Dormant Accounts Regulation
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Circular No: 1 / 2020
Date: 15 / 1 / 2020
To: All Banks
Subject: Dormant Accounts

Introduction:

Following consultations with Banks operating in the United Arab Emirates (U.A.E), and having conducted comparisons with regulatory requirements in this area, the Central Bank of the U.A.E. is issuing this Regulation to regulate the handling of dormant accounts and unclaimed balances. This Regulation has been issued pursuant the powers of the Central Bank of the United Arab Emirates in accordance with the Decretal Federal Law no.14 of 2018 Regarding the Central Bank & Organization of Financial Institutions and Activities.

Scope:

All Banks must comply with the provisions of this Regulation at all times.

Objective:

The purpose of this Regulation is to establish a general framework for the control and protection of dormant accounts in Banks and seek to enable customers (or legal owners) to receive the available balances on these accounts.

الموضوع: الحسابات الخالدة

المقدمة:

تطلب التعاون مع البنوك العاملة بدولة الإمارات العربية المتحدة، وبعد أن تم إجراء مقارنات مع متطلبات رقابية مصولة بها في هذه المنطقة، يصدر مصرف الإمارات العربية المتحدة المركزي هذا النظام بغرض تنظيم التعامل مع الحسابات الخالدة والأرصدة غير المطالبة بها.

هذا النظام صدر بموجب مصريحة مصرف الإمارات العربية المتحدة المركزي ووفقا للمرسوم القانوني رقم 14 لسنة 2018 بشأن المصرف المركزي، وتنظيم المنشآت والأنشطة المالية.

النطاق:

تعتبر على كافة البنوك الالتزام بأحكام هذا النظام في كافة الأوقات والأحوال.

الغرض:

الغرض من هذا النظام هو إرسال إطار عام لضمان وحماية الحسابات الخالدة في البنوك، وإلى تمكن الملء أو المالكيين المعنيين من استلام الأرصدة المتوفرة في تلك الحسابات.
Article (1): Definitions

1. **Bank/Banks:** Any juridical person licensed in accordance with the provisions of the Central Bank Law, to primarily carry on the activity of taking deposits, and any other licensed financial activities;

2. **Board:** The Bank’s board of directors;

3. **Central Bank:** The Central Bank of the United Arab Emirates;

4. **Central Bank Law:** Decretal Federal Law No. (14) of 2018 Regarding the Central Bank & Organization of Financial Institutions and Activities;

5. **Customer Communication:** Any communication by the customer whether written or electronic in response to contact attempts initiated by Banks;

6. **Demand Deposit Accounts:** All customer deposit accounts, payable on demand, including but not limited to current, call, savings, asset based liability accounts or any account with similar balance sheet treatment;

7. **Dividend:** Dividends declared by the Bank to its shareholders and held in trust in Bank’s books for shareholders to claim;
8. **Dormant Customer:** A customer (individual or corporate) who holds account(s) with a Bank, where all held accounts are individually eligible for dormancy and who holds no outstanding facilities with the same Bank in accordance with Article 2 of this Regulation.

9. **Fixed Term Deposit Accounts:** All customer deposits placed with a Bank for a fixed term period, with or without an early repayment option or any account with similar balance sheet treatment.

10. **Investment Accounts:** An Investment Account is a portfolio account where a Bank invests the funds in assets (equity, mutual funds, bonds, structured products etc.) on behalf of a Customer.

11. **Joint Account:** A jointly held account which has a distinct identity as a customer, separate from its individual joint owners.

12. **Outstanding Facilities:** Any financing facilities due from customers, including but not limited to Credit Card balances, loan products, overdrafts etc. and off balance sheet products, also due from customers, such as Bank Guarantees, etc.;

13. **Safe Deposit Boxes:** An individually secured container, in a Bank's vaults, hired out to Bank's customers for the safekeeping of their belongings.
Senior Management: The executive management of the Bank responsible and accountable to the Board for the sound and prudent day-to-day management of the Bank, generally including, but not limited to, the Chief Executive Officer, chief financial officer, chief risk officer, and heads of the compliance and internal audit functions.
Article (2): Criteria for Determining Dormant Accounts and Unclaimed Balances

First: Dormant Accounts

Dormancy is defined at customer level. For dormancy to apply, the customer should not have another active liability account with the same bank, the current address of the customer is not known and the account does not have any litigations or requirements from other regulatory authorities.

Any correspondence from the customer or activity in relation to other accounts held with the same bank shall be considered as evidence that the customer is still active and does not meet the definition of "dormant customer".

Customers with asset accounts will be excluded from the purview of dormancy definition.

Joint accounts should be treated distinctly from individual accounts of their holders (individual/entities). Any activity in joint accounts does not impact dormancy classification in individual accounts held by the joint account holders and vice versa.

1. An Individual /Corporate savings or call or current account where there has been no transactions (withdrawals or deposits) or non-financial actions (service requests, due diligence, particulars update, etc.) for a period of 3 years from the date of the last transaction on the account, other than transactions initiated by the bank (such as interest and charges posted by the system or manually), and there has been no communication from the customer (whether written or electronic).
2. **A Fixed Term Deposit Account** where there is no automatic renewable clause and where the deposit has matured, but neither renewal nor claim request has been made in the past 3 years since the deposit matured (or) where there is an automatic renewable clause, but there is no communication (whether written, electronic or verbal) from the customer within a period of 3 years from the date of first maturity.

3. **A closed ended Investment Account or a redeemable Investment Account** where there is no communication from the customer for a period of 3 years from final maturity or redemption date, whichever is earlier. An open-ended Investment Account will be treated as Dormant, when the customer's other accounts have been classified as dormant in accordance with this Regulation. However, the Bank shall liquidate or dispose of assets in the open-ended Investment Account only as per stated terms & conditions of the account.

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حساب وديعة طويلة /أجل الاستحقاق الأول، حيث لا يتوفر في الحساب شرط تجديد تقليدي، وتكون فيه الوديعة قد بلغت أجل الاستحقاق ولا يكون قد تم تمديد طلب تجديدها أو المادة بها خلال السنوات الثلاث (3) التالية لأجل الاستحقاق (أو) حيث يكون هناك شرط تجديد تقليدي إلا أن البنك لم يبلغ اتصالاً من العميل (كتابي أو شفهي أو إلكتروني) خلال مدة 3 سنوات تالية لتاريخ الاستحقاق الأول.

حساب استثمار بتاريخ إنهاء محدد، أو حساب استثمار قابل للأستثمار حيث لا يكون البنك قد تلقى اتصالاً من العميل لعدة 3 سنوات تالية لتاريخ الاستحقاق الأخير، أو تاريخ الاستثمار، أيهما أطول أولاً. وتم معاملة حساب الاستثمار الذي ينتهي بتاريخ محدد كحساب خاص عندما يكون قد تم تصنيف حسابات العميل الأخرى كحسابات خاصة، وفقاً لهذا النظام. إلا أنه يجب على البنك أن يقوم بتسليم الأصول المرتبطة في حساب الاستثمار الذي ينتهي بتاريخ محدد، أو يصرف فيها، إلا بموجب الشروط وأحكام الحساب حسباً ما منصوص عليها.
Second: Unclaimed Balances

Unclaimed Bankers Cheques, Bank Drafts or Cashiers Orders

4. Bankers cheques, bank drafts, or cashiers orders, which have been issued at the request of a customer by debit to his/her account, that have not been claimed by the beneficiary and remain unclaimed by the beneficiary or the customer for a period of 1 year (despite the efforts of the Bank to contact the customer).

Unclaimed Dividends

5. Wherever, unclaimed dividend balances are held, the market regulator’s guidelines will govern the unclaimed dividend maintenance and re-claim process.

Unclaimed Contents of Safe Deposit Boxes

6. Notwithstanding the provision of Article 474 of Federal Law No. 18 of 1993 on Commercial Transactions, the dormancy definition shall apply as follows:

Where charges for a safe deposit box remain outstanding for a period of more than 3 years and the Bank has not received a reply from the Safe Depository Box tenant, or the tenant has not made alternative arrangements in relation to the Safe Deposit Box.

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7. To comply with the above, the customer does not have another active account with the same Bank (liability or assets). Safe Deposit operations by nominees is not sufficient for maintaining them as active in status.

Article (3): Required Action when an Account Becomes Dormant

1. The Bank must attempt to contact the Dormant Customer through written, electronic or verbal (recorded) channels for re-activation of the account.

2. A communication must be initiated to issuers of unclaimed bankers cheques, bank drafts, or cashier orders; notifying them of non-encashment of the issued instruments.

3. A final notice must be sent to the dormant Safe Deposit Box tenant's last known address.

4. The Bank must wait for a period of 3 months for a response, from the Dormant Customers, beneficiaries of unclaimed bankers cheques, bank drafts, cashier orders "Unclaimed Balances", and Safe Deposit Box tenants.

5. After expiry of the 3 months period mentioned above, the Bank must transfer the money in the dormant account to the "dormant accounts ledger".
6. The balances in unclaimed bankers' cheques, bank drafts and cashier orders must be transferred to the "unclaimed balances account" within the Bank.

7. For Safe Deposit Boxes, if there is no response, the Bank should apply to the Court to appoint a person to supervise the opening of the box and provide direction regarding disposal of contents found in the box or the appointment of a Court receiver.

8. Non-interest bearing dormant accounts may be closed at the discretion of the Bank and balances preserved in the "unclaimed balances account".

9. Access to the Dormant Customer's documents, including specimen signatures, should be controlled and monitored with a display message clearly denoting "Dormant Account" whenever accessed, to prevent unauthorized operations in these accounts. Wherever Banks continue to maintain physical copies of documents, they must be segregated physically and placed under dual control until the account balances are transferred to the Central Bank. Post transfer of balances to the Central Bank, Banks, may maintain, for perpetuity, only digital/scanned copies of customer documents.
10. The report of all transferred accounts/amounts in a quarter must be provided to the Central Bank through the banking return forms (BRFs) filed for that quarter, with a copy each to the Banking Operations Department and the Banking Supervision Department at the Central Bank.

11. Banks must report Dormant Accounts separately in local and foreign currency under appropriate fields in the BRF reporting system.

12. The detailed list of contents of all opened Safe Deposit Boxes in the quarter must be provided to the Central Bank through the BRF filed for that quarter.

**Article (4): Claim of Funds from a Dormant Account**

1. If a customer has reason to believe that he/she has funds in a dormant account, he/she should personally, or through a legal representative, approach the Bank concerned and submit a claim with all relevant documentation to prove his/her identity.

2. If the customer wants to reactivate a dormant account, the Bank may allow it after taking a photocopy of his/her current ID, verifying them with the originals and updating other details of his/her profile. Banks may also utilize alternate channels of authentication for Dormant Accounts re-activation.
3. The Bank, after verifying with the original ID and being satisfied with all other details received, should pay the amount with accrued interest, where applicable (before transfer to the Central Bank), to the customer and maintain a record with following details:

<table>
<thead>
<tr>
<th>Date of Payment of Amount</th>
<th>Final Amount Paid</th>
<th>Account Number &amp; Type of Account</th>
<th>Name of the customer (as recorded)</th>
<th>Amount (as in Account No Full Name of the customer)</th>
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(In any case the Bank should settle claims within a period of one month unless there are valid reasons for delay)

4. The accounts of such customers should be monitored closely to ensure such accounts have not and are not being used for the purposes of money laundering or fraudulent purposes.

5. Unclaimed bankers cheques, bank drafts and cashier orders’ claims are to be settled in accordance with the applicable UAE legal framework and Banks’ policies and procedures in relation to these instruments.
Article (5): Responsibilities of Banks

1. Banks must ensure that customers’ profiles are always updated, as instructed via the UAE’s Anti-Money Laundering framework; Decree Federal Law No. 20 of 2018 on AML/CFT and Illegal Organizations, Cabinet Resolution No. 10 of 2019 regarding the implementing Regulation of the Decree Federal Law No. 20 of 2018 on AML/CFT and Illegal Organizations, Notice 74/2019 regarding Procedures for AML/CFT and Illicit Organizations and Notice 79/2019 regarding Guidelines on AML/CFT and Illegal Organizations. Banks must also periodically advise their customers through letters, emails and SMS alerts to update their IDs, address and telephone numbers. Banks may introduce “inactive” status for accounts, with transaction restrictions as necessary before the account becomes dormant for their enhanced monitoring.

2. In order to reduce the number of dormant accounts, Banks must carry out an annual review of such accounts and contact the customers through letters, telephone calls, SMS alerts and emails as feasible, and advise them of the dormancy and the need to activate the account.
3. Banks must evolve suitable systems so that the customers do not face difficulty in closing a dormant account or re-activating it for normal operations. No fee or charges should be levied for re-activation or closing such accounts.

4. All dormant accounts and unclaimed balances accounts must be fully reconciled on a monthly basis (at least) and be subject to review by the external auditor annually.

Article (6): Responsibilities of the Bank to the Customer

1. Banks must inform customers of their following responsibilities:

   a) If the customer changes his/her address or contact numbers, he/she should inform the Bank through relevant channels.

   b) The customer should keep all correspondence relating to the account between themselves and the Bank in a secure place for future reference.

   c) The customer should check the statements sent to him/her and acknowledge receipt where required by the Bank to do so.
Article (7): Consumer Protection

1. It must be clearly understood that the money in a dormant account will remain the property of the account holder, or his/her legal heirs, if the account holder has died.

2. Where it is an interest bearing account, interest will continue to accrue at prevailing rates depending on the terms of the contract between the Bank and the customer until the time the balance is transferred to the Central Bank. No fees other than those agreed, during the lifecycle of account activity, should be levied on such dormant accounts.

3. Once an account has been classified as dormant, physical and electronic statement generation should be suppressed. However, the account/ customer should not be precluded from other routine Bank communication lists on account of dormancy.

4. No debits or system based charges must be levied on dormant accounts. However, credits received, if any, are allowed to be deposited in the account. Such credits will not however interfere with the criteria for dormant accounts as set out in Article 2.

5. Banks must ensure that important terms relating to dormant accounts are included in the terms and conditions for account opening and hiring of Safe Deposit Boxes to ensure transparency for the customer, including the condition

1. يجب أن يكون مفهوماً بكل وضوح أن الأموال الموجودة في حساب خاص حالة مطالع لصاحب الحساب، أو لورثه القانونيين، في حال وفاته.

2. في الحالات التي يكون فيها الحساب بفتحه، فإن الوافد المستقبلي ستسقى في الراكب بأسعار القائمة العامة، حسب شروط العقد المبرم بين البنك والمستقبلي، حتى وقت نقل الحساب إلى المصرف المركزي. ولا يجوز فرض رسوم على الحسابات الخاضمة، عند التعامل عليها، خلال دورة حياة الحساب.

3. يجب بحريزة تصنيف الحساب باعتباره حساب خاضم أن يتم وقف إنتاج كشفات الحساب الإلكترونية. ومع ذلك، لا يجوز استعاد الحساب/العمل من قوات مراقبة البنك الروتينية الأخرى، بسبب خسدم الحساب.

4. يجب عدم فرض أي خصومات أو رسوم مربوطة على الحسابات الخاضمة. ومع ذلك، يمنح بإطلاق الأجهزة المستمدة، إن وجدت، في الحساب. غير أن هذه الإضافات سوف تتعرض مع معايير تحديد الحسابات الخانمة المنصوص عليها في المادة 2 من هذا النظام.

5. يجب على البنك أن تحقق من تضمين الشروط الالتماسية ذات الصلة بالحسابات الخاضمة في شروط وأحكام فتح الحساب، وشروط وأحكام استئجار خزانات الأموال، لضمان المشارك المعيق ودها شرط عدم تحمل المصرف المركزي مسؤولية جراء تحويل المبالغ المحورية في الحسابات الخانمة أو
that the Central Bank is not taking any responsibility as a result of transferring the amounts available in the Dormant Accounts or Unclaimed Balances to the Central Bank in accordance with this regulation.

Article (8): Transfer of Funds in Dormant Accounts or Unclaimed Balances to the Central Bank and Reclaim Procedures

1. If an account remains dormant for a period of 5 years from the date of the last transaction on the account, the Bank must transfer the net amount to “Unclaimed Balances Account - Dormant Accounts” at the Central Bank. This is provided the customer has no other active accounts with the same Bank and provided the current address of the owner of the account is unknown.

2. If a bankers cheque, bank draft or cashier order remains unclaimed for a period of 5 years from date of issue, the Bank must transfer net amounts pertaining to these instruments to “Unclaimed Balances Account - Dormant Accounts” at the Central Bank.

3. Banks must close dormant accounts after transfer to Central Bank, however account related documents must be preserved in accordance with Article (3) of this Regulation.

4. If receivables of a dormant Safe Deposit Box remain unclaimed for a period of 5 years from the date of the last transaction on the account, the Bank must transfer the net amount (after deducting charges, if any) to “Unclaimed Balances Account - Dormant Accounts” at the Central Bank.

If an account remains dormant for a period of 5 years from the date of the last transaction on the account, the Bank must transfer the net amount to "Unclaimed Balances Account - Dormant Accounts" at the Central Bank. This is provided the customer has no other active accounts with the same Bank and provided the current address of the owner of the account is unknown.

If a bankers cheque, bank draft or cashier order remains unclaimed for a period of 5 years from date of issue, the Bank must transfer net amounts pertaining to these instruments to "Unclaimed Balances Account - Dormant Accounts" at the Central Bank.

Banks must close dormant accounts after transfer to Central Bank, however account related documents must be preserved in accordance with Article (3) of this Regulation.

If receivables of a dormant Safe Deposit Box remain unclaimed for a period of 5 years from the date of the last transaction on the account, the Bank must transfer the net amount (after deducting charges, if any) to "Unclaimed Balances Account - Dormant Accounts" at the Central Bank.

The Central Bank is not taking any responsibility as a result of transferring the amounts available in the Dormant Accounts or Unclaimed Balances to the Central Bank in accordance with this regulation.

الرخصة غير المطلوبة بها وفقًا لهذا النظام.

السادة (8): تحويل الأموال المتوقفة في الحسابات الخامدة أو الرخصة غير المطلوبة بها إلى المصرف المركزي وإجراءات المطالبة بها

1. إذا ظل حساب ما خامدا لفترة 5 سنوات من تاريخ آخر معاملة على الحساب، يجب على البنك المعني أن يقوم بتحويل المبلغ إلى "حساب الأرصدة غير المطلوبة بها في الحسابات الخامدة" لدى المصرف المركزي.

2. إذا ظل شيك مصرفي، أو حوالة مصرفية، أو أمر دفع تقدى غير مطلوب بفترة 5 سنوات من تاريخ إصداره، يجب عندنذا على البنك المعني أن يحول المبالغ المبتعثة المتعلقة بهذه الأموال إلى "حساب الأرصدة غير المطلوبة بها في الحسابات الخامدة" لدى المصرف المركزي.

3. يجب على البنك أن تغلب الحسابات الخامدة على المصرف المركزي، إلا أنه من الواجب احتفاظ بوثائق ذات الصلة بوجوب أحكام المادة (3) من هذا النظام.

4. إذا ظل الحساب المدفوع لمصدق أمانات خامد غير مطلوب به لمدة 5 سنوات من تاريخ آخر معاملة أخرى على الحساب، يجب على البنك تحديث القمية المصرفية (عصب خصم الزوروم) أن وجدت، بوجوب أحكام المادة (3) إلى "حساب الأرصدة غير المطلوبة بها في الحسابات الخامدة" لدى المصرف المركزي.
5. Any unclaimed balances in foreign currencies must be converted as of date of transfer at the Bank's published customer rates, before transfer to the Central Bank. Customers will be reimbursed this AED equivalent amount on reclaim.

6. Banks must transfer all dormant account funds balances to the Central Bank in accordance with this article, irrespective of the size of the residual fund balance.

7. Banks should use the following form titled "Movement in Dormant Accounts - Deposits and Withdrawals" to record fund movements to and from "Unclaimed Balances Account - Dormant Accounts". Banks should use the formats provided in guidelines from the Central Bank for withdrawing funds from the said account at the Central Bank, if the customer approaches the Bank for withdrawal/ re-activation of the account.
الحركة في الحسابات الخاضعة – إيداعات وتسهيلات

Movement in Dormant Accounts – Deposits and Withdrawals

<table>
<thead>
<tr>
<th>اسم الحساب</th>
<th>رقم</th>
<th>اسم الشريك المشارك</th>
<th>رقم تسلسل</th>
<th>معلومات الشريك</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance</td>
<td>Withdrawal</td>
<td>Deposit</td>
<td>Account Number</td>
<td>Name of Customer and his ID Details</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
<th>Date</th>
<th>Amount</th>
<th>Ref. No</th>
<th>Date</th>
<th>Amount</th>
<th>Ref. No.</th>
</tr>
</thead>
</table>

8. The settlement of customer claims on dormant accounts shall be carried out post receipt of relevant funds from Central Bank.

9. Direct debits, manager’s cheques and cashier orders transferred to the Central Bank, when presented for clearing must be put on hold, pending receipt of such funds from the Central Bank. The process of verification of such instruments must be in accordance with the UAE legal framework and Banks’ policies and processes in relation to these instruments.
Article (9): Retention of Dormant Account Balances with the Central Bank

1. Funds transferred to the “Unclaimed Balances Account - Dormant Accounts” will be retained by the Central Bank from the date of transfer to the said account until claimed by the beneficiary.

2. Funds transferred to the Central Bank will no longer generate interest payments by the Bank. For avoidance of doubt, the Central Bank shall not be liable for any interest payments on the transferred funds.

3. Furthermore, the Central Bank is not legally responsible or obligated in any manner, with any claim whatever, related to interest, returns, and/or profits, or other, on funds transferred to the Central Bank.

Article (10): Cancellation of Previous Circulars

This Regulation repeals and replaces the Dormant Accounts Regulation, issued under Circular No. 106/2018 in April 2018.
Article (11): Interpretation of this Regulation

The Regulatory Development Division of the Central Bank is the sole interpreter of the provisions of this Regulation, and its interpretations shall be considered final.

Article (12): Enforcement and Sanctions

Violation of any provision of this Regulation may be subject to supervisory action and sanctions as deemed appropriate by the Central Bank.

Article (13): Application and Publication

This Regulation shall be published in the Official Gazette in both Arabic and English and shall come into effect one month from the date of publication.

Mubarak Rashid Al Mansoori
Governor