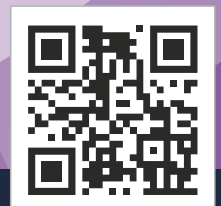




# **Navigating AML Regulations in the UAE:** A Guide for DNFBPs and VASPs





# AML/CFT Compliance Requirements for DNFBPs and VASPs

The Designated Non-Financial Businesses and Professions and Virtual Asset Service Providers in the UAE must comply with AML/CFT laws and regulations.

DNFBPs and VASPs must adhere to various obligations, like registering with the goAML portal and filing a Suspicious Activity Report (SAR) and Suspicious Transaction Report (STR). Here is the complete guide to helping them with the AML regulations in the UAE.



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# Principal Regulations





## Key AML/CFT Regulations in the UAE

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Federal Decree Law No (20) of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organisations

Federal Decree Law No (26) of 2021 to amend certain provisions of Federal Decree Law No (20) of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organisations

Cabinet Decision No (10) of 2019 concerning the Implementing Regulations of Federal Decree Law No (20) of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organisations

Cabinet Resolution No (24) of 2022 amending some provisions of Cabinet Resolution No (10) of 2019

Cabinet Resolution No (74) for 2020 concerning the UAE list of terrorists and implementation of UN Security Council decisions relating to preventing and countering financing terrorism and leveraging non-proliferation of weapons of mass destruction, and the relevant resolutions

Cabinet Decision No (16) of 2021 Regarding the Unified List of the Violations and Administrative Fines for the Said Violations of Measures to Combat Money Laundering and Terrorism Financing that are Subject to the Supervision of the Ministry of Justice and the Ministry of Economy

Cabinet Decision No (109) of 2023 on Regulating the Beneficial Owner Procedures



## Federal Decree Law No (20) of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organisations

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The UAE Government enacted this Federal Decree-Law No (20) of 2018 to implement and enhance the legal framework for Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) in the country. It repealed the Federal Law No. (4) of 2002.

Further, a robust legal framework was established to incorporate enhanced provisions on the capabilities of the authorities responsible for ensuring compliance with the AML/CFT.

It's the principal law, with 35 articles, providing the overall framework for anti-money laundering, combating the financing of terrorism, and financing illegal organisations. Federal Decree Law No (20) of 2018 is crucial to combating ML/TF in the UAE.





## Federal Decree Law No (26) of 2021 to amend certain provisions of Federal Decree Law No (20) of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organisations

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Federal Decree Law No (26) of 2021 was issued to amend certain provisions of Federal Decree-Law of 2018

These amendments were introduced to align the AML/CFT framework with international recommendations, operational challenges, and rapid developments in combating financial crimes.

The most significant amendment included Virtual Asset Service Providers (VASPs) as a regulated activity under the AML/CFT laws.





## Cabinet Decision No (10) of 2019 concerning the Implementing Regulations of Federal Decree Law No (20) of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organisations

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Cabinet Decision No (10) of 2019 is an implementing regulation of Federal Decree Law No (20) of 2018. It is divided into 8 chapters and contains 62 articles. Chapter 1 defines various terms and expressions, and Chapter 2 identifies the financial activities and transactions of Financial Institutions and Designated Non-Financial Businesses and Professions.

The other chapters define the obligations of the Fis and DNFBPs regarding ML/TF risks, risk mitigation procedures, customer and beneficiary identification, and customer due diligence.

Further, it clarifies the DNFBPs' obligations regarding suspicious transactions and activities and the reporting of the Suspicious Activity Report and the Suspicious Transaction Report.







## Cabinet Resolution No (24) of 2022 amending some provisions of Cabinet Resolution No (10) of 2019

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Cabinet Resolution No (24) of 2022 is aimed at amending some provisions of Cabinet Resolution No (10) of 2019.

It replaced the wordings of articles no (1), (2), (4), (8), (9), (10), (11), (15), (17), (18), (19), (21), (22), (24), (27), (31), (37), (42), (44), (51), (52) and (57) of the aforementioned Cabinet Resolution No. (10) of 2019.





## Cabinet Resolution No (74) for 2020 concerning the UAE list of terrorists and implementation of UN Security Council decisions relating to preventing and countering financing terrorism and leveraging non-proliferation of weapons of mass destruction, and the relevant resolutions

This resolution pertains to efforts taken by the UAE to counter-terrorism financing and non-proliferation of weapons in accordance with and aligned with United Nations (UN) Security Council Decisions.

This resolution establishes the UAE list of terrorists, a tool for identifying and managing individuals or entities involved in terrorist financing activities. The resolution includes preventive measures to implement UN Security Council decisions against the listed persons immediately or without giving any prior notice.

With this resolution, the UAE government committed to global cooperation in combating terrorism and addressing the proliferation of weapons of mass destruction. Furthermore, the enactment not only strengthens the national regulatory framework to track and counter illicit financial activities better but also contributes to maintaining peace and security at the global level and preventing internal activities related to terrorism.

Cabinet Resolution No (74) of 2020 provides for the obligations of Financial Institutions and Designated Non-Financial Businesses and Professions to deal with the UNSC Consolidated List and UAE local terrorist list.

The regulated entities must subscribe to EOCN TFS updates and carry out screening whenever the sanction list changes. They must also employ a freezing mechanism without delay and prior notice to the customer when a positive match is identified against the sanction lists.



## Cabinet Decision No (16) of 2021 Regarding the Unified List of the Violations and Administrative Fines for the Said Violations of Measures to Combat Money Laundering and Terrorism Financing that are Subject to the Supervision of the Ministry of Justice and the Ministry of Economy

The Cabinet Decision No (16) of 2021 unifies the list of violations and administrative fines for the entities governed by the Ministry of Justice and the Ministry of Economy.

It has 7 articles and an annexed table highlighting various provisions, their violations, and the corresponding administrative fines.





## Cabinet Decision No (109) of 2023 on Regulating the Beneficial Owner Procedures

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Cabinet Decision No (109) of 2023 revokes the previous law “Cabinet Decision No. (58) of 2020 concerning the regulation of Beneficial Ownership Procedures”. It has 23 Articles aimed at contributing to the development of the business environment in accordance with international requirements by regulating the minimum obligations of the Registrar and Legal Persons, including the procedures of licensing or registration and regulation of the Beneficial Owner's Record and the Register of Partners or Shareholders.





# AML/CFT Guidelines











# Guidelines for Strengthening AML/CFT Regulatory Framework

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The Ministry of Economy has issued various guidelines, including:

-  Guidelines for Designated Non-Financial Businesses and Professions
-  Supplemental Guidance for Auditors
-  Supplemental Guidance for Dealers in Precious Metals and Stones
-  Supplemental Guidance for Real Estate Sector
-  Supplemental Guidance for Trust and Company Service Providers
-  Lawyers' Guide on Anti-Money Laundering and Combating the Financing of Terrorism and Financing of Illegal Organisations

## Note:

The Ministry of Justice has issued a Lawyers' Guide on Anti-Money Laundering and Combating the Financing of Terrorism and Financing of Illegal Organizations.



## Guidelines for Designated Non-Financial Businesses and Professions

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AML/CFT Guidelines for Designated Non-Financial Businesses and Professions was issued in March 2021.

- Part I of the guide provides an overview and explains the purpose, scope, applicability, legal status, and organisation of the guide. It also provides an overview of the UAE's AML/CFT legal, regulatory, and national strategy frameworks and explains the key provisions affecting DNFBPs.
- Part II deals with the identification and assessment of ML/FT risks
- Part III explains the measures to mitigate ML/FT risks
- Part IV deals with AML/CFT administration and reporting
- Lastly, Part V provides appendices with a glossary of terms and useful links





## Supplemental Guidance for Auditors

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Supplementary guidance for auditors was issued on June 4, 2019. It provides an understanding of the auditors' AML/CFT obligations.

It covers audit professionals acting as sole practitioners or as members or employees of firms or companies primarily providing auditing services. However, the guidance does not cover the internal auditors.

The guidance then explains various risk identification and assessment approaches for auditors, auditing AML/CFT controls, policies, procedures, and governance, customer due diligence, ongoing monitoring, submitting STR, ML/FT threats and typologies, and more.







## Supplemental Guidance for Dealers in Precious Metals and Stones

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The supplemental guidance for Dealers in Precious Metals and Stones (DPMS) was issued on 23rd May 2019.

It defines Dealers in Precious Metals and Stones, in what circumstances AML/CFT obligations apply to DPMS, Risk factors concerning DPMS, and provides guidance around Customer Due Diligence (CDD), ongoing monitoring, ML/FT typologies, and indicators of suspicious transactions for DPMS.





## Supplemental Guidance for Real Estate Sector

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Supplementary guidance for the real estate sector was issued on 2nd May 2019.

It provides a summary of AML/CFT obligations, risk factors specific to the real estate sector, CDD in the real estate sector, ongoing monitoring in the real estate sector, ML/FT typologies and indicators of suspicious transactions in the real estate sector, and various case studies and examples related to it.





## Supplemental Guidance for Trust and Company Service Providers

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The Supplemental Guidance for Trust and Company Service Providers (TCSPs) was issued on 16th May 2019.

It guides the applicability of the AML/CFT law to the TCSPs, summary of TCSPs AML/CFT obligations, risk factors of specific concern to TCSPs, customer due diligence guidance for TCSPs, ongoing monitoring, notes on suspicious transactions reporting and Tipping Off for legal professionals engaged as TCSPs, ML/FT typologies, examples of ML/FT cases, and indicators of suspicious transactions for TCSPs.





# Lawyers' Guide on Anti-Money Laundering and Combating the Financing of Terrorism and Financing of Illegal Organisations

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The Ministry of Justice prepared this guide to help lawyers ensure compliance with the country's primary legislation about AML/CFT.

These guidelines aim to protect lawyers' firms from being involved in financial crimes, outline their duties, report suspicious transactions, and provide methods to assess and mitigate money laundering and financing of terrorism and related risks. They uphold the integrity of the country's financial system.

Additionally, the purpose of these guidelines is not to impose new legal obligations but to provide a clear explanation of the obligations and requirements laid down in the primary legislation.





# Sectoral Laws & Regulations





## Sectoral Regulatory Authorities

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### Ministry of Economy

- Primary supervisory authority in the UAE for DNFBPs
- Establish AML laws aligned with international standards
- Collaborate with other authorities to mitigate ML/FT risks



### Virtual Assets Regulatory Authority

- Regulatory authority looking into Virtual Assets in Dubai
- Implement regulatory frameworks for virtual assets
- Establish a transparent guidance system for investors



## Ministry of Economy –Supervisory Authority over DNFBPs

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The Ministry of Economy of the UAE Government is the main regulatory authority over the DNFBPs.

It collaborates with the other regulatory authorities in the country to establish and enforce laws related to DNFBPs, reporting suspicious activities and record keeping, and mitigating money laundering and terrorism financing risks. Being the supervisory authority to combat financial crimes, it looks into the DNFBPs sector at the state and commercial-free zones levels.

The Ministry is dedicated to an effective regulatory framework that aligns with international best practices, upholding the national reputation and strong relationships with international organisations.





## VARA -Regulatory Authority looking into Virtual Assets

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Virtual Assets Regulatory Authority (VARA) is an independent regulator that provides transparent and trusted guidance for Virtual Assets (VA).

It is committed to establishing a framework for virtual assets in Dubai that will safeguard investors and set global benchmarks. Through its enactments, VARA also intends to address emerging risks and the evolving landscape in the VA sector operating in Dubai.

Additionally, it plans to enhance regulatory security and safeguards by new standards in the UAE and the Middle East globally.







# Conclusion





## RapidAML

Compliance of DNFBPs and VASPs with AML/CFT laws is essential for any country to maintain and enhance its financial system integrity. The UAE government has established a multifaceted approach to regulation that encompasses the enactment of principal legislation and guidelines.

The principal legislations act as a key legal framework of the country, which consists of a federal decree along with cabinet decisions, which provide a structured way to cover issues of money laundering and terrorism financing.

The federal laws provide the fundamental legal structure, whereas the cabinet decisions lay down procedures and mechanisms for implementation.

The government has also issued various guidelines, which provide a valuable resource for DNFBPs and VASPs to comply effectively with the AML/CFT requirements.



Compliance with these regulations is crucial for safeguarding the UAE's financial system and securing international transactions. This government approach reflects a cooperative effort to establish a secure financial environment by preventing illicit activities and contributing globally to fighting against money laundering and terrorism financing. Further, the government's actions facilitate a smooth financial sector and a transparent regulatory environment.



# About RapidAML





# RapidAML

RapidAML is an AML software designed to support the compliance tasks of the **DNFBPs and the VASPs**, offering an advanced and secured technology platform

## Who we are

Facctum, founded in 2021 by a group of enthusiasts who have experience in banking, financial crime risk management technology, data science, etc., specialises in building risk management solutions with new-age technology.

We have a bouquet of solutions that empower businesses to make data-driven decisions to improve compliance effectiveness and operational efficiency.

## Our Mission

We understand the significance of AML compliance and recognise its complexity. Addressing this issue is our mission at RapidAML.

Our solution focuses on simplifying the intricate regime of AML compliance with advanced technology. We aim to help the regulated entities, specifically the DNFBPs and the VASPs, smoothen their AML efforts with RapidAML's end-to-end AML software.

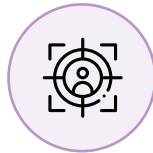
## Our Vision

Our vision is to develop next-gen AML software that offers an affordable and complete solution to all the AML compliance-related issues of every DNFBP and VASP worldwide.



## Our Core Values

We live by these guiding principles that guide our progress



### Customer Focused

We are committed to offering quality AML support to exhibit a constructive effect on the customer's business



### Elevated Excellence

With a comprehensive tech-driven financial crime compliance solution, we nurture customer's efforts and ignite brilliance to AML function



### Innovation Is The Key

We strive for healthy competition, bringing out the best version of the AML tools and technologies with continuous research and improvement



### Integrity

We value our customers, team and society, and we build trust with our committed honesty and transparency



### Together We Win

With inclusiveness and a sense of collaboration, we assist our customers in accomplishing compliance and developing a sense of shared achievement

# **RapidAML**

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