

IMPORTANT NEWS ABOUT CHANGES TO AML/CFT REGULATION IN THE DIFC

Transfer of DIFC Anti-Money Laundering (“AML”) and Combating the Financing of Terrorism (“CFT”) Regulation to the Dubai Financial Services Authority (“DFSA”)

If you are a non-financial services company (referred to herein as a “DNFBP”), a Single Family Office or an advisor to such companies you should read this important news about upcoming changes to the DIFC law on anti-money laundering supervision. The changes are of particular importance to companies which undertake cash transactions (whether regular or one-off) in an amount of AED 55,000 (USD \$15,000) or more, or the equivalent in any other currency.

As part of its recent strategic review, the DIFC Authority (“DIFCA”) proposes to transfer its supervisory and enforcement powers in relation to non-financial services companies’ compliance with relevant AML/CFT Laws to the DFSA.

The DFSA currently supervises AML/CFT compliance of Financial Services firms and Ancillary Service Providers (“ASP”) in the DIFC. DIFCA currently supervises DNFBPs (defined below) and Single Family Offices for AML/CTF purposes in the DIFC.

Under the proposal, set out in detail in its Consultation Paper entitled “[Anti-Money Laundering Supervision in the DIFC and Enhancements to the Regulatory Law 2004](#)”, the DFSA would assume responsibility for all AML/CFT supervision in the DIFC and become the single AML/CFT regulator in the DIFC. The Consultation Paper can be found on the DFSA’s website by clicking on the link above.

The effect of this is that if you are a DNFBP or a Single Family Office operating in the DIFC, you will be subject to supervision by the DFSA once the proposals become law.



In relation to the above, the DFSA is also proposing certain amendments to the current AML/CT regime for non-financial services firms including, but not limited to:

- (a) amending the definition of a DNFBP;
- (b) implementing a registration process for DNFBPs operating in the DIFC; and
- (c) other related enhancements.

Who should read this note and the DFSA's Consultation Paper?

The proposals, outlined in this note and the DFSA's paper, will effect and, therefore, be of direct interest and relevance to:

- (a) DNFBPs operating or proposing to operate in the DIFC;
- (b) Single Family Offices and persons proposing to establish a Single Family Office in the DIFC; and
- (c) advisors to Persons in (a) or (b) above.

Who is a DNFBP?

For the purposes of Article 60(6) of the Law, the DFSA prescribes the following Persons, who are not Authorised Firms or ASPs, to be a Designated non-Financial Business or Profession ("DNFBP"):

- (a) Real estate developers and agents which carry out transactions with a customer which concern the buying or selling of real property;



- (b) Dealers in precious metals and dealers in precious stones which engage in any cash transaction with a customer equal to or above AED 55,000 (USD \$15,000);
- (c) Dealers in high-value goods which engage in any cash transaction with a customer equal to or above AED 55,000 (USD \$15,000);
- (d) Law firms, notary firms, other independent legal businesses and accounting, audit and insolvency firms which prepare or carry out transactions for a customer of the following kind:
 - (i) buying and selling of real estate;
 - (ii) managing of client money, securities or other assets;
 - (iii) managing of bank, savings or securities accounts;
 - (iv) organisation of contributions for the creation, operation or management of companies; or
 - (v) creation, operation or management of legal persons or arrangements, and buying and selling of business entities;
- (e) company service providers which carry out any of the following activities for a customer:
 - (i) acting as a formation agent of legal persons;
 - (ii) acting as (or arranging for another person to act as) a director or secretary of a company, a partner of a partnership, or a similar position in relation to other legal persons;



- (iii) providing a registered office; business address or accommodation, correspondence or administrative address for a company, a partnership or any other legal person or arrangement; or
 - (iv) acting as (or arranging for another person to act as) a nominee shareholder for another person, and
- (f) Single Family Offices,

whose business or profession is carried on in or from the DIFC.

If you have any questions about the proposed changes please use the contact details below:

For general queries contact email: CPaperNo74@dfsa.ae or via telephone on 04 362 1500.

For comments or questions regarding the Consultation Paper contact email: consultation@dfsa.ae

