

# **Al Mnara**

The Lighthouse

**The anti-financial crime  
newsletter of the UAE**

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# FOREWORD WELCOME

On behalf of the Ministry of Foreign Affairs and International Cooperation, it is my great pleasure to welcome you to the inaugural issue of the anti-financial crime newsletter of the UAE. We are excited to introduce a unique forum dedicated to both sharing insights and raising awareness about the approach taken by the UAE to strengthen its anti-financial crime framework.

This newsletter also provides an opportunity to underscore our commitment to preventing all forms of financial and economic crime in the UAE, including money laundering and the financing of terrorism. Financial crime is highly sophisticated in that it is both a global problem that poses shared challenges, as well as an evolving threat that exploits the vulnerabilities of economic interconnection in different forms across every jurisdiction.

To meet this challenge effectively, our response to the threat must also evolve. I emphasise a key point as part of this evolution – it must be grounded in a nuanced understanding of the risks that manifest in the UAE and globally, as well as foster and develop close collaboration with foreign nations and stakeholders on matters of international concern.

It is in the spirit of collaboration and innovation that the UAE aims to address these concerns. The recent passage of key legislative instruments and the creation of the Executive Office to Combat Money Laundering and Terrorist Financing, as described in detail on page 3, represent the latest measures in the ongoing process of strengthening the framework for anti-money laundering, counter-terrorist financing and targeted financial sanctions. With sincere gratitude to the highest levels of the Government of the UAE for prioritising this issue, along with the cooperation of law enforcement and supervisory authorities across the nation, we will continue to share further updates and insights over the coming months. This newsletter serves as a guide – a lighthouse – to convey this message and demonstrate the value of building an increasingly robust framework for supervising the financial system and its adjacent markets. I trust that you find it informative and illuminating.

**Ahmed Ali Al Sayegh**  
Minister of State



# LAUNCH OF THE EXECUTIVE OFFICE

Earlier this year, the UAE Cabinet, chaired by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President, Prime Minister and Ruler of Dubai, approved the establishment of the Executive Office on Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT), based on a proposal by the Higher Committee Overseeing the National Strategy for Anti-Money Laundering and Countering the Financing of Terrorism ('Higher Committee'), chaired by His Highness Sheikh Abdullah bin Zayed Al Nahyan, Minister of Foreign Affairs and International Cooperation. The Executive Office will oversee the implementation of the National AML/CFT Strategy and National Action Plan, the programme of reforms designed to strengthen the UAE's anti-financial crime regime.

The establishment of the Executive Office marks the latest step in the reform of our national AML/CFT framework. It builds on several important recent legislative changes: among them, Cabinet Decree No. 16 of 2021 on the unified list of violations and administrative fines for violators of AML/CFT measures subject to the Ministry of Justice and the Ministry of Economy; Federal Law No. 32 of 2020, which amends Federal Law No. 2 of 2008 on public associations and institutions of public benefit; Cabinet Resolution No. 58 of 2020 on introducing a framework for reporting and registering beneficial ownership; and Cabinet Resolution No. 74 of 2020 on the implementation of UN Security Council decisions taken to prevent terrorist financing and counter the proliferation of weapons of mass destruction.

Ultimately, the Executive Office will work to substantially reduce the level of serious and organised crime affecting the UAE and its interests. It has been mandated to do so by nurturing better information-sharing between and among law enforcement agencies and the private sector. Central to this approach is the recognition of the need to establish effective public-private partnership arrangements to tackle illicit finance.

# THE EXECUTIVE OFFICE'S RESPONSIBILITIES INCLUDE:



Protect the integrity of the UAE financial system, actively pursuing those who abuse it for illicit means.



Improve national and international coordination and cooperation on AML/CFT issues at the policy and operational levels.



Tackle money laundering and terrorist financing threats by working with regional and international groups, such as the Gulf Cooperation Council (GCC) Working Group on AML/CFT, the G20, and the Financial Action Task Force (FATF). This will be done in conjunction with the National Committee on AML/CFT and the Ministry of Foreign Affairs and International Cooperation.



Actively increase the information shared between law enforcement agencies, supervisors, and the private sector, including through legislation.

The new Executive Office demonstrates a growing momentum building in the country and across the region for preventing and combatting money laundering and terrorist financing –marking an important addition to the regulatory framework already in place.



The UAE takes its role in protecting the integrity of the global financial system extremely seriously. The scale and complexity of financial crime has increased. So too has the UAE's awareness and understanding of it. That is why the UAE is committed to taking action. The Executive Office will strengthen the UAE's domestic defences against money laundering and terrorist financing. It will also enable effective enforcement. The Executive Office is a reflection of the high-level policy and political commitment to establish and operate a sophisticated financial crime compliance system across all UAE entities."

**H.E. HAMID AL ZAABI,**  
Director General of the Executive Office

# OVERVIEW OF RECENT EVENTS – ENGAGEMENT WITH INTERNATIONAL PARTNERS

International cooperation is fundamental to successfully combatting cross-border financial crime. Learning from and sharing with other jurisdictions and countries is part and parcel of engaging with the international community on the issue.

That is why, earlier this year, officials from the UAE and the United Kingdom (UK) participated in a joint workshop on AML/CFT. The workshop – held virtually as a result of the current climate – aimed to bolster bilateral efforts to counter financial crime through cross-border cooperation and public-private sector coordination.

The Ministry of Foreign Affairs and International Cooperation, the Ministry of Economy, the Ministry of Interior, the Ministry of Justice, the Central Bank, the Federal Customs Authority, and the Executive Office on AML/CFT all had delegations in attendance, accompanied by other Emirate-level and Federal law enforcement bodies. The UK representatives included officials from Her Majesty's Revenue and Customs, Her Majesty's Treasury, the Home Office, the National Economic Crime Centre, the UK Central Authority, and the Crown Prosecution Service, among others.

During the workshop, participants discussed several key issues of great importance to both countries. These included an update on the progress and priorities of the UAE's Higher Committee, the UK's strategy on tackling money laundering and terrorist financing, and areas of future collaboration and information exchange.

This workshop is just one example of the UAE's ongoing commitment to countering money laundering and terrorist financing in all of its forms. The UAE's efforts to enhance AML/CFT activities have intensified in recent years in line with our position as an international hub for banking, trade, and investment, and the UAE continues to work closely with peers around the world to pursue and prevent financial crime, while protecting international markets and investment.

In addition to our ongoing collaboration with the United Kingdom, the UAE is committed to building ever-stronger relationships with its international partners. In recent months, the UAE has held two Structural Dialogue meetings with the European Union (EU) and has participated in recent meetings with European nations and Europol through the EMPACT Policy Cycle, which aims to coordinate efforts to combat serious organised and international crime. Furthermore, the UAE is establishing a similar platform with the United States (US) to complement those in place with the European Union and United Kingdom. In working to enhance collaboration between the two countries, the UAE also recently participated in a Technical Session on Economic Sanctions and Money Laundering with our US counterparts, and is coordinating with the United States to arrange a series of capacity-building training programmes for UAE-based entities. Collectively, to extend the impact of our international engagement, the UAE is also coordinating and launching various training programmes and events on AML/CFT for a domestic audience.



From the very highest level of the UAE Government, there is a strong recognition of the crucial need to bolster and improve our AML/CFT framework, which aligns with our country's specific risk profile. We believe there is much we can learn from our international partners on AML/CFT as there is a significant scope to share experiences and best practices, while exploring the potential for greater operational and technical alignment.”

**AMNA FIKRI,**  
Director of the Ministry  
of Foreign Affairs and  
International  
Cooperation's  
Economic and Trade  
Affairs Department



# SPOTLIGHT ON THE MONEY REMITTANCE AND EXCHANGE SECTOR

Based on decades of research and evidence, it is well-known that the money remittance and exchange sector presents an attractive target for criminals seeking an avenue to carry out illicit activity, including money laundering (ML) and the financing of terrorism (FT). The inherent anonymity of the services provided creates an environment resistant to scrutiny by regulators and law enforcement, while the inconsistent nature of regulations pertaining to the sector between jurisdictions presents a barrier to coordinated efforts to investigate and enforce criminal activity across borders.

Although the misuse of the remittance and money sector is a global threat, the response must be driven by the efforts of individual jurisdictions in collaboration with domestic and international authorities. The UAE is second only to the US as one of the largest markets globally for remittance outflows, and the sector plays a specialised role within the UAE's economy. The sharp acceleration in the use of these services in the past year means that the development of an effective remedy to the financial crime risks is more pressing than ever.

Improved supervision of the entities, the exchange houses and, in particular, the informal networks that facilitate remittance transactions – Hawaladars – is a key area of focus. In implementing stricter licensing obligations and imposing proportionate penalties for operators that violate AML/CFT rules, the UAE is taking decisive action.

In September 2020, the Registered Hawala Providers Regulations made it mandatory for Hawaladars to register with the Central Bank of the UAE (CBUAE). In line with these regulations, operators that fail to comply with licensing and other AML/CFT obligations face dissuasive penalties, including possible fines and imprisonment. The supervisory authorities are also actively pursuing compliance weaknesses and violations that persist in the sector.

As recently as October 2020, the CBUAE imposed sanctions on multiple exchange houses which were found to have insufficient AML/CFT compliance measures in place.



**H.E.  
ABDULHAMID  
M. SAEED  
ALAHMADI**  
Governor of the  
Central Bank of  
the UAE



The registration system for Hawala providers is especially significant as we are strengthening our efforts to maintain best-in-class reporting systems, especially in relation to improving the Anti-Money Laundering and Countering Financing of Terrorism systems within the country. We are committed to ensuring that only registered Hawala providers operate in the UAE, in accordance with the law and as per the certificate issued by the CBUAE.



Initial observations in response to the introduction of the new regulations demonstrate the importance of ensuring the appropriateness of financial transactions in the sector.

At the core of this heightened regulatory activity is the ability to supervise legitimate firms more effectively and deter illicit operators, in line with a risk-based approach.

In particular, the introduction of requirements around customer identification and transaction monitoring make it easier to identify patterns of possible criminal activity within the sector and improve the quality of suspicious activity data submitted by hawaladars, remittance providers and exchange houses to the Financial Intelligence Unit (FIU).

Ultimately, these regulatory obligations communicate clear expectations to the industry, whilst reinforcing the importance of financial inclusion, consumer protection and the integrity of the UAE's financial markets.



# KNOW YOUR CUSTOMER: THE IMPORTANCE OF BENEFICIAL OWNERSHIP

Ensuring that the UAE is a stable and attractive hub for international trade and investment is – and will continue to be – a critical component of the economic growth that the country has enjoyed in recent decades. As such, safeguarding the reputation of the UAE as a jurisdiction open to investment is of paramount importance for the continued security and prosperity of the UAE, the Gulf region, and the world.

However, attempts to challenge the integrity of the UAE's business climate by abusing legal entities for the purposes of financial crime run contrary to the UAE's values and objectives in creating a strong, reliable market for trade and investment. Globally, the absence of clear, authentic information on beneficial ownership increases the level of opacity – including the potential abuse of so-called 'shell companies' – in turn, heightening the risk of financial crime.

In recognising the interconnected nature of these important issues, governing the disclosure of beneficial ownership information is a key priority. Aimed at reducing the risk of financial crime and improving corporate transparency, the Cabinet of the UAE issued Resolution 58 of 2020 to streamline the regulatory framework for registering legal entities and reporting ultimate beneficial owners (UBOs), shareholders and nominee directors, effective from 27 October 2020. For the vast majority of firms and investors doing business in the UAE, meeting the new guidelines by providing an accurate, up-to-date register of this information is a useful step that brings about regulatory clarity and consistency across the Emirates. Noted benefits include more reliable and transparent business dealings, as well as protecting the marketplace by reducing the potential for fraud and other misconduct.

The recent Cabinet Resolution is one example of the ongoing efforts aimed at adopting a set of harmonised regulations and practices across the UAE on the issue of beneficial ownership, in line with international guidelines. In implementing these standards, new registrants and regulated entities must abide by new obligations to provide accurate and timely information. On the other side, the licensing authorities and registrars play a key role in the management of this information, overseeing adherence to the regulations by regulated firms and imposing administrative sanctions when necessary.

Data from the National Economic Register (NER), the centralised database for legal entities, indicates that the number of businesses registered in the UAE continues to increase every year – a key sign that the UAE remains a leading hub of entrepreneurship that attracts investors and innovators from across the globe. Providing a clear framework for governing the arrangements of legal entities, in line with the principle of corporate transparency, is a clear priority in upholding the integrity of the marketplace and ensuring that business continues to thrive.



# SPOTLIGHT STORIES

## FURTHER READING

- [UAE Central Bank Fines 11 Banks for Compliance Failure \[Bloomberg\]](#)
- [UAE Central Bank slaps monetary sanction on Bank of Baroda \[Business Standard\]](#)
- [UAE underlines commitment to eliminating international terrorism at UN \[Emirates News Agency\]](#)
- [Global fight against financial crime 'highest strategic priority' for UAE \[The National\]](#)
- [Citizens and Residents help Dubai Police in major cases \[Teller Report\]](#)
- [Dubai Police arrest 97 criminals, prevent losses of Dh11.8bn \[Khaleej Times\]](#)
- [Two Executives Linked to 1MDB Scandal Jailed in Abu Dhabi \[Bloomberg\]](#)
- [Ministry of Economy launches an awareness-building campaign to encourage firms to register with AML monitoring and reporting system \[Al Bayan\]](#)
- [Ministry of Justice creates special federal courts for money laundering \[WAM\]](#)
- [UAE launches smart anti-money laundering system 'Fawri Tick' \[Gulf News\]](#)
- [UAE Central Bank Fines 11 Banks for Compliance Failure](#)
- [Ministry of Economy launches campaign to encourage designated non-financial businesses & professions to register in the approved systems to combat money laundering in the country](#)
- [UAE: An exchange house was fined Dh504,000 by the Central Bank of UAE](#)
- [DJI introduces bundle of 17 laws according to latest amendments](#)
- [Office launched to spearhead UAE anti-money laundering efforts](#)