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**To:** Designated Non-Financial Businesses and Professions (DNFBPs)

## **Common findings identified from DNFBP AML / TFS onsite assessments in 2025**

### **Introduction**

The Registration Authority (“**RA**”) is **ADGM’s** integrated, multi sector commercial regulator and company Registrar. Pursuant to a delegation from the ADGM’s Financial Services Regulatory Authority (“**FSRA**”), the RA is responsible for licensing, registration and supervision of Designated Non-Financial Businesses and Professions<sup>1</sup> (“**DNFBPs**”) operating in ADGM. This includes oversight of DNFBPs’ compliance with the ADGM Anti-Money Laundering and Sanctions Rules and Guidance (“**AML Rules**”), which cover Anti-Money laundering (“**AML**”), counter-terrorist financing, and Targeted Financial Sanctions (“**TFS**”) as well as applicable UAE Federal Anti-Money Laundering and Counter-Terrorist Financing (“**AML/CFT**”) legislation (together, the “**applicable AML obligations**”).

As of 31 December 2025, the RA supervises almost 400 DNFBPs across a range of sectors. Supervision is conducted using a risk-based and outcomes-focused approach, supported by a range of supervisory tools with varying degrees of intensity. Lower intensity supervisory activities include guidance and outreach initiatives, while higher intensity tools include onsite assessments.

**This report outlines the common findings identified from the RA’s 2025 onsite assessment programme.**

It highlights recurring themes and areas where DNFBPs may strengthen the design, implementation, and operational effectiveness of their AML/TFS frameworks.

The RA expects all DNFBPs to carefully consider the observations in this report and to take proactive, risk-based measures to address any deficiencies within their firms. This includes ensuring that AML/TFS controls are documented, demonstrably effective in practice, consistently applied and subject to appropriate senior management oversight.

### **Assessment Scope**

The scope of a DNFBP onsite assessment focuses on evaluating the adequacy, implementation, and effectiveness of its AML/TFS framework. This includes an assessment of the firm’s policies, procedures, systems, and controls, and whether they are applied on a risk-based basis, proportionate to the nature, size and complexity of the firm’s activities. To verify the application of a DNFBP’s AML/TFS framework, a selection of client files is reviewed to assess the effectiveness of the controls implemented.

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Means the class of Persons who carry out any of the following businesses in ADGM:

- (a) a real estate agency which carries out transactions for or on behalf of a customer involving the buying or selling of real property;
- (b) a dealer in precious metals or precious stones;
- (c) a dealer in any saleable item of a price equal to or greater than USD15,000;
- (d) an accounting firm, audit firm, insolvency firm or taxation consulting firm;
- (e) a Legal Professional; or
- (f) a Company Service Provider.

In summary, a DNFBP assessment scope covers:

- AML and sanctions systems and controls, policies and procedures;
- AML and sanctions training and awareness;
- Adoption of the UAE’s Cabinet Resolution No. 74 of 2020;
- Business Risk Assessment;
- Customer Risk Assessment;
- Customer due diligence and KYC (including review of sample client files); and
- Any outstanding fines or other regulatory issues.

### 2025 DNFBP AML/TFS Onsite Assessment Statistics

In 2025, the RA conducted **35 AML/TFS onsite assessments** of DNFBPs in ADGM, up from 32 in 2024. The assessments covered the range of DNFBP sectors present in ADGM, including company service providers, legal professionals, real estate agents, auditors, accountants, dealers in precious metals and stones, and dealers in any saleable item of a price equal to or greater than USD15,000.

Each assessment resulted in a Risk Mitigation Plan (“**RMP**”) setting out identified deficiencies and required remedial actions. All RMPs issued during 2025 were completed by the relevant firms within agreed timelines, demonstrating a high level of responsiveness.

### Key Findings – Summary

The table below presents a summary of the common findings identified from the AML/TFS assessments carried out on DNFBPs by the RA in 2025.

<p><b>1. Risk Assessment Frameworks</b></p> <ul style="list-style-type: none"> <li>• Inadequate Business Risk Assessments, including insufficient consideration of customer risk factors and failure to regularly review and update assessments.</li> <li>• Inadequate Customer Risk Assessments, including inconsistent methodologies and incomplete consideration of key risk indicators.</li> </ul>
<p><b>2. Enhanced Customer Due Diligence</b></p> <ul style="list-style-type: none"> <li>• Inadequate application of Enhanced Customer Due Diligence, particularly in relation to insufficient verification of source of funds and source of wealth and over-reliance on customer-provided information without independent corroboration.</li> </ul>
<p><b>3. Governance and Oversight</b></p> <ul style="list-style-type: none"> <li>• Failure to adequately document and conduct annual reviews of the effectiveness of AML/TFS policies, procedures, systems, and controls, including instances where such reviews were treated as a procedural exercise rather than a substantive assessment of control effectiveness.</li> </ul>

## Key Findings – Regulatory Expectations, Good Practices and Areas for Improvement

### 1. Business Risk Assessment

<b>Regulatory Requirements</b>	
<p>Chapter 6 of the ADGM AML Rules requires DNFBPs to conduct a Business Risk Assessment (“<b>BRA</b>”) taking appropriate steps to identify and assess money laundering risks to which its business is exposed, taking into consideration the nature, size and complexity of its business activities.</p> <p>When identifying and assessing money laundering risks, a DNFBP must take into account any vulnerabilities, including but not limited to, those associated with its customers, products and services, delivery channels, and geographic exposure.</p> <p>Additionally, DNFBPs should, as a clearly identifiable element within their overall BRA, undertake a TFS risk assessment to identify, understand, assess and mitigate those risks. This should include conducting a proliferation financing and terrorist financing risk assessment.</p>	
<b>Good Practices Observed</b>	<b>Findings</b>
Firms employed a structured approach to identifying financial crime risks, documenting inherent risks and evaluating the effectiveness of associated controls.	Several firms did not adequately assess targeted financial sanctions risks as a distinct component of their BRA, instead embedding such risks within broader money laundering assessments, which limits the effective identification and mitigation sanctions-related risks exposure.
Some firms maintained dynamic BRAs, with periodic reviews to capture changes in business activities, customer profiles and the external risk environment.	A number of firms did not maintain up to date BRAs. There was limited evidence of periodic review or updates to reflect changes in business activities, customer profiles or emerging financial crime risks.
Firms clearly distinguished between different risk categories and aligned mitigating controls to identified risks.	In some cases, firms did not adequately consider key risk factors, such as customer types, jurisdictions, and delivery channels, when assessing inherent risks. This resulted in firms BRA not reflecting the actual risk exposure.
<b>Supervisory Expectation</b>	
<p>It is expected that firms maintain a documented Business Risk Assessment (BRA), proportionate to the nature, scale and complexity of their businesses. Additionally, firms must ensure that their BRA is reviewed and updated regularly, at least annually, in response to trigger events such as development of new products, business practices and technologies, update of the UAE NRA (including PF NRA), amendments to applicable regulation, significant changes to the business model or where they become aware of new ML and TFS risks. Firms must maintain proper version control and record of board or senior management approvals for BRA versions.</p>	

## 2. Customer Risk Assessment

<b>Regulatory Requirements</b>	
<p>Chapter 7 of the ADGM AML Rules requires DNFBPs to assess the money laundering and terrorist financing risks posed by each customer. Assessments must consider factors such as, customer characteristics, ownership and control structure geographic exposure and the nature and purpose of the business relationship.</p> <p>Customer Risk Assessments (“<b>CRAs</b>”) must be conducted prior to establishing a business relationship, reviewed periodically and updated whenever there are changes/update to relevant risk factors.</p>	
<b>Good Practice Observed</b>	<b>Findings</b>
<p>Many firms conducted initial CRAs prior to onboarding customers, supporting appropriate determination of customer due diligence levels.</p>	<p>Several firms did not adequately consider key risk factors, such as jurisdiction, ownership structure and nature of business, when conducting CRAs. This resulted in customer risk ratings that did not accurately reflect the firm’s exposure.</p>
<p>Some firms implemented structured methodologies to assign customer risk ratings, incorporating key risk factors such as customer type, jurisdiction and transaction profile.</p>	<p>A number of firms used inconsistent or unclear methodologies for assigning customer risk ratings, resulting in the misclassification of customer risk in certain cases, and the application of inappropriate levels of customer due diligence.</p>
<p>Firms performed ongoing monitoring and periodic customer-risk assessments based on changes in customer activity or risk indicators.</p>	<p>Some firms did not periodically review or update CRAs to reflect changes in customer behaviour, transaction activity, or emerging risk indicators, limiting the effectiveness of ongoing monitoring.</p>
<b>Supervisory Expectation</b>	
<p>The RA expects firms to ensure that customer risk assessments are based on clear, consistently applied methodologies, and are subject to regular review. CRAs should provide an accurate and up-to-date assessment of customer risk, forming a reliable basis for the application of proportionate customer due diligence and ongoing monitoring measures.</p>	

### 3. Enhanced Customer Due Diligence (Enhanced CDD)

<b>Regulatory Requirements</b>	
<p>Chapter 8 of the ADGM AML Rules requires DNFBPs to apply Enhanced Customer Due Diligence (“<b>Enhanced CDD</b>”) where higher risks are identified. This includes, but is not limited to, situations involving politically exposed persons (“<b>PEPs</b>”), customers from high-risk jurisdictions or customers classified as high risk based on the firm’s Customer Risk Assessment.</p> <p>Enhanced CDD measures include identifying and verifying the customer’s source of funds and source of wealth and obtaining senior management approval prior to establishing the business relationship. Firms must apply heightened scrutiny to ensure that the nature and origin of a customer’s wealth and funds are understood and supported by appropriate evidence.</p>	
<b>Good Practice Observed</b>	<b>Findings</b>
<p>Many firms applied Enhanced CDD measures where required, including obtaining documentation to verify the source of funds and source of wealth.</p>	<p>Several firms relied on customers declarations without obtaining sufficient independent evidence to verify source of wealth and source of funds, resulting in inadequately substantiated Enhanced CDD.</p>
<p>Some firms obtained senior management approval prior to onboarding high-risk customers.</p>	<p>A few firms failed to adequately verify of source of wealth and source of funds, in cases the documentation obtained did not sufficient to demonstrate how the customer accumulated their wealth.</p>
<p>Many firms supplemented customer-provided information with independent or reliable sources to corroborate source of wealth and source of funds.</p>	<p>In some cases, firms did not consistently obtain senior management approval prior to onboarding high-risk customers, resulted in weakening governance and oversight over higher-risk relationships.</p>
<b>Supervisory Expectation</b>	
<p>The RA expects firms to ensure Enhanced CDD extends beyond customer-provided information to include risk-based verification of source of wealth and source of funds, supported by independent or reliable evidence. Enhanced CDD should be subject to appropriate senior management oversight, with clear evidence of review and approval for higher-risk customers.</p>	

#### 4. Annual review of Firm's AML and TFS policies, procedures, systems and control

<b>Regulatory Requirements</b>	
<p>Chapter 4 of the ADGM AML Rules requires DNFBPs to conduct, at least annually, a review of the effectiveness of their AML/TFS policies, procedures, systems, and controls.</p> <p>Reviews should consider relevant regulatory developments, emerging financial crime risks, and any other factors impacting the firm's risk profile. The review may be undertaken by the firm's MLRO, internal audit function, or an independent third party.</p> <p>The outcomes of the review must be documented and formally reported to senior management. Where deficiencies are identified, firms are expected to implement appropriate remedial actions, including the development of a risk mitigation plan.</p>	
<b>Good Practices Observed</b>	<b>Findings</b>
<p>Many firms conducted annual reviews of their AML/TFS frameworks, either internally or through independent third parties.</p>	<p>In several instances, firms did not conduct an annual review of their AML/TFS frameworks, resulting in controls remaining unassessed and potentially outdated.</p>
<p>Most of the firms evaluated the effectiveness of controls in practice, rather than merely confirming the existence of policies and procedures.</p>	<p>Few firms undertook annual reviews as a formal or tick-box exercise, with limited evidence that controls were substantively assessed for effectiveness in practice.</p>
<p>Some firms maintained a robust governance by documenting review outcomes, implementing structured remediation plans, and reporting progress to senior management.</p>	<p>Some firms failed to demonstrate that the outcomes of the annual review were formally reported to, or adequately considered by, senior management, indicating weaknesses in governance and oversight.</p>
<b>Supervisory Expectation</b>	
<p>The RA expects firms to ensure that annual reviews of their AML/TFS frameworks provide a <b>substantive and evidence-based assessment of control effectiveness</b>, rather than a purely procedural or tick-box exercise.</p> <p>Reviews should be clearly documented, supported by appropriate testing where relevant and formally reported to senior management, enabling effective oversight and timely remediation of identified deficiencies.</p>	

## Recommendations

The findings outlined in this report identify areas where some DNFBPs should enhance the implementation and effectiveness of their AML/TFS frameworks to ensure alignment with applicable AML/TFS obligations.

The RA encourages all firms to take timely and appropriate action to address these relevant findings and strengthen their controls

The RA recommends that all DNFBPs:

- Conduct a thorough review of the findings outlined in this report;
- Perform a risk-based **self-assessment** of the findings and supervisory expectations set out in this report; **with a recommended completion timeframe of three (3) months from receipt of this report.**
- Document and implement a remediation plan, track progress and ensure senior management oversight of implementation. Where no remediation is required, DNFBPs may be requested to provide evidence of the self-assessment conducted.
- Maintain and regularly update policies, procedures and controls to ensure ongoing compliance with applicable AML/TFS obligations/regulations.

## Conclusion

While most firms assessed have established the necessary policies and procedures, the RA continues to observe areas where further enhancement may be required in how these frameworks are applied in practice, particularly in relation to risk assessments, enhanced due diligence, and governance arrangements.

The RA urges all DNFBPs to review and address issues through self-assessment. Firms are also advised to keep their senior management informed about their compliance status.

The RA remains committed to continue a risk-based, outcomes-focused supervisory approach and will not hesitate to take supervisory or enforcement action where material non-compliance is identified.

## **Disclaimer**

This report is produced for general information purposes only. It is not comprehensive and does not constitute formal guidance. This report should be read together with the Financial Services and Markets Regulations 2015, the Anti-Money Laundering and Sanctions Rules and Guidance and applicable federal legislation.

You should seek appropriate professional advice if necessary to ensure your full understanding of your obligations under relevant regulations, rules and legislation. Regulations, rules and legislation may change on short notice, and you should ensure your understanding of the same remains up to date. This report may not reflect the most recent requirements set out in relevant regulations, rules and legislation.