in our own way of work, and secondly, in our messages to governments and the private sector.**”



# UAE's AML/CFT Partnership Forum

- Established in 2021 by Administrative Decision N. 549 of 2021
- Chaired by Executive Office of Anti Money Laundering and Countering Terrorism Financing
- Members' Key objectives:
  - ❖ Provide a common platform to bring together relevant governmental agencies and the private sector (FIs & DNFBPs) for the purpose of consultation and sharing of experiences in AML, CFT and counter proliferation financing.
  - ❖ Enhance channels of communication between the public and the private sectors to combat money laundering, terrorism and proliferation financing through regular meetings and other activities.
- Members from (16) government entities and (35) from private sector (National and International FIs & DNFBPs)



## Public Sector

- |   |   |
|---|---|
| <ul style="list-style-type: none"><li>• Central Bank of UAE</li><li>• Ministry of Economy</li><li>• Ministry of Interior</li><li>• Ministry of Justice</li><li>• Ministry of Finance</li><li>• Federal Public Prosecution</li><li>• Abu Dhabi Public Prosecution</li><li>• Dubai Public Prosecution</li></ul> | <ul style="list-style-type: none"><li>• Ras Al Khaimah Public Prosecution</li><li>• Securities and Commodities Authority</li><li>• Federal Authority for Identity, Citizenship, Customs &amp; Port Security</li><li>• Federal Tax Authority</li><li>• Dubai Financial Services Authority</li><li>• Abu Dhabi Global Market Financial Services Regulatory Authority</li><li>• Financial Intelligence Unit</li><li>• The Executive Office for Control and Non-Proliferation</li></ul> |
|---|---|



# High level Structure of UAE's ACPF

Chairperson has been appointed by NAMLCFTC through an Administrative Decision and will be responsible for the overall success of the ACPF.

Chairperson

Advisory Board

Advisory Board will support the Chairperson by providing strategic guidance.

ACPF's Members

Executive Secretariat

Executive Secretariat will support the ACPF in all day-to-day operational tasks including coordination between stakeholders.

Working Group(s)

1. Building Capacity
2. Digital Economy
3. Governance Framework
4. Targeted Financial Sanctions/Proliferation Financing
5. Environmental Crime

Working Groups are created to achieve long term objectives on behalf of the ACPF.



# ACPF's Overall Strategy

PURPOSE	
Increase effectiveness of the UAE in preventing and disrupting AML / CFT risks through enhanced communication and collaboration between relevant government agencies and the private sector	
<b>Mission</b>	<i>Build confidence and trust to create an enabling platform that brings together relevant government agencies and the private sector for the stated purpose</i>
<b>Pillars</b>	<p><b>Strategic</b></p> <ul style="list-style-type: none"> <li>• Drive long term strategic initiatives that support UAE's AML / CFT agenda</li> <li>• Generate strategic report and conduct relevant consultations between ACPF members</li> </ul>
	<p><b>Tactical / Operational</b></p> <ul style="list-style-type: none"> <li>• Establish a common secure digital platform to facilitate intelligence sharing in relation to AML / CFT risks between the public and private members and between the private members themselves in UAE</li> </ul>
<b>Stakeholders</b>	<p><b>Private Sector</b></p> <ul style="list-style-type: none"> <li>• National and International Financial Institutions (FIs)</li> <li>• Designated Non-Financial Businesses and Professions (DNFBPs)</li> <li>• Industry Associations</li> </ul>
	<p><b>Public Sector</b></p> <ul style="list-style-type: none"> <li>• Law Enforcement Agencies (LEA)</li> <li>• Supervisors</li> <li>• Policy Makers</li> <li>• Financial Intelligence Unit (FIU)</li> </ul>



# ACPF's Key Achievements and Tangible outcomes

## I. Industry Alert

On May 2023, the Executive Office of AML/CTF together with ACPF issued an Industry Alert on the rising use of virtual currencies by criminal to launder their illegal profit.

The purpose of this Alert is to promote awareness and knowledge on a specific AML/CFT threat.

The use of this Alert is to complement existing preventative measures that private sectors may have in place and to support on-going improvements to the business processes and procedures.

To support private sector AML/CFT compliance efforts and enhance the ability to deter and detect ML/TF in the virtual asset sector, the Alert provides several key points that should be followed and implemented, such as, *inter alia*:

- Develop or reassess the risk-based programs, policies and procedures to include the FATF recommendations.
- AML/CFT compliance needs to be consistent with local privacy laws.
- Perform an adequate and comprehensive AML/CFT Risk Assessment.
- Implement a customer risk-based approach including KYC, customer risk assessments, enhanced due diligence and ongoing due diligence policy and procedures.
- Include the identification and verification of beneficial ownership in the compliance procedures.
- Consider the adequacy of the number of qualified/experienced staff with appropriate authority and resources.
- Have dynamic and regularly checked PEPs and Sanction screening system.
- Implement training programs to assist employees with understanding the way VAs VASPs comply with AML/CTF regulation.
- Maintain informed and strong senior management leadership and oversight who prioritize AML/CTF compliance.
- Assess AML/CFT policies and procedures and conflicts with other policies and procedures.
- Establish internal controls such as CDD, record keeping, transaction monitoring, as well as independent testing (internal and external audit), and training provided to staff on AML/CTF.



## II. Information Sharing Regulatory Framework

The objective of the ACPF is to work on developing a legal and regulatory approach to exchange information and financial intelligence in safe and secure manner and through well-governed process.

### a. Strategic Information Sharing Protocol

During a meeting held in April 2023, the members committed to draft a strategic information sharing protocol addressing governance of the sharing of strategic information. This protocol has been drafted and adopted by all members in October 2023 and will be submitted to the National Committee of AML/CFT for legal adoption.

### b. Sharing of Operational Information

Later in 2023/beginning of 2024, the ACPF will accelerate work on the framework of a regulatory approach for the sharing of operational information and the creation of a secure digital platform. A pilot project will be developed and tested in a work environment with the participation of a small number of member users.



### III. Working Groups

There are 5 working groups that have been established to achieve long term objectives.

#### a. Building Capacity

The objectives of this working group is to:

- Identify key qualifications and competencies to promote AML/CFT in the industry
- Suggest and develop awareness programs to both public and private
- Onboard identified resources to the PPPC.
- Create a training and secondment plan for key resources.

The working group is working with Rabdan Academy on an AML Master Programme which will be focused on developing an AML/CFT certification/qualification at the national level.

The working group has also drafted the Terms of References for a secondment programme which will aim to foster collaboration between the Public-Private sectors by facilitating the exchange of employee for a defined period. This initiative seeks to leverage expertise, share knowledge and experience across the Public-Private sectors within an approved framework.

#### b. Typologies of Financial Crimes

This working group is chaired by the FIU with a mission to share with the members strategic analysis report on fraud crimes, trends and typologies.

During ACPF's meetings, the working group has presented to the members reports on:

- ✓ Cash smuggling and the implementation of a new regulation on cash declaration,
- ✓ Abuse of legal entities,
- ✓ Trade based money laundering.



### c. Targeted Financial Sanctions and Proliferation Financing

This working group has been tasked with the following missions:

- To identify emerging typologies related to Sanctions risks
- To increase awareness in relation to emerging Sanctions risks in the UAE
- To provide practical guidance and support to entities.

During this year, the working group has focused on the following key topics:

- ✓ Proliferation financing risk assessment updates, preparation for roundtables and publication of the training plan,
- ✓ Challenges faced by the private sector and provided some recommendations,
- ✓ Collect of feedback on consolidated terrorism financing & proliferation financing's red flags document and continue discussion on TFS reporting challenges,
- ✓ Discussion on the proliferation financing risk assessment guidance for the private sector and focus on the upcoming TFS training & awareness topics.
- ✓ Sharing of best practices in Implementing TFS.

### d. Environmental Crime

This working group's goal is to:

- Identify typologies related to environmental crime risks.
- Increase awareness in relation to environmental crime in the UAE.
- Provide practical guidance and support to entities to help combat environmental crime.

The working group has finalized the methodology and questionnaire of the Environmental Crime (EC) Risk Assessment which is in the process of being piloted before a wider rollout. The risk assessment will provide a better understanding of the EC risk-landscape in the UAE and is a vital starting point for enhancing awareness and supporting the UAE national risk assessment.

The first awareness newsletter on Illegal Wildlife Trade Risk Indicators / Red Flags Guidelines will be published shortly.

In collaboration with ACAMS, a webinar on Illegal Wildlife Trade and Environmental Crime in the UAE has taken place on 17th October.

The COP28 plan is being finalized and the working group is looking forward to contributing in any way possible.



## e. Digital Economy

The Digital Economy working group has a mission to:

- Identify emerging risks and opportunities arising from increasing trend of digitization and usage of advanced technologies (and analytics) for fighting financial crime,
- Use FinTech / RegTech capabilities,
- Identify areas that the working group's Groups output can support mitigation of financial crime.

The working group has drafted a White Paper which is entitled "Latest Technologies for fighting Financial Crime" and which basically present the pros, cons, opportunities and challenges of various technologies that could help the financial institutions to enhance their system on the following areas:

- ✓ KYC/CDD/Onboarding client,
- ✓ Transaction monitoring,
- ✓ Screening – transactions and name
- ✓ Model Risk Management / Data
- ✓ EWRA/FCRA/CRRM,
- ✓ Virtual assets.



# ACPF's Current and Futures Endeavors

## I. Draft of legislation for sharing of operational information

By end 2023/beginning 2024, the ACPF will accelerate work on the framework of a regulatory approach for the sharing of operational information and the creation of a secure digital platform.

A pilot project will be developed and tested in a work environment with the participation of a small number of member users.

## II. Creation of 2 new working groups

### a) Customs Working Group

UAE being a financial, logistic and transport hub, It has been decided to establish a new Customs Working Group led by the Federal Customs Authority and which is going to be focused on myriad criminal activities within the Customs arena, including: narcotics trafficking, weapons smuggling, intellectual property rights (IPR) fraud, human smuggling and trafficking, environmental crime, among many others.

### a) DNFBPs Working Group

DNFBPs play a crucial role in UAE's economic growth but are subject to high risk of money laundering and terrorism financing, due to the nature of goods or services they provide.

In this context, it's decided to establish a new working group led by the Ministry of Economy which will be comprised of following members:

- ✓ Auditors and accountants
- ✓ Dealers in precious metals and stones
- ✓ Real estate agents and brokers
- ✓ Company and trust service providers



# Thank You



# Targeted Financial Sanctions Proliferation & Terrorism Financing





Disclaimer: This material is intended for educational purposes and to raise awareness. To reuse this material, you must obtain a written consent from the Executive Office for Control and Non-Proliferation (EOCN).

This material is not comprehensive, to view the full EOCN guidance documents, please visit [www.eocn.gov.ae](http://www.eocn.gov.ae) .

A stylized eagle head is positioned in the upper right quadrant, facing left. Below and to the right of the eagle's head is a sunburst or fan-like graphic composed of several triangular rays radiating from a central point. The entire background is a solid, dark olive green color.

# **Executive Office's Role in Implementing Targeted Financial Sanctions (TFS)**

## *Targeted Financial Sanctions (TFS) Legal Framework – Cabinet Decision No. 74 of 2020*

### **Cabinet Decision No. 74 of 2020**

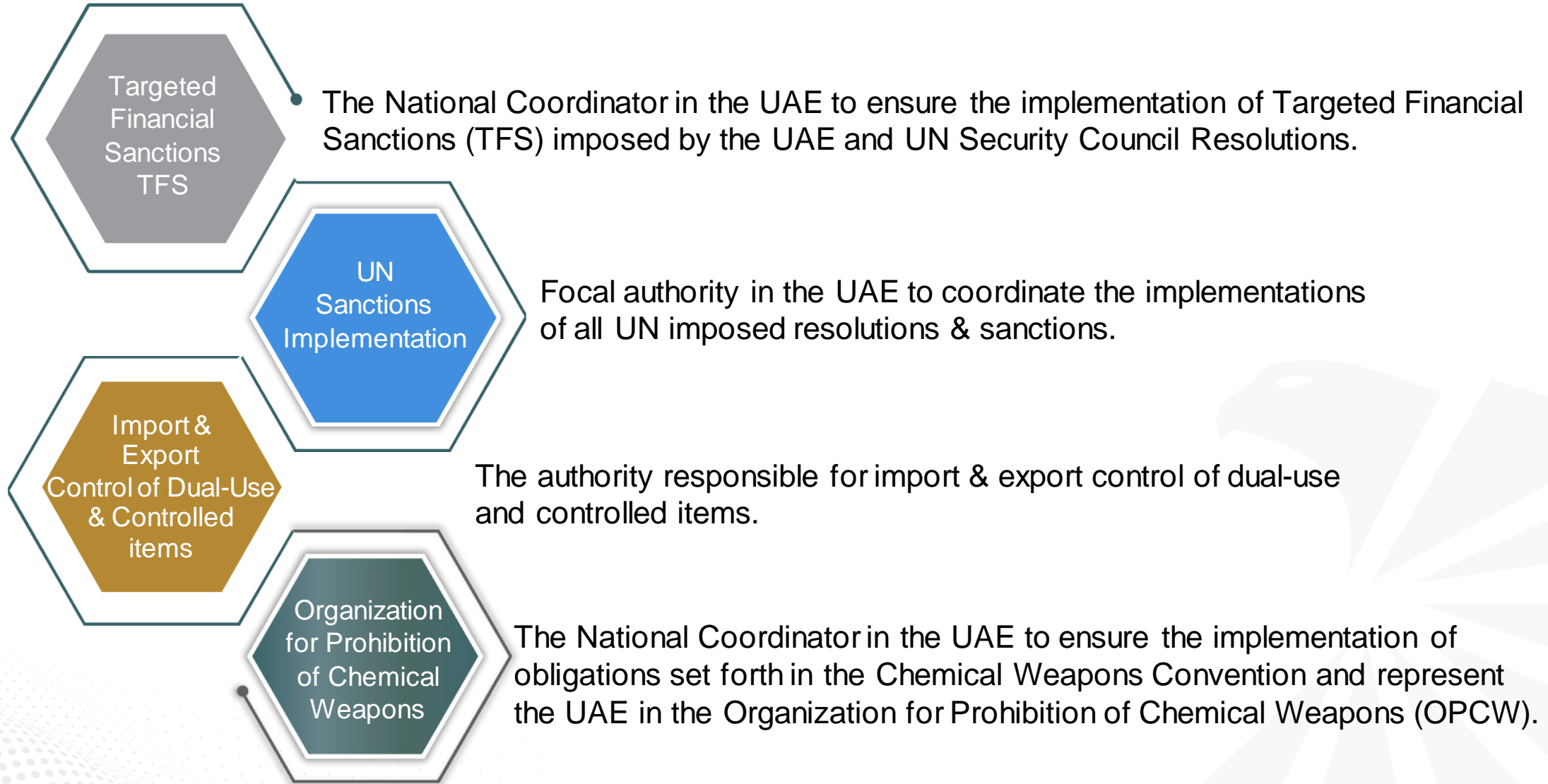
Set out the framework for implementing Targeted Financial Sanctions in the UAE.

Defined the role and obligations of the UAE authorities and appointed the (EOCN) as the focal authority for TFS implementation.

Defined the obligations on private sector (FIs & DNFBPs) in TFS implementation.

Defined the procedures to process grievance requests, including de-listing, access to frozen funds, and lifting of freezing measures.

# Executive Office for Control & Non-Proliferation (EOCN) Mandate





## *EOCN's Role in Implementing Targeted Financial Sanctions (TFS)*

Circulate updates to the Local Terrorist List and UN Consolidated List without delay.

Collect and analyze TFS reports received from both public and private sectors.

Coordinate and exchange information between government agencies.

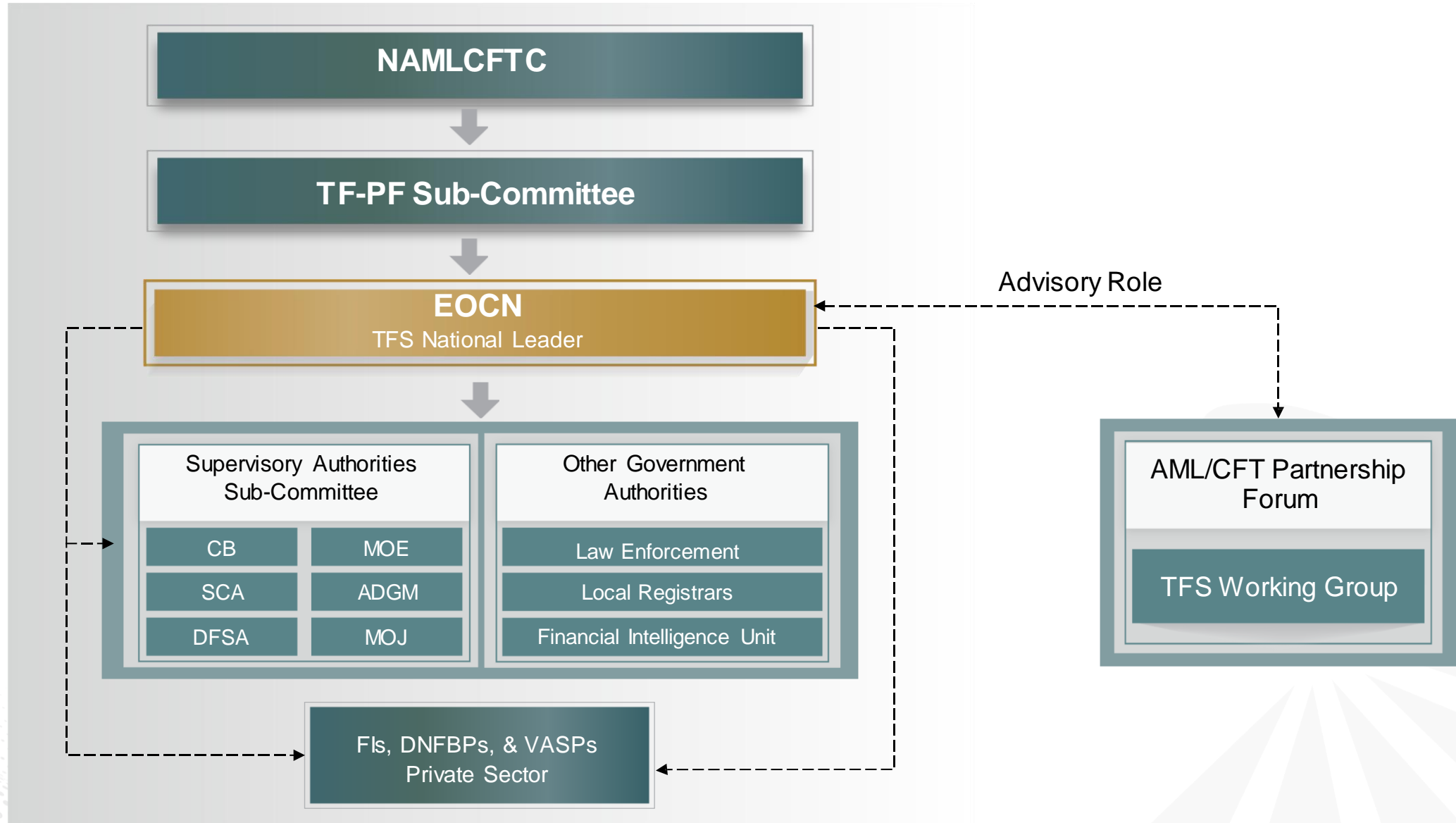
Engage with Supervisors to ensure private sector compliance with TFS obligations.

Provide outreach on TFS with public and private sector.

Receive and process grievances related to Local Terrorist List and UN Lists.



# TFS Institutional Framework



## UN and FATF Obligations on Terrorist Financing (TF)

The United Nation's Security Council imposes targeted financial sanctions related to TF under Chapter VII of the UN Charter applicable to UN Member States, including the UAE. FATF adopts UNSCRs with **TFS - TF obligations** in its recommendations.



### UN Resolutions

#### UNSCR 1373

- Decides that all states shall **prevent and suppress** the financing of terrorist acts.
- Targets designations made at the **national level** (i.e. Local Terrorist List).

#### UNSCR 1267 UNSCR 1989

- Calls for all states to **freeze without delay** the funds and other assets of designated persons.
- Targets designations pertaining to **Al-Qaida and ISIL**

#### UNSCR 1988

- Calls for all states to **freeze without delay** the funds and other assets of designated persons.
- Targets designations pertaining to the **Taliban**.



### FATF Recommendations

#### Recommendation 6

- Requires countries to implement targeted financial sanctions to comply with UNSCRs that call for TFS relating to terrorist financing.
- Current UNSCRs covered under FATF Rec 6: **UNSCR 1373, 1267, and 1988**.

## UN and FATF Obligations on Proliferation Financing (PF)

The United Nation's Security Council imposes global and country-specific prohibitions related to PF under Chapter VII of the UN Charter applicable to UN Member States, including the UAE. FATF adopts UNSCRs with **TFS - PF obligations** in its recommendations.



### UN Resolutions

#### UNSCR 1540

- Overarching **global requirement** related to PF.
- Does not include specific TFS obligations.
- Calls for prevention of “non-state” actors from engaging in PF

#### UNSCR 1718

- Targets **DPRK's** proliferation financing
- Includes TFS obligations.
- Country-specific resolution

#### UNSCR 2231

- Targets **Iran's** proliferation financing
- Includes TFS obligations.
- Country-specific resolution



### FATF Recommendations

#### Recommendation 7

- Requires countries to implement targeted financial sanctions to comply with UNSCRs that call for TFS relating to WMD proliferation.
- Current UNSCRs covered under FATF Rec 7: **UNSCR 1718 (DPRK)** and **UNSCR 2231 (Iran)**

# Targeted Financial Sanctions Overview





## *What is Targeted Financial Sanctions (TFS)?*

The term targeted financial sanctions includes both asset freezing without delay and prohibition from making funds or other assets or services, directly or indirectly, available for the benefit of sanctioned individuals, entities, or groups.



# What is Targeted Financial Sanctions (TFS)?

WHY?

**Aim**

Stop the flow of funds or other assets to terrorists, proliferators of WMD, their supporters and prevent them from access to funding and other services that are used to commit terrorist or proliferation acts.

WHO?

**Application**

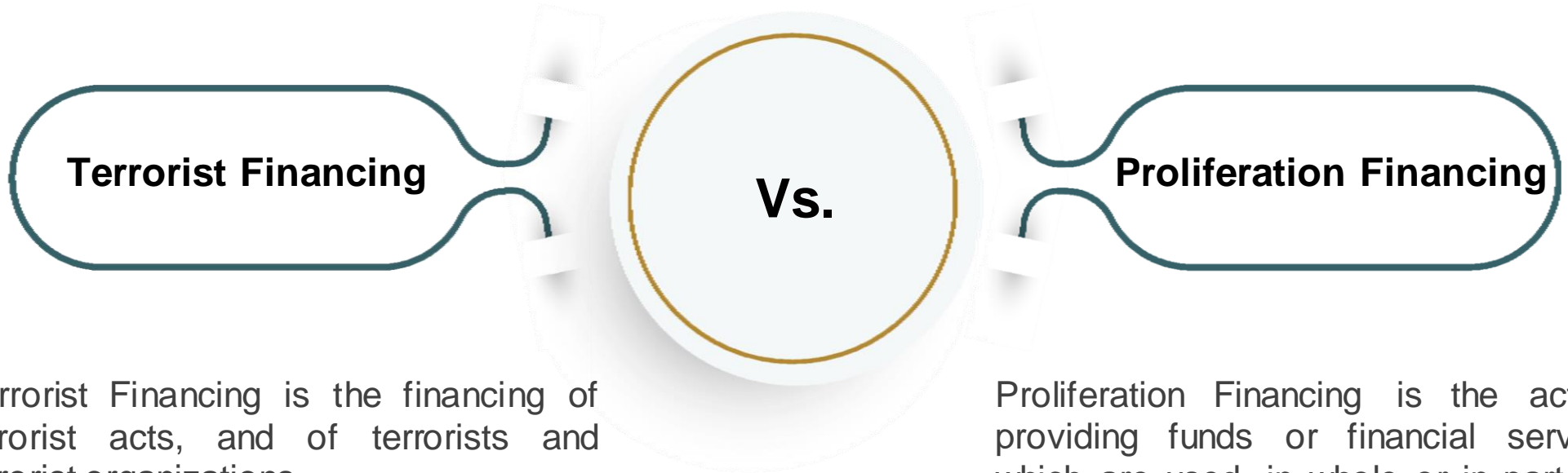
- 1- Individuals or entities listed on the UAE Local Terrorist List issued by the UAE Cabinet (in line with UNSCR 1373).
- 2- Individuals or entities listed by the United Nations Security Council through the multiple UN Sanctions Committees (“UN Consolidated List”)

HOW?

**Measures**

- 1- Freeze funds or other assets of designated persons, without delay and without prior notice.
- 2- Prevent access to funds or other assets or services.

## *TF vs. PF Definitions*



Terrorist Financing is the financing of terrorist acts, and of terrorists and terrorist organizations.

Terrorist financing includes financing the travel of individuals or receiving of training for the purpose of terrorist acts

Proliferation Financing is the act of providing funds or financial services which are used, in whole or in part, for the manufacture, acquisition, possession, development, export, transshipment, brokering, transport, transfer, stockpiling or use of nuclear, chemical or biological weapons and their means of delivery and related materials (including both technologies and dual use goods used for non-legitimate purposes), in contravention of national laws or, where applicable, international obligations.



## *Stages of Terrorist Financing*

### **Collection of Funds**

Examples:

- Donations and self funding
- Criminal activity

### **Movement of Funds**

Examples:

- Formal channels
- Informal channels
- Cross-border

### **Use of Funds**

Examples:

- Financing terrorist acts
- Financing of Foreign Terrorist Fighter (FTF)

## *Stages of Proliferation Financing*

### **Program Fundraising**

Examples:

- State formal programs
- Trade-based activities
- Cyber security crimes

### **Disguising the Funds**

Examples:

- Using front companies
- Using forge documents for shipment

### **Materials and Technology Procurement**

Examples:

- Purchase of Dual-use
- Shipping and transport of Dual-use

# Terrorist Financing vs Proliferation Financing

	Terrorist Financing	Proliferation Financing
Purpose	Support terrorist activities	Acquire Weapons of Mass Destruction
Source	Self funding, donations, proceeds of criminal activities	Usually from state formal programs
Channels	Favors informal financial systems such as unregistered hawaladars	Favors formal financial systems
Typology	Use of NPOs, money transfers to high-risk jurisdictions or conflict zones, and using of 3 <sup>rd</sup> parties to conduct business	Trade transactions involving Dual-Use goods, use of front companies, and use of shipping companies
Volume	Transaction amounts usually small and below reporting thresholds	Transaction amounts usually large and moderate

# **Financial Obligations and Measures**





## *Private Sector Obligations*

### ***AML/CFT LAW No. 20 of 2018 amended by LAW No 26 of 2021***

#### **Article 16.1 (e), FIs and DNFBPs shall:**

Prompt application of the directives when issued by the competent authorities in the state for implementing the decisions issued by the UNSC under Chapter (7) of UN Convention for the Prohibition and Suppression of the Financing of Terrorism and Proliferation of WMD, and other related directives.

### ***Cabinet Resolution 74 to 2020***

#### **Article 21, FIs and DNFBPs shall:**

- Register to the EOCN notification system
- Conduct screening regularly
- Implement freezing measures without delay
- Notify EOCN and Supervisory Authorities

# Administrative and Criminal Penalties - Federal Law 26 of 2021

### Administrative Penalties - Article 14

- Warning
- Administrative fine 50,000 - 5,000,000 AED
- Banning the violator from working
- Constraining the powers of the Board members, supervisory or executive management members
- Ban of certain individuals from employment within the relevant sectors for a period of time.
- A suspension, restriction, or prohibition of activity, business.
- Cancel the license.

### Criminal Penalties - Article 28

- Imprisonment of no less than a year and no more than (7) seven years, or a fine of no less than AED 50,000 (fifty thousand dirham) and no more than AED 5,000,000 (five million dirham)



# TFS Implementation Steps



# TFS Implementation Steps

To subscribe to the EOCN Notification System to receive automated email notifications on any updates to the Sanctions Lists.

1



2



Screen

3

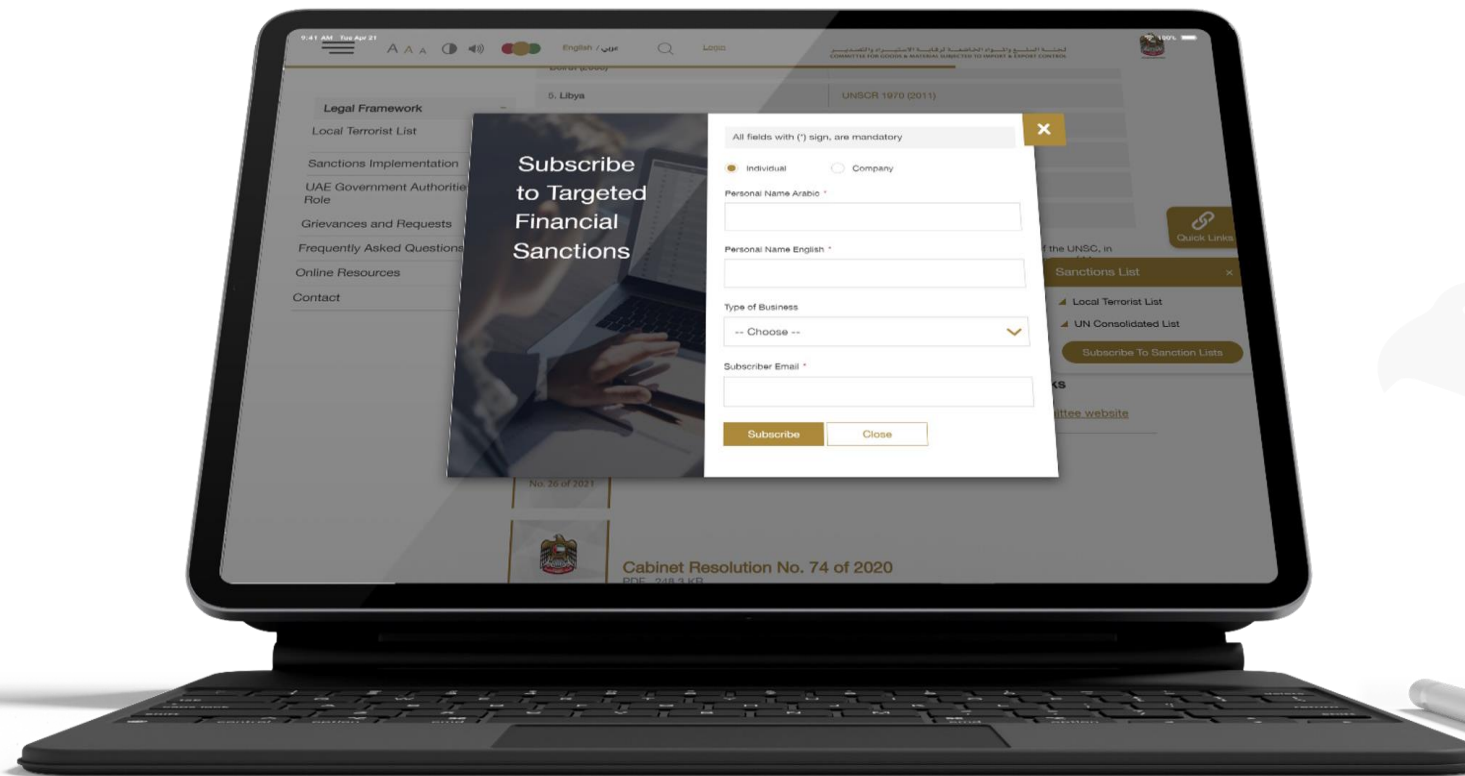


Apply TFS

4



Report



## TFS Implementation Steps



- Undertake regular and ongoing screening on the latest Local Terrorist List and UN Consolidated List.
- Screening should be conducted in the following circumstances:
  - Upon any updates to the Local Terrorist List or UN Consolidated List.
  - Prior to onboarding new customers.
  - Upon KYC reviews or changes to a customer's information.
  - Before processing any transaction.
- Screening should include existing customer databases, ultimate beneficial owners, parties to transactions, and Dual-Use items.

## TFS Implementation Steps

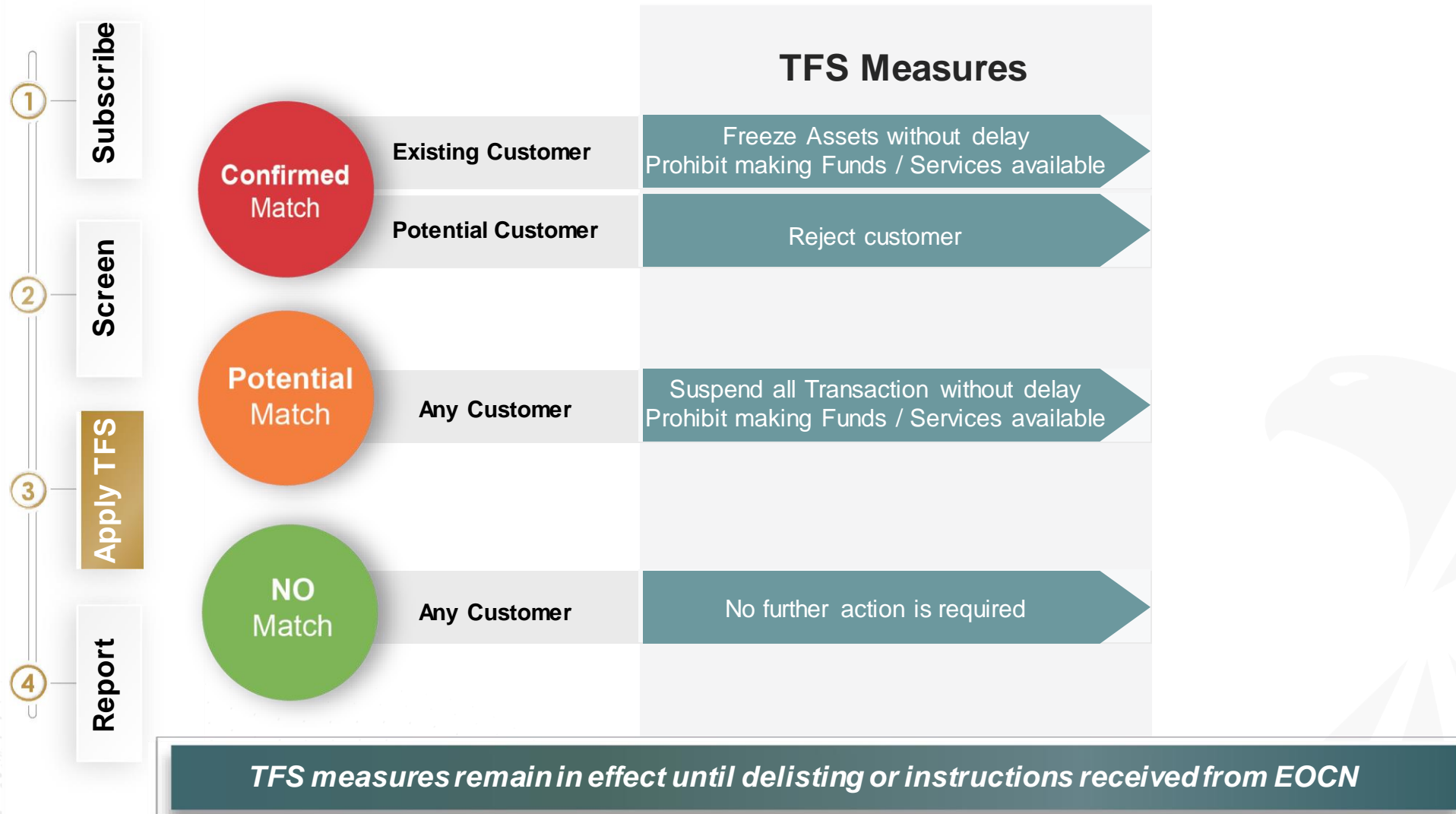


- Three Possible Screening results as follow:



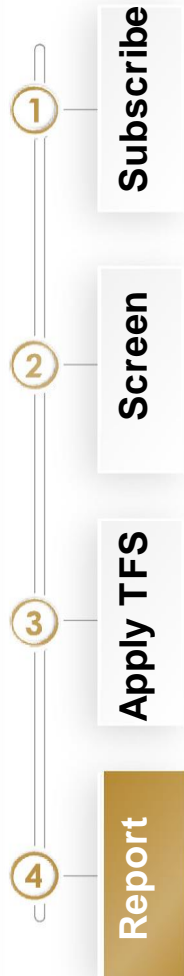
# TFS Implementation Steps

Depending on the type of match, the following TFS measures should apply:





## *TFS Implementation Steps*



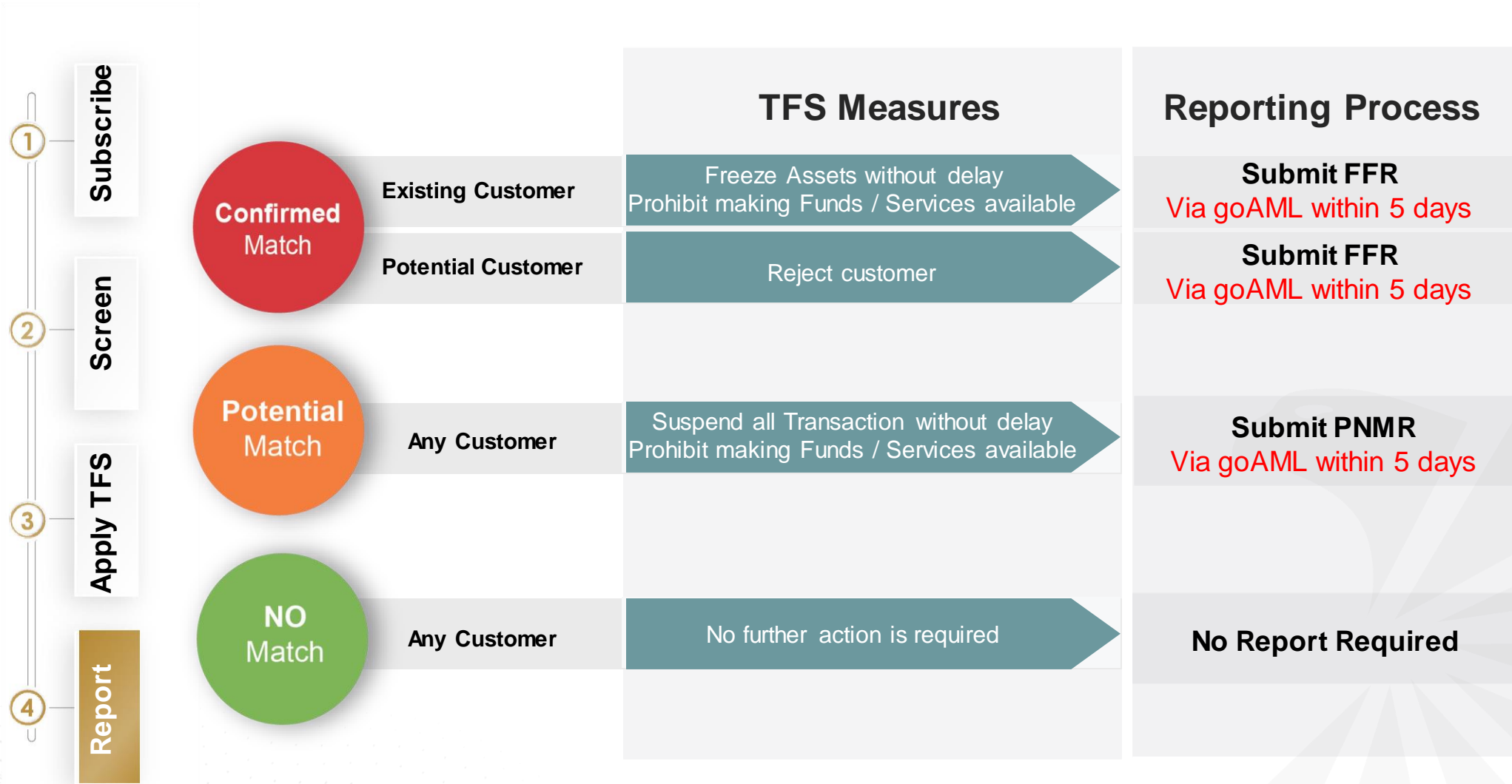
**There are two TFS Reports that are required from the Private Sector**

1. Fund Freeze Report (FFR)
2. Partial Name Match Report (PNMR )

These are submitted via goAML system. The reports are received directly by the EOCN.



# TFS Implementation Steps



# Fund Freeze Report VS. Suspicious Transaction/Activity Report

## Fund Freeze Report and Partial Name Match Report

Confirmed match to a Designated Person (UN and Local Lists).

Partial name match to a Designated Person (UN and Local Lists).

Established legal relationship to a Designated Person or Party (e.g. POA, voting rights, etc.).

**Submit FFR or PNMR to EOCN**



## Suspicious Transaction / Activity Report

Identified red flags or reasons to report.

Does not include confirmed or partial name match to a Designated Person or a suspicious link.

Does not involve any established legal relationship to a Designated Person or Party.

**Submit STR/SAR to FIU**



**TFS –  
Sanction Evasion**





## *What is Sanction Evasion?*

Any attempt to remove or conceal the involvement of sanctioned individuals, entities, or activities in a transaction or series of transactions to avoid financial sanctions imposed by UN or Local Terrorist List.

### **How to uncover it?**

- Raising awareness of sanction evasion techniques
- Filing STRs to the FIU via goAML
- Understanding the risks associated with the sector
- Private-public partnerships and information sharing
- Understanding typologies and red flags related to TF and PF

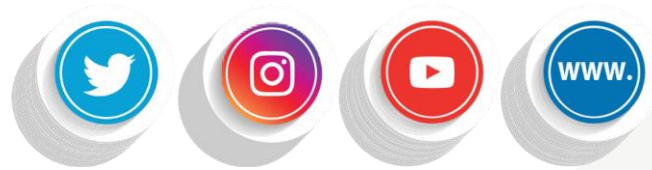


# Executive Office Publications & Materials



 **CLICK HERE**  
For More Information

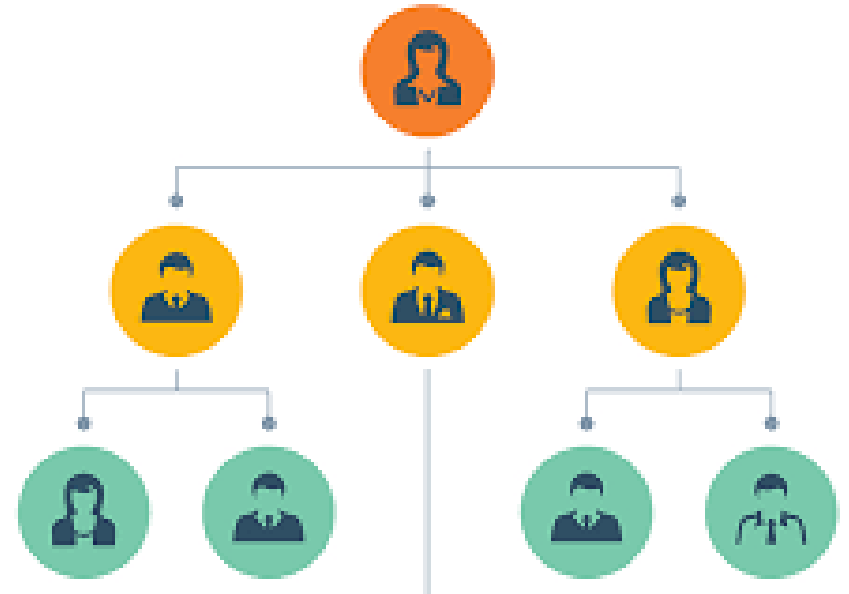
المكتب التنفيذي  
للمراقبة وحظر الانتشار  
EXECUTIVE OFFICE FOR  
CONTROL & NON-PROLIFERATION



# The Abuse of Legal Persons and Arrangements in Illicit Activities

## Important Takeaways:

1. Ultimate Beneficial Owner (UBO) is disguised using different legal structures, intermediaries, and third parties
2. UAEFIU developed a list of risk indicators relevant to the abuse of legal persons and arrangements in order to assist reporting entities and stakeholders in identifying the possible involvement of legal persons in ML/TF activities
3. Gaps in reporting in terms of adequacy and accuracy of reporting, information captured in the reported STRs/SARs, and the identification of UBOs



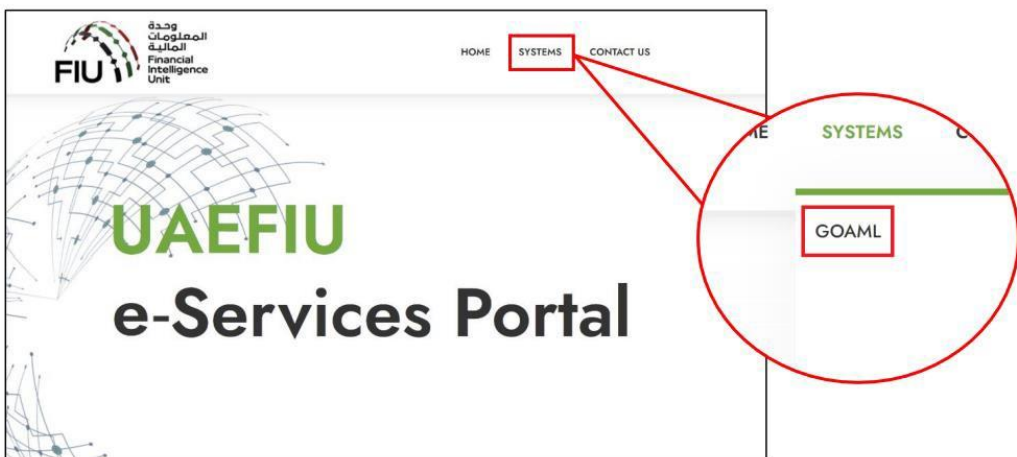
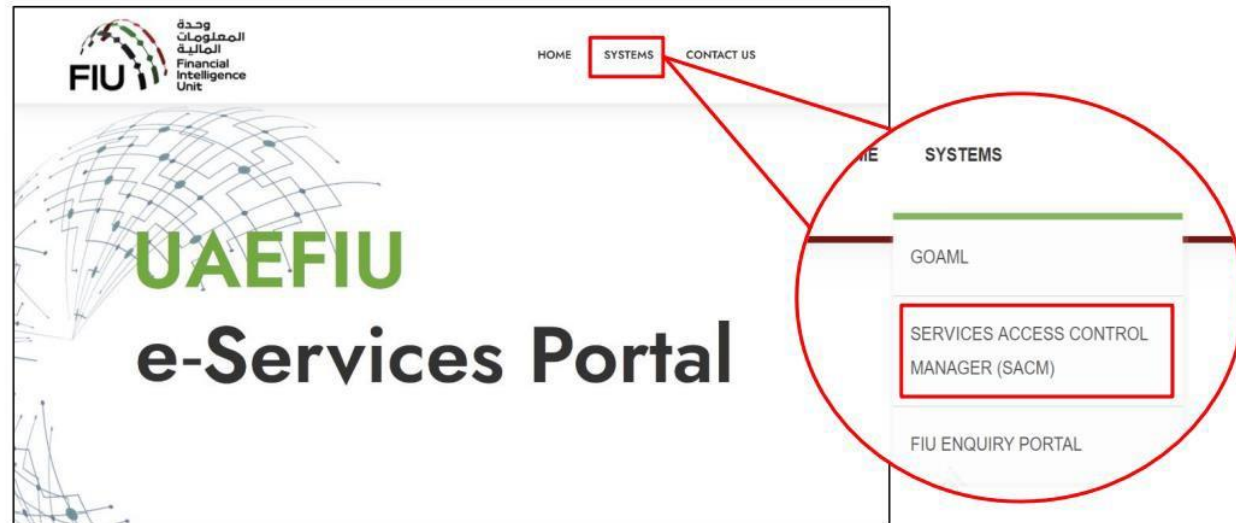
# Key Messages on Quality of Reports

1. More adequate information is needed: REs must clearly indicate the suspicion and choose the relevant 'Reason for Reporting' as some REs failed to fill the 'Case Summary' or attach report details.
2. Accuracy of reported transactions: Transaction amounts and counts uploaded in goAML do not match the transactions contained in the suspicious report.
3. Filling the correct report type: Few suspicious activities and transactions were reported under other types of report
4. Identification of UBO(s): Some REs consider the entity's registered shareholder to be the ultimate beneficial owner. Accordingly, REs are encouraged to indicate in their reports the process undertaken in tracing an ultimate beneficial owner as well as the reasons or challenges encountered while identifying the UBO and when a complex structure is noted.

# Registration

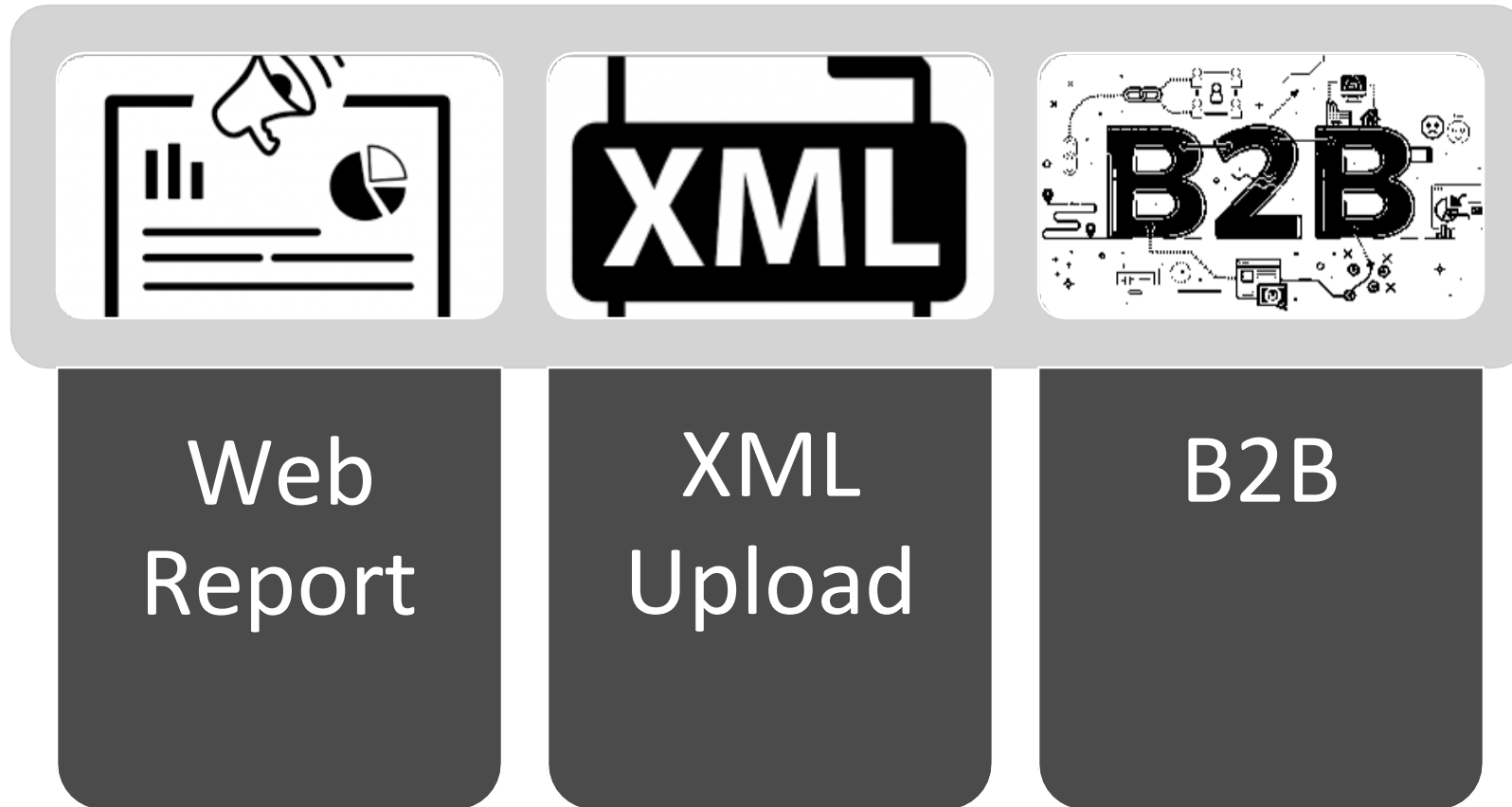
There are TWO stages to the registration process:

1. SACM: This is to gain access to the [UAE FIU's eService Portal](https://services.uaefiu.gov.ae/) in a secured manner
2. goAML: This is to gain access to the UAE FIU's reporting system



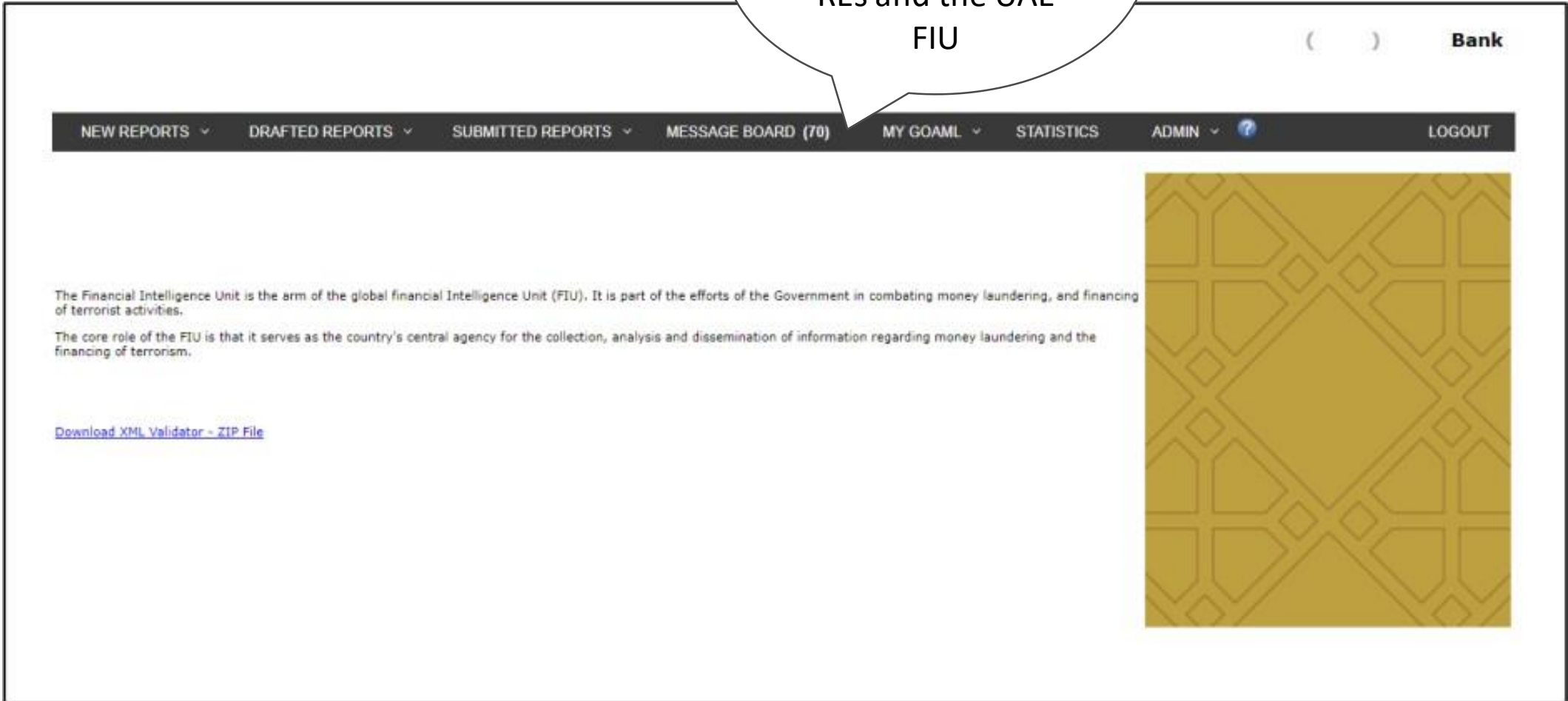
# Submission

There are three ways to raise a report to the UAE FIU:

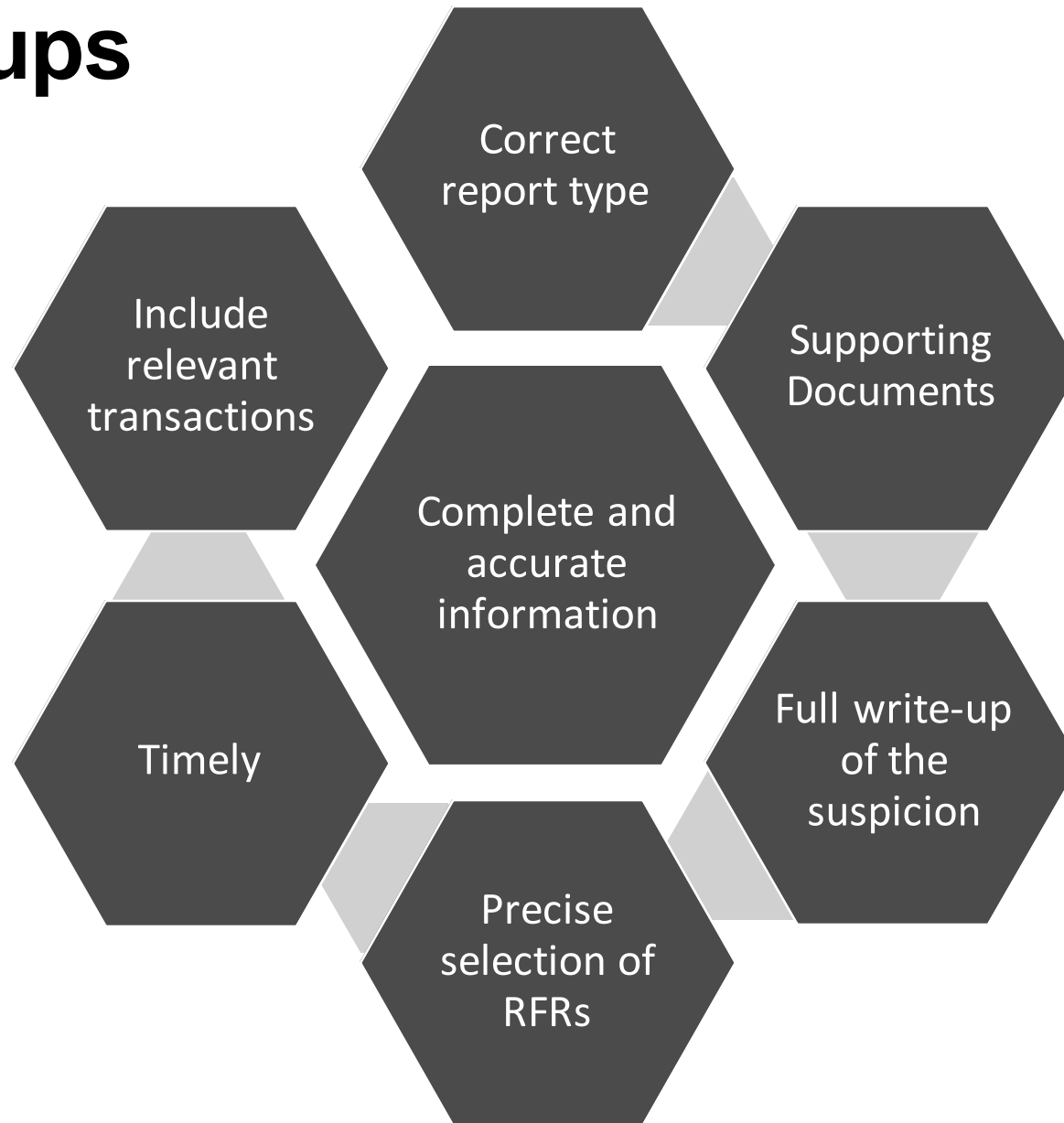


# Message Board

This is a communication tool between the REs and the UAE FIU



# Good Write-ups



# Feedback to Reporting Entities

1. Select the correct report type
2. Ensure information provided is accurate and complete
3. Write a details description of the suspicion
4. Select the relevant RFR(s) precisely
5. Provide documentary evidence
6. STRs/SARs should be based on actual suspicious in transactions or activities and not solely on negative media or adverse news
7. UAE FIU receives reports and takes action on them. Your course of action should be based on your management decisions and risk appetites
8. Please differentiate between targeted Financial sanctions (TFS) requirements and STR/SAR reporting requirements
9. Dealers in Precious Metals and Stones & Real Estate Agents and Brokers are required to file DPMSRs and REARs respectively when the conditions are met
10. Include a clear statement on the subject, whether it is a legal or a natural person (as well as counterparties when applicable)
11. When the subject of a suspicious report is a legal person, identifying the beneficial owner is a must
12. All reporting entities, including DNFBPs, should indicate their relationship with the subject
13. In the case of STR, provide correct transaction information, “the involved/suspected transaction(s) and transaction mode”



ABU DHABI  
GLOBAL MARKET

# LEGAL PERSONS & CONCEALMENT OF BENEFICIAL OWNERSHIP

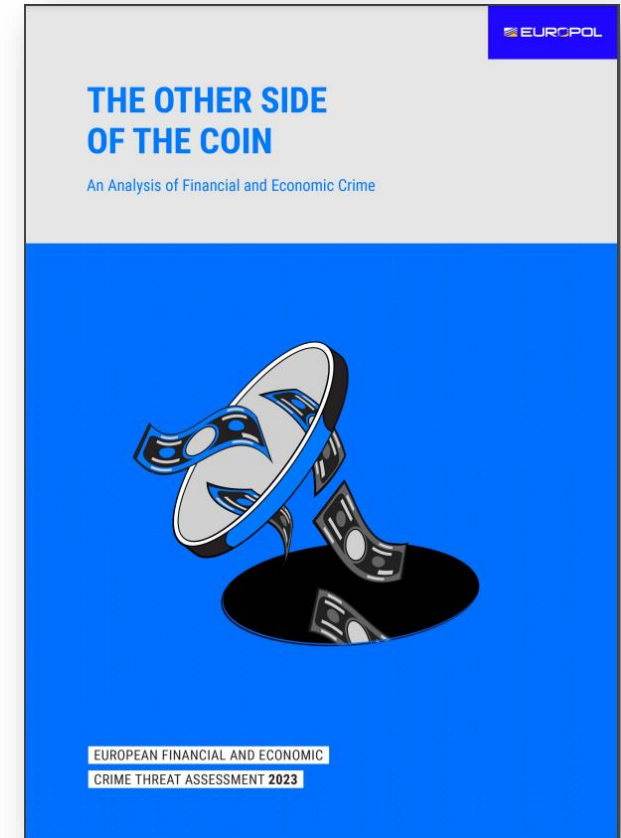
# MISUSE OF LEGAL PERSONS AND ARRANGEMENTS

*The pervasive challenge of the misuse of LPAs globally*



# 80%

of criminal networks in the EU use legal structures for their criminal activities\*



\*Source: The Other Side of the Coin, EUROPOL Report, September 2023

# ADGM LEGAL PERSONS & ARRANGEMENTS

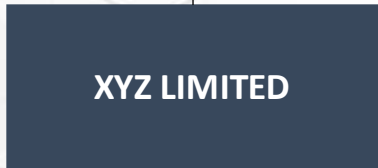
*Overview of the four types of LPAs in ADGM*



## Companies (Legal Persons)



Shareholder and  
Beneficial Owner



## Partnerships (Legal Persons or Arrangements\*)



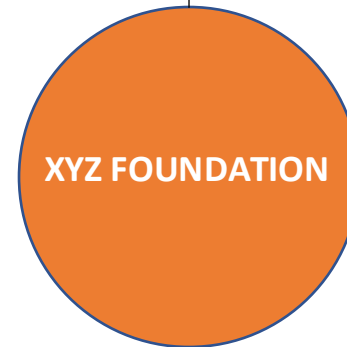
Partner and  
Beneficial Owner



## Foundations (Legal Persons)



Beneficiary



## Trusts (Legal Arrangements)



Beneficiary





# TECHNIQUES TO CONCEAL BENEFICIAL OWNERSHIP

*As per the Financial Action Task Force (FATF) and Egmont Group\**



## 7. Trusts

And other arrangements that enable separation of legal and beneficial ownership

## 6. Informal Nominee Arrangements

Such as close associates or family

## 5. Use of Nominee Directors / Shareholders

Where nominator is undisclosed

## 8. Intermediaries

e.g. company service providers forming legal persons



## 1. Shell Companies

Especially with foreign ownership

## 2. Complex Ownership / Control Structures

## 3. Bearer Shares

## 4. Unrestricted Use of Corporate Directors

\*Source: Concealment of Beneficial Ownership, FATF and Egmont Group Joint Report, July 2018

# CASE STUDY

## Singapore, CSPs and Nominee Directors



- **On 1 June 2023, 12 persons charged, variously with:**
  - Failing to use reasonable diligence in the discharge of their duties as directors
  - Lodging knowingly false information / documents with the Registrar of Companies
- **Investigation by Singapore Police found:**
  - Foreign agents used **foreign Company Service Providers (CSPs)** (mostly based in China) to engage **Singapore CSPs** to incorporate 35 companies and open bank accounts
  - The bank accounts received and laundered **USD 36 million in criminal proceeds** from victims of business email, investment and love scams.
  - The local **nominee directors** of the 35 companies neglected their duties as directors to exercise reasonable diligence
- **Punishment:**
  - The offence of failing to use reasonable diligence as a director carries an imprisonment term of up to 12 months or a fine up to \$5,000.



# BENEFICIAL OWNERSHIP LEGISLATION

*ADGM Obligations Regarding Beneficial Ownership*



## Obligations for Financial Institutions and DNFBPs (Relevant Persons)

**FSRA's Anti-Money Laundering and Sanctions Rules and Guidance**

Rule 8 Customer Due Diligence

*Identify all the Beneficial Owners and take reasonable measures to verify the identity of the Beneficial Owners*

## Obligations for Legal Persons

**ADGM's Beneficial Ownership & Control Regulations 2022 (BOCR 2022)**

*Each ADGM Person must take reasonable steps to ascertain the true, accurate and complete identity of its beneficial owners*

# BOCR 2022 OVERVIEW

*Maintaining Alignment with International Standards*



## Changes to Particulars

e.g. Date and place of birth



## Record of Nominee Directors

Duty maintain a record of nominee directors and notify the Registrar of any changes



## Disclosure of Information by the Registrar

FIs or DNFBPs may be provided details of the beneficial owners of an ADGM Person



## Removal of Beneficial Owner

The Registrar may remove a beneficial owner who has been subject to disciplinary proceedings



## Cascade Approach

Clarification of the cascade approach to identify beneficial owners of companies & LLPs



## Commencement

Immediately for new entities and six months from the date of publication for existing entities

# ADGM BENEFICIAL OWNERSHIP ENFORCEMENT

*Beneficial Ownership is a Key Regulatory Priority for the RA*



ADGM AN INTERNATIONAL FINANCIAL CENTRE

About Business Sustainable Finance Discover Contact & Support Setting up in ADGM

## Regulatory Actions

Home > Operating in ADGM > Monitoring and Enforcement > Regulatory Actions

Overview Regulatory Actions Regulatory Alerts Register of Disqualified Directors Complaints Auditors

The regulatory actions published here includes Supervisory and Final Notices issued by the Registration Authority. Penalties such as late filing fines are not included. For regulatory actions taken by FSRA proceed to this [link](#).

Search Categories

Date	Title	Person	Category
20 Sep 2023	Registration Authority cancels commercial licence for failure to meet conditions of licence and in the interests of ADGM	Terra Nova Holdings Ltd	Final Notice
20 Sep 2023	Registration Authority imposes fine for default in filing accounts and reports by the end of the filing period	Pascal Simon	Final Notice

<https://www.adgm.com/operating-in-adgm/monitoring-and-enforcement/regulatory-actions>

# BENEFICIAL OWNERSHIP RESOURCES

*ADGM and International*



## Beneficial Ownership and Control

Home > Operating in ADGM > Obligations of ADGM Registered Entities > Beneficial Ownership and Control

Overview   Annual Filings   Event-driven Filings   Real Property   Financial Crime Prevention   **Beneficial Ownership and Control**  
Legislation and Guidance   Closing down your company   Economic Substance

### Background

Identification of corporate beneficial ownership and control is an important tool in the fight against money laundering and other financial crime. Beneficial ownership identification forms an integral part of ADGM's application review process in registering a legal entity in ADGM. An applicant must provide such information at the time of incorporation and this information must be kept up to date during the life cycle of the legal entity.

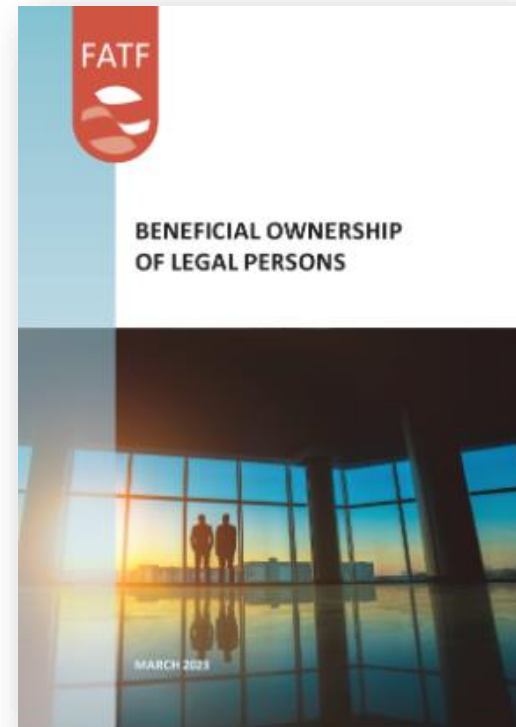
In particular, applicable ADGM entities must keep a record of the required particulars of their beneficial owners in a 'record of beneficial owners' and notify the Registrar of any changes in beneficial ownership.

### Applicability

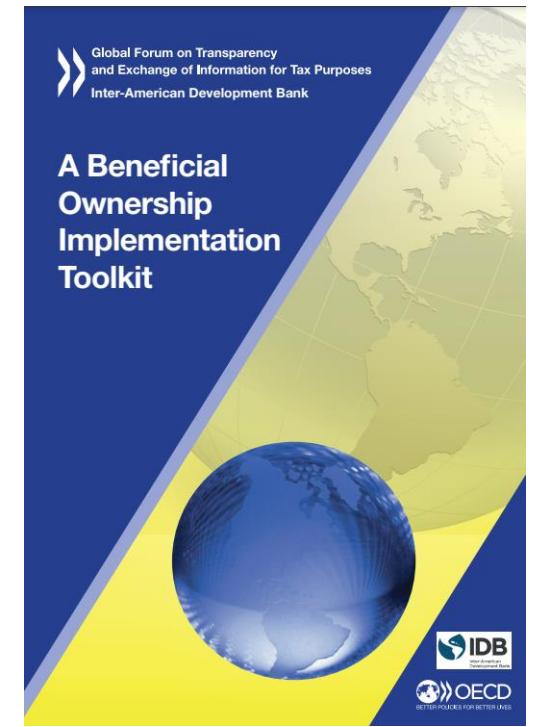
ADGM's Beneficial Ownership and Control Regulations 2018 (the "Regulations") apply to all legal entities in ADGM, except for:

- branches of foreign companies or foreign partnerships;
- public listed companies; or
- UAE Government entities.

<https://www.adgm.com/operating-in-adgm/obligations-of-adgm-registered-entities/beneficial-ownership-and-control>



<https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Guidance-Beneficial-Ownership-Legal-Persons.html>



<https://www.oecd.org/tax/transparency/beneficial-ownership-toolkit.pdf>

# CONCEALMENT INDICATORS

## *Beneficial Ownership Concealment*



- Client is reluctant to provide personal information
- Client is reluctant or unable to explain the identity of the beneficial owner
- Foreigners with no significant dealings in the country in which they are procuring professional / financial services
- Refusal to cooperate / provide requested information and documentation
- Use of authorised signatories without sufficient justification
- Legal persons or arrangements with misleading names
- Registered address that does not match the profile of the company
- Director / shareholder cannot be contacted
- Company account in country other than the country in which the company is registered
- Interest in jurisdictions which do not require disclosure of beneficial ownership information to the Registrar
- Request formation of complex structures without sufficient business rationale
- Agreements for nominee directors and shareholders
- Family members with no involvement in business acting as nominees
- Resignation and replacement of directors shortly after incorporation
- Unexplained or incongruous classes of beneficiaries in a trust