Money Laundering

UAE's Ministry of Economy has released a Circular updating list of High-Risk Jurisdictions subject to High Monitoring by Designated Non-Financial Business & Professions

Money laundering and financing of terrorism are serious issues that threaten the integrity of the financial system, and governments around the world are taking steps to combat these crimes. The United Arab Emirates (UAE) is no exception, and the National Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organizations Committee has recently issued a circular (MOEC/AML/001/2023) updating the list of high-risk jurisdictions subject to a call for action and the list of jurisdictions under increased monitoring. This blog provides an overview of the circular and its requirements for DNFBPs.

DNFBPs are entities that provide financial services but are not regulated by financial regulators. DNFBPs play a critical role in the financial system by providing services that are vulnerable to abuse by criminals for money laundering and terrorism financing.

The circular is addressed to DNFBP's below,

- Real estate brokers and agents,
- Dealers of precious metals and precious stones,
- Independent accountants and auditors, and
- Corporate services providers,

The circular requires the DNFBPs to verify and review the lists and information issued by the Financial Action Task Force (FATF) and the National Anti-Money Laundering And Combatting Financing of Terrorism And Financing of Illegal Organizations Committee on a regular basis. DNFBPs must take this information into account when establishing and implementing countermeasures and/or enhanced due diligence measures as appropriate and proportionate to the level of risks involved.

The circular updates two lists of jurisdictions: the Grey List and the Black List.

Jurisdictions under Increased Monitoring (The Grey List):

The Grey List includes jurisdictions that have deficiencies in their anti-money laundering and counter-terrorism financing (AML/CFT) regimes but have committed to addressing them. The circular requires DNFBPs to regularly review the Grey List and weaknesses identified in it and take them into account when devising and applying a risk-based approach.

Due diligence measures taken by DNFBPs must be proportionate to the risks posed from business relationships and transactions with natural or legal persons from such jurisdictions and be effective to minimize such risks. The measures taken may require the application of enhanced customer due diligence depending on the circumstances referred to in paragraph 20 to the interpretive note of FATF Recommendation 10 as well as Article (4) of the 2019 Cabinet Decision.

Please refer to the below provided link to view list of jurisdictions under increased monitoring (Grey List)

https://www.namlcftc.gov.ae/ar/more/jurisdictions/countries-under-increased-monitoring/

High Risk Jurisdictions (The Black List):

The Black List includes jurisdictions that have significant deficiencies in their AML/CFT regimes and pose a high risk of money laundering and terrorism financing. DNFBPs must apply enhanced due diligence measures to all business relationships and transactions with jurisdictions on the Black List, including natural persons and legal entities and those acting on their behalf in addition to the counter-measures listed below:

1. Not to establish any branches or representative offices within jurisdictions on the Black List.
2. Comply with the internal reporting mechanisms on monitoring transactions and activities pertaining to jurisdictions on the Black List and submit suspicious transaction reporting to the FIU where relevant, using the existing template pertaining to jurisdictions on the Black List reports in GoAML (High Risk Jurisdiction and High Risk Jurisdiction Activity).
3. Not to rely on third parties located in jurisdictions on the Black List to perform their due diligence procedures.
4. Comply with the implementation of targeted financial sanctions requirements, in accordance with applicable UN Security Council Resolutions and Cabinet Decision No. (74) of 2020.

DNFBPs must apply these counter-measures to minimize the risks posed by doing business with jurisdictions on the Black List.

Please refer below link to view list of jurisdictions under High Risk (Blacklist) :-

https://www.namlcftc.gov.ae/ar/more/jurisdictions/high-risk-countries/

Due Diligence Measures

DNFBPs must take appropriate and proportionate due diligence measures, such as verifying customer identity and source of funds, to mitigate the risks of money laundering and terrorism financing. Depending on the circumstances, DNFBPs may need to apply enhanced customer due diligence measures referred to in paragraph 20 of the interpretive note of FATF Recommendation 10 as well as Article (4) of the 2019 Cabinet Decision. Some examples of enhanced due diligence measures include obtaining additional information on the customer's background, purpose and nature of the business relationship, and monitoring of transactions.

Reporting Requirements

DNFBPs must comply with internal reporting mechanisms on monitoring transactions and activities pertaining to jurisdictions on the Black List and submit suspicious transaction reports to the Financial Intelligence Unit (FIU) where relevant. DNFBPs must use the existing template pertaining to jurisdictions on the Black List reports in GoAML (High Risk Jurisdiction and High Risk Jurisdiction Activity).

In conclusion, the circular emphasizes the importance of combating money laundering and financing of terrorism and the role that DNFBPs play in this effort. By regularly reviewing the lists and information issued by the FATF and the National Anti-Money Laundering and Combatting Financing of Terrorism and Financing of Illegal Organizations Committee and implementing appropriate counter-measures and due diligence measures, DNFBPs can help ensure the integrity of the UAE's financial system.

Premier Brains Global

Affiliated with audittrust international
(Having presence in more than 115 countries)

* Bank Approved Auditors * JAFZA offshore Agent
* FTA Approved TAX Agency

audittrust certified
international business advisory firm

"Always Doing The Right Thing"

ADDRESS
Office 805, 8th Floor,
The Exchange Tower
Business Bay, UAE

CONTACT US
04 354 2959
info@premire-brains.com
www.premier-brains.com

FOLLOW US

UAE (Abu Dhabi, Dubai), Kuwait, Bahrain, Oman