

مصرف الإمارات العربية المتحدة المركزي
CENTRAL BANK OF THE UAE

Notice No.: 2922/2008 إشعار رقم : ٢٠٠٨/٢٩٢٢

Date: 17/6/2008 التاريخ : ٢٠٠٨/٦/١٧

To: **All Banks, Exchange Houses/Moneychangers, Investment and Finance companies and other Financial Institutions** إلى : **كافة البنوك والصرافات وشركات الاستثمار والتمويل والمنشآت المالية الأخرى**

Subject: **Addendum to Circular No. 24/2000 – Regulation concerning Procedures for Anti - Money Laundering** الموضوع : **إضافة إلى التعميم رقم ٢٤/٢٠٠٠ - نظام إجراءات مواجهة غسل الأموال**

Please be informed that the Central Bank has decided to strengthen the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) system of the UAE, by adopting additional measures/amending the existing ones, as per the international AML/CFT new standards, through adding an annexure to its Circular No. 24/2000 dated 14/11/2000.

يرجى العلم أن المصرف المركزي قرر تقوية نظام مواجهة غسل الأموال ومكافحة تمويل الإرهاب لدولة الإمارات من خلال تبني إجراءات إضافية/تعديلات على الإجراءات الحالية وفقاً لمتطلبات مواجهة غسل الأموال ومكافحة تمويل الإرهاب الدولية الجديدة، وذلك بإضافة ملحق إلى تعميمه رقم ٢٤/٢٠٠٠ المؤرخ ١٤/١١/٢٠٠٠.

As such, we attach herewith an electronic copy of the said annexure, for ease of reference and to circulate it to all your branches electronically.

وعليه، نرفق لكم نسخة إلكترونية من الملحق المذكور، وذلك لسهولة الرجوع إليه ولتعميمه على كافة فروعكم إلكترونياً.

These additional measures come into force with immediate effect.

تصبح هذه الإجراءات الإضافية سارية المفعول فوراً.

Yours faithfully,

وتفضلوا بقبول فائق الاحترام،

سلطان بن ناصر السويدي
المحافظ

Sultan Bin Nasser Al Suwaidi
Governor

ANNEXURE TO CIRCULAR NO. 24/2000

| Subject | Additional Measures |
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| 1. Beneficial Ownership | <p>Banks and other financial institutions are required to identify the beneficial owners of companies and businesses opening accounts or remitting money and should obtain satisfactory evidence of their identities.</p> <p>In order to carry out the obligations set out as above, banks and other financial institutions should clearly understand the ownership and control structure of all legal entities. In the event of any person claiming to be acting on behalf of another, such a person must have proper legal authority to do so.</p> |
| 2. On going Due Diligence | <p>Banks and other financial institutions should conduct on-going Customer Due Diligence (CDD) on the business relationship and obtain information where the accuracy of information available is doubted, another round of Customer Due Diligence procedures should be undertaken.</p> <p>While entering into a banker-customer relationship, the purpose and intended nature of the business relationship should be established.</p> <p>Where accounts have been opened prior to 14/11/2000, CDD procedures should be undertaken to ensure that there are no risks in continuing with such relationship.</p> |
| 3. Wire Transfers | <p>The following text should be used to amend Article 5.1:</p> <p>In the case of wire transfers, banks and exchange houses/moneychangers should carefully and systematically verify the identity (name and address) of the remitters in all cases where the value of a transaction reaches AED 2000/- or equivalent in other currencies or more for moneychangers, AED 3500/- or equivalent in other currencies or more for banks.</p> <p>The payment instruction must include the name and address of the remitter and either an account number or a unique reference number.</p> <p>As regards inward transfers, effective risk based procedures should be adopted for identifying and handling transfers that lack complete originator information.</p> |

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| 4. Enhanced CDD on: | |
| a) Foreign Politically Exposed Persons (FPEPs) | <p>Banks and other financial institutions are required to have systems and controls in place to determine whether a potential customer, an existing customer or the beneficial owner is a FPEP. A FPEP may be defined as a Senior Official in the executive, legislative, administrative, military or judicial branches of a foreign government, immediate family members and close associates.</p> <p>Banks and other financial institutions are required to obtain written approval from senior management to open FPEPs account, thus banks and other financial institutions should have procedures in place for this purpose.</p> |
| b) Correspondent Banks | <p>When considering entering into a cross-border correspondent banking relationship, banks, exchange houses/moneychangers and other financial institutions must carry out due diligence measures, In addition, research must be conducted from publicly available information on the correspondent bank's business activities, their reputation, quality of supervision and whether the institution has been subject to a money laundering or terrorist financing investigation or any regulatory action. Prior to a relationship being established, express written approval must be obtained from concerned financial institutions' senior management.</p> <p>Banks and other financial institutions with whom financial institutions want to establish correspondent banking relationship (special care to be taken if these financial institutions are headquartered in countries which are reported to be involved in drugs, high level of public corruption and/or criminal/terrorist activities).</p> <p>For opening of a correspondent banking relationship, banks and other financial institutions must have measures to identify:</p> <ul style="list-style-type: none"> - Ownership and Management Structure; - Major Business Activities and Customers; - Purpose of the Account; - Location; - Third parties that will use the account; and - Monitor transactions processed through the account. |

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| C) Businesses/Individuals | <p>Who are:</p> <ol style="list-style-type: none"> 1- Dealers in precious metals and stones 2- Dealers in real estate 3- Dealers in luxury goods 4- Auction houses 5- Private banking customers 6- Non-resident account holders <p>Should be subjected to more strict CDD procedures.</p> |
| 5. Shell Banks and Companies | <p>It is strictly prohibited to have any relationship directly or indirectly with institutions that have no physical presence (Shell banks and companies).</p> |
| 6. Reporting of suspicious transactions | <p>Article 16 in 24/2000 to be amended as follows:</p> <p>Banks and other financial institutions, as well as their Board Members, Managers and employees are obliged personally to report, when there are reasonable grounds to suspect that the funds are proceeds of a criminal activity or to be used for terrorism or terrorist act or terrorist financing, to the Head of Anti-Money Laundering and Suspicious Cases Unit (AMLSCU).</p> <p>Abu Dhabi – Tel : +971-2-6668496 Fax : +971-2-6674501 E-mail : amlscu@cbuae.gov.ae</p> <p>Banks can also report through the On-Line Reporting System.</p> |
| 7. Attempted Transactions | <p>Banks and other financial institutions should also report transactions, which appear as an attempt to launder Money and/or finance a terrorist, terrorist organization and/or a terrorist activity.</p> |
| 8. Unusual Transactions | <p>To revise Article 16.4 as follows:</p> <p>Banks and other financial institutions are required to investigate the background and purpose of transactions deemed to be 'unusual' and to set forth their findings in writing, even in the event, it is not considered necessary to report the transactions to AMLSCU as suspicious. As in the case of other documents these findings should also be maintained for inspection by the competent authorities for a period of at least five years.</p> |

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| <p>9. Tipping off</p> | <p>Banks and other financial Institutions should not tip-off any person, including the customer that the said customer's transaction is being scrutinized for possible involvement in suspicious money laundering operations and/or terrorist financing.</p> |
| <p>10. Compliance Officers</p> | <p>To add this under Article 16.3:</p> <p>Banks and other financial institutions are required to:</p> <ul style="list-style-type: none"> - Ensure that the compliance officers go through the 'fit and proper' test. The same procedure should be applied to screen all the staff employed in areas that are relevant to the AML/CFT control environment; - The compliance officers' function should also be subject to an independent audit function and the internal audit department should ensure that such audits are carried out periodically and reports are submitted to the Chief Executive; and - All staff attached to the Compliance department should undergo periodical training and it is also necessary to plan frequent in-house training courses to conduct case studies keeping in view live cases relating to Money laundering and terrorist Financing STRs. |
| <p>11. Penalty</p> | <p>To amend the text in Article 16.6 with the following:</p> <p>Any bank or other financial institution, which fails to comply with the procedures outlined in Circular 24/2000 and this annexure, will be penalized in accordance with the prevailing laws and regulations.</p> |