

Financial Crime Prevention Outreach Session #3



ABU DHABI GLOBAL MARKET
سوق أبوظبي العالمي

Financial Crime Prevention Unit

9 May 2018

FINANCIAL SERVICES REGULATORY AUTHORITY
سلطة تنظيم الخدمات المالية



Agenda

1. Introduction and recent updates on Mutual Evaluation preparations
2. International tax reporting obligations and recent updates
3. Federal AML/CFT obligations, Key Principles, and expectations from FIs
4. ADGM AML Rulebook – obligations on FIs

Introduction and recent updates on Mutual Evaluation Preparations

01

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■ National Risk Assessment:

- First draft is under review
- Expected to be published before end of the year
- A copy for private sector or full publicity

■ Technical Compliance

- First draft of the assessment completed beginning 2018
- Second draft is under review
- Sub-Committee for Reviewing AML/CTF Laws and Regulations is currently reviewing Federal Law (4) of 2002 and Cabinet Resolution (38) of 2014

■ Effectiveness Compliance

- First draft of the assessment completed April 2018
- Will be reviewed next week with the experts
- Expected to be completed soon

International tax reporting obligations and recent updates

02

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CRS Report - A



First Name	First Name of the Individual Account Holder. If the reporting FI does not have a complete first name for an Individual Account Person or Controlling Person or an initial NFN may be used.	Payment Amount in USD	Payment made to the reported financial account during the reporting period. Depository Accounts: the aggregate gross amount of interest paid or credited to the account during the calendar year. Custodial Accounts: - the aggregate amount of dividends paid or credited to the account during the calendar year. - the aggregate gross amount of paid or credited to the account during the calendar year. - the gross proceeds from the sale or redemption of property paid or credited to the account during the calendar year with respect to which the FFI acted as a custodian, broker, nominee, or otherwise as an agent for the account holder. - the aggregate gross amount of all other income paid or credited to the account during the calendar year. Debt or Equity Accounts: the aggregate gross amount of payments paid or credited to the account during the calendar year including redemption payments. Cash Value Insurance and Annuity Contract Accounts: the aggregate gross amount of payments paid or credited to the account during the calendar year including redemption payments.
Last Name	Last Name of the Individual Account Holder. This field can include any prefix or suffix legally used by the Account Holder.		
Account Holder Type	This data element identifies an entity account holder that is : 1. CRS101-Passive NFE with one or more controlling person that is a Reportable Person. 2. CRS102-CRS Reportable Person 3. CRS103-Passive NFE that is a CRS Reportable Person.		
Date of Birth YYYY-MM-DD	This data element identifies the Date of Birth of the Individual Account Holder (YYYY-MM-DD)	Payment Type	Payment types as follows: CRS501 -Dividends CRS502 - interest CRS503 - Gross Proceeds/Redemption CRS504 - Other-CRS (e.g. other income generated with respect to the assets held in the account)
Address	This data element is the permanent residence address of the Individual Account Holder. If the reporting FI does not have a permanent residence address on file for the individual, then the address is the mailing address used by the FI to contact the individual account holder when the report is compiled	Account Number Type	1. OECD601 - IBAN 2. OECD602-OBAN 3. OECD603-ISIN 4. OECD604-OSIN 5. OECD605-Other
City of Account Holder	The city or town for the Account Holder or Payee must be included. 3 Characters DXB - Dubai AUH - Abu Dhabi SHJ - Sharjah RAK - Ras Al Khaimah AJM - Ajman UMQ - Umm Al Quwain FJR – Fujairah For other countries full name of the city must be entered.	Tax Residence Country Code	If there is more than one jurisdiction of residence a separate record for each residence jurisdiction is required. 2 Characters - ISO Country Code If more than one jurisdiction of residence, each one needs to be reported separately. Must be other than UAE and US.
Country Code Address	This data element provides the Country Code associated with the Account Holder's address. ISO Country Code = 2 characters	Controlling Person Type	This data element identifies the type of each Controlling Person: CRS801- CP of legal person- ownership CRS802 - CP of legal person - other means CRS803 - CP of legal person - senior managing official CRS804 - CP of legal arrangement - trust-settlor CRS805 - CP of legal arrangement - trust - trustee CRS806 - CP of legal arrangement - trust - protector CRS807 - CP of legal arrangement - trust - beneficiary CRS808- CP of legal arrangement - trust - other CRS809 - CP of legal arrangement - other- settlor - equivalent CRS810 - CP of legal arrangement - other - trustee -equivalent CRS811 - CP of legal arrangement - other - protector - equivalent CRS812 - CP of legal arrangement - other - beneficiary - equivalent CRS813 - CP of legal arrangement - other - other - equivalent
TIN	This data element identifies the Tax Identification Number (TIN) used by the receiving tax administration to identify the Individual Account Holder. (Minimum 9 Characters)	Closed Account Flag	Indicates that the Account was Closed. When the flag is True - Account Balance should be 0 True - Account is Closed False - Account is not Closed
IBAN / Account Number	Provide the account number used by the FI to identify the account holder or payee. If the FI does not have an account number then provide the unique identifier used by the financial institution to identify the account holder or payee. For Banks account number must be IBAN number.		



Entity Name	This data element identifies the name of an Account Holder or Payee that is an Entity as opposed to an Individual	
Account Holder Type	This data element identifies an entity account holder that is : 1. CRS101-Passive NFE with one or more controlling person that is a Reportable Person. 2. CRS102-CRS Reportable Person 3. CRS103-Passive NFE that is a CRS Reportable Person.	Payment Type
Address	This data element is the permanent residence address of the Individual Account Holder. If the reporting FI does not have a permanent residence address on file for the individual, then the address is the mailing address used by the FI to contact the individual account holder when the report is compiled.	Provide the account number used by the FI to identify the account holder or payee. If the FI does not have an account number then provide the unique identifier used by the financial institution to identify the account holder or payee. For Banks account numbers must be IBAN number.
City of Account Holder	The city or town for the Account Holder or Payee must be included. 3 Characters DXB – Dubai; AUH - Abu Dhabi; SHJ – Sharjah; RAK - Ras Al Khaimah; AJM - Ajman UMQ - Umm Al Quwain; FJR – Fujairah For other countries full name of the city must be entered.	Account Number Type
Country Code Address	This data element provides the Country Code associated with the Account Holder's address. ISO Country Code = 2 characters	1. OECD601 - IBAN 2. OECD602 - OBAN 3. OECD603 - ISIN 4. OECD604 - OSIN 5. OECD605 - Other
IBAN / Account Number	Provide the account number used by the FI to identify the account holder or payee. If the FI does not have an account number then provide the unique identifier used by the financial institution to identify the account holder or payee. For Banks account numbers must be IBAN number.	Tax Residence Country Code
Account Balance in USD	Provide the account balance or value of the reported financial account in USD. Depository and custodial accounts. Cash value and annuity contracts. Debt or equity accounts. Enter Zero if account has been closed. Amounts are entered with 2-digit fractional amounts of the currency in question. For example, USD 1 000 would be as entered as 1000.00	If there is more than one jurisdiction of residence a separate record for each residence jurisdiction is required. 2 Characters - ISO Country Code If more than one jurisdiction of residence, each one needs to be reported separately. Must be other than UAE and US.
Payment Amount in USD	Payment made to the reported financial account during the reporting period. Depository Accounts: the aggregate gross amount of interest paid or credited to the account during the calendar year. Custodial Accounts: - the aggregate amount of dividends paid or credited to the account during the calendar year. - the aggregate gross amount of paid or credited to the account during the calendar year. - the gross proceeds from the sale or redemption of property paid or credited to the account during the calendar year with respect to which the FFI acted as a custodian, broker, nominee, or otherwise as an agent for the account holder. - the aggregate gross amount of all other income paid or credited to the account during the calendar year. Debt or Equity Accounts: the aggregate gross amount of payments paid or credited to the account during the calendar year including redemption payments. Cash Value Insurance and Annuity Contract Accounts: the aggregate gross amount of payments paid or credited to the account during the calendar year including redemption payments.	Closed Account Flag
		Indicates that the Account was Closed. When the flag is True - Account Balance should be 0 True - Account is Closed False - Account is not Closed
		Identification Number - IN
		Identification Number of the Entity/Account Holder E.g. US GIIN, a TIN, company registration number, Global Entity Identification Number (EIN). Minimum 1 character
		Controlling Person Type
		This data element identifies a type of each Controlling Person 6 Characters CRS801 – CP of legal person – ownership CRS802 – CP of legal person – other means CRS803 – CP of legal person – senior managing official CRS804 – CP of legal arrangement – trust – settlor CRS805 – CP of legal arrangement – trust – trustee CRS806 – CP of legal arrangement – trust – protector CRS807 – CP of legal arrangement – trust - beneficiary CRS808 – CP of legal arrangement – trust - other CRS809 – CP of legal arrangement – trust – settlor – equivalent CRS810 – CP of legal arrangement – trust – trustee – equivalent CRS811 – CP of legal arrangement – trust – protector – equivalent CRS812 – CP of legal arrangement – trust – beneficiary – equivalent CRS813 – CP of legal arrangement – trust – other – equivalent

FATCA Report - A



First Name	First Name of the Individual Account Holder		
Last Name	Last Name of the Individual Account Holder. This field can include any prefix or suffix legally used by the Account Holder.		
Account Holder Type	This data element identifies an entity account holder or payee that is: FATCA101 - Owner-Documented FI with specified US owner(s) FATCA102 - Passive Non-Financial Entity with substantial US owner(s) FATCA103 - Non-Participating FFI FATCA104 - Specified US Person FATCA105 - Direct Reporting NFFE 8 Characters	IBAN / Account Number	Provide the account number used by the FI to identify the account holder or payee. If the FI does not have an account number then provide the unique identifier used by the financial institution to identify the account holder or payee. For Banks account number must be IBAN number. For example: The account number may be the account number of a Custodial Account or Depository Account; ii) the code (ISIN or other) related to a Debt or Equity Interest (if not held in a custody account); or iii) the identification code of a Cash Value Insurance Contract or Annuity Contract.
Date of Birth YYYY-MM-DD	Identifies the Date of Birth of the Individual Account Holder	Account Balance in USD	Provide the account balance or value of the reported financial account in USD. Depository and custodial account: The account balance is the average balance or value of the financial account, if the FI reports average balance or value to the account holder for a calendar year. If the reporting FI does not report the average balance or value of the account to the account holder, the participating FI shall report the balance or value of the account as of the end of the calendar year. If account is closed or transferred in its entirety by an account holder during a calendar year, reports the amounts paid or credited to the account for the calendar year until the date of transfer or closure, and the amount or value withdrawn or transferred from the account in connection with the closure or transfer. Cash value and annuity contracts: The cash value insurance or annuity contract is the balance or value of the account. Debt or equity accounts: The account balance is the value of the debt or equity interest that the account holder has in the FI. If reporting about US owners of an entity that is receiving a reported payment enter 0.00 here. Instead, use the payment type codes to report the payment amount and currency. Decimal Maximum 12 digits.
Address	This data element is the permanent residence address of the Individual Account Holder. If the reporting FI does not have a permanent residence address on file for the individual, then the address is the mailing address used by the FI to contact the individual account holder when the report is compiled.		
City of Account Holder	The city or town for the Account Holder or Payee must be included. 3 Characters DXB – Dubai; AUH – Abu Dhabi; SHJ – Sharjah; RAK – Ras Al Khaimah; AJM – Ajman UMQ – Umm Al Quwain; FJR – Fujairah For other countries full name of the city must be entered.		
Country Code Address	This data element provides the Country Code associated with the account holder's address. 2 Characters ISO		
U.S. TIN	This data element identifies the US Tax Identification Number (TIN) to identify the Individual Account Holder. "US IRS Notice 2017-46 has stated, that in relation to reporting for the calendar years 2017, 2018 and 2019, any failure to report TINs for pre-existing accounts will not be determine as significant non-compliance providing that the FI: (1) obtains and reports the date of birth of each account holder and controlling person whose U.S. TIN is not reported; (2) requests annually from each account holder any missing required U.S. TIN; and (3) before reporting information that relates to calendar year 2017, searches electronically searchable data maintained for any missing required U.S. TINs. In addition to Notice 2017-46, the US IRS has provided guidance that in instances where a TIN is not held and the FI has complied with points (1) to (3) above, that FIs should include in any data submitted, nine capital letter A's ("AAAAAAAAA") in the absence of a valid TIN. Based on the above, the following TIN requirements are applicable from the date of issuing this notice: A TIN must be: • Nine consecutive numerical digits without hyphens or other separators (e.g., "123456789") • In the absence of a valid TIN, nine capital letter A's (AAAAAAAAA) must be used with a date of birth • So long as nine capital letter A's (AAAAAAAAA) is provided and a date of birth is also provided, this will be ACCEPTED. Where nine capital letter A's (AAAAAAAAA) are provided and no date of birth is given, this will be REJECTED."	Payment amount in USD	FATCA501 - Gross Dividends in USD: Custodial accounts: The aggregate gross amount of dividends paid or credited to the account during the calendar year. FATCA502 - Gross Interest in USD: Depository accounts: The aggregate gross amount of interest paid or credited to the account during the calendar year. Custodial accounts: The aggregate gross amount of interest paid or credited to the account during the calendar year. FATCA503 - Gross Proceeds/Redemption in USD: Custodial accounts: The gross proceeds from the sale or redemption of property paid or credited to the account during the calendar year with respect to which the FI acted as custodian, broker, nominee, or otherwise as an agent for the account holder. Debt or equity accounts: The aggregate gross amount of redemption payments paid or credited to the account during the calendar year. Cash value insurance and annuity contract accounts: The aggregate gross amount of redemption payments paid or credited to the account during the calendar year. FATCA504 - Cash value insurance and annuity contract accounts: The aggregate gross amount of payments paid or credited to the account during the calendar year. Foreign reportable amounts: This aggregate gross amount of foreign reportable amounts paid or credited to a Nonparticipating FFI maybe reported divided by type of payment, or the entire amount may be reported as Other Payment. Decimal Minimum 1 digit Maximum 12 digits Payment amounts are entered with 2 digit fractional amounts of the currency. For example, 1000.00 8 Characters

FATCA Report – A (Contd.)



<p>Payment Type</p>	<p>FATCA501 - Gross Dividends in USD: Custodial accounts: The aggregate gross amount of dividends paid or credited to the account during the calendar year. FATCA502 - Gross Interest in USD: Depository accounts: The aggregate gross amount of interest paid or credited to the account during the calendar year. Custodial accounts: The aggregate gross amount of interest paid or credited to the account during the calendar year. FATCA503 - Gross Proceeds/Redemption in USD: Custodial accounts: The gross proceeds from the sale or redemption of property paid or credited to the account during the calendar year with respect to which the FI acted as custodian, broker, nominee, or otherwise as an agent for the account holder. Debt or equity accounts: The aggregate gross amount of redemption payments paid or credited to the account during the calendar year. Cash value insurance and annuity contract accounts: The aggregate gross amount of redemption payments paid or credited to the account during the calendar year. FATCA504 – Gross Other Payment in USD: Custodial accounts: The aggregate gross amount of all other income paid or credited to the account during the calendar year. Debt or equity accounts: The aggregate gross amount of payments paid or credited to the account during the calendar year. Cash value insurance and annuity contract accounts: The aggregate gross amount of payments paid or credited to the account during the calendar year. Foreign reportable amounts: This aggregate gross amount of foreign reportable amounts paid or credited to a Nonparticipating FFI maybe reported divided by type of payment, or the entire amount may be reported as Other Payment.</p> <p>Decimal Minimum 1 digit Maximum 12 digits Payment amounts are entered with 2 digit fractional amounts of the currency. For example, 1000.00 8 Characters</p>
<p>Account Type</p>	<p>This data element identifies an entity account holder or payee that is: 8 Characters FATCA901 – Custodial account FATCA902 – Depository account FATCA903 – Debt account FATCA904 – Equity account FATCA905 – Cash value insurance account FATCA906 – Annuity contract account FATCA909 – Other account</p>

FATCA Report - B



Entity Name	This data element identifies the name of an Account Holder or Payee that is an Entity as opposed to an Individual		
Account Holder Type	<p>This data element identifies an entity account holder or payee that is:</p> <p>FATCA101 - Owner-Documented FI with specified US owner(s) FATCA102 - Passive Non-Financial Entity with substantial US owner(s) FATCA103 - Non-Participating FFI FATCA104 - Specified US Person FATCA105 - Direct Reporting NFFE</p>	Account Balance in USD	<p>Provide the account balance or value of the reported financial account in USD.</p> <p>Depository and custodial account: The account balance is the average balance or value of the financial account, if the FI reports average balance or value to the account holder for a calendar year. If the reporting FI does not report the average balance or value of the account to the account holder, the participating FI shall report the balance or value of the account as of the end of the calendar year. If account is closed or transferred in its entirety by an account holder during a calendar year, reports the amounts paid or credited to the account for the calendar year until the date of transfer or closure, and the amount or value withdrawn or transferred from the account in connection with the closure or transfer.</p> <p>Cash value and annuity contracts: The cash value insurance or annuity contract is the balance or value of the account.</p> <p>Debt or equity accounts: The account balance is the value of the debt or equity interest that the account holder has in the FI.</p> <p>If reporting about US owners of an entity that is receiving a reported payment enter 0.00 here. Instead, use the payment type codes to report the payment amount and currency.</p> <p>Decimal Maximum 12 digits.</p>
Address	This data element is the permanent residence address of the Individual Account Holder. If the reporting FI does not have a permanent residence address on file for the individual, then the address is the mailing address used by the FI to contact the individual account holder when the report is compiled.		
City of Account Holder	<p>The city or town for the Account Holder or Payee must be included.</p> <p>3 Characters DXB - Dubai AUH - Abu Dhabi SHJ - Sharjah RAK - Ras Al Khaimah AJM - Ajman UMQ - Umm Al Quwain FJR - Fujairah</p> <p>For other countries full name of the city must be entered.</p>		
Country Code Address	This data element provides the Country Code associated with the account holder's address. 2 Characters ISO	Payment Amount in USD	<p>FATCA501 - Gross Dividends in USD: Custodial accounts: The aggregate gross amount of dividends paid or credited to the account during the calendar year.</p> <p>FATCA502 - Gross Interest in USD: Depository accounts: The aggregate gross amount of interest paid or credited to the account during the calendar year. Custodial accounts: The aggregate gross amount of interest paid or credited to the account during the calendar year.</p> <p>FATCA503 - Gross Proceeds/Redemption in USD: Custodial accounts: The gross proceeds from the sale or redemption of property paid or credited to the account during the calendar year with respect to which the Flacted as custodian, broker, nominee, or otherwise as an agent for the account holder.</p> <p>Debt or equity accounts: The aggregate gross amount of redemption payments paid or credited to the account during the calendar year.</p> <p>Cash value insurance and annuity contract accounts: The aggregate gross amount of redemption payments paid or credited to the account during the calendar year.</p> <p>FATCA504 - Cash value insurance and annuity contract accounts: The aggregate gross amount of payments paid or credited to the account during the calendar year.</p> <p>Foreign reportable amounts: This aggregate gross amount of foreign reportable amounts paid or credited to a Nonparticipating FFI maybe reported divided by type of payment, or the entire amount may be reported as Other Payment.</p> <p>Decimal Minimum 1 digit Maximum 12 digits Payment amounts are entered with 2 digit fractional amounts of the currency. For example, 1000.00 8 Characters</p>
U.S. TIN	<p>This data element identifies the US Tax Identification Number (TIN) to identify the Individual Account Holder.</p> <p>"US IRS Notice 2017-46 has stated, that in relation to reporting for the calendar years 2017, 2018 and 2019, any failure to report TINs for pre-existing accounts will not be determine as significant non-compliance providing that the FI:</p> <p>(1) obtains and reports the date of birth of each account holder and controlling person whose U.S. TIN is not reported; (2) requests annually from each account holder any missing required U.S. TIN; and (3) before reporting information that relates to calendar year 2017, searches electronically searchable data maintained for any missing required U.S. TINs.</p> <p>In addition to Notice 2017-46, the US IRS has provided guidance that in instances where a TIN is not held and the FI has complied with points (1) to (3) above, that FIs should include in any data submitted, nine capital letter A's ("AAAAAAAA") in the absence of a valid TIN.</p> <p>Based on the above, the following TIN requirements are applicable from the date of issuing this notice:</p> <p>A TIN must be:</p> <ul style="list-style-type: none"> • Nine consecutive numerical digits without hyphens or other separators (e.g., "123456789") • In the absence of a valid TIN, nine capital letter A's (AAAAAAAA) must be used with a date of birth • So long as nine capital letter A's (AAAAAAAA) is provided and a date of birth is also provided, this will be ACCEPTED. Where nine capital letter A's (AAAAAAAA) are provided and no date of birth is given, this will be REJECTED." 		
IBAN / Account Number	<p>Provide the account number used by the FI to identify the account holder or payee. If the FI does not have an account number then provide the unique identifier used by the financial institution to identify the account holder or payee.</p> <p>For Banks account number must be IBAN number.</p> <p>For example: The account number may be the account number of a Custodial Account or Depository Account; ii) the code (ISIN or other) related to a Debt or Equity Interest (if not held in a custody account); or iii) the identification code of a Cash Value Insurance Contract or Annuity Contract.</p>		

FATCA Report – B (contd.)



<p>Payment Type</p>	<p>FATCA501 - Gross Dividends in USD: Custodial accounts: The aggregate gross amount of dividends paid or credited to the account during the calendar year.</p> <p>FATCA502 - Gross Interest in USD: Depository accounts: The aggregate gross amount of interest paid or credited to the account during the calendar year. Custodial accounts: The aggregate gross amount of interest paid or credited to the account during the calendar year.</p> <p>FATCA503 - Gross Proceeds/Redemption in USD: Custodial accounts: The gross proceeds from the sale or redemption of property paid or credited to the account during the calendar year with respect to which the FI acted as custodian, broker, nominee, or otherwise as an agent for the account holder. Debt or equity accounts: The aggregate gross amount of redemption payments paid or credited to the account during the calendar year. Cash value insurance and annuity contract accounts: The aggregate gross amount of redemption payments paid or credited to the account during the calendar year.</p> <p>FATCA504 - Cash value insurance and annuity contract accounts: The aggregate gross amount of payments paid or credited to the account during the calendar year.</p> <p>Foreign reportable amounts: This aggregate gross amount of foreign reportable amounts paid or credited to a Nonparticipating FFI maybe reported divided by type of payment, or the entire amount may be reported as Other Payment.</p> <p>Decimal Minimum 1 digit Maximum 12 digits Payment amounts are entered with 2 digit fractional amounts of the currency. For example, 1000.00</p>
<p>Account Type</p>	<p>This data element identifies an entity account holder or payee that is: 8 Characters FATCA901 – Custodial account FATCA902 – Depository account FATCA903 – Debt account FATCA904 – Equity account FATCA905 – Cash value insurance account FATCA906 – Annuity contract account FATCA909 – Other account</p>

Federal AML/CFT obligations, Key Principles, and expectations from FIs

03

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FATF Recommendations

Assessing risks & applying a risk-based approach	National cooperation and coordination	Money laundering offence	Confiscation and provisional measures
Terrorist financing offence	Targeted financial sanctions related to terrorism & terrorist financing	Targeted financial sanctions related to proliferation	Non-profit organisations
Financial institution secrecy laws	Customer due diligence	Record keeping	Politically exposed persons
Correspondent banking	Money or value transfer services	New technologies	Wire transfers
Reliance on third parties	Internal controls and foreign branches and subsidiaries	Higher-risk countries	Reporting of suspicious transactions
Tippling-off and confidentiality	DNFBPs: Customer due diligence	DNFBPs: Other measures	Transparency and beneficial ownership of legal persons
Transparency and beneficial ownership of legal arrangements	Regulation and supervision of financial institutions	Powers of supervisors	Regulation and supervision of DNFBPs
Financial intelligence units	Responsibilities of law enforcement and investigative authorities	Powers of law enforcement and investigative authorities	Cash couriers
Statistics	Guidance and feedback	Sanctions	International instruments
Mutual legal assistance	Mutual legal assistance: freezing and confiscation	Extradition	Other forms of international cooperation

Source: <http://www.fatf-gafi.org/publications/mutualevaluations/documents/effectiveness.html>



Immediate outcomes



1 | Risk, Policy and Coordination

Money laundering and terrorist financing risks are understood and, where appropriate, actions coordinated domestically to combat money laundering and the financing of terrorism and proliferation.

2 | International cooperation

International cooperation delivers appropriate information, financial intelligence, and evidence, and facilitates action against criminals and their assets.

3 | Supervision

Supervisors appropriately supervise, monitor and regulate financial institutions and DNFBPs for compliance with AML/CFT requirements commensurate with their risks



4 | Preventive measures

Financial institutions and DNFBPs adequately apply AML/CFT preventive measures commensurate with their risks, and report suspicious transactions.

5 | Legal persons and arrangements

Legal persons and arrangements are prevented from misuse for money laundering or terrorist financing, and information on their beneficial ownership is available to competent authorities without impediments

6 | Financial intelligence

Financial intelligence and all other relevant information are appropriately used by competent authorities for money laundering and terrorist financing investigations.

7 | Money laundering investigation & prosecution

Money laundering offences and activities are investigated and offenders are prosecuted and subject to effective, proportionate and dissuasive sanctions.

8 | Confiscation

Proceeds and instrumentalities of crime are confiscated.

9 | Terrorist financing investigation & prosecution

Terrorist financing offences and activities are investigated and persons who finance terrorism are prosecuted and subject to effective, proportionate and dissuasive sanctions.



10 | Terrorist financing preventive measures & financial sanctions

Terrorists, terrorist organisations and terrorist financiers are prevented from raising, moving and using funds, and from abusing the NPO sector.

11 | Proliferation financial sanctions

Persons and entities involved in the proliferation of weapons of mass destruction are prevented from raising, moving and using funds, consistent with the relevant UNSCRs.

Source: <http://www.fatf-gafi.org/publications/mutualevaluations/documents/effectiveness.html>



Other international standards, references

FATF Recommendations

Basel Committee on Banking Supervision:

Sound management of risk related to money laundering and financing of terrorism

Basel AML Index

International Monetary Fund

Organization for Economic Co-operation and Development

Internal Revenue Service

Sanctions:

UN, UK HM, OFAC, UAE Local lists

AML/CFT federal obligations on FIs



- Federal Law No. (4) of 2002 On Combating Money Laundering And Financing Of Terrorism.
- Cabinet Resolution No. (38) of 2014 on the Executive Regulation of Federal Law No. (4) of 2002.

Financial Institutions:

Any bank, financing company, money exchange establishment, financial and monetary intermediary or any other establishment, whether publicly or privately owned, licensed by the Central Bank or the Authority.

Other Financial, Commercial and Economic Institution:

Institutions that are licensed and supervised by parties other than the Central Bank and the Authority, including specific non-financial professions and activities, such as real estate brokers, traders of jewelry, precious metals and precious stones, attorneys at law, legal consultants, public notaries and accountants.

Supervisory/Controlling Authorities:

Federal and local authorities entrusted, by virtue of different Laws and Regulations, with the task of supervising and licensing financial institutions or other financial, commercial and economic institutions.

AML/CFT federal obligations on FIs – cont.



- Articles (3) (4) (5) (6) (7) (8) (9) and (10)

- Article (3):

“The financial institutions or other financial, commercial and economic institutions shall comply with the following:

- (a) Implementing the provisions of the Law, this Executive Regulation, any rule or instruction issued by the Central Bank or any supervisory authority, as well as any rule related to combating money-laundering and the financing of terrorism and unlawful organizations in the State.
- (b) Establishing necessary rules and procedures to apply the provisions of the Law and this Executive Regulation, in compliance with the nature of their activities.”.

AML/CFT federal obligations on FIs – cont.



- Article (4): Customer onboarding and due diligence requirements.
- Article (5): “The financial institutions or other financial, commercial and economic institutions shall comply with the following:
 1. Not to deal, in any way, with shell banks, whether to open bank accounts in their names, or accept funds or deposits from them.
 2. Not to open bank accounts using pseudonyms, fictitious names or numbered accounts without accountholders name.
 3. Verifying the origin of the wealth of politically exposed persons or any of their family members or closing associates, and constantly supervising their transactions.
 4. Regularly and periodically updating all information and data related to customers’ identity”.
- Article (6): Record Keeping: at least 5 years.
- Article (7): Reporting suspicious transactions to UAE FID.

AML/CFT federal obligations on FIs – cont.



- Article (8): Money Laundering Reporting Officer:
 1. Detecting money laundering transactions and the financing of terrorism and unlawful organizations.
 2. Perusing files, receiving, examining and studying data on suspicious transactions; and deciding to notify AMLSCU or storing such data, stating the causes thereof in strict confidentiality.
 3. Reviewing rules and procedures related to combating money laundering and the financing of terrorism and unlawful organizations, and ensure compliance of each institution with aforesaid rules and procedures; proposing necessary update and development thereof; drafting and submitting mid-yearly reports to senior management, and sending a copy thereof to AMLSCU enclosed with senior management remarks and decisions.
 4. Preparing and executing, in coordination with AMLSCU, training programs and plans to instruct institutions employees on money laundering and the financing of terrorism and unlawful organizations, and the means of combating aforesaid.
 5. Collaborating with AMLSCU, providing the same with all requested data, and allow its employees to peruse necessary files and documents to perform its competencies.

AML/CFT federal obligations on FIs – cont.



- Article (9): Training: “The financial institutions or other financial, commercial and economic institutions shall prepare training and capacity building programs and workshops for Compliance Officers and other employees working in the field of combating money laundering and the financing of terrorism and unlawful organizations.”.
- Article (10): “The measures stipulated in Article 4 herein shall apply on branches and companies operating outside the State, which are affiliated to financial institutions or other financial, commercial and economic institutions, in case aforesaid measures are not applied at all or are applied in a lesser way in the countries where affiliated branches and companies are operating.”.

Key Principles



ADGM AML Rulebook – obligations on FIs

04

A decorative graphic at the bottom of the slide consisting of multiple thin, white, wavy lines that create a textured, water-like effect across the width of the page.



INTENDED OUTCOME OF THE PRESENTATION

Have an understanding of:

AML Obligations:

- Responsibility
- Risk Based Approach
- Business Risk Assessment
- Customer Risk Assessment
- Customer Risk Rating
- The Three Golden Rules

UAE AML FEDERAL LAW / ADGM LAW



ADGM is subject to:

UAE criminal federal laws in relation to money laundering and terrorist financing:

- Federal Law No 4 of 2002 (AML Law)
- Federal Law No. 7 of 2014 (Terrorist Law); and
- Cabinet Resolution No.38 of 2014 (Resolution No.38) (AML Law).

On top of these laws the ADGM has overlaid the AML Rulebook which sets out in detail what a firm's obligations are.

GOVERNING BODY RESPONSIBILITY



AML 1.3.1

A Relevant Person's Governing Body is responsible for establishing, maintaining and monitoring the Relevant Person's AML policies, procedures, systems and controls and compliance with applicable AML legislation.

RISK BASED APPROACH

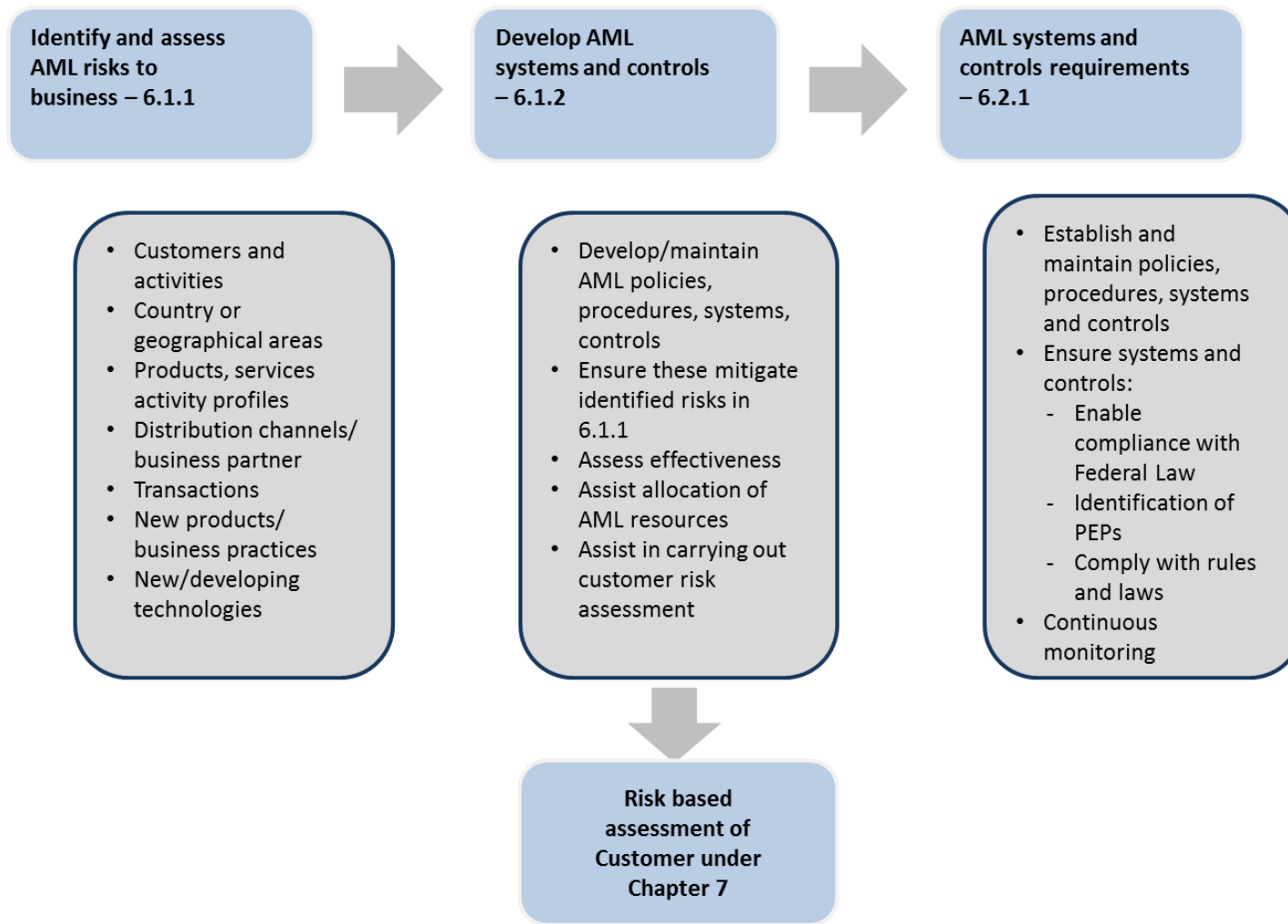


What is it?

FATF –

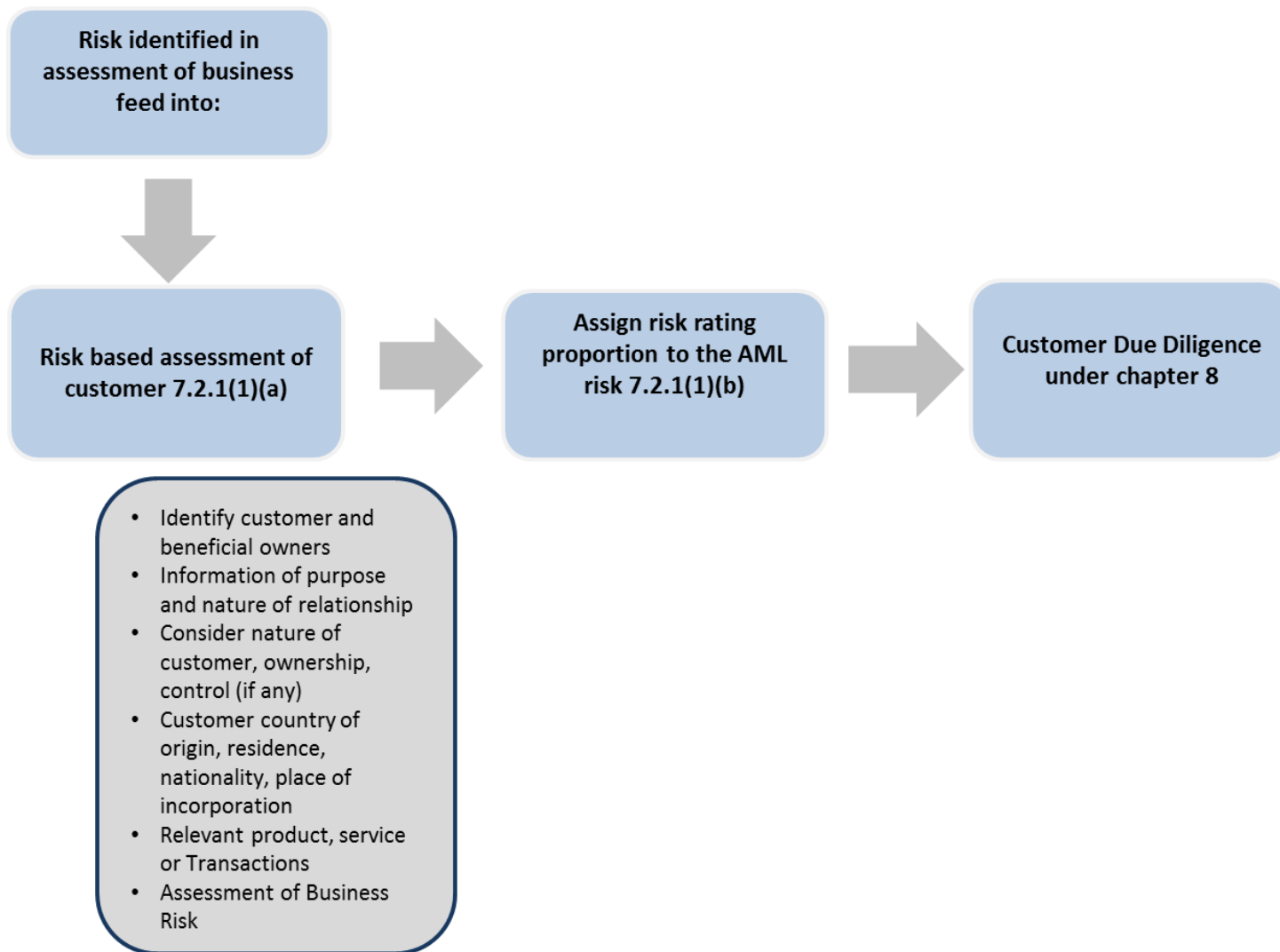
“The general principle of a RBA is that, where there are higher risks, countries should require financial institutions to take enhanced measures to manage and mitigate those risks; and that, correspondingly, where the risks are lower, simplified measures may be permitted”.

BUSINESS RISK ASSESSMENT



Source: http://adgm.complinet.com/net_file_store/new_rulebooks/a/m/AML_VER02_150617.pdf

CUSTOMER RISK ASSESSMENT



Source: http://adgm.complinet.com/net_file_store/new_rulebooks/a/m/AML_VER02_150617.pdf

The Three Golden Rules



1. Document

2. Document

3. Document