

To: Registered Agents

Combatting Money Laundering (AML) and Financing of Terrorism (CFT) Regulations for Registered Agents.

Valued agent

Please be advised that Registered Agents are subject to Combatting Money Laundering (AML) and Financing of Terrorism (CFT) obligations in accordance with the following:

- a) Federal Law No. 4/2002 (as amended by Federal Law No. 9/2014) on anti-money laundering and combating financing of terrorism (the “Federal AML Law”);
- b) Cabinet Decision No. 38/2014 on implementing the Federal AML Law (the “AML Cabinet Decision”);
- c) Federal Law No. 7/2014 on Combating Terrorism Offences (the “Federal Law on Combating Terrorism Offences”) and
- d) Financial Action Task Force (FATF) Recommendations; which governs RAKICC and its Rules and Regulations.

You are therefore requested to obey by and comply with the below terms and conditions, provided that:

- a) Your signature(s) on each page of this document is mandatory to accepting your application for registration and, pursuance of your activities in, RAKICC;
- b) The Registered Agents’ Owners, Senior Management and Compliance Officers will be jointly and severally liable towards RAKICC, the Central Bank of the United Arab Emirates, and the federal laws and regulations in the United Arab Emirates.
- c) Compliance by a Registered Agent with this policy will not necessarily result in the Registered Agent being found by the competent authorities of the United Arab Emirates to have complied with the anti-money laundering laws of the United Arab Emirates.
- d) This policy is not a substitute for legal advice and Certified Registered Agents and their employees must ensure that they comply with all laws that apply to them.

I. Definitions

Enhanced Due Diligence (EDD):

- a) obtaining additional documents/information to verify customers identity.
- b) obtaining information about the sources of the customer’s wealth and funds;
- c) enhanced on-going monitoring of the business relationship.

Ultimate Beneficial Owner (UBO):

Each individual who ultimately owns or controls, directly or indirectly and legally or beneficially, shares, capital, a right to profits or voting rights of the body corporate or partnership of which the Registered Agent acts or any individual who otherwise exercises control over the management of such body corporate or partnership provided that where the shares (or an interest in respect of the shares) of either—

- a) anybody corporate for which the Registered Agent acts; or
- b) anybody corporate that owns or controls, directly or indirectly and legally or beneficially, shares or voting rights of the body corporate for which the Registered Agent acts, are listed on an investment exchange, ultimate beneficial owners shall mean the individuals who own or control, directly or indirectly and legally or beneficially, 5 percent or more of shares or voting rights of the body corporate whose shares are listed on an investment exchange.

Politically Exposed Person (PEP):

“Politically exposed persons” are defined in the AML Cabinet Decision as being “physical persons who are or have been entrusted with prominent public functions in a foreign country, such as presidents or prime ministers, high level politicians and governmental personalities, senior judicial or military officers, senior

chief executive officers of state-owned companies, political party leaders, and individuals who are or have been entrusted with prominent public functions at international organizations”.

II. Key AML/CFT Obligations:

a) Senior management responsibility

The Senior Management, Owners and Compliance Officers of the Registered Agent must ensure that the firm’s policies, procedures, systems and controls appropriately and adequately address the requirements of the AML/CFT Laws and these regulations.

b) Risk-based approach

A firm must adopt a risk-based approach to these regulations and their requirements.

c) Know your customer:

Firm must know each of its customers to the extent appropriate for the customer’s risk profile.

d) Effective reporting

A firm must have effective measures in place to ensure that there is internal and external reporting whenever money laundering or terrorist financing is known or suspected.

e) High standard screening and appropriate training.

A firm must -

- i. have adequate screening procedures to ensure high standards when appointing or employing officers and employees; and
- ii. have an appropriate ongoing AML/CFT training programme for its officers and employees

f) Effective reporting

A firm must be able, upon request, to provide documentary evidence of its compliance with the requirements of the AML/CFT Laws and this regulation.

III. Risk-based Approach:

A firm must:

- a) Conduct an assessment of the money laundering and terrorist financing risks that it faces, including, for example, risks arising from:
 - i. the types of customers that it has (and proposes to have);
 - ii. the products and services that it provides (and proposes to provide); and
 - iii. the technologies that it uses (and proposes to use) to provide those products and services; and
- b) Decide what action is needed to mitigate those risks.
- c) In developing the risk profile of a business relationship with a customer, a firm must consider at least the following four risk elements in relation to the relationship which are Customer risk, Product risk, Delivery channel risk and Jurisdiction risk.
- d) The firm must identify any other risk elements that are relevant to the business relationship, especially because of the size, complexity and nature of its business and any business of its customer.
- e) Total risk profile must be taken into account in deciding the intensity of the customer due diligence measures and ongoing monitoring to be conducted for the customer.

IV. AML/CFT Programme:

- a) A firm must develop a programme against money laundering and terrorist financing.
- b) The type and extent of the measures adopted by the firm as part of its programme must be appropriate having regard to the risk of money laundering and terrorist financing and the size, complexity and nature of its business.

- c) However, the programme must, as a minimum, include the following:
 - i. developing, establishing and maintaining internal policies, procedures, systems and controls to prevent money laundering and terrorist financing;
 - ii. adequate screening procedures to ensure high standards when appointing or employing officers or employees; procedures, systems and controls.
 - iii. an appropriate ongoing training programme for its officers and employees;
 - iv. an adequately resourced and independent audit function to test compliance with the firm's AML/CFT policies, procedures, systems and controls (including by sample testing);
 - v. appropriate compliance management arrangements;
 - vi. the appropriate ongoing assessment and review of the policies, procedures, systems and controls.
 - vii. a firm's AML/CFT policies, procedures, systems and controls must be risk-sensitive, appropriate and adequate having regard to the risk of money laundering and terrorist financing and the size, complexity and nature of its business.

V. Customer Due Diligence:

Customer due diligence measures (or CDD), in relation to a customer of a firm, are all of the following measures, on a risk-based basis:

- a) identifying the customer and obtaining relevant information (for natural person: name, nationality, date and place of birth, place of work, address, contact number and for juridical person: name, address and telephone number of the juridical person and its owners/beneficial owners, directors or partners).
- b) verifying the customer's identity using reliable, independent source documents, data or information (eg. Valid passport, utility bill, bank reference letter/statement)
- c) establishing whether the customer is acting on behalf of another person;
- d) if the customer is acting on behalf of another person –the following additional measures:
 - i. verifying that the customer is authorised to act on behalf of the other person.
 - ii. identifying the other person.
 - iii. verifying the other person's identity using reliable, independent source documents, data or information;
- e) if the customer is a legal person — the following additional measures:
 - i. verifying the legal status of the customer;
 - ii. taking reasonable measures to identify the customer's ownership and control structure; and to maintain a register of the Ultimate Beneficial Owner(s) of each body corporate of which it is the Registered Agent specifying the full name, nationality and address of each ultimate beneficial owner.
- f) Obtaining information about the purpose and intended nature of the business relationship.
- g) Conducting on-going monitoring of the transactions on a risk sensitive basis.
- h) Ongoing monitoring, in relation to a customer of a firm, consists of the following:
 - i. scrutinizing transactions conducted under the business relationship with the customer to ensure that the transactions are consistent with the firm's knowledge of the customer, the customer's business and risk profile, and, where necessary, the source of the customer's wealth and funds;
 - ii. Reviewing the firm's records of the customer to ensure that documents, data and information collected using customer due diligence measures and ongoing monitoring for the customer are kept up-to-date and relevant.
- i) Conduct enhanced CDD on:
 - i. PEPs – perform enhanced due diligence by obtaining senior management approval for establishing business relationship with PEPs or who has a family member or close associate

- who is a PEP and verify that the source of wealth of the customer is legitimate in accordance with article 5(c) of the AML Cabinet Decision.
- ii. other high risk customers - customers from high risk jurisdictions as identified by FATF, unusually complex transactions or those which have no clear economic or legal purpose, non-face-to-face transactions, non-resident customers and transactions which the firm considers to be high risk).
- j) A firm must conduct customer due diligence measures for a customer when:
 - i. it establishes a business relationship with the customer.
 - ii. It conducts a one-off transaction for the customer with a high value of amount
 - iii. It suspects the customer of money laundering or terrorist financing.
 - k) A firm must also conduct CDD for existing customers, if:
 - i. there is a material change in the nature or ownership of the customer.
 - ii. there is doubt about the veracity or adequacy of information previously obtained in relation to the customer.
 - iii. a significant transaction with or for the customer is about to take place.
 - iv. there are any other reason the firm deems appropriate.
 - l) Registered Agents must regularly and periodically update all information and data related to customers' identity.
 - m) If the firm is unable to verify the customer's identity using reliable, independent source, data or information, the firm must:
 - i. immediately terminate any relationship with the customer; and
 - ii. Consider whether it should make a suspicious transaction report to AMLSCU.

VI. Reliance on third party:

A firm may rely on third parties to conduct some elements of CDD measures for a customer if it remains responsible for the proper conduct of CDD and ongoing monitoring.

VII. Reporting Suspicious Transactions:

Registered Agents must comply with their obligation under article 12b(2) of the Federal AML Law and article 7 of the AML Cabinet Resolution to notify suspicious transactions to the United Arab Emirates' Financial Intelligence Unit for Anti-Money Laundering and Suspicious Cases.

VIII. Record Keeping:

Registered Agents are expected to comply with their obligations under article 6 of the AML Cabinet Resolution by retaining copies of all documents relevant to each body corporate for a period of at least five years from:

- a) ceasing to be the registered agent of that body corporate, provided that they complied with "Transfer of Records" requirements of the Registered Agent Regulations; and
- b) the date of that body corporate's winding up, striking off or liquidation pursuant to Part XII of the RAK ICC Business Companies Regulations 2018.

A firm must not destroy any records relating to the applicant for business or customer who are under investigation, without consulting with AMLSCU.

Records include - Electronic and hardcopy communications; electronic and physical documents.

IX. Compliance Officer:

Registered Agents are expected to comply with their obligations under article 8 of the AML Cabinet Resolution by appointing a “Compliance Officer” and must allow him/her to work independently in performing the following tasks:

- a) detecting money laundering transactions and the financing of terrorism and unlawful organizations;
- b) perusing files and receiving, examining and studying data on suspicious transactions;
- c) reviewing rules and procedures related to combating money laundering and the financing of terrorism and unlawful organizations, and ensuring the compliance of the Registered Agent with these rules and procedures and proposing any necessary updates thereof;
- d) drafting and submitting mid-yearly reports to the senior management of the Registered Agent; and
- e) preparing and delivering training programs and plans to instruct institutions employees on money laundering and the financing of terrorism and unlawful organizations, and the means of combating the same.

Under article 9 of the AML Cabinet Resolution Registered Agents must prepare and deliver training programs and workshops for Compliance Officers and other employees working in the field of combating money laundering and the financing of terrorism and unlawful organizations

X. Relevant United Nations Security Council Resolutions and Sanctions:

A firm must establish and maintain effective systems and controls to comply with the provisions of UNSCR 1267 (1999) and its successor resolutions and any other UNSCRs and take appropriate action as per instructions from the competent UAE authority.

XI. Tipping-Off Offence & Confidentiality:

Tipping off in relation to an applicant for business or a customer of a firm, is the unauthorised act of disclosing information that

- a) may result in the applicant or customer, or a third party (other than AMLSCU) knowing or suspecting that the applicant or customer is or may be the subject of:
 - i. a suspicious transaction report; or
 - ii. an investigation relating to money laundering or terrorist financing; and
- b) may prejudice the prevention or detection of offences, the apprehension or prosecution of offenders, the recovery of proceeds of crime, or the prevention of money laundering or terrorist financing.
- c) A firm must ensure that no tipping-off occurs and its officers and employees are aware of, and sensitive to the issues surrounding tipping off; and it has policies, procedures, systems and controls to prevent tipping off.

XII. Immunity:

As per Article 20 of Federal Law No. 9/2014, the central bank, the Financial Intelligence Unit, the law enforcement authorities, financial institutions and other financial, commercial and economical institutions, the members of their boards of directors, their employees and duly licensed representatives shall not be involved in criminal, civil or administrative liability which may result from the disclosure of required information or for breach of any restriction on disclosure of information imposed by contract or by any legislative, regulatory or administrative provision, if they report their suspicions in good faith and with no intention to incur damage to third parties

XIII. Penalty:

Registered Agents must comply with the relevant provisions of Federal Law No. 9/2014 on anti-money laundering and combating financing of terrorism, Cabinet Decision No. 38/2014 on implementing the Federal AML Law, Federal Law No. 7/2014 on Combating Terrorism Offences and the AML/CFT regulations outlined herein. Any non-compliance would subject the firm or its employees and directors/owners to penalty in accordance with the prevailing laws and regulations.

XIV. FATF website:

The firms are advised to access the FATF Website: www.fatf-gafi.org for the FATF Recommendations and Best Practices guides towards implementing their AML/CFT obligations.

XV. Scope:

These procedures shall apply to Registered Agents operating in the UAE as well as their owners/directors and employees. These procedures also apply to the branches and subsidiaries of the UAE incorporated entities operating within foreign jurisdictions which do not apply any such procedures or which apply less procedure.

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| Name of Senior Management: | | |
| Position: | | |
| Signature: | | |
| Date & Stamp: | | |