

DECISION NO (17/R) OF 2010

CONCERNING

ANTI MONEY LAUNDERING AND TERRORISM

FINANCE COMBATING PROCEDURES

The Chairman of the board of directors of Securities and Commodities Authority,

Having reviewed Federal Law No. (10) of 1980 pertaining to the Central Bank, the Monetary System and Regulation of Banking and the amendments thereto;

The Federal Law No. (8) of 1984 pertaining to Commercial Companies and the amendments thereto;

The Federal Law No. (4) of 2000 pertaining to the Emirates Securities and Commodities Authority and Market and the amendments thereto;

The Federal Law No. (4) of 2002 pertaining to the Criminalization of Money Laundering;

The Law by Federal Decree No. (1) of 2004 pertaining to Combat Against Terrorist Crimes;

The Federal Decree No. (18) of 2009 pertaining to the Formation of the Council of ministers of United Arab Emirates;

The council of ministers Resolution No. (13) of 2000 pertaining to the Regulations on the Functioning of the Securities and Commodities Authority and the amendments thereto;

The council of ministers Resolution No. (194/15) of 2006 pertaining to the Formation of the Board of Directors of the Securities and Commodities Authority;

The Authority's Board of directors' Resolution No. (1) of 2000 pertaining to the Regulation on Brokers and the amendments thereto;

The Authority's Board of directors' Resolution No. (2/r) of 2000 pertaining to the Regulation on Membership of the Market and the amendments thereto;

The Authority's Board of directors' Resolution No. (2) of 2001 pertaining to the Regulation on Trading, Clearing, Settlement, Transfer of Ownership and Custody of Securities and the amendments thereto;

The Authority's chairman of Board of directors Resolution No. (29/r) of 2009 pertaining to the Regulation on Securities' Safe Custody Activities;

The approval of the Board of Directors in its meeting at the third session on 9 March 2009, after consulting and coordinating with the Central Bank and the markets and as required for the public interest,

Has decided the following:

Article (1)

Definitions

The Central Bank: Central Bank of the United Arab Emirates

The Authority: Securities and Commodities Authority.

Markets: Securities or commodities markets licensed in the State by the Authority.

Companies and Institutions: Companies and institutions licensed by the Authority to operate in the field of securities.

Anti-Money Laundering and Suspicious Cases Unit: The unit founded in the Central Bank under Article (7) of Federal Law No. (4) of 2002 pertaining to the Criminalization of Money Laundering.

Money Laundering: Any act that involves transferring, depositing, earning, possessing or using funds, or hiding or concealing their fact, source or place, or disposition, movement, ownership of such funds or rights thereto if such funds were earned through any crime set forth in clause (2) of Article (2) of Law No. (4) of 2002 pertaining to the Criminalization of Money Laundering.

Terrorism Finance: Providing associations, bodies, organizations, centers, groups or gangs that intend to commit terrorist acts as set forth in the Law by Federal Decree No. (1) of 2004 pertaining to the Combat Against Terrorist Crimes, with any funds or tools that help such groups to achieve their purposes.

Suspicious Transactions: Financial transactions with reasonable grounds for suspicion that are associated with committing or attempting to commit a money laundering or terrorism finance crime; and therefore, all transactions that a customer initiates or attempts to initiate and they are of suspicious nature (as per the reasonable doubt criteria) can be considered suspicious transactions.

Unusual Transactions: Transactions that appears unusually different from normal course of dealing between the customer and the company or institution.

Article (2)

Scope of the Resolution Applicability

The provisions of this Resolution shall apply to the markets, companies and institutions licensed by the Authority and to members of its board of directors and employees.

The provisions of this Resolution shall also apply to branches of companies and institutions outside the State if the countries where such branches are located do not apply such procedures set forth in this Resolution or they apply procedures of lower level.

Procedures Required to Combat Money Laundering and Terrorism Finance

Article (3)

1. Companies and institutions, when opening accounts for their customers or dealing therewith, shall ensure obtaining the following information and documents:

First: For Natural Persons:

- a. Full name and address of the customer based on the original valid passport or identity card, in addition to keeping a true copy thereof.
- b. Current address and contact information, indicating the address in details along with phone numbers.
- c. Nature and place of the work.
- d. Sources of income and the customer's investment policy.
- e. Proof of identity of the representative (agent) authorized to open the account. The original power of attorney must be verified.

Second: For Nominal Persons:

- a. Name of the entity and the nature of its business based on the trade license or a valid certificate issued by the Ministry of Social Affairs, as the case may be, in addition to keeping a true copy of thereof. Copies of the entity's memorandum of association and articles of association as well as documents on influential owners therein, must be obtained.

If the nominal person has been incorporated outside UAE, the required documents, certified by the competent authorities, must be provided.

- b. Current address and contact information, indicating the address in details along with the phone numbers.
 - c. Nature and headquarters of the entity, and **the investment policy of the customer.**
 - d. Proof of identity of the individual authorized to open the account. The original authorization must be verified.
2. Companies and institutions shall keep copies of the documents mentioned in this article and those from which data and information have been obtained, after verifying same by comparison with their originals and annotating thereon that they are true copies.

3. Companies and institutions shall adopt a system that ensures carrying out necessary procedures required to update the data and documents referred to herein on regular and ongoing basis. This obligation shall be applicable to their customers existing before the issuing of this Resolution.

Article (4)

It is prohibited to open an account or to carry out a deal or transaction using pseudonyms for natural or nominal persons. The company or institution must ensure that the customer does not act for others.

Article (5)

Companies and institutions shall adopt internal rules that ensure identifying whether the customer is of political significance in a foreign country. Such capacity would be present by the customer's political or occupational status, such as being a high ranking official in an executive or legislative body, a military officer, or a judiciary member in a foreign government, or a relative thereof.

If the competent employee in the company or institution has ensured the availability of such capacity in the customer, he must obtain prior written approval to deal with the customer from the managing director, the general director or CEO of the company or institution.

Article (6)

1. Customers of companies or institutions shall be classified in various categories according to the rates of potential risks they might pose:
 - a. Customers posing low risks
 - b. Customers posing medium risks
 - c. Customers posing high risks
2. The classification shall be based on the size and nature of the customer's economic activity, native country, sources of funding and any other criteria as set by the company or institution.
3. The company or institution shall take preventative and precautionary measures towards customers posing high risks by

repeated, periodical and careful examination to keep updated on the latest positions and transactions of such customers according to the system set by the company or institution.

4. The company or institution shall carry out the procedures set forth herein with regard to customer accounts existed before this Resolution took effect.

Article (7)

Companies and institutions shall record all cash deposits of AED (40,000) or more according to the attached form. The same procedure shall be followed where the cash deposit transaction is less than AED (40,000) in value if it appears suspicious in nature.

Article (8)

Companies and institutions shall provide the Anti-Money Laundering and Suspicious Cases Unit with the names and contact information of the compliance officers and shall immediately notify and report to the Unit on all suspicious transactions using the attached form. A copy of such reports shall be sent to the Securites and Commodities Authority Control Department.

Article (9)

The Anti-Money Laundering and Suspicious Cases Unit shall be immediately informed about any of the following situations:

First: Through Cash Deposits:

- a. Cases of cash deposits made by customers who usually use checks or any other means of payment and settlement in their dealings.
- b. Significant increase in the cash deposits of a customer or financial institution without a clear reason especially if such deposits were transferred within a short period of time from an account to a party or recipient that is not usually dealt with by the customer or associated therewith.

- c. Cases of cash deposits made in installments of less than the limit that represents an indicator of suspicion where the sum of the installments exceeds such limit.
- d. Remittances of substantial amounts of money outside the UAE to be paid in cash in another country, as well as those substantial amounts of cash remitted from outside the UAE to be paid in cash to customers who are not permanent residents of the UAE.
- e. A customer opens multiple accounts with more than one brokerage firm and feeds his/its accounts by frequent cash deposits.

Second: Through Trading in Securities and Commodities:

- a. Regularly, frequently, and randomly trading without due diligence in securities or commodity contracts that involves clear risks and inconsistent with the nature of the customer's investment activity.
- b. Trading in securities or commodity contracts with no clear purpose or under abnormal conditions and circumstances.

Article (10)

Companies and institutions shall conduct investigations to explore the background and information of the transactions that appear "unusual". All the findings of such investigation must be recorded in writing. If the investigation concludes that a certain transaction is a suspicious one, the Anti-Money Laundering and Suspicious Cases Unit should be notified using the attached form.

Article (11)

If the suspicious case is related to financing terrorist activities or organizations, the market, company or institution shall immediately freeze the transaction and notify the Anti-Money Laundering and Suspicious Cases Unit.

Article (12)

1. Markets, companies and institutions shall appoint an officer in the capacity of "Compliance Officer" who meets the criteria of integrity, efficiency, experience, good name, and independence. He shall be responsible for the following:
 - a. Ensure adherence and compliance with the applicable laws, rules, regulations and instructions concerning the Anti-Money laundering and terrorism finance combating procedures.
 - b. Ensure that internal rules are efficiently applied and play their role in the implementation of the applicable laws, rules, regulations and instructions concerning the Anti-Money laundering and terrorism finance combating procedures.
 - c. Train the concerned staff on how to implement the Anti-Money laundering and terrorism finance combating procedures.
 - d. Regularly communicate with and report to the Anti-Money Laundering and Suspicious Cases Unit and the Control Department of the Authority as the case may be.
2. Markets, companies and institutions shall empower the Compliance Officer to perform his duties, provide him with good means of communication, allow him access to necessary data, records and information, and grant him the authority of directly contacting senior management staff of his employer whenever it is necessary.
3. The Compliance Officer shall maintain absolute confidentiality as regards the individuals whom he provides with information about suspicious cases as well as the confidentiality of information on such cases.
4. Markets, companies and institutions shall provide the authority with the names of their compliance officers.

Article (13)

Markets, companies and institutions shall confidentially report suspicious cases and never reveal or disclose such cases to anyone.

Article (14)

Each company or institution shall develop a written internal bylaw to include all procedures followed to implement the provisions of this Resolution.

Such bylaw must include information related to all the employers concerned with the implementation of the Anti-Money laundering and terrorism finance combating procedures, and must update such information on regular.

Article (15)

Markets, companies and institutions shall keep the originals of records and documents related to the implementation of this Resolution for a period of no less than ten years as of the date of terminating the relationship or closing the account. Copies of such records and documents shall be kept in the form of microfilmed or electronic documents.

Article (16)

Without prejudice to the provisions of this Resolution, all resolutions and instructions issued by the National Committee for Combating Terrorism Finance, the National Anti-Money Laundering Committee or the Anti-Money Laundering and Suspicious Cases Unit must be complied with.

Article (17)

Violators of the procedures and provisions set forth in this Resolution will be subject to sanctions prescribed by the law.

Article (18)

The Circular issued by the Authority's Board of Directors on 18/2/2004 concerning the Anti-Money Laundering Procedures shall be repealed.

Article (19)

This Resolution shall be published in the Official Gazette, and shall come into effect on the day following its publication.

Eng. Sultan Bin Saeed Al Mansouri
Chairman of the Board of Directors

Issued in Abu Dhabi on 16 March 2010

نموذج تسجيل معاملات نقدية

Form for Recording Transaction in Cash

For amounts of AED Forty (40) thousand

لمبلغ أربعين (40) ألف درهم (أو ما يعادلها من

(or equivalent in other currencies) or more.

العملات الأخرى) أو أكثر.

Full Name of Investor / Broker (Purchaser) :	الاسم الكامل للمستثمر / الوسيط (المشتري) :
Passport No :	رقم جواز السفر :
Nationality :	الجنسية :
Amount	المبلغ :
Purpose of transaction	الغرض من التحويل :
Address of the Investor/Broker (Purchaser) :	عنوان المستثمر / الوسيط (المشتري) :
Name & Address of Seller :	اسم وعنوان البائع :
Signature of the Purchaser :	توقيع المشتري :
Signature of employee in charge:	توقيع الموظف المسؤول :
Date :	التاريخ :

(تقرير معاملة مشبوهة) نموذج تقرير عن المعاملات المالية المشبوهة أو التي تدل على

احتمال غسل الأموال

(Suspicious Transaction Report)

Form of a report on suspected Financial Transactions or
those indicating possible Money Laundering

To be filled by the concerned Financial Markets/
Stock Brokers.

يملأ من قبل أسواق الأوراق المالية المعنية
ووسطاء الأسهم.

Full Name of Investor :	الاسم الكامل للمستثمر :
Passport No./Details of Licence	رقم جواز السفر / تفاصيل الرخصة :
Nationality :	الجنسية :
Address / Known Addresses	العنوان / العناوين المسجلة :
Amount of suspected transactions :	مبالغ المعاملات المشبوهة :
Source of suspicion :	مصدر الشكوى :
Signature of employee in charge:	توقيع الموظف المسؤول :
Date :	التاريخ :