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By Email

To the Senior Executives Officers
of Authorised Firms and the AMLOs
of Ancillary Service Providers

27 January 2011

Subject: Recent Events in MENA Region and Politically Exposed Persons (PEPs)

Dear SEO / AMLO

The DFSA is issuing this letter in response to the current political and social unrest in the MENA region. Given these recent events, the DFSA wishes to remind Authorised Firms (AFs) and Ancillary Service Providers (ASPs) to be alert to the potential outflow of licit and illicit assets from these jurisdictions. Additionally, if a firm has existing clients from those jurisdictions, then please review the PEP definition below to ensure proper classification, along with necessary systems and controls.

Further, the DFSA wishes to remind all AFs and ASPs of the requirements to apply enhanced due diligence to a PEP. A PEP is defined as an individual who is or has been entrusted with prominent public functions in a country or territory, for example heads of state or of government, senior politicians, senior government, judicial or military officials, senior executives of state owned co-operations, important political party officials but not middle ranking or more junior individuals in these categories. The DFSA also considers immediate family members or close associates of a PEP should be included in the definition of a PEP.

The Central Bank of the United Arab Emirates' (CBUAE) Anti-Money Laundering and Suspicious Cases Unit (AMLSCU) has issued an Addendum to Circular 24/2000 requiring enhanced due diligence for foreign PEPs. Furthermore and pursuant to AML Rules 3.7.2 (1) & (2) and ASP Rules 6.9.2. (1) & (2), AFs and ASPs must have systems and controls to determine whether a customer is a PEP and if so, it must have specific requirements to address the risks associated with corruption and PEPs.



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Where a customer relationship is maintained with a PEP, detailed monitoring and due diligence procedures should include:

- Analysis of any complex structures such as trusts or multiple jurisdictions;
- Appropriate measures to establish the source of wealth;
- Development of a profile of expected activity for the business relationship in order to provide a basis for the transaction and account monitoring;
- Senior management approval for account opening; and
- Regular oversight of the relationship with a PEP by senior management.

If an AF or an ASP knows, suspects or has reasonable grounds for knowing or suspecting that a Person* is engaged in Money Laundering or Terrorist Financing then it must without delay make a Suspicious Transaction Report (STR) to the AMLSCU of the CBUAE and also send a copy to the DFSA.

If you have any questions please do not hesitate to contact Mr Matt Gamble, Head of AML/CFT and Special Surveillance on:

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Yours sincerely



Paul M Koster
Chief Executive

** The definition of "Persons" includes any natural person, Body Corporate or body unincorporated, including a legal person, company, partnership, unincorporated association, government of state.*