

- organising of contributions for the creation, operation or management of companies?

YES NO

- creating, operating or managing of legal persons or arranging, and buying and selling of business entities?

YES NO

• Are you a company service provider carrying out any of the following activities for a customer:

- acting as a formation agent of legal persons?

YES NO

- 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?

YES NO

- 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

YES NO

- acting as (or arranging for another person to act as) a nominee shareholder for another person?

YES NO

• Are you a Single Family Office?

YES NO

If you have answered "YES" to any of the above questions, you are likely to be a DNFBP and the proposed changes will apply to you.

If I am a DNFBP, what should I do?

In the first instance please contact Matt Gamble, Head of AML on tel: +971 4 362 1542/1577 or e-mail STRunit@dfsa.ae.

If you are unsure whether you are a DNFBP and/or whether the proposed changes will affect you, do not hesitate to contact the DFSA on the details listed above.

Visit the DFSA website at www.dfsa.ae for:

- more information regarding AML/CFT
- full text of the Laws, Regulations and Rules
- more news about the DFSA

General Enquiries

- via telephone +971 4 362 1542/1577
- via e-mail STRunit@dfsa.ae

About the DFSA

The DFSA is the independent regulator of financial and ancillary services conducted in or from the Dubai International Financial Centre, a purpose-built financial free-zone in Dubai. The DFSA's regulatory mandate covers asset management, banking and credit services, securities, collective investment funds, custody and trust services, commodities futures trading, Islamic finance, insurance, an international equities exchange and an international commodities derivatives exchange.

The DFSA has produced this document to provide you with an overview of our AML/CFT Regime. It should be read in conjunction with the DFSA Rulebook and any other relevant legislation, particularly the aforementioned Laws of the UAE governing money laundering and terrorist financing. The information does not constitute legal advice nor does the DFSA give any express or implied warranty or assume any legal liability for the accuracy or completeness of the information herein.

Quick Guide to Anti-Money Laundering and Combating the Financing of Terrorism Changes for Non-Financial Businesses and Professionals



Who should read this Quick Guide to Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT)

If you are a non-financial services business or profession or a Single Family Office (referred to herein as a “DNFBP”), and you operate in the Dubai International Financial Centre (DIFC), this Quick Guide will help you understand what AML and CFT are and what changes are likely to effect you. It also sets out some of the key duties and responsibilities of a DNFBP in respect of AML/CFT.

What is Money Laundering?

The Financial Action Task Force (FATF) is the international body whose purpose is to develop and promote international AML/CFT policies to encourage legislative and regulatory reforms. FATF defines Money Laundering as “the processing of criminal proceeds to disguise their illegal origin.” This process is of critical importance, as it enables the criminal to enjoy profits without jeopardising their true source. The activities of organised crime, including for example smuggling, drug trafficking and human trafficking can generate huge amounts of proceeds. Embezzlement, insider trading, bribery and computer fraud schemes can also produce large profits. These illegal acts create the incentive to “legitimise” the ill-gotten gains through money laundering.

When a criminal activity generates substantial profits, the individual or group involved must find a way to control the funds without attracting attention to the underlying activity or the persons

involved. Criminals do this by disguising the sources, changing the form or moving the funds to a place where they are less likely to attract attention.

Importance of AML/CFT measures

The DIFC, like the rest of the UAE, has measures in place to prevent money laundering by requiring DNFBPs to scrutinise large cash transactions and report suspicious transactions. Money launderers and terrorist financiers are continuously looking for new methods of disguising their funds. Weaknesses in AML systems and controls will be exploited by these persons, who tend to move their networks to countries and financial systems with weak or ineffective counter-measures. Importantly, it is not just the financial sector which is at risk of being misused by money launders and terrorist financiers. According to FATF, the non-financial sector including jewellers, lawyers, accountants and real estate agents are also vulnerable. Jewellers, for example, may be vulnerable and targeted by money launders and

their schemes. This can be due to the fact that precious metals and gems, given their small size and high value can be easily concealed, transported and traded around the world.

What are the proposed changes?

Currently, the responsibility and supervision of DNFBPs, in relation to AML and CFT systems and controls, rest with the DIFC Authority.

The proposed changes will include:

- the DFSA taking over these responsibilities from the DIFC Authority;
- the need to register as a DNFBP with the DFSA;
- Nominating a Money Laundering Reporting Officer; if you do not have one already; and
- Complying with the new proposed DFSA Rules for DNFBP.

These changes are expected to take place around the end

of September 2011, at which time you will be notified of the DFSA Outreach and training programmes scheduled for DNFBPs.

All details pertaining to the changes, Outreach and training programmes, once known, will be posted on the DFSA website – www.dfsa.ae

Where are the detailed Rules on AML/CFT for DNFBPs?

The proposed changes are covered in the Consultation Paper Number 74 issued by the DFSA. For more detailed information about the changes you can access the Consultation Paper by accessing the “Legal Framework” section of the DFSA website, clicking on “Consultation Papers” and accessing “Past Papers”.

The new proposed DFSA Rules for DNFBPs are attached as Appendix 2 of Consultation Paper Number 74 and can be accessed by following the above directions.

How we propose to implement the Supervisory regime, subject to your views.

Stage 1: Obtaining your Feedback

Consultation Paper feedback
Handover from DIFC Authority of current DNFBPs
Amendment of Laws/Rules
Stakeholder consultation
90 day period

Timeframe: Oct – Dec 2011

Stage 2: Implementation

Publicise changes
Outreach sessions
Grandfathering
DNFBP registration

Timeframe: Jan – Dec 2012

Stage 3: Supervision

Formulate a risk-based review frequency
Contact Firms
Conduct ongoing education
Supervision

Timeframe: Jan 2013 onwards

Am I a DNFBP?

The below check list will help you determine if your company falls under a DNFBP.

- Are you a real estate developer and/or agent carrying out transactions with a customer which concern the buying or selling of real property? YES NO
- Are you a dealer dealing in precious metals and in precious stones and engage in any cash transactions with a customer equal to or above AED 55,000 (USD\$15,000)? YES NO
- Are you a dealer in high-value goods and engage in any cash transactions with a customer equal to or above AED 55,000 (USD\$15,000)? YES NO
- Are you a Law Firm, notary Firm, other independent legal businesses and accounting, audit and insolvency Firms preparing or carrying out transactions for a customer of the following kind:
 - buying and selling of real estate? YES NO
 - managing of client money, securities or other assets? YES NO
 - managing of bank, savings or securities accounts? YES NO